IN THE HIGH COURT OF ANDHRA PRADESH : AMARAVATI

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M.A.C.M.A.No.214 OF 2025

Between:

NATIONAL INSURANCE CO. LTD., REP. BY ITS DIVISIONAL MANAGER, RAILWAY FEEDER ROAD, ANANTHAPURAMU.

...APPELLANT

AND

KRISHNAPRIYA S. PAPPU, W/o P.SRINIVASA RAO, 42 YEARS AND 5 OTHERS

...RESPONDENTS

DATE OF JUDGMENT PRONOUNCED: 25.11.2026

SUBMITTED FOR APPROVAL:

THE HONOURABLE SRI JUSTICE B KRISHNA MOHAN

AND

THE HONOURABLE SRI JUSTICE ALAPATI GIRIDHAR

1. Whether Reporters of Local Newspapers may be allowed to see the judgment? Yes / No
2. Whether the copies of judgment may be marked to Law Reporters / Journals? Yes / No
3. Whether His Lordship wish to see the fair copy of the Judgment? Yes / No

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JUSTICE B. KRISHNA MOHAN

_____

JUSTICE ALAPATI GIRIDHAR

*** THE HONOURABLE SRI JUSTICE B KRISHNA MOHAN**

AND

*** THE HONOURABLE SRI JUSTICE ALAPATI GIRIDHAR**

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...RESPONDENTS

! Counsel for Petitioner/s : T S RAYALU

^ Counsel for Respondent/s : CKR ASSOCIATES

< Gist:

> Head Note:

4. **? Cases referred:**
   i. (2009) 6 SCC 121
   ii. 2024 INSC 584
   iii. (2020) SCC Online SC 410
   iv. 2026 INSC 634

Date of reserved for orders : 24.08.2026
Date of pronouncement : 25.11.2026
Date of uploading : 25.11.2026

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IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI

WEDNESDAY, THE 25TH DAY OF NOVEMBER 2026

PRESENT

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THE HONOURABLE SRI JUSTICE ALAPATI GIRIDHAR

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Counsel for the Appellant: T S RAYALU

Counsel for the Respondents: CKR ASSOCIATES

THE HONOURABLE SRI JUSTICE B. KRISHNA MOHAN

AND

THE HONOURABLE SRI JUSTICE ALAPATI GIRIDHAR

M.A.C.M.A.No. 214 of 2025

The Court made the following Judgment:

(per Hon'ble Sri Justice Alapati Giridhar)

1. The Appeal is filed by the Insurance Company against the Award passed by the Motor Accidents Claims Tribunal-cum-Principal District Judge, Ananthapuramu, dated 12.11.2024 in M.V.O.P.No.151 of 2022, assailing the quantum of compensation.

I.CONTENTIONS:

2. The learned counsel for the Appellant submits that the Tribunal erred in taking gross income of the deceased even without deducting income tax as per law laid down in *Pranay Sethi* case and also submits that the alleged income in the income tax returns are filed on the same date and prayed to take reasonable income and set aside the award and allow the Appeal.

3. The learned counsel for the Respondent Nos.1 & 2/Claimants submits that the actual salary of the deceased has to be taken and prayed to dismiss the Appeal and placed reliance on *General Manager, Kerala State Road Transport Corporation, Trivandrum Vs. Susamma Thoma (Mrs) and Others* (1994) 2 SCC 176 contending to award just compensation and also

relied *United India Insurance Co., Ltd., Vs D. Vasantha and Others*, 2013 SCC OnLine Mad 2715 contending to add future prospects to actual salary and *National Insurance Company Limited Vs. Pranay Sethi and Others*, (2017) 16 SCC 680.

II.BRIEF FACTS

4. The case of the Claimants is that the wife and minor daughter of P.Srinivasa Rao/deceased filed the Claim Petition seeking compensation of Rs.3,00,00,000/-. That on 03.06.2021 P.Srinivasa Rao took his friend's Car/AP.02.BR.2934 and left Ananthapuramu to go to Tirupathi, Kurnool and other areas by engaging driver by name D. Rajkumar/Respondent No.1. On 06.06.2021 after completion of work, while returning to Ananthapuramu, near Kalluru village at about 2:00 AM, the driver of the Car drove the Car in a rash and negligent manner, lost control and dashed the Lorry which was proceeding ahead. Due to the said accident, the deceased P.Srinivasa Rao sustained fatal injuries on his head and other parts of the body. He was shifted to KIMS-Saveera Hospital, Ananthapuramu, from there shifted to NIMHANS Hospital, Bangalore, where he succumbed to injuries on the same day. In this regard, Cr.No.160/2021 of Garladinne P.S. was registered against Respondent No.1 under Section 304-A IPC.

5. The Respondents No.1 and 2 remained ex-parte. Respondent No.5 did not choose to file counter.

6. Respondent No.4/father (later Respondent No.5, sister of the deceased was added vide I.A.No.1597 dated 25.10.2024) filed counter admitting the contents of the Claim Petition and pleading that due to sudden demise of his son, he became helpless and he is also entitled to compensation along with Claimants and prayed to award compensation of Rs.3,00,00,000/- with 18% interest.

7. The 3rd Respondent/Insurance Company filed counter denying allegations, pleading that Claimants did not file legal heir certificate, income proof and that the compensation is excessive, Car was used for commercial purpose on rent, which is a violation of policy conditions. That the Claim petition is bad for non-joinder of Lorry Owner and its Insurance Company, that the driver had no driving licence and the Insurance Policy is not in force, interest should not be penalized for delay caused by the Claimants and the interest should be as per RBI guidelines, and that claim against the Insurance Company has to be dismissed.

8. As the case is not settled, the Tribunal framed the following issues for trial:

i) Whether the accident on 06.06.2021 at about 2:00 AM occurred at Kalluru was caused due to rash and negligent act of the driver [R.1] of Car bearing No.AP.02.BR.2934 owned by 2nd Respondent resulting in the death of P.Srinivasa Rao?
ii) Whether the Petitioners are entitled for compensation, if so, to what quantum and what is the liability of the respondents?
iii) To what relief?

III.EVIDENCE OF PARTIES:

9. The Tribunal recorded the evidence of PW1/1st Claimant/wife, PW.2/Golla Sreedhar, PW.3/V.Sateesh Babu, Vice President and HR of Rayala Wind Far Pvt. Ltd., and exhibited A.1:Attested copy of F.I.R. in Cr.No.160/2021 of Garladinne P.S., A.2:Attested copy of Inquest report, A.3:Attested copy of Postmortem Certificate, A.4 : Attested copy of charge sheet filed against the driver of the car bearing No.AP.02.BR.2934, A.5:Pay Slip for the month of May, 2021, issued Greenco Rayala Wind Power Pvt. Ltd., A.6:Letter dt.21.01.2023 issued by Greenco Rayala Wind Power Pvt. Ltd., containing the details of salary of deceased and also reveals that the deceased still had 15 years service, A.7:Income tax returns pertaining to deceased for 5 years i.e. from 2015-16, 2016-17, 2017-18, 2018-19, 2019-20, A.8:Attested copy of intermediate pass certificate-cum-Memorandum of marks certificate of Pappu Jotsna Sree, A.9:Attested copy of faculty of Engineering certificate pertaining to deceased, A.10: Attested copy of salary calculation certificate, X.1: Authorisation issued by Director, Greenko Rayala Wind Power Pvt. Ltd., in favour of PW.3 and X.2: Attested copy of identity card of PW.3 on behalf of Claimants. No oral evidence is adduced on behalf of contesting Respondent No.3. Ex.B1/Insurance Policy was marked with consent. Respondent No.3 filed petition U/Sec.170(b) of MV Act permitting him to contest on all grounds available to Respondent No.2, and permission was accorded in I.A.No.1159/2024 on 08.08.2024.

10. The Tribunal answered the Issue No.1 in favour of the Claimants that due to rash and negligent driving of the driver of the car, the accident occurred and P. Srinivasa Rao died in that accident. Issue Nos.2 & 3 are answered in favour of the Claimants by allowing the Claim Petition partly awarding compensation of Rs.2,32,93,200/-.

IV.ANALYSIS:

11. There is no dispute with regard to the accident, negligent driving of the driver, death of P. Srinivasa Rao, his job and salary and existing of the Insurance Policy and its coverage, the point that arises for consideration is as to what amounts are deductible for the purpose of computation of compensation towards loss of earnings.

V.ON QUANTUM OF COMPENSATION

12. The **Hon'ble Supreme Court of India** in **Sarala Verma & Others Vs. Delhi Corporation & Another**[1] held that '*Generally the actual income of the deceased less income tax should be the starting point for calculating the compensation*.' And also in **Pranay Sethi** case supra, held that 'Actual salary should be read as actual salary *less* tax'.

13. But the Tribunal erred in taking gross salary at Rs.1,65,180/- per month as per Ex.A.5. As per the salary slip it is for May, 2021/Ex.A.5, just before the accident, professional tax of Rs.200/- was deducted in the salary. Income tax of Rs.23,565/- was shown as deducted but the same is not

[1] (2009) 6 SCC 121

considered by the Tribunal to exclude for the purpose of the computation for compensation, as the parties did not assist on Income Tax deduction, this Court shall compute the Income Tax as per the slab rates and deduct it.

14. The learned counsel for the Insurance Company submitted that all the Income Tax Returns are filed on a date for the purpose of compensation but this contention is without merits as Income Tax Returns/Ex.A.7 reveals that the deceased filed I.T Returns for five years declaring his gross income of Rs.8,93,004/- for Assessment year 2015-16 filed on 25.06.2015, Rs.11,81,631/- for Assessment year 2016-17 filed on 09.06.2016, Rs.15,57,441/- for Assessment year 2017-18 filed on 05.07.2017, Rs.16,31,964/- for Assessment year 2018-19 filed on 24.06.2018 and Rs.16,62,147/- for Assessment year 2019-20 filed on 14.07.2019. These I.T Returns were filed from time to time, much prior to the accident. These Returns also show that the deceased was doing Job and filing Income Tax Returns from time to time as stated supra. The last two I.T Returns on his income is also tallying with the Salary Slip/Ex.A.5 for Rs.1,65,180/- for the month of May, 2021, which is not in dispute. Thus, the same shall be considered.

15. Thus, the actual salary *less* professional tax of Rs.200/- was Rs.19,79,760/- p.a (Rs.1,64,980/- x 12). In the relevant Financial Year 2021-22, for Individuals, no Income Tax upto Rs.2,50,000/-, 5% to be deducted for Rs.2,50,001 to Rs.3,00,000 range, 5% to be deducted for Rs.3,00,001 to Rs.5,00,000/- range, 10% to be deducted for Rs.5,00,001 to Rs.10,00,000/-

range and 30% for the above Rs.10,00,000/- range. In this case, the income did not exceed Rs.50,00,000/-, hence no surcharge be added. As the income was arrived at Rs.19,79,760/- p.a (Rs.1,64,980/- x 12), Rs.3,56,428/- was to be deducted towards income tax as per the rates as stated supra, the annual income was Rs.16,23,332/- (Rs.19,79,760/- (-) Rs.3,56,428/-). As the Claimants were two in number and the father of the deceased was arrayed as Respondent No.4, 1/3rd was to be deducted towards his personal and living expenses, which was rightly deducted by the Tribunal, then the loss of dependency would be Rs.10,82,221/- (Rs.16,23,332/- (-) Rs.5,41,111/-). As the deceased was with a fixed salary and aged 45 years, future prospects of 25% was to be added, which was rightly added by the Tribunal, total should be Rs.13,52,776/- (Rs.10,82,221/- + Rs.2,70,555/-). For the age of 45 years, the applicable multiplier is 14, which was rightly considered by the Tribunal, thus the total loss of dependency shall be Rs.1,89,38,867/- (Rs.13,52,776/- x 14).

16. The law in **Pranay Sethi** supra, including on Future Prospects, deduction for personal and living expenses, multiplier, Loss of Consortium, Loss of Estate and Funeral Expenses etc., has been applied retrospectively (see **Rojalini Nayak & Others Vs Ajit Sahoo & Others**[2])

[2] 2024 INSC 584

17. The **Hon'ble Supreme Court of India** in **United India Insurance Company Limited Vs. Satinder Kaur and others**[3], held that the parents and children are also entitled to Consortium.

18. The Tribunal awarded Rs.1,32,000/- towards loss of consortium, Rs.18,000/- towards loss of estate and Rs.18,000/- towards funeral expenses.

19. As per the law in ***Pranay Sethi (supra)***, the compensation under the conventional heads, namely, loss of estate, loss of consortium and funeral expenses, is fixed at Rs.15,000/-, Rs.40,000/- and Rs.15,000/- respectively. The aforesaid conventional heads should be enhanced at the rate of 10% for every three years. Thus, the Claimants are entitled to enhanced amounts of Rs.19,500/-, Rs.52,000/- and Rs.19,500/- respectively. Accordingly, the Award is modified.

20. The compensation awarded by the Tribunal under different heads and the compensation enhanced by this Court are as follows:

Sl.No.	**Head of the Claim**	**Compensation awarded by the Tribunal (Rs.)**	**Compensation modified/enhanced by this Court (Rs.)**	**Remarks**
1.	Loss of future earning capacity and prospectus	2,31,25,200/-	1,89,38,867/-	As per **Pranay Sethi case**, by taking actual salary of Rs. 1,64,980/- x 12 and after deducting I.T, and 1/3rd towards personal

3(2020) SCC Online SC 410

				expenses and adding F.P of 25%.
3.	Funeral Expenses	18,000/-	19,500/-	As per ***Pranay Sethi case*** with 10% hike.
4.	Loss of Consortium	1,32,000/-	1,56,000/-	Wife, Son and Father (died by L.R). As per ***Pranay Sethi case*** and ***Satinder kaur***. Rs.52,000/- x 3 = Rs.1,56,000/-
5.	Loss of Estate	18,000/-	19,500/-	As per ***Pranay Sethi case*** with 10% hike
	Total	2,32,93,200/-	1,91,33,867/-	

21. Thus, for the aforesaid reasons, the Claimants and Respondent No.5 are entitled to Rs.1,91,33,867/-, but the claim is filed for Rs.3,00,00,000/. The compensation amount shall be apportioned among the Claimants and Respondent No.5 in the same manner and ratio as ordered by the Tribunal. The interest of 9% pa ordered by the Tribunal is modified to 7.5% in the circumstances of the case.

22. Thus, the Award of the Tribunal is modified on quantum of compensation to the extent as indicated above.

23. The parties through their counsels, shall file the claim petitions in accordance with law, setting out the compensation claimed under each head with detailed computations and supporting documents, such particulars shall form the basis for the Insurer and the Insured to examine the claims and file

their respective counters, admitting the claim either partly or wholly, wherever there are no violations of the terms and conditions of the Insurance Policy and there is no dispute regarding the occurrence of the accident and negligence, depending on the facts of the case. Even where the Insurer seriously disputes its liability, it shall nevertheless furnish the computations under the relevant heads in accordance with law so as to assist the Tribunal to examine and award just compensation against the Insured. In other words, in every motor accident claim, whether the Insurer is wholly liable, partly liable or not liable at all, the Insurer shall set out its specific defence, together with the relevant computations, to enable the Tribunal to determine whether the award is to be passed wholly against the Insurer, partly against the Insurer and partly against the Insured, or wholly against the Insured, as the case may be, depending upon the facts and circumstances of the case. Failure to furnish such particulars and computations, it may be construed that the parties and the counsels did not file the claim petitions and counters complying with the law (see **Shishupal @ Shishram and Others v. Surjit and Others[4], also Order VIII and Order XII Rule 6 of CPC**). The Chairmen of the Tribunals shall ensure filing of the claims and counters in the manner as indicated supra. In the pending claims, either seeking reference to Lok Adalat or being taken up for arguments, the Counsels shall file the brief synopsis setting out the relevant computations as stated supra to assist the Tribunal to examine the case to award just compensation. Similarly, the Appeals shall also be filed with the relevant computations in support of their case, either seeking

[4] 2026 INSC 634

enhancement or reduction of the compensation on grounds such as applicability of multiplier, deduction towards for living and personal expenses, Income Tax, future prospects or contributory negligence etc. In the pending Appeals also, the Counsels shall also file the brief synopsis with such computations as indicated supra to assist the Court in effectively and expeditiously adjudicating the matters. The Public Sector Insurance Companies shall ensure compliance with the law, any failure to comply with the same may render the concerned violators liable for legal consequences depending on the facts of the case.

24. Whereas, the claim petition was filed for Rs.3,00,00,000/- without detailed computations to arrive at Rs.2,87,50,000/- under the head for Loss of Earnings. These indicate that the Parties filed exorbitant claim without furnishing supporting computations to substantiate the claims. It is also indicated that the learned Counsel has not adequately guided the Parties on the quantum of compensation to which they are entitled as per law. It further appears that even during the arguments, the Parties and their Counsel did not assist the Tribunal with their respective calculations on these lines as stated supra, although they have a duty to do so. Generally, such conduct significantly contributes to avoidable delays in the disposal of cases, which requires introspection and effective measures, as indicated supra, on their part to contribute to the effective and expeditious disposal of the claims in the interest of justice.

25. Thus, the Court, considering the submissions and material on record, inclined to hold that the Appellant could demonstrate the grounds as stated supra to warrant interference in the Award of the Tribunal.

V. RESULT:

26. In the result, the Appeal is partly allowed with costs, while modifying the compensation from Rs.2,32,93,200/- to Rs.1,91,33,867/- as stated in the Table with interest at 7.5% p.a. from the date of filing of the Petition till the date of realization, jointly and severally by the Respondent Nos.1 to 3 in the circumstances of the case. The Advocate Fee is fixed at Rs.20,000/- payable by the Claimants. The compensation amount shall be apportioned among the Claimants and Respondent No.5 in the same manner and ratio as ordered by the Tribunal.

As a sequel, the pending Miscellaneous Petitions, if any, shall stand closed.

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JUSTICE B. KRISHNA MOHAN

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JUSTICE ALAPATI GIRIDHAR

25.11.2026
JKS/CHD

THE HONOURABLE SRI JUSTICE B KRISHNA MOHAN

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