IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

(232) **FAO-3995-2002(O&M)**
Date of Decision-12.02.2026

Jarnail Singh (Since Deceased) Through LR and Another

… Appellant

Versus

Pepsu Road Transport Corporation Through Its General Manager And Another

… Respondents

CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL

Present: Mr. Jimmy Singla, Advocate
for appellants.

Mr. Aman Sharma, Advocate,
Mr. Chirag Suri, Advocate
for respondent No.1.

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VIRINDER AGGARWAL, J.(ORAL)

1. This appeal has been preferred by the claimants seeking enhancement of compensation awarded vide award dated 06.10.2001 passed by the Motor Accident Claims Tribunal, Rohtak, whereby the compensation of ₹50,000/- was granted on account of death of Harkiran Kaur @ Neena in a motor vehicular accident that took place on 15.08.1997.

BACKGROUND FACTS

2. The brief facts of the case are that on 15.08.1997, Harkiran Kaur @ Neena was travelling in a Contessa car bearing registration No. PB-12-B-2328 along with Surjit Singh Kohli from Patiala towards Rajpura. When the said vehicle reached near village Kauli on the Patiala-Rajpura road, Bus No. PB-11-C-9420, owned by respondent No.1-Pepsu Road Transport Corporation and driven by respondent No.2 in a rash and negligent manner, came from the

opposite direction and collided with the car. Owing to the forceful impact, the occupants of the car sustained grievous injuries and Harkiran Kaur succumbed to the injuries sustained in the accident. Thereafter, the claimants instituted a claim petition under Section 166 of the Motor Vehicles Act, 1988 before the learned Motor Accidents Claims Tribunal, seeking compensation on account of the untimely death of Harkiran Kaur @ Neena.

3. Upon appreciation of the oral as well as documentary evidence on record, the learned Tribunal concluded that the accident in question and the resultant death of Harkiran Kaur @ Neena stood duly proved and that the same had occurred due to the rash and negligent driving of respondent No.2 Nirmal Singh. The finding on negligence was primarily based on the ocular testimony of Nirmal Singh (PW-1), the Husband of the deceased and Ajaib Singh. His testimony was found to be natural, consistent, cogent, and reliable. The same stood duly corroborated by the registration of FIR (Ex. A2) under Sections 279 and 304-A IPC, as well as by the post-mortem report (Ex. A2), which established that Harkiran Kaur@Neena had succumbed to ante-mortem injuries sustained in a road traffic accident. However, while dealing with the question of compensation, the learned Tribunal observed that no documentary evidence had been produced to prove the divorce of the deceased from her earlier husband or her valid marriage with the petitioner. Moreover, the learned Tribunal that the income of the deceased from "Playway Montessory School" had not been proved to its satisfaction. Though income tax returns were produced on record, the learned Tribunal held that the said documents did not conclusively establish the nexus between the deceased and the alleged income derived from the school, nor was the complete record of the institution produced to substantiate the claim regarding profit and consequent loss of dependency. On the aforesaid

reasoning, the learned Tribunal declined to assess compensation under the head of loss of dependency. However, the learned tribunal awarded the compensation of sum of ₹50,000/-under the no-fault liability under Section 140 of the Motor Vehicles Act, 1988, payable jointly and severally by the respondents.

CONTENTIONS

4. Learned counsel for the appellants contended that the learned Tribunal committed a serious error in awarding only ₹50,000/- under the principle of no-fault liability and in failing to assess the income of the deceased altogether. It was submitted that once the claim petition was filed under Section 166 of the Motor Vehicles Act, the learned Tribunal was under a statutory obligation to determine just compensation by assessing the income, loss of dependency and applying the appropriate multiplier. Instead, the learned Tribunal confined the award to the statutory amount payable under Section 140 without undertaking any exercise to compute the actual pecuniary loss. It was further argued that such an approach is contrary to the settled principles of law, which mandate proper assessment of income and application of the multiplier method. On this basis, enhancement of compensation was sought.

5. Learned counsel for respondent No.1 supported the award of the learned Tribunal, contended that the award had been passed after a proper and thorough appreciation of the evidence on record and therefore, did not warrant any interference by this Court.

OBSERVATIONS AND FINDINGS

6. I have heard learned counsel for the parties and perused the complete records. On due consideration of the findings recorded by the learned Tribunal, particularly on the issue of negligence and fastening of liability, I find no reason to take a different view. The findings on those aspects are accordingly affirmed.

However, the core issue arising in the appeal pertains to the reassessment of the quantum of compensation.

7. From a perusal of the impugned Award, it is evident that the learned Tribunal declined to assess compensation under the head of loss of dependency primarily on the ground that the income of the deceased was not satisfactorily proved. However, this Court finds that the approach adopted by the learned Tribunal was overly technical and not in consonance with the settled principles governing proceedings under the Motor Vehicles Act, 1988, which is a benevolent social welfare legislation intended to secure just and fair compensation to victims of motor accidents.

8. At the outset, the testimony of the claimant regarding the deceased’s occupation and her running of “Playway Montessori School” at Arya Samaj Chowk, Patiala has remained substantially unshaken in cross-examination. The evidence on record establishes that the deceased was well qualified, holding degrees of B.A., B.Ed. and LL.B., and was independently managing the said institution. However, it is equally apparent from the circumstances that the school, being an ongoing educational institution, was not a venture exclusively dependent upon her personal labour but a running establishment capable of being continued by the remaining owners or her legal heirs. In such cases, where the source of income is a continuing business or institution, the entire gross income cannot be treated as personal loss to the dependents; rather, only the element of personal earnings attributable to the managerial and supervisory efforts of the deceased is liable to be assessed. It is settled law that where strict proof of income is not available, the Court is justified in assessing reasonable notional income based on the facts and circumstances of the case. Accordingly, considering that the institution would continue to generate income even after

the demise of the deceased, the actual pecuniary loss to the dependents would be confined to her personal contribution, which in the facts of the present case can reasonably be assessed on a notional basis at ₹3,000/- per month.

9. Further, Compensation requires reassessment strictly in terms of the principles laid down by Hon'ble the Supreme Court in ***National Insurance Co. Ltd. v. Pranay Sethi, (2017) 16 SCC 680, Magma General Insurance Co. Ltd. v. Nanu Ram alias Chuhru Ram, 2018 (18) SCC 130 and Sarla Verma v. DTC, (2009) 6 SCC 121,*** wherein the framework for computation of "loss of dependency" by addition towards future prospects as per the nature of employment, deducting personal expenses of deceased, and applying appropriate multiplier on the basis of age of the deceased, and standardized amounts for conventional heads such as loss of estate, funeral expenses and loss of consortium, has been settled. The present matter, therefore, call for recalculation of the amount under each of these heads by applying the correct deduction on basis of dependency and correct multiplier relatable to the age of the deceased and by granting the admissible sum towards consortium and other conventional heads as mandated in the aforesaid decisions. The reassessment is structured as under:

<u>REASSESSED COMPUTATION</u>

Particulars	**Reassessed Award (₹)**
Monthy income	**3,000/-**
Annual Income	**36,000/-** **(3,000 x 12)**
Income With Future Prospects (40%)	**50,400/-** **(36,000 + 14,400)**
After Deduction **(2 dependents)**	**33,600/-** (1/3rd for personal expenses)
Loss of Dependency	**33,600/-**

Multiplier **(age 35 yrs)**	**16**
Loss Of Dependency	**5,37,600/-** **(33,600 × 16)**
Spousal Consortium	**40,000/-**
Parental Consortium	**40,000/-**
Funeral Expenses	**15,000/-**
Loss Of Estate	**15,000/-**
Total	**₹6,47,600/-**

10. Resultantly, the compensation awarded by the learned Tribunal is enhanced from ₹50,000/- to **₹6,47,600/-**. The enhanced amount shall carry the interest at rate of 7% per annum from the date of filing of the claim petition till realization. The liability and apportionment of the compensation shall remain the same as determined by the learned Tribunal

11. Accordingly, the appeal is partly **allowed** with modification of the award to the above extent. All other conditions of the award, not inconsistent with this judgment, shall remain unaltered.

12. Since the main case has been decided, pending miscellaneous application(s), if any, stands also disposed of.

(VIRINDER AGGARWAL)
JUDGE

12.02.2026
Poonam

(i) Whether speaking/reasoned : Yes/No
(ii) Whether reportable : Yes/No