



IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

FAO-4922-2022(O&M)

Reserved on: 20.11.2025

Pronounced on: 28.11.2025

Gurpreet Singh

... Appellant

Versus

Anju and others

... Respondents

CORAM: HON'BLE MR. JUSTICE VIKRAM AGGARWAL

Present: Mr. Aminder Singh, Advocate,
for the appellant.

Mr. Vinod Gupta, Advocate,
for respondent No.6-Insurance Company.

VIKRAM AGGARWAL, J.

The instant appeal has been preferred by Gurpreet Singh (driver-cum-owner of truck No.PB-13AL-4709) taking exception to award dated 08.02.2021 passed by the Motor Accident Claims Tribunal, Hisar (for short, "**the MACT**"), vide which the liability to pay compensation to the claimants was held to be that of the driver-cum-owner of the offending vehicle.

2. Briefly stated, the facts are that a claim petition was preferred by the widow, two minor sons and the parents of one Surrender under Section 166 of the Motor Vehicles Act, 1988 (for short, "**the MV Act**"), who lost his life in a motor vehicular accident, which took place on 23.01.2018.

3. Surrender, as claimed, was working as a Conductor on a Canter bearing registration No.HR-39B-9040. On 22.01.2018, the said Canter, loaded with vegetables, was being plied from Vegetable Market, Delhi to



Litani. On 23.01.2018, at about 01:00 a.m. (intervening night of 22.01.2018 & 23.01.2018), a truck bearing registration No.PB-13AL-4709 (hereinafter referred to as the '**offending vehicle**'), which was being driven by the present appellant at a very high speed in a rash and negligent manner, came from the opposite direction and struck the Canter head-on. Surrender suffered multiple grievous injuries and died at the spot.

4. It was claimed that the accident had taken place on account of rash and negligent driving of the offending vehicle by the appellant. FIR No.17, dated 23.01.2018, was registered against the appellant under Sections 279 & 304A IPC at Police Station Barauda District Sonapat.

5. It was claimed that Surrender was 29 years old at the time of his death. Apart from working as a Conductor, he also used to sell milk and his monthly income was Rs.15,000/-. It was further claimed that all the claimants were fully dependent upon him. A sum of Rs.50 lakhs was claimed as compensation.

6. The claim petition was opposed by the respondents. The driver-cum-owner denied all averments, including the factum of the accident, and took the stand that a false FIR had been registered in collusion with the police with a view to claim compensation.

7. The Insurance Company (The New India Assurance Company Limited) also raised its usual defences in its written statement. The factum of the accident was denied. It was averred that the offending vehicle was being driven in violations of the terms and conditions of the insurance policy.

8. From the pleadings of the parties, following issues were framed:-



“1. Whether the accident in question occurred due to rash and negligent driving of the offending truck No. PB-13AL/4709 by respondent No.1? OPP

2. Whether the petitioners are entitled to recover compensation amount from the respondents, if so, to what effect? OPP

3. Whether respondent No. 1 was not holding a valid and effective driving license to drive the above vehicle at the relevant time? OPR3

4. Whether the petition has been filed in contravention of provisions of Motor Vehicle Act? OPR3

5. Relief.”

9. Parties led their respective evidence.

10. It was held by the MACT that the accident had taken place on account of rash and negligent driving of the offending vehicle by the appellant. As far as quantum is concerned, the age of Surender was assessed as 29 years. His income was assessed as Rs.8,500/- per month. 40% was added towards future prospects, and 1/4th of the income was deducted towards personal expenses. The total compensation was assessed at Rs.18,90,700/-.

10.1 In so far as the liability to pay the same is concerned, it was held that since the route permit of the offending vehicle was valid for plying the vehicle in the State of Punjab only and was not valid in the State of Haryana or any other State in India, the liability to pay compensation would be that of the driver-cum-owner of the offending vehicle. However, it was directed that in the first instance, the Insurance Company would pay the said



amount and would thereafter be entitled to recover the same from the driver-cum-owner. It is this finding that has been assailed in the present appeal.

11. Learned counsel for the parties have been heard.

12. Learned counsel representing the appellant strenuously urged that the liability to pay compensation was that of the Insurance Company, for, the offending vehicle was duly insured. It was submitted that the offending vehicle did have a route permit and merely because it was authorized to ply in the State of Punjab and not in the State of Haryana, would not amount to a violation of the terms and conditions of the policy of insurance.

13. Per contra, learned counsel for respondent No.6-Insurance Company submitted that the law is now well-settled that, in such cases, the liability to pay compensation would be that of the driver/owner of the vehicle. In support of his contentions, learned counsel placed reliance upon the decisions rendered by the Hon'ble Supreme Court in **K. Nagendra v. The New India Insurance Co. Ltd. and others** (Civil Appeal Nos.13066-13067 of 2025, decided on 29.10.2025); **Gohar Mohammed, v. Uttar Pradesh State Road Transport Corporation & others**, 2023(4) SCC 381; **Rani & Ors. v. National Insurance Company Ltd. & Ors.** (Civil Appeal Nos.9078-9079 of 2017, decided on 31.07.2018; and a decision of a coordinate Bench of this Court in **The New India Asurance Company Ltd. v. Rajni Sharma & Ors.** (FAO-5653-2018, decided on 25.09.2025).

14. I have considered the submissions made by learned counsel for the parties.



15. The factual situation is not in dispute. Further, there is no challenge to the findings on issue No.1. Still further, no challenge has been raised regarding the quantum of compensation. The only challenge pertains to the finding that the liability to pay compensation was that of the driver-cum-owner of the offending vehicle.

16. Concededly, the accident took place within the territorial limits of the State of Haryana (Sonapat). Further, it is an admitted fact that the offending vehicle was having a permit to ply in the State of Punjab only. It is essential to note that it had no permit to ply in the State of Haryana. At the first blush, it appears that even if there is no route permit for a particular State, it would not amount to a violation of the terms and conditions of the policy of insurance. This view was probably taken by certain coordinate Benches as well. However, the matter stands settled by the Hon'ble Apex Court. It has been held that, in such cases, the liability to pay compensation would be that of the driver/owner. Nevertheless, the Insurance Company would pay the compensation amount in the first instance and would then be entitled to recover the same from the driver/owner.

17. In **K. Nagendra's case** (supra), on 07.10.2014, one Srinivasa alias Murthy, while riding his motorcycle, was hit by a vehicle resulting in his death on the spot. A claim petition was preferred by his dependents seeking compensation of Rs.50 lakhs. The MACT awarded compensation of Rs.18,86,000/- along with interest @ 6% p.a. The matter was taken to the High Court of Karnataka at Bengaluru by the Insurance Company to challenge the MACT's award on the ground of violation of the terms and



conditions of policy of insurance by the Insurer, whereas claimants approached the High Court seeking enhancement of the compensation.

17.1 The High Court of Karnataka allowed both appeals and enhanced the compensation. With regard to the appeal filed by the Insurance Company, the contention raised was that the route which had been undertaken by the bus driver was not covered by the permit issued and that the driver of the bus was not authorized to enter Channapatna City, as the permit only covered the route from Bengaluru to Mysore. There was, therefore, an admitted deviation in the permitted route, which was claimed to be a violation of the permit and, consequently, a violation of the insurance policy. The Hon'ble Apex Court then framed the following question:-

“6. The question that comes up for consideration before this Court in these appeals is whether any deviation from the prescribed route as per the permit granted by the state transportation authority, would impact on the liability of the Insurance Company for any accident which may take place while the vehicle is on such a deviated route. An answer to this question would by itself justify the correctness or lack thereof, of the order of the High Court which employs the ‘pay and recover’ principle.”

17.2. After examining the law on the subject, the Hon'ble Apex Court held that, in such cases, terms of permit would be said to have been deviated and the conditions of the policy of insurance would also be said to be violated:-

“8. Now, let us consider the instant case. The record reveals that the offending vehicle did not have



the permit to enter Channapatna City, where the accident took place. This position is not in dispute. Unquestionably, therefore, the terms of the permit have been deviated.

9. The purpose of an insurance policy in the present context is to shield the owner/operator from direct liability when such an unforeseen/unfortunate incident takes place. To deny the victim/dependents of the victim compensation simply because the accident took place outside the bounds of the permit and, therefore, is outside the purview of the insurance policy, would be offensive to the sense of justice, for the accident itself is for no fault of his. Then, the Insurance Company most certainly ought to pay.

10. At the same time though, when an Insurance Company takes on a policy and accepts payments of premium in pursuance thereto, it agrees to do so within certain bounds. The contract lays down the four corners within which such an insurance policy would operate. If that is the case, to expect the insurer to pay compensation to a third party, which is clearly outside the bounds of the said agreement would be unfair. Balancing the need for payment of compensation to the victim vis-a-vis the interests of the insurer, the order of the High Court applying the pay and recover principle, in our considered view, is entirely justified and requires no interference.”

18. A similar view was taken by the Hon’ble Apex Court in Gohar Mohammed’s case (supra):-

“8. Having heard learned counsel for the parties and on perusal of the material available on record, it



clearly reveals that on the date of accident, the appellant did not have a valid and effective permit to ply the offending vehicle on the route where accident took place. Having extensively gone through the fact-finding exercise, it is categorically recorded by MACT that the appellant was neither able to produce/prove the original permit nor was able to prove the information received under RTI Act. Even if RTI information is considered by which it is not clear as to when the disputed permit was issued and by whom. The alleged permit was issued on 28.07.2012, i.e. on Saturday and no explanation is on record as to why deposit of fee was asked on the next day i.e. Sunday. Moreover, assuming that permit was valid as per letter of Transport Authority, but it does not of any help to the appellant since the vehicle was being plied on a route different than specified in permit. The appellant has failed to give any explanation to refute the observations made by MACT to ply the vehicle on Roorkee by-pass to Haridwar via Meerut which did not fall within the route of permit issued by Transport Authority. The said findings of fact have been affirmed by the High Court by the impugned order.

9. After going through the record, the concurrent findings of fact do not warrant any interference since they do not outrageously defy the logic as to suffer from the vice of irrationality and neither incur the blame of being perverse. In view of foregoing discussion, we are of the considered opinion that the arguments raised by appellant are bereft of any merit, hence this appeal is hereby dismissed.”



19. A three-Judge Bench of the Hon'ble Apex Court had also laid down the same principle in Rani's case (supra):-

“14. We are of the view that the High Court has already granted more than just compensation amount to the legal representatives of the deceased (Satish). In that, even if the claim of the appellants regarding future prospects, additional medical expenses and additional interest amount was to be accepted, on the basis of the notional income of Rs.5000/- (Rupees five thousand) per month, the question of awarding additional or further compensation amount to the appellants in M.F.A. No.5874 of 2011 does not arise. The appeal, however, would succeed to the limited extent that the amount of compensation determined by the High Court shall be first paid by the respondent No.1 Insurance Company with liberty to recover the same from the owner of the offending vehicle (respondent No.2 herein). We are inclined to allow the appeal to this limited extent, keeping in mind the exposition in Singh Ram Vs. Nirmala and Ors. and Pappu and Ors. Vs. Vinod Kumar Lamba and Anr.

15. Reverting to the appeal preferred by respondent No.1 Insurance Company against Anand (M.F.A. No.5876 of 2011), as noted in paragraph Nos.11 and 12 of the impugned judgment reproduced above, the High Court disposed of the said appeal by absolving the insurer from the liability to pay compensation amount. As noticed earlier, the appellant (Anand) did not file any appeal against the award passed by the Tribunal for enhancement of compensation amount and the cross objection filed by



him in the appeal filed by the Insurance Company came to be dismissed for non- prosecution. Even in respect of this appeal, the Tribunal had found that he failed to produce any evidence regarding his monthly income and the permanent disability suffered by him had been determined as not exceeding 10% to the whole body and compensation had been awarded to him on that basis. Resultantly, we intend to dispose of this appeal on the same basis by directing the respondent No.1 Insurance Company to pay the compensation amount awarded to the claimant (Anand) in the first place, with liberty to recover the same from the owner of the offending vehicle (respondent No.2).”

20. A coordinate Bench of this Court, while relying upon the judgment in Gohar Mohammed’s case (supra), also took a similar view in the case of The New India Assurance Company Ltd. v. Rajni Sharma and others:-

“12. ...In the present case admittedly the route permit (Ex.R5) was valid only for Chandigarh and the accident took place in Karnal. Though a faint argument has been raised by the learned counsel for the owner and the driver that the offending vehicle was also issued national permit, however, no such permit was ever brought on the record. In view thereof, this argument of the learned counsel for the Insurance Company is accepted. Since the offending vehicle had the route permit to ply only in Chandigarh and the accident took place in Karnal, the Insurance Company is held entitled to recovery rights.”



21. That being so, no fault can be found with the findings recorded by the MACT that the liability to pay compensation would be that of the driver-cum-owner, and that, in the first instance, it would be the Insurance Company which would pay the compensation and would thereafter have the right to recover the same from the driver-cum-owner.

22. In view of the aforesaid, the instant appeal is found to be bereft of merit and is accordingly dismissed.

23. Application(s), if any, also stands disposed of.

(VIKRAM AGGARWAL)
JUDGE

November 28, 2025

Rajan
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Whether speaking / reasoned:	Yes
Whether Reportable:	Yes