IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

1.FAO-723-2021(O&M)

National Insurance Company Limited
..Appellant

Versus

Lal Singh and others ..Respondents

2.FAO-190-2022(O&M)

Lal Singh and another
..Appellant

Versus

Hakam Singh and others ..Respondents

Reserved on: 04.09.2025
Date of decision: 10.09.2025

CORAM: HON'BLE MS. JUSTICE MANDEEP PANNU

Present: **FAO-723-2021**

Mr. Punit Jain, Advocate
for the appellant-Insurance Company

Mr. Arihant Goyal, Advocate
for claimants/respondents no.1 and 2

Respondents no.3 and 4 (i.e Driver and owner
of offending vehicle) proceeded against
ex-parte vide order dated 22.03.2023

FAO-190-2022

Mr. Arihant Goyal, Advocate
for claimants/appellants

Mr. Punit Jain, Advocate
for the respondents No.3& 4-Insurance Company

MANDEEP PANNU, J.

1. By this judgment, two First Appeals against Order i.e FAO-723-2021 and FAO-190-2022 shall stand disposed of.

2. FAO-723-2021 is filed by the Insurance Company whereas FAO-190-2022 has been filed by claimants, whose son aged 8 years has died in the vehicular accident, which took place on 21.05.2018.

3. Since there is no dispute with regard to the facts of the case, as recorded in the impugned award passed by the Tribunal, the same are not being reproduced herein for the sake of brevity.

4. Insurance Company has challenged its liability to pay the compensation awarded, without recovery rights, as well as its quantum being on higher side whereas claimants have filed appeal for enhancement of the awarded compensation.

5. Let us first analyse FAO-723-2021 filed by Insurance Company. Learned counsel submits that driver has violated the terms and conditions of Insurance Policy as he was not having valid license to drive hazardous vehicle. His license was valid to drive the hazardous vehicle from 27.02.2019 to 30.01.2020 i.e after the date of accident (21.05.2018). He refers to statement of RW3-Rohit Kumar, Data Entry Operator, District Transport Officer, Sangrur, which reads as under:-

> "*As per record of our office this Driving License was issued on 15.12.2002 and for driving*

> *hazardous goods vehicle, his driving license was issued on 27.02.2019 as per record of our office. Before 27.02.2019, he was not authorized to drive hazardous goods vehicle. Hazardous goods vehicle include oil tanker etc. I have brought the computerized record regarding Driving License attested by Secretary RTA Sangrur and I identify stamp of our office and same is RW3/A."*

6. Learned counsel for Insurance Company further relies upon decision of Hon'ble Supreme Court in **M/s Chatha Service Station vs. Lalmati Devi and others 2025 AIR (SC) 2324**, wherein it has been held that driver of a vehicle carrying hazardous goods must possess a valid endorsement on his driving license after completing the prescribed training. It was further observed that absence of such endorsement is not a mere technical breach but a statutory requirement under Section 14 of the Motor Vehicles Act, 1988 read with Rule 9 of the Central Motor Vehicles Rules, 1989 and insurance company can be absolved from liability to indemnify, if such breach exists, as breach of statutory requirements by the driver cannot be brushed aside as inconsequential.

7. Respondent no.3 and 4 (in FAO-732-2021) i.e driver and owner of offending vehicle were proceeded against ex-parte vide order dated 22.03.2023 as there was no representation on their behalf despite service.

8. Learned counsel for claimants submits that Tribunal has erred in assessing annual notional income of deceased boy aged 8 years as Rs.24000/-. He further submits that the amount awarded under other Heads i.e 'funeral expenses' and ' loss of consortium' is not adequate. Reliance in this regard is made on decisions of the Hon'ble Supreme Court in **National Insurance Company Ltd. vs. Pranay Sethi & Ors. [(2017) 16 SCC 680] and Magma General Insurance Company Limited vs. Nanu Ram alias Chuhru Ram & Ors. [(2018) 18 SCC 130]**

9. This Court has considered the submissions made by learned counsel for the parties.

10. In view of the aforesaid facts and discussion and also keeping in view the observations of the Hon'ble Supreme Court in **M/s Chatha Service Station's case (supra),** whereby statutory endorsement on the driving license is held mandatory under the Act and same cannot be brushed aside as inconsequential, appeal filed by the Insurance Company is partly allowed. They are directed to make payment of compensation to the claimants, however, with liberty to recover the same from the driver and owner of the offending vehicle i.e respondent no.3 and 4.

11. As far as annual notional income of 8 years old child is concerned, this Court is of the opinion that Tribunal has erred in assessing the same as Rs.24000/-. Reliance in this regard can be placed on judgment passed in **Versha Devi and another vs. Sheru**

Khan and others (FAO-1488 of 2014) decided on 03.04.2024 wherein notional income of a child aged 4 years who died in a vehicular accident was assessed as Rs.50000/- per annum when accident had taken place in year 2012. The standard practice is to assume an annual income based on the Second Schedule of the Motor Vehicles Act, 1988, which was Rs. 15,000/- per annum but it must be inflation-adjusted using the Cost Inflation Index for the year of the accident. Therefore, in the opinion of the Court, notional income of the deceased child in the present case is assessed at Rs.60,000/- per annum. Tribunal has erred in applying multiplier of 18 whereas it is well settled law that multiplier of 15 is to be applied in the cases of death of children below age of 15. Therefore, the same is asesssed as 15. However, amounts awarded under conventional heads needs to be enhanced in view of **Pranay Sethi's case (supra)** and therefore, the claimants are held entitled to Rs.18,000/- towards funeral expenses, Rs.48,000/- each for loss of consortium.

12. Accordingly, appeal filed by the claimants is partly allowed and the amount of compensation is reassessed as under:-

Sr.No	Head	Amount awarded
1.	Notional income	60,000/-
2.	Multiplier @ 15	60000x15 = 9,00,000/-
3.	Funeral expenses	18,000/-
4.	Loss of consortium @ 48000/- for each parent	96,000/-
	Total	**Rs.10,14,000/-**

13. The claimants shall be entitled to enhanced amount of compensation alongwith interest at the rate of 7.5% per annum from the date of filing of the claim petition till its realization.

14. In view of the aforesaid facts and discussion, both the appeals are partly allowed.

15. All the pending miscellaneous applications, if any, are also disposed of.

(MANDEEP PANNU)
JUDGE

10 .09.2025
rekha

Whether speaking/reasoned Yes/No
Whether reportable Yes/No