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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

FAO-4397-2019 (O&M)
and XOBJC-224-2019
Date of Decision : 22.09.2025

National Insurance Company Limited ... Appellant

Versus

Rekha Saini and Others ... Respondents

FAO-5888-2019 (O&M)

Rekha Saini and Others ... Appellant

Versus

Ashok Kumar and Others ... Respondents

CORAM : HON'BLE MRS. JUSTICE ALKA SARIN

Present : Mr. Harjinder Singh, Advocate
for the appellant in FAO-4397-2019 and
for respondent No.3 in FAO-5888-2019.

Mr. Manmeet Kaushik, Advocate for
Mr. Ashit Malik, Advocate
for the appellants in FAO-5888-2019 and
respondent Nos.1 and 2 in FAO-4397-2019.

Ms. Manisha Rani, Advocate for
Mr. R.N. Lohan, Advocate
for respondent Nos.3 and 4/cross-objectors
in XOBJC-224-2019.

ALKA SARIN, J. (Oral)

1. This order shall dispose off the above-captioned cases. The appeal being FAO-4397-2019 has been filed by the Insurance Company and the cross-objections being XOBJC-224-2019 have been filed by the claimants

i.e. respondent Nos.3 and 4 (parents of the deceased) in FAO-4397-2019 while FAO-5888-2019 has been filed by all the claimants.

2. At the outset, learned counsel for the cross-objectors/respondent Nos.3 and 4 seeks permission to withdraw the cross-objections (XOBJC-224-2019) since an appeal being FAO-5888-2019 has already been preferred by the claimants.

3. XOBJC-224-2019 stand dismissed as withdrawn.

4. Present appeals have been filed by the Insurance Company as well as the claimants aggrieved by the quantum of compensation awarded by the Motor Accident Claims Tribunal, Kaithal (hereinafter referred to as 'Tribunal') vide the impugned award dated 13.02.2019. The parties are being referred to as the claimants and the Insurance Company for the sake of clarity.

5. Since the factum of the accident is not in dispute, the facts are not being adverted to for the sake of clarity.

6. In the present case, the Tribunal had awarded the following compensation :

Sr. No.	**Heads**	**Compensation Awarded**
1	Monthly income	₹25,614/-
2	Annual income	[₹25,614 x 12] = ₹3,07,368/-
3	Annual increments	₹1,56,000/-
4	Total annual income	[₹3,07,368 + 1,56,000] = ₹4,63,368/-
5	Future prospects @ 50%	[₹4,63,368 + 2,31,684] = ₹6,95,052/-
6	Deduction 1/4th	[₹6,95,052 – 1,73,763] = ₹5,21,289/-
7	Multiplier of 16	[₹5,21,289 x 16] = ₹83,40,624/-
8	Loss of filial	₹1,60,000/-
9	Funeral expenses	₹15,000/-
10	Loss of Estate	₹15,000/-
	Total Compensation	**₹85,30,624/-**

	Amount received by the claimants under the Haryana Compassionate Assistance to the Dependents of Deceased Government Employees Rules, 2006	**₹46,10,520/-**
	The amount of compensation awarded to the claimants	**[₹85,30,624 – 46,10,520] = ₹39,20,104/-**
	Interest	**7.5% per annum**

7. Learned counsel for the Insurance Company would contend that the Tribunal while calculating the amount of compensation has added an amount of ₹1,56,000/- towards annual increments for 15 years and has assessed the annual income of the deceased as ₹4,63,368/- and further held that since the income of the deceased did not fall within the income tax bracket, it did not deduct any income tax from the income of the deceased. Learned counsel for the Insurance Company would further contend that the income of the deceased in the present case was ₹25,614/- per month. Though income of the deceased has rightly been assessed, however, the addition of ₹1,56,000/- towards increments for 15 years cannot be sustained as there is no provision of law for adding the increments. Learned counsel for the Insurance Company has also contended that the Tribunal has erroneously awarded interest @ 7.5% per annum with yearly rests from the date of filing of the claim petition whereas simple interest ought to have been awarded. It has further been contended that the Tribunal has also erred in awarding 9% penal interest with yearly rests from the date of award till realization in the event of the Insurance Company failing to deposit the amount of compensation within two months. Learned counsel for the Insurance Company however states that he does not challenge the deduction and the multiplier as applied by the

Tribunal.

8. *Per contra* learned counsel for the claimants would contend that the amount of compensation has rightly been calculated by the Tribunal. It is further the contention that the Tribunal has applied a multiplier of '16' which as per age of the deceased, who was 30 years of age, ought to have been '17'. Further, the compensation awarded by the Tribunal under the conventional heads as well as under the head 'loss of consortium' is not in accordance with the law laid down by Hon'ble Supreme Court. In support of his argument, he has relied upon judgments of the Hon'ble Supreme Court in cases of **Sarla Verma & Ors. vs. Delhi Transport Corporation & Anr. [(2009) 6 SCC 121]**, **National Insurance Company Ltd. vs. Pranay Sethi & Ors. [(2017) 16 SCC 680], Magma General Insurance Company Limited vs. Nanu Ram alias Chuhru Ram & Ors. [(2018) 18 SCC 130]** and **N. Jayasree & Ors. vs. Cholamandalam M.S General Insurance Company Ltd. [2021(4) RCR (Civil) 642]**.

9. Heard.

10. Since there is no challenge to the income, deduction and the future prospects as assessed by the Tribunal, the same are maintained. Admittedly, the deceased was working as a Clerk in the office of District Education Officer, Kaithal and thus was in a permanent job. The Tribunal has assessed the monthly income as ₹25,614/- which comes out to be ₹3,07,368/- per annum. However, while determining the annual income of the deceased, the Tribunal has made an addition of ₹1,56,000/- i.e. the total amount of 15 annual increments the deceased would have received upto the age of 45 years as per Haryana Compassionate Assistance to the Dependents of Deceased Government Employees Rules, 2006, which addition in the opinion of this

Court is erroneous. Admittedly, as per the said Rules the claimants are receiving the requisite monthly financial assistance. There is no provision for addition of the increments, as has been done by the Tribunal in the present case, and the incremental addition is the addition of future prospects as has been enunciated by Hon'ble Supreme Court in the case of **Pranay Sethi** (supra). The Tribunal has already made the addition towards loss of future prospects @ 50% in the above annual income of the deceased. Thus, the addition of ₹1,56,000/- made by the Tribunal towards annual income of the deceased is erroneous.

11. Coming to the argument of learned counsel for the Insurance Company that the Tribunal has not deducted the income tax from the salary of the deceased, the same deserves to be rejected. The income tax slab for the Financial Year 2018-19 reads as follows :

INCOME TAX SLABS	**INCOME TAX RATES**
Upto ₹2,50,000	NIL
₹2,50,000 to 5,00,000 (with standard deduction of ₹40,000/-)	5% of (total income minus Rs. 2,50,000) **Less:** Tax Credit - 100% of income-tax or ₹2,500/-, whichever is less where net income does not exceed ₹3,50,000/- .

Since, the annual income of the deceased was ₹3,07,368/- and if the standard deduction of ₹40,000/- (as applicable at the relevant time) is made, the tax liability comes out to be zero. Hence, the Tribunal has rightly not deducted the income tax.

12. So far as the argument of learned counsel for the claimants that a multiplier of '17' ought to have been applied instead of '16' the same deserves to be accepted. The deceased in the present case was 30 years of age and as per the law laid down by the Hon'ble Supreme Court in the case of

Sarla Verma (supra) and **Pranay Sethi** (supra), a multiplier of '17' would be applicable. Further, the compensation awarded under the conventional heads as well as under the head 'loss of consortium' is not in consonance with the law laid down by Hon'ble Supreme Court in the case of **Pranay Sethi** (supra), **Magma General Insurance Company Limited** (supra) and **N. Jayasree** (supra). Hence, the claimants would be entitled to ₹18,000/- (₹15,000+20% increase) towards loss of estate and ₹18,000/- (₹15,000+20% increase) towards funeral expenses as also to ₹48,000/- each (₹40,000+20% increase) towards loss of consortium.

13. Accordingly, the reworked compensation is as under :

Sr. No.	**Heads**	**Compensation Awarded**	
1	Monthly Income	₹25,614/-	
2	Annual Income	₹3,07,368/-	[₹25,614 x 12]
3	Deduction - 1/4th	₹2,30,526/-	[₹3,07,368 - ₹76,842]
4	Future Prospects - 50%	₹3,45,789/-	[₹2,30,526 + ₹1,15,263]
5	Multiplier - 17	₹58,78,413/-	[₹3,45,789 x 17]
6	Loss of estate	₹18,000/-	
7	Funeral expenses	₹18,000/-	
8	Loss of consortium (i) Parental [₹48,000/- x 1] (ii) Filial [₹48,000/- x 2] (iii) Spousal's	 ₹48,000/- ₹96,000/- ₹48,000/- (Total ₹1,92,000/-)	
	Total Compensation	**₹61,06,413/-**	
	Compensation after deduction of the amount received under Haryana Compassionate Assistance to the Dependents of Deceased Government Employees Rules, 2006	**[₹61,06,413 – 46,10,520] = ₹14,95,893/-**	

14. So far as interest is concerned, the Tribunal has awarded interest @ 7.5% with yearly rests from the date of filing of the claim petition till

realization and directed that in case the amount of compensation is not deposited within two months, the Insurance Company would be liable to pay interest @ 9% per annum with yearly rests. Provision of interest is under Section 171 of the Motor Vehicles Act, 1988 and interest with yearly rests has not been enshrined therein. Accordingly, the amount of compensation shall attract interest @ 7.5% per annum from the date of filing of the claim petition till realization of the entire amount of compensation.

15. To a query by the Court, learned counsel for the parties have admitted that the compensation awarded by the Tribunal was deposited with the Tribunal and as per order of this Court dated 18.01.2023, 50% thereof already stands disbursed to the claimants. Accordingly, as per law laid down by the Hon'ble Supreme Court in the case of **Usha Devi & Ors. Vs. The New India Insurance Company Limited & Ors. [2020 (1) CivilLJ 854]**, the amount already disbursed to the claimants shall not be recovered from them and the remaining amount so lying deposited with the Tribunal shall be released to the Insurance Company.

16. In view of the above, the impugned award passed by the Tribunal is modified and the appeals filed by the Insurance Company as well as the claimants stand disposed off accordingly. Pending applications, if any, also stand disposed off.

22.09.2025 **(ALKA SARIN)**
jk **JUDGE**

NOTE: Whether speaking/non-speaking: Speaking
Whether reportable: YES/NO