235 **IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH**

FAO-1732-2001 (O&M)
Date of Decision: 14.01.2026

NEW INDIA ASSURANCE CO. LTD.

....Appellant

Versus

CHANDRO AND ORS

...Respondents

CORAM: HON'BLE MR. JUSTICE PARMOD GOYAL

Present: Mr. Ravinder Arora, Advocate
for the appellant.

Mr. Sandeep Singh Ghangas, Advocate
for respondents No.1 to 3.

Parmod Goyal, J. (Oral)

The appellant/insurance company is aggrieved by award dated 14.02.2001, passed by learned Motor Accident Claims Tribunal, Panipat (hereinafter referred to as 'Tribunal') vide which compensation of Rs.2,20,000/- was awarded to the claimants/respondents on account of injuries suffered by Jaswant Singh in the accident dated 22.06.1995 by respondent No.1 while driving the offending bus bearing No.HR-45-0771.

2. Learned counsel for appellant has argued that learned Tribunal even though duly noted the evidence led by insurance company in the shape of statements of RW1-Licensing Clerk from Delhi and RW3-Licensing Clerk from Mathura who had proved that first license issued in favour of respondent No.1 by Licensing Authority, Delhi and subsequent license

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issued by Licensing Authority, Mathura both were forged and fabricated and were not issued by any of the said authorities. However, despite recording this fact that respondent No.1 was not having any valid driving license and had relied upon forged license, the liability to pay compensation has not been fastened upon respondents No.1 & 2 and respondent No.3 has wrongly been held responsible for making the payment of compensation.

3. During the pendency of present appeal, respondent No.4 has already died and his LRs were not found by the appellant and, therefore, learned counsel for appellant had given up respondent No.4. Respondent No.5/owner of offending vehicle i.e. respondent No.2 before Tribunal was duly served in the present appeal and has chosen not to contest the present appeal.

4. From the evidence on record, it is clearly made out as has been stated by RW2 and RW3 that license issued by Licensing Authority, Delhi and Licensing Authority, Mathura allegedly in favour of respondent No.1 was never issued by them and same were forged and fabricated. Similarly, official from Licensing Authority, Mathura i.e. RW3 had stated that license relied upon by respondent No.1 to claim that he is having valid driving license was again found to be forged and fabricated and was never issued by Licensing Authority, Mathura. Therefore, it is clearly made out that learned Tribunal has rightly concluded that respondent No.1 was not holding valid driving license to drive the offending vehicle on the date of accident, however, by relying upon judgment of this Court titled as **United Insurance Co. Ltd Vs. Surjit Singh Sodhi** 2000(1) RCJ 200, concluded that owner of

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vehicle is at no fault if the driver was having forged and fabricated license.

5. Admittedly, in the present case, no evidence was led by respondents No.1 and 2 to show that respondent No.2 had taken due care to find out that respondent No.1 was holding a valid driving license. There is total absence of evidence in this regard. Primary duty of owner to verify license of person to whom he entrusts his vehicle cannot be taken away lightly by the Courts unless it is shown by way of evidence that owner had taken reasonable care to verify that driver was holding a valid driving license and had sufficient skills to drive the vehicle.

6. In the present case, no such satisfaction can be recorded. When the license has been found to be forged and fabricated, the initial liability is always upon the driver & owner and insurance company cannot be fastened with liability to indemnify the owner under the contract of insurance. Under the contract of insurance, insurance company has no liability to indemnify owner in case vehicle is driven by person who was not holding a valid driving license. However, in view of the nature of beneficial legislation of Motor Vehicles Act, the Courts are directing insurance company to pay compensation first to the claimants and then to recover the same from driver and owner.

7. In the present case, admittedly, the compensation stands paid by insurance company to the claimants and, therefore, in the facts and circumstances of the present case it would be appropriate to allow insurance company to recover the amount paid to claimants along with interest till realization from respondent No.5-owner of offending vehicle. Appeal is

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accordingly allowed to above extent.

8. Pending application(s), if any, is/are disposed of accordingly.

(PARMOD GOYAL)
JUDGE

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Whether Speaking/Reasoned	:	Yes/No
Whether Reportable	:	Yes/No

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