IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

1. FAO No.5866 of 2012 (O&M)

ABDULLA AND ANR. ...Appellants
Vs
ANIL AND OTHERS ...Respondents

1. FAO No.4972 of 2012 (O&M)

RELIANCE GENERAL INSURANCE COMPANY LTD. ...Appellant
Vs
ABDULLA AND OTHERS ...Respondents

1	The date when the judgment was reserved	06.02.2026
2	The date when the judgment is pronounced	16.03.2026
3	The date when the judgment is uploaded on the website	16.03.2026
4	Whether only operative part of the judgment is pronounced or whether the full judgment is pronounced	Full
5	The delay, if any, of the pronouncement of full judgment, and reasons thereof.	Not applicable

CORAM: *HON'BLE MR. JUSTICE HARKESH MANUJA*

Present: Mr. Akash Sharma, Advocate
Mr. Ashish Gupta, Advocate
for the appellants in FAO No.5866 of 2012 and
for respondent Nos.1 and 2 in 4972 of 2012.

Mr. Nigam K. Bhardwaj, Advocate
for respondent No.4/Insurance Company in FAO No.5866 of 2012 &
for the appellant in FAO No.4972 of 2012.

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HARKESH MANUJA, J.

[1]. Vide this common order, both the aforesaid appeals are being decided as the same arise out of a common award dated 08.05.2012 passed by the learned Motor Accident Claims Tribunal, Nuh (for brevity, "the Tribunal"). FAO No.5866 of 2012 has been filed by the claimants/appellants seeking enhancement of compensation awarded on account of death of their son Abdul Gani in a motor

vehicular accident, which occurred on 06.10.2009, whereas FAO No.4972 of 2012 has been preferred by the Insurance Company, assailing the quantum of compensation on the ground that the amount awarded by the learned Tribunal is excessive and thus liable to be reduced.

FACTS

[2]. The learned Tribunal, vide the impugned award, granted a sum of Rs.2,47,600/- as compensation, along with interest @ 6% per annum from the date of institution of the claim petition till its actual realization. Both the appeals, involving challenge to the quantum of compensation, are thus, taken up together for adjudication. Facts are being culled out from FAO No.5866 of 2012 for reference.

FACTS

[3]. Appellants being the parents of deceased Abdul Gani, instituted a claim petition under Section 166 of the Motor Vehicles Act, 1988 before the learned Tribunal seeking compensation on account of his death in a motor vehicular accident which occurred on 06.10.2009, allegedly due to rash and negligent driving of respondent No.1- driver of the offending vehicle. On the basis of the pleadings of the parties, the learned Tribunal framed the necessary issues and, after appreciating oral as well as documentary evidence brought on record, passed the award dated 08.05.2012 granting compensation, as noticed in the preceding paragraph after holding the driver of the offending vehicle to be negligent in driving the same.

[4]. Being aggrieved of the aforementioned award dated 08.05.2012 passed by the learned Tribunal, the Insurance Company preferred FAO No.4972 of 2012 primarily on the ground that the learned Tribunal erred in fastening the liability upon the insurer despite the fact that the cheque issued towards payment of

premium was dishonoured and the policy was cancelled much prior to the date of accident after due intimation to the insured as well as the concerned Registering Authority, and thus the impugned award deserved to be set aside to that extent. The claimants, on the other hand, filed FAO No.5866 of 2012 seeking enhancement of compensation on the ground that the amount awarded by the learned Tribunal was wholly inadequate and not commensurate with the loss suffered by them. Both the appeals, thus, call for determination of the liability of the insurer as well as the justness and adequacy of the quantum of compensation awarded by the learned Tribunal in the light of the settled legal position.

ARGUMENTS ON BEHALF OF LEARNED COUNSEL FOR APPELLANTS/CLAIMANTS

[5]. Learned counsel for the appellants/claimants vehemently contended that the compensation awarded by the learned Motor Accident Claims Tribunal was wholly inadequate and contrary to the settled principles governing assessment of just compensation under the Motor Vehicles Act. It was submitted that the Tribunal erred in applying a multiplier of 11 despite the deceased being 20 years of age, whereas in view of the law laid down by the Hon'ble Apex Court in case of *"Smt. Sarla Verma and others vs. Delhi Transport Corporation and another,"* reported as *2009(3) RCR (Civil) 77,* the appropriate multiplier of 18 was required to be applied. He further argued that the income of the deceased was wrongly assessed at a lower figure and no addition towards future prospects was granted, though the unrebutted evidence on record established his monthly earnings and the benefit of increase in income, even in the case of a daily wager, was permissible in terms of the judgment of the Hon'ble Supreme Court in *Santosh Devi v. National Insurance Co. Ltd.* reported as *2012(2) RCR (Civil) 882.*

[5.1]. Learned counsel submitted that the deduction towards personal expenses was mechanically applied without considering the dependency of the claimants and relevant legal position. Furthermore, he urged that meager amounts were awarded under the conventional heads such as funeral expenses, loss of estate, transportation and loss of love and affection, and the rate of interest awarded was on the lower side. On these premises, it was prayed that the impugned award be suitably modified and the compensation be enhanced to a just and reasonable amount.

ARGUMENTS ON BEHALF OF LEARNED COUNSEL FOR THE INSURANCE COMPANY.

[6]. Learned counsel for the appellant–Insurance Company contended that the impugned award was wholly unsustainable in law inasmuch as the Tribunal fastened liability upon the insurer despite there being no subsisting contract of insurance on the date of the accident. It was argued that the premium for the alleged policy was tendered through a cheque which was dishonoured with the remarks "account closed", whereupon the policy stood cancelled *ab initio* and due intimation of such cancellation was duly sent not only to the insured but also to the concerned Registering/Transport Authority well prior to the accident dated 06.10.2009. In these circumstances, the insurer was not to be compelled to indemnify the owner in the absence of a valid and effective policy. The learned counsel further submitted that the driver and the owner having chosen to be proceeded against ex parte, failed to discharge the onus of proving that the vehicle was duly insured on the relevant date, and once respondent No.2 specifically proved that he was not the owner of the offending vehicle, the Tribunal gravely erred in saddling the appellant with liability contrary to the settled principles governing contractual liability of an insurer under the Motor Vehicles Act. Hence,

the award to that extent deserved to be set aside. It was also contended that the dependents-claimants were suitably compensated, as such no interference was called for on this account even.

DISCUSSION AND REASONING

[7]. I have heard learned counsel for the parties and gone through the paper-book(s).

[8]. Insofar as the objection raised by the Insurance Company/respondent No.4. with regard to absence of a valid insurance policy on the date of the accident is concerned, the same does not merit acceptance. The learned Tribunal, on the basis of evidence brought on record, returned a categorical finding fastening the liability upon the insurer. The appellant failed to produce any cogent and convincing evidence to establish that the policy was validly cancelled in accordance with law and that such cancellation was duly communicated in the manner required so as to absolve it of its statutory liability qua third party. A perusal of the record shows that the letters dated 16.03.2009, which were sought to be placed on record by way of additional evidence, were very much available with the Insurance Company/respondent No.4 even at the time when the evidence on its behalf was being led; yet the same were not produced at the appropriate stage. Moreover, no postal receipt or any other reliable material was brought on record to demonstrate that the alleged communications dated 16.03.2009 were ever dispatched or duly served upon the concerned respondent. It is well settled that the provisions of the Motor Vehicles Act are beneficial in nature and the insurer cannot avoid its liability towards third party claimants except by proving a statutory defence in terms of the Act. In the absence of any such legally admissible evidence, the finding recorded by the learned Tribunal fastening liability upon the insurer calls for no interference.

QUESTION OF INCOME ASSESSED

[9]. In the present case, it has come on record that the deceased was stated to be a student at the time of the accident; however, there is no material or specific evidence to indicate the nature of the course or studies he was pursuing, nor has any document been produced to demonstrate his academic status or future vocation so as to form a reasonable basis for assessing his prospective income. In the absence of any cogent proof with regard to his earnings or the likelihood of gainful employment in the near future and keeping in view the fact that the accident occurred in the year 2009 besides having regard to the prevailing standards for determination of notional income in such cases, the learned Tribunal rightly assessed the income of the deceased @ Rs.3,600/- per month for the purpose of computation of just compensation.

[10]. The Hon'ble Supreme Court in the case of ***Smt. Sarla Verma and others'*** case (supra) held that in case the deceased was a bachelor and the claimants were the parents, the deduction follows a different principle and with regard to bachelors, 50% needs to be deducted as personal and living expenses. Relevant para of the judgment is culled out as under:-

> *"15. Where the deceased was a bachelor and the claimants are the parents, the deduction follows a different principle. In this regard to bachelors, normally, 50% is deducted as personal and living expenses, because it is assumed that a bachelor would tend to spend more on himself. Even otherwise, there is also the possibility of his getting married in a short time, in which event the contribution to the parent(s) and siblings is likely to be cut drastically. Further, subject to evidence to the contrary, the father is likely to have his own income and will not be considered as a dependent and the mother alone will be considered as a dependent. In the absence of evidence to the contrary, brothers and sisters will not be considered as dependents, because they will wither be independent and earning, or*

married, or be dependent on the father. Thus even if the deceased is survived by parents and siblings, only the mother would be considered to be dependent, and 50% would be treated as the personal and living expenses of the bachelor 50% as the contribution to the family. However, where the family of the bachelor is large and dependent on the income of the deceased, as in a case where he has a widowed mother and large number of younger non-earning sisters or brothers, his personal and living expenses may be restricted to one-third and contribution to the family will be taken as two-third."

[10.1]. In the given case, it has come on record that the deceased was survived by aged parents. Evidently, being a student, he would have gained employment in the near future and, therefore, the deceased would have been under a moral and social obligation to contribute a sufficient amount towards the maintenance and medical expenses of his aged parents, in discharge of his filial and pious obligations. In such circumstances, it can be reasonably inferred that the deceased would have saved a considerable portion of his income for the benefit and welfare of his dependent parents rather than spending one-half of it solely for his personal use.

It has further come on record that the father of the deceased was engaged in agricultural activities. The income derived from agriculture cannot be said to be stable or assured, as agricultural work is largely dependent upon seasonal and climatic conditions and is not permanent in nature. The earning from such occupation fluctuates and remains uncertain, thereby making the financial condition of the family dependent upon varying circumstances. In such a situation, the contribution of the deceased towards the household would have assumed greater significance for the sustenance and welfare of his parents.

Though, according to the ratio laid down by the Hon'ble Supreme Court in ***Smt. Sarla Verma and others'*** case (supra) the deduction towards personal and living expenses of the deceased comes out to be one-half (1/2), yet keeping in view the peculiar facts and circumstances of the present case, particularly the dependence of the aged parents and the uncertain nature of the father's agricultural income, the deduction towards personal expenses is assessed at 40% of the income.

QUESTION WITH REGARD TO MULTIPLIER

[11]. The learned Tribunal erred in applying the multiplier with reference to the age of the parents of the deceased, which is not in consonance with the settled principles of law governing the field. It is now well established that for the purpose of determination of just compensation in a claim arising out of the death of a bachelor, the appropriate multiplier is to be selected with reference to the age of the deceased and not that of the dependents. In the present case, the deceased was 19 years of age at the time of the accident and, therefore, the multiplier applicable to the said age group is 18. Consequently, this Court, in its considered opinion, applies the multiplier of 18 for the purpose of computation of compensation in place of the multiplier adopted by the learned Tribunal.

QUESTION WITH REGARD TO FUTURE PROSPECTS

[12]. The learned Tribunal further erred in not making any addition towards future prospects while assessing the income of the deceased. It is by now well settled that the element of future prospects is required to be taken into consideration so as to arrive at a just and fair compensation, having regard to the age of the deceased and the reasonable expectation of advancement in life. In the present case, the deceased was 19 years of age and was a student at the time of the accident. Though his income has been assessed on a notional basis for want of cogent evidence regarding actual earnings, the youthful age of the deceased clearly indicates a reasonable likelihood of future gainful employment and progressive

increase in income. In view of the law laid down by the Hon'ble Supreme Court in *"National Insurance Company Limited v. Pranay Sethi*, (2017) 16 SCC 680," this Court deems it appropriate to grant an addition towards future prospects. Accordingly, an increment @ 40% of the assessed notional income of the deceased is awarded towards future prospects for the purpose of computing the loss of dependency.

QUESTION OF COMPENSATION UNDER CONVENTIONAL HEADS

[13]. Furthermore, in view of the judgment of the Hon'ble Apex Court in *Smt. Sarla Verma and others*, *Pranay Sethi's* cases (supra) and *"United India Insurance Co.Ltd. vs. Satinder Kaur"*, reported as *(2021) 11 SCC 780*, compensation awarded under conventional heads are also required to be assessed separately. Appellants/claimants are thus, held entitled for Rs.18,000/- as compensation under funeral head and Rs.18,000/- towards loss of estate. Loss of consortium is assessed to the tune of Rs.96,000/- (Rs.48,000 x 2) as the appellants, being parents of deceased are also entitled for filial consortium.

[14]. In view of the discussion made hereinabove, the appellants/claimants are held entitled for the grant of compensation in the following manner:-

S.No.	Nature	Amount (in Rs.)
1.	Annual Income of Deceased	43,200/-
2.	Add 40% Future Prospects	17,280/-
3.	Total Income (Rs. 43,200 + Rs. 17,280)	60,480/-
4.	Deduction (40%)	24,192/-
5.	Net Income (Rs. 60,480 – Rs. 24,192)	36,288/-
6.	Loss of Income after applying multiplier of 18 as per age of 19years (36,288 x 18)	6,53,184/-
7.	Funeral Expenses	18,000/-
8.	Loss of Estate	18,000/-

9.	Loss of Consortium (Rs. 48,000 x 2)	96,000/-
	Total Compensation	7,85,184/-
	Amount Awarded by the Tribunal	2,47,600/-
	Enhanced compensation	5,37,584/-

Accordingly, appellants/claimants shall be entitled to receive above enhanced compensation in the proportion already determined by the learned Tribunal.

[15]. The grant of interest @ 6% per annum is not equitable and just in view of the observations made by the Hon'ble Supreme Court in ***"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,*** thus, the interest is enhanced to 9% per annum on the amount of compensation awarded to the claimants from the date of institution of 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. Needless to mention here that the amount of compensation already paid to the claimant shall be deducted from the enhanced compensation.

[16]. Accordingly, the appeal i.e. FAO No.5866 of 2012 preferred by the appellants/claimants is allowed in the aforesaid terms with the modification in the quantum of compensation as assessed hereinabove, whereas the appeal i.e. FAO No.4972 of 2012 filed at the instance of the Insurance Company, being devoid of merit, stands dismissed. The impugned award dated 08.05.2012 passed by the learned Motor Accident Claims Tribunal, Nuh is modified to the extent indicated,

and the claimants shall be entitled to the enhanced amount of compensation along with interest in the manner specified in the preceding paragraph.

[17]. Pending miscellaneous application(s), if any, shall also stand disposed of.

(HARKESH MANUJA)
JUDGE

March 16, 2026
Atik

Whether speaking/reasoned	Yes/No
Whether reportable	Yes/No