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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ CM(M) 827/2026, CM APPL. 24330/2026 CM APPL. 24331/2026

PANKAJ KUMAR .....Petitioner

Through: Mr. Dwapayan Gupta, Ms. Shikha Goyal & Mr.Varun Yadav, Advs.

versus

SONU KHATRI .....Respondent

Through:

CORAM:
HON'BLE MR. JUSTICE ANISH DAYAL

<u>O R D E R</u>

% **24.04.2026**

1. This petition has been filed seeking directions with respect to impugned order dated 17th February 2026 passed in MISC DJ/1927/2025 passed by Motor Accidents Claims Tribunal [‘***MACT***’]-1 (North), Rohini Courts, Delhi.

2. An application was moved before the MACT for pre-mature release of the compensation amount, which was awarded to petitioner/claimant post settlement of claim petition in National Lok Adalat held on 13th September 2025 for a sum of Rs.35,00,000/-.

3. Petitioner/Claimant had filed application seeking release of Rs.15,00,000/- of the award amount, as he had suffered 68% disability and had chosen to start business of a food cart for which he had taken GST Registration, Food Safety and Standards Authority of India (‘***FSSAI***’) Registration and Municipal Corporation of Delhi (‘***MCD***’) Licence for the same. An estimate quotation to start the business of food cart has also been filed as *Annexure B* to this petition, which has been perused by the Court.

4. However, only Rs.5,00,000/- was directed to be released by the

impugned order, on the basis that the award amount had been kept in Motor Accidents Claims Annuity Deposit (‘***MACAD***’) Annuity considering future requirement of petitioner/claimant.

5. It is axiomatic to state that compensation is meant for petitioner/claimant and is ultimately for providing compensation and to meet their requirements and not putting a hyper-technical constraint in passing directions for release, even after considering surrounding facts and circumstances. Accordingly, MACT should not have taken such a rigid stand.

6. In this regard, reliance may be placed upon the decision of Supreme Court has in ***A.V. Padma & Ors. v. R. Venugopal & Ors***., (2012) 3 SCC 378, where the Supreme Court expressly observed that the Tribunals are often "*taking a very rigid stand and are mechanically ordering in almost all cases that the amount of compensation shall be invested in long-term fixed deposit*", and clarified that guidelines were issued "*only to safeguard the interests of the claimants*" and "*were not to be understood to mean that the Tribunals were to take a rigid stand while considering an application seeking release of the money*". The Court further held that the guidelines cast a responsibility on the Tribunals to pass appropriate orders after examining each case on its own merits, and deprecated the mechanical disposal of applications for withdrawal "*without proper application of mind*". Relevant paragraphs are extracted as under:

> *"**8.** Thus, sufficient discretion has been given to the Tribunal not to insist on investment of the compensation amount in long-term fixed deposit and to release even the whole amount in the case of literate persons. However, the Tribunals are often taking a very rigid stand and are mechanically ordering in almost all cases that the amount of compensation shall be invested in long-term fixed deposit. They are taking such a rigid and mechanical*

approach without understanding and appreciating the distinction drawn by this Court in the case of minors, illiterate claimants and widows and in the case of semi-literate and literate persons. It needs to be clarified that the above guidelines were issued by this Court only to safeguard the interests of the claimants, particularly the minors, illiterates and others whose amounts are sought to be withdrawn on some fictitious grounds. The guidelines were not to be understood to mean that the Tribunals were to take a rigid stand while considering an application seeking release of the money.

***9.** The guidelines cast a responsibility on the Tribunals to pass appropriate orders after examining each case on its own merits. However, it is seen that even in cases when there is no possibility or chance of the feed being frittered away by the beneficiary owing to ignorance, illiteracy or susceptibility to exploitation, investment of the amount of compensation in long-term fixed deposit is directed by the Tribunals as a matter of course and in a routine manner, ignoring the object and the spirit of the guidelines issued by this Court and the genuine requirements of the claimants. Even in the case of literate persons, the Tribunals are automatically ordering investment of the amount of compensation in long-term fixed deposit without recording that having regard to the age or fiscal background or the strata of the society to which the claimant belongs or such other considerations, the Tribunal thinks it necessary to direct such investment in the larger interests of the claimant and with a view to ensure the safety of the compensation awarded to him.*

***10.** The Tribunals very often dispose of the claimant's application for withdrawal of the amount of compensation in a mechanical manner and without proper application of mind. This has resulted in serious injustice and hardship to the claimants. The Tribunals appear to think that in view of the guidelines issued by this Court, in every case the amount of compensation should be invested in long-term fixed deposit and under no circumstances the Tribunal can release the entire amount of compensation to the claimant even if it is required by him. Hence a change of attitude and approach on the part of the Tribunals is necessary in the* *interest of justice."*

(emphasis added)

7. Applying the aforesaid principles, the Delhi High Court in ***Sharda Devi v. Sachin Pratap Singh & Ors***., 2018:DHC:3564, held that while dealing with applications for premature release, the Tribunal is expected "*to consider the welfare of the claimant, who is a legal heir of the deceased and not act in a hyper-technical manner*", and that refusal to release compensation in a mechanical fashion results in serious injustice. Relevant paragraphs are extracted as under:

> *"**9.** Having considered the application and the agreement relied upon by the Petitioner as also the fact that the FDR was in any event maturing on 16.09.2018, I am of the considered view that the Tribunal has dismissed the Petitioner's application in a mechanical manner and without due application of mind. The Tribunal has overlooked the economic strata to which the Petitioner belongs and the conditions in which she is living. In my view, the Tribunal ought to have appreciated that in cases seeking pre-mature release of the amount deposited, it is expected to consider the welfare of the claimant, who is a legal heir of the deceased and not act in a hyper-technical manner.*
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> *10. At this stage it may be appropriate to refer to the decision of the Supreme Court in A.V. Padma & Ors. v. R. Venugopal and Ors. [(2012) 3 SCC 378], wherein the Court, while examining the plea seeking disbursal of the amount without insisting on the deposit of any portion thereof with any nationalised bank, had after observing that the Tribunals were mechanically rejecting the claimant's applications for withdrawal of the compensation amount without proper application of mind had opined that a change of attitude was required while dealing with such matters. It may be relevant to refer to Para 8, 9 and 10 of decision, which read as under……..*
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> *………*
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> ***11.** In the facts of the present case, I am of the considered*

<u>opinion that the Petitioner's request for premature release of the FDRs cannot at all be said to be unjustified. In fact, this Court has been constrained to repeatedly observe that, while dealing with such applications, the Tribunal should look into the matter sympathetically and keep in mind that the only factor which is relevant for pre-mature release of the amount, is the welfare of the legal heirs of the deceased</u>."

(emphasis added)

8. Therefore, the consistent judicial position mandates that the manner of disbursement must be guided by the welfare of claimants, with discretion to permit full or partial release where justified and investment in fixed deposits, only to the extent necessary to secure the compensation awarded.

9. Accordingly, considering that petitioner/claimant is a matriculate and intends to start a business in order to sustain his livelihood, there is no impediment in allowing this application, as he is clearly conscious of the implications of release.

10. Since Rs.5,00,000/- already stands released in terms of impugned order, it is directed that an amount of Rs.10,00,000/- be released by liquidating the requisite number of fixed deposit receipts ('***FDRs***') deposited before the UCO Bank, Patiala House Courts, Delhi.

11. A copy of this order be sent to Manager, UCO Bank, Patiala House Courts, Delhi for compliance.

12. In view of the above directions, this petition stands disposed of.

13. Pending applications are rendered infructuous.

14. Order be uploaded on the website of this Court.

ANISH DAYAL, J

APRIL 24, 2026/sm/*sp*