



1. FAO-2160-2022 (O&M)

....Appellant

...Respondents

2. **FAO-888-2021 (O&M)**

...Appellant

...Respondents

1	<i>The date when the judgment was reserved</i>	<i>24.02.2026</i>
2	<i>The date when the judgment is pronounced</i>	<i>27.03.2026</i>
3	<i>The date when the judgment is uploaded on the website</i>	<i>27.03.2026</i>
4	<i>Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced</i>	<i>Full</i>
5	<i>The delay, if any, of the pronouncement of full judgment, and reasons thereof.</i>	<i>Not applicable</i>

CORAM: HON'BLE MR. JUSTICE HARKESH MANUJA

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2026.03.27 18:16
I attest to the accuracy and
authenticity of this document

Mr. Ankur Gupta, Advocate
for the appellant-Insurance Company (in FAO-888-2021) and
for respondent No. 3 in FAO-2160-2022.

HARKESH MANUJA, J.

1. By this common judgment, two appeals arising out of the same award dated 06.07.2021 passed by the learned Motor Accident Claims Tribunal, Fatehgarh Sahib (for short, “the Tribunal”), are being decided. One appeal has been preferred by the claimants/appellants seeking enhancement of compensation, whereas the connected appeal has been filed by the Insurance Company challenging the quantum of compensation awarded.

FACTS

2. The brief facts, as emanate from the record, are that on 10.09.2019 at about 8:30 p.m., deceased Gagan Malhotra along with Prince Kumar Sharma was travelling on a motorcycle bearing registration No. PB-48F-0810 from Ludhiana side. When they reached near the bridge of Gurudwara Manji Sahib, a car bearing registration No. PB-23-M-3123, driven by respondent No. 1 in a rash and negligent manner, struck the motorcycle from behind while overtaking another vehicle. Due to the impact, both occupants fell on the road and succumbed to their injuries at the spot.

3. The parents of the deceased Gagan Malhotra filed a claim petition under Section 166 of the Motor Vehicles Act, 1988, seeking compensation on account of death of their son aged 23 years. Learned Tribunal, after appreciating the evidence on record, held that the accident

occurred due to rash and negligent driving of respondent No. 1 and awarded a total compensation of Rs. 30,94,000/- along with conditional interest.

4. Aggrieved by the award dated 06.07.2021, both the parties preferred the present appeals before this Court. The claimants/appellants filed the appeal seeking enhancement of the compensation on the ground that the amount awarded by the learned Tribunal was inadequate and that interest was not granted from the date of filing of the claim petition. On the other hand, the Insurance Company filed the connected appeal assailing the impugned award primarily on the ground that the learned Tribunal erred in assessing the income of the deceased and awarded excessive compensation without proper appreciation of the evidence on record.

ARGUMENTS ON BEHALF OF LEARNED COUNSEL FOR THE APPELLANTS/CLAIMANTS.

5. Learned counsel for the claimants/appellants argued that the learned Tribunal wrongly awarded interest only in case of default and not from the date of filing of the claim petition. It was further contended that the compensation awarded was on the lower side and required enhancement in view of settled principles laid down by the Hon'ble Supreme Court.

ARGUMENTS ON BEHALF OF LEARNED COUNSEL FOR THE APPELLANT/RESPONDENT No.3/INSURANCE COMPANY.

6. Per contra, learned counsel for the Insurance Company contended that the learned Tribunal erred in assessing the income of the deceased @ Rs. 20,000/- per month on the basis of unreliable evidence. It was argued that the alleged salary certificate and bank statement were not

duly proved, and therefore, the income ought to have been assessed on the basis of minimum wages.

DISCUSSION AND REASONING

7. I have heard learned counsel for the parties and perused the paper-book of the case.

QUESTION WITH RESPECT TO INCOME OF DECEASED

8. The Insurance Company assailed the income assessed by the learned Tribunal, primarily on the ground that the salary certificate placed on record was not supported by independent documentary evidence. A careful perusal of the record reveals that the claimants examined CW-3 Ashok Kumar, the employer of the deceased, as well as CW-4, a bank official, who proved the bank account statement of the deceased. The said bank statement reflects credit entries commensurate with the income pleaded in the claim petition.

8.1 It has further come on record, particularly during the cross-examination of the employer, that the salary was disbursed to the employees upon receipt of commission, generally at intervals of three months. In this backdrop, the doubt raised by the Insurance Company regarding the credit of Rs. 20,000/- appearing thrice on the same date does not inspire confidence. Moreover, even if, for the sake of argument, the salary certificate is presumed to be doubtful, the duly proved bank statement and the testimony of CW-4 cannot be lightly discarded.

8.2 It is settled proposition of law that strict rules of evidence are not required to be applied under the Motor Vehicles Act. In **“Sunita Tokas vs. New India Insurance Co. Ltd., 2019 (20) SCC 688**, the Hon’ble

Supreme Court has held that a pragmatic and liberal approach is required to be adopted while assessing the income of the deceased.

In the present case, the testimony of employer, duly corroborated by the bank records, inspires confidence and lends credence to the claim of the claimants. The mere non-production of formal documents such as EPF records or income tax returns cannot be made a ground to discard otherwise reliable and cogent evidence. Additionally, the judgments relied upon by the Insurance Company are distinguishable on facts, as those cases pertained to situations where evidence adduced was found to be wholly unreliable and uncorroborated. In the present case, however, there exists both oral and documentary evidence lending assurance to the claim set up by the claimants.

8.3 In view of the aforesaid discussion, this Court finds no infirmity in the finding recorded by the learned Tribunal assessing the income of the deceased @ Rs. 20,000/- per month, and the same is hereby upheld.

QUESTION WITH REGARD TO FUTURE PROSPECTS AND COMPUTATION

9. The learned Tribunal rightly added 40% towards future prospects of the deceased, which is in consonance with the law laid down by the Hon'ble Supreme Court in **"National Insurance Company Limited vs. Pranay Sethi,"** reported as **2017 (16) SCC 680**, wherein it has been authoritatively held that in case of a deceased aged below 40 years and on a fixed income, an addition of 40% towards future prospects is warranted.

9.1 Further, since the deceased was a bachelor aged 23 years at the time of the accident, the deduction of 50% towards personal and living expenses and multiplier of '18' is rightly applied as per the principles laid

down in “Sarla Verma vs. Delhi Transport Corporation,” 2009 (6) SCC 121.

10. Further, the learned Tribunal erred in awarding a sum of Rs.40,000/- under the head of loss of love and affection. The said grant is not sustainable in view of the law laid down in **Pranay Sethi’s case (supra)** and further clarified by the Hon’ble Supreme Court in “United India Insurance Co. Ltd. vs. Satinder Kaur,” 2020 (11) SCC 1, wherein it has been held that no separate amount is to be awarded under the head of loss of love and affection and that compensation under conventional heads is to be awarded in a standardized manner. In view of the discussed legal position, the claimants, being the parents of the deceased, are entitled to filial consortium @ Rs. 48,000/- each. They are further entitled to Rs. 18,000/- towards loss of estate and Rs. 18,000/- towards funeral expenses, in terms of the principles recognized by the Hon’ble Supreme Court.
11. Consequently, the compensation payable to the claimants is liable to be re-calculated and is accordingly determined as under:

S.No.	Nature	Amount (in Rs.)
1.	Annual Income of deceased	2,40,000/-
2.	Add 40% Future Prospects	96,000/-
3.	Total Income (Rs. 2,40,000 + Rs. 96,000)	3,36,000/-
4.	Deduction (50%)	1,68,000/-
5.	Net Income (Rs. 3,36,000 – Rs. 1,68,000)	1,68,000/-
6.	Multiplier of 18 applied as per the age of deceased 23 years (1,68,000 x 18)	30,24,000/-
7.	Loss of Estate	18,000/-
8.	Funeral expenses	18,000/-
9.	Loss of Consortium (48,000 x 2)	96,000/-
	Total Compensation	31,56,000/-
	Amount Awarded by the Tribunal	30,94,000/-

	Enhanced Compensation	62,000/-
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QUESTION WITH REGARD TO INTEREST

12. The learned Tribunal erred in directing that interest shall be payable only in the event of default in payment of the awarded compensation. Such an approach is contrary to the settled position of law, as it deprives the claimants of just compensation for the period during which they were kept out of the use of the awarded amount.

13. The Hon’ble Supreme Court in **“Dharampal vs. U.P. State Road Transport Corporation,”** reported as **2008 (12) SCC 208,** has categorically held that interest on compensation is to be awarded from the date of filing of the claim petition and not from the date of default. The said principle has been consistently followed in subsequent decisions. In view of the aforesaid authoritative pronouncement, as well as **“Smt. Supe Dei and others vs. National Insurance Company Limited and other,** reported as **(2009) (4) SCC 513** approved in a subsequent judgment titled as **“Puttamma and others vs. K.L. Narayana Reddy and another, 2014 (1) RCR (Civil) 443,** the claimants are held entitled to interest at the rate of 9% per annum on the awarded amount from the date of filing of the claim petition till its realization. In case the said amount is not paid within three months, the same shall be payable thereafter along with 12% interest from the expiry of period of three months from today.

14. Consequently, in view of the foregoing discussion, the appeal preferred by the Insurance Company stands dismissed, whereas the appeal filed by the claimants/appellants is disposed of. The total

compensation awarded by the Tribunal is enhanced from Rs. 30,94,000/- to Rs. 31,56,000/-. The liability to pay the compensation shall remain joint and several upon the respondents; however, the Insurance Company shall indemnify the insured and satisfy the award in the first instance. The awarded amount, along with accrued interest, shall be disbursed to the claimants in equal shares, in terms of the directions issued by the learned Tribunal. Needless to mention here that the amount of compensation already paid to the claimant shall be deducted from the enhanced compensation.

15. Pending miscellaneous application(s), if any, shall also stand disposed of.

March 27, 2026
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(HARKESH MANUJA)
JUDGE

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|--------------------------------|--------|
| (i) Whether reasoned/speaking? | Yes/No |
| (ii) Whether reportable? | Yes/No |