Sr. No.108

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

FAO-6795-2016 (O&M)
Date of decision: 20th February 2026

SARTO DEVI AND OTHERS **…….Appellants**

versus

AMIT AND OTHERS **........Respondents**

CORAM: HON'BLE MS. JUSTICE HARPREET KAUR JEEWAN

Present: Mr. Rajiv Kumar Saini, Advocate
for the appellants.

Mr. Maninder Arora, Advocate
for respondent No.3-Insurance Company.

HARPREET KAUR JEEWAN, J.

1. Appellants-Legal Representatives are seeking enhancement of the compensation awarded by the Motor Accident Claims Tribunal, Karnal, vide Award dated 30.04.2016, regarding the death of Budh Ram in a roadside accident, which took place in on 28.11.2014 outside the Poultry Farm located near the bus stop of Village Butan Kheri, Indri, District Karnal.

2. As per the brief facts, Appellant-claimant No.3-Joginder, son of the deceased, had gone to the Poultry Farm to call the deceased. When the deceased came out of the Poultry farm and had just reached on the road, he was hit by a motorcycle bearing Registration No.HR-05AL-3637, which was being driven in a rash and negligent manner by its driver-respondent No.1. As a result of the injuries, the injured died and his age was 55 years at the

time of death. FIR No. 502 dated 28.11.2014, under Sections 279 and 304-A of the Indian Penal Code, 1860 was registered at Police Station Indri.

3. The claim petition filed by the appellants was allowed by the Tribunal and the Insurance Company of the motorcycle was ordered to pay a sum of Rs.9,53,728/- as compensation to the appellant-claimants as per the following calculations:-

Sr. No.	**Heads**	**Compensation Awarded**
(i)	Total monthly income assessed is	Rs.8000/- per month
(ii)	15% of (i) above to be added as future prospects=	Rs.8000+1200= Rs.9200/- per month
(iii)	1/3rd of (ii) deducted as personal expenses of the deceased=	Rs.3066/-. The amount remains Rs.9200 (-) Rs.3066=Rs.6134/- per month.
(iv)	The assessment of per annum comes to	Rs.6134X12=Rs.73608/- per annum.
(v)	Standard deduction of 10% of Income Tax	Rs.73608(-)Rs.7360=Rs.66248/-
(vi)	Compensation after applying multiplier of 11 comes to	Rs.66248X11=Rs.7,28,728/-
(vii)	Loss of consortium to the petitioner no.1	Rs.1,00,000/-
(viii)	Loss of funeral and transportation etc.	Rs.25,000/-
(ix)	**Compensation on account tof Love and affection**	Rs.1,00,000/-
	Total:	Rs.9,53,728/-

4. The present appeal filed by the claimants seeking enhancement has been contested by the Insurance Company.

5. Learned counsel for the appellants contends that deduction on account of Income Tax has been wrongly done by the Tribunal, while making the calculations.

6. *Per contra,* learned counsel for the Insurance Company contends that the Future Prospects added are on the higher side and compensation awarded towards Loss of Love and Affection and Consortium

is also on the higher side. Cites ***<u>National Insurance Company Ltd. vs. Pranay Sethi & Ors., (2017) 16SCC 680</u>*** and ***<u>Magma General Insurance Company Limited vs. Nanu Ramalias Chuhru Ram & Ors., (2018) 18 SCC 130</u>***.

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

8. The Hon'ble Apex Court, in its recent decision in ***<u>"MANORMA SINHA & ANR Vs. THE DIVISIONAL MANAGER, ORIENTAL INSURANCE COMPANY LIMITED & ANR."; 2025 (4) RCR (Civil) 752</u>***, ***<u>Special Leave to Appeal (C) no. 19878/2022</u>***, has considered the questions regarding deduction towards Income Tax and held that the same is permissible, as per the decisions of the Hon'ble Apex Court in***<u>"Ranjana Prakash & others v. Divisional Manager & another"; 2011 (14) SCC 639.</u>*** However, it held that deduction towards Income Tax should be at such rate which the annual income may be subjected to in the relevant year. The observations by the Hon'ble Apex Court are as under:-

> "6. As regards deduction towards income tax is concerned, same is permissible in view of the decision of this Court in ***Ranjana Prakash*** *(supra)*. <u>However, in our view, deduction towards income tax should be at such rate which the annual income may be subjected to in the relevant year.</u> It is not demonstrated that the allowances received were exempt from income tax. Even the nature of allowances has not been disclosed to enable us to determine whether they are exempt from tax. Therefore, we include them in the annual income and compute the annual income as Rs. 6,40,400 (approximately) for the purposes of tax. The tax payable in the relevant year (i.e., with reference to the date of death) would be Rs.62,080 (Tax: Nil

up to Rs. 1.60 lacs; Rs.34,000 @ 10% up to Rs.5.00 lacs; and Rs.28,080 @ 20% up to Rs.6,40,400). Thus, net annual income from salary after deduction of income tax, with the allowances, would be Rs.5,78,324.

Emphasis supplied"

9. The accident in question took place on 28.11.2014. The annual income of the deceased has been assessed as Rs.96,000/-. The Income Tax rate for the relevant Financial year 2014-2015 was 'Nil' for Income upto Rs.2,50,000/-, as such, the Tribunal erred in deducting 10% as Income Tax while computing the compensation.

10. However, considering the age of the deceased, the Future Prospects granted @ 15% ought to have been @ 10%. The multiplier has been correctly applied however, the compensation under the conventional heads is also on higher side.

11. In view of the facts and circumstances of this case and the decisions referred to hereinabove, the compensation is re-worked as under:-

Sr. No.	**Heads**	**Compensation Awarded**
1.	Monthly income	Rs.8,000/-
2.	Annual income	Rs.96,000/- [Rs.8,000 x 12]
3.	Deduction 1/3rd	Rs.64,000/- [Rs.96,000 – Rs.32,000]
4.	Future prospects @ 10%	Rs.70,400/- [Rs.64,000+Rs.6400]
5.	Multiplier of '11'	Rs.7,74,400/- [Rs.70,400/- x 11]
6.	Loss of dependency	**Rs.7,74,400/-**
7.	Funeral expenses	**Rs.18,000/-**
8.	Loss of estate	**Rs.18,000/-**
	Loss of consortium (spousal, filial and parental)	**Rs.1,44,000/-** [Rs.48,000/- x 3]
	Total Compensation	**Rs.9,54,400/-**
	Interest @ 7.5% per annum	**On excess amount**

12. In view of the decision by the Hon'ble Supreme Court in ***Parminder Singh vs. Honey Goyal & Ors., 2025 INSC 361,*** after

calculation of the enhanced amount, the same shall be transferred by respondent No.3-Insurance Company in the Bank Accounts of the claimant-appellants within a period of 06 weeks from today. The particulars of the bank account(s) along with the requisite documents in support thereof shall be furnished by the claimant-appellants to respondent No.3-Insurance Company within a period of two weeks from today and needful shall be done by respondent No.3-Insurance Company after verification thereof within a period of four weeks thereafter along with up-to-date interest. The compliance shall be reported by the Bank to the Tribunal concerned.

13. In view of the above discussion, the present appeal is partly allowed and the Award of the Tribunal is modified accordingly.

14. Pending miscellaneous applications, if any, shall stand disposed of.

(HARPREET KAUR JEEWAN)
JUDGE

20th February 2026
atul/simran

Whether speaking/reasoned	:	*Yes/No*
Whether reportable	:	*Yes/No*