IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

CMPMO No. 566 of 2026
Date of Decision: 03.11.2026

New India Assurance Company Ltd. ...Petitioner.

Versus

Renu Rana & others ...Respondents.

Coram
Hon'ble Mr. Justice Romesh Verma, Judge.
Whether approved for reporting?[1]

For the petitioner: Mr. B.M.Chauhan, Senior Advocate with Ms. Kamakshi Tarlokta, Advocate.

For the respondents: Mr. Aman Path Sharma, Advocate.

Romesh Verma, Judge (oral)

The instant petition has been filed by the Insurance Company assailing the order passed by the learned Tribunal dated 25th July, 2026, whereby in a decided matter the Motor Accidents Claims Tribunal (MACT), Ghumarwin, District Bilaspur, H.P. in an Execution Petition, rejected the application filed by the present petitioner under the provisions of Order I Rule 10, sub-Rule (2) of the Code of Civil Procedure (CPC).

2. The facts as emerge in the present case are that the decree holders/respondents filed a petition under Section 166 of the Motor Vehicles Act on 15th March, 2012, on account of the death of late Shri Ram Pal Rana, the predecessor-in-

[1] Whether reporters of Local Papers may be allowed to see the judgment?

interest of the private respondents. The learned MACT, Ghumarwin, vide its award dated 15th March, 2016, allowed the petition filed by the claimants/respondents, and an amount of Rs. 41,96,160/- was ordered to be paid to the claimants along with interest @ of 7.5% per annum from the date of filing of the petition till the date of deposit.

3. It has been fairly conceded by the learned counsel for the parties that as far as the principal amount is concerned, that has already been released to the claimants/respondents. The dispute pertains to the payment of Rs. 2,67,635/-, which was deducted as TDS by the present petitioner.

4. After receiving the entire principal amount, the respondents/claimants filed the execution petition in the Court of the learned MACT, and during pendency of the said execution, the present petitioner filed an application under Order I Rule 10 (2) of the CPC for impleading the Income Tax Department as a party respondent.

5. As per the averments made in the application, it has been contended that the claimants/respondents are demanding the amount which stood deducted as TDS. As per the application, it was stated that the Income Tax Department,

Government of India, has not been impleaded as party in the execution petition. Therefore, in order to resolve the issue and in order to determine and adjudicate the point in controversy, the Income Tax Department is a necessary and proper party for the adjudication of the execution petition.

6. The said application came to be resisted by the non-applicants/respondents by stating that the application has been filed just to prolong the litigation, and it is the present petitioner who is liable to pay the amount of Rs. 2,67,635/- to the claimants.

7. The learned MACT, vide its impugned order dated 25th July, 2026, dismissed the application as filed by the present petitioner.

8. Feeling dissatisfied, the Insurance Company has approached this Court by invoking the provisions of Article 227 of the Constitution of India.

9. It is contended by Mr. B.M.Chauhan, learned Senior Counsel assisted by Ms. Kamakshi Tarlokta, Advocate for the petitioner, that the impugned order as passed by the learned Tribunal is erroneous and liable to be quashed and set aside. He submits that the learned Tribunal has not appreciated the

point in controversy and has wrongly rejected the application for the impleadment of the Income Tax Department. He further submits that the impleadment of the taxation department is necessary for the proper and effective adjudication in the case at hand. He submits that after accepting the present petition, the application filed by the petitioner for the impleadment of the Income Tax Department deserves to be allowed.

10. On the other hand, Mr. Aman Path Sharma, learned counsel for the respondents, has fairly conceded that the Income Tax Department is a proper party in the attending facts and circumstances of the case, and he has no objection in case the Income Tax department is added as a party respondent.

11. Learned counsel for the petitioner has drawn the attention of this Court to the provisions of Section 194-A(ixa) of the Income-Tax Act, 1961, which reads as follows:

> *"(ixa) to such income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income or, as the case may be, the aggregate of the amounts of such income paid during the financial year does not exceed fifty thousand rupees;"*

12. Further, he has drawn the attention of this Court to the provisions of Section 271-C(1)(a) of the Income-Tax Act, which reads as follows:

> *"**271C.** (1) If any person fails to—*
>
> *(a) deduct the whole or any part of the tax as required by or under the provisions of Chapter XVII-B; or*

13. The perusal of the aforesaid provisions categorically shows that the deduction which has been made by the present petitioner in the proceedings was strictly in consonance with the provisions of the Act. Therefore, there cannot be found any fault on the part of the present petitioner.

14. Even otherwise, the perusal of the application would show that the petitioner is seeking the impleadment of the Income Tax Department, from which the amount of Rs. 2,67,635/- has to be refunded/reverted to the claimants. This Court is of the considered opinion that the learned Tribunal has adopted a hyper-technical approach by rejecting the application.

15. In the considered opinion of this Court, the impleadment of the Income Tax Department is necessary as it is a proper party for the determination of the execution petition at hand.

16. The Motor Vehicles Act is a welfare legislation and it has to be applied for the betterment of the claimants.

However, in the present case, the learned Tribunal in a slipshod manner rejected the application as filed by the petitioner, which is not sustainable in the eyes of law.

17. In view of the above, this Court is of the considered opinion that after setting aside the impugned order as passed by the learned Tribunal, the application as filed by the present petitioner is allowed to the extent that the Income Tax Department is ordered to be added as party respondent No. 2 in the execution petition.

18. Accordingly, petition stands disposed of, so also the pending miscellaneous application(s) if any.

(Romesh Verma)
Judge

November 3, 2026
(Nisha)