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* IN THE HIGH COURT OF DELHI AT NEW DELHI

% ***Date of decision: 26th May 2026***

\+ MAC.APP. 802/2025 & CM APPL. 80199/2025

RELIANCE GENERAL INSURANCE CO LTD .....Appellant

Through: Mr. A.K Soni, Adv. (Through VC).

versus

RANJANA RAJORA SHARMA & ORS. .....Respondents

Through: Mr. Lohit Ganguly and Mr. Abhey Ram, Advs.

CORAM:
HON'BLE MR. JUSTICE ANISH DAYAL

JUDGMENT

ANISH DAYAL, J. (ORAL)

1. This appeal has been filed assailing impugned judgment and award passed by Motor Accidents Claims Tribunal, North West District, Rohini Courts [‘***MACT/Tribunal***’] in MACP No.384/2021 on 15th March 2025 awarding Rs. 5,46,71,000/- at an interest rate of 7.5% per annum.

2. The accident occurred on 7th September 2021 at about 6:00 a.m. when *Sh. Ajay Sharma* (hereinafter, ‘***deceased***’) was travelling on a bicycle; when he reached near Rithla Metro Station, Pillar no. 472, a Swift car bearing registration no. DL-9CS-5978 (hereinafter, ‘***offending vehicle***’) hit the deceased from behind, due to which the deceased sustained grievous injuries. He was shifted to BSA Hospital by the driver of offending vehicle, where he was declared ‘*brought dead*’. FIR no. 297/2021 was registered at

PS Budh Vihar for offences under Section 279/304A of Indian Penal Code, 1860.

3. *Mr. A.K. Soni*, counsel for appellant/Insurance Company, has challenged the impugned award on two grounds.

4. ***First***, that the testimony of ***PW-1***, wife of deceased, was erroneously considered, since the same was deferred and remained incomplete and, therefore, negligence on part of respondent no.3/driver of the offending vehicle ought not to have been concluded in favour of claimants.

5. *Per contra*, counsel for claimants, draws attention of this Court to *paragraph 19* of the impugned award passed by the MACT, which is extracted as under:

> *"19. For involvement of offending vehicle of the respondent no.2 in accident, R1 has meekly tried to dispute the same. However, documentary evidence collected in FIR No. 379/2021 shows otherwise. The accident was seen by witness Atul Singh who stated that deceased was shifted to hospital by the driver of offending vehicle and the driver was wearing a black colour t-shirt and the arm of the t-shirt was printed with '3'. IO, during investigation, collected the CCTV footage of hospital and still photographs of the footage are on record. R1/driver is clearly visible wearing a t-shirt having a print of '3' on the arm of the t-shirt. It is also an admitted fact by R1 that he has shifted the deceased to the hospital. Moreover, it is admitted by R1 himself in his discloser statement that the accident occurred with the offending vehicle being driven by him and after leaving the deceased in the hospital he got the bumper of offending vehicle repaired. IO has also recorded the statement of the said mechanic. Therefore, the case does not warrant any other best evidence."*

6. As per the above, it is clear that there was evidence in the form of CCTV footage as well, which was in sync with the partial testimony recorded of ***PW-1***. It has also been stated that the testimony was deferred, since ***PW-1*** did not possess an Aadhaar Card. However, incomplete testimony cannot be rejected *in toto* by the Court, and has to be considered along with other contextual facts and circumstances.

7. Considering the CCTV footage, the conclusion drawn by the MACT, would sustain in favour of the claimants.

8. In addition, the statement of *Lakhvinder Singh* recorded by the police, forming part of the Detailed Accident Report ('***DAR***'), has also been considered, wherein, he is stated to have witnessed the accident and identified the offending vehicle.

9. Accordingly, the finding of negligence as arrived at by the MACT is sustained.

10. ***Secondly***, *Mr. A.K. Soni*, counsel for appellant/Insurance Company, challenges the quantum of compensation. The dispute largely relates to the calculation of the benchmark income on the basis of which loss of dependency has been calculated.

11. *Mr. A. K. Soni* draws attention to the salary slip for the month of August 2021 issued by *Parle Agro Private Limited* which forms part of the Trial Court Record ('***TCR***') and had been presented by ***PW-3***, General Manager Accounts, Parle Agro Pvt. Ltd.

12. He contends that deduction towards soft furnishing allowance and tax deducted at source ('***TDS***') have not been made by the MACT. The said salary slip is extracted as under for ease of reference:

Parlē Agro

PARLE AGRO PVT. LTD.
Off Western Express Highway, Sahar - Chakala Road,
Parsiwada, Andheri (E), Mumbai - 400099
WebSite: www.parleagro.com
Telephone : 67348000 Fax :66935050

Salary Slip for the month of August 2021

Employee Code : **7283** Employee Name : **AJAY SHARMA**

Sub Location	: DELHI - SALES	BIRTH DATE	: 02/Aug/1972
Department	: SALES	JOIN DATE	: 11/Nov/2010
Band	: M IV	PF NO.	: UP/27876/1893
Designation	: CLUSTER BUSINESS HEAD - BAILLEY & RGB	UAN NO.	: 100075571706
		PAN NO.	: AXDPS2064A
		ESIC NO.	: 0
		LWP DAYS	: 0.00
		PAID DAYS	: 31.00

Earning	Monthly	Arrears	Total
Basic	263205.00	18973.00	282178.00
HRA	84688.00	4743.00	89431.00
Medical Allowance	1250.00	0.00	1250.00
Special Allowance	117114.00	11953.00	129067.00
Education Allowance	1000.00	0.00	1000.00
Transportation Allowance	1600.00	0.00	1600.00
Soft Furnishing Allowance	5000.00	0.00	5000.00
Attire Allowance	5000.00	0.00	5000.00
Grand Total	**478857.00**	**35669.00**	**514526.00**

Deductions	Monthly	Arrears	Total
PF	31585.00	2277.00	33862.00
VPF	78627.00	0.00	78627.00
TDS	92870.00	0.00	92870.00
Grand Total	**203082.00**	**2277.00**	**205359.00**

Gross Earning : 514526.00
Gross Deduction : 205359.00
Net Payable : 309167.00

Net Payable (In Words) : Three Lakh Nine Thousand One Hundred Sixty Seven only

Note : Private and Confidential. This is computer generated slip hence signature is not required.

13. The plea of appellant/Insurance Company in this regard is tenable in accordance with settled law *inter alia* ***Manorma Sinha v. Oriental Insurance Co. Ltd.***, 2025 SCC OnLine SC 2241 where the Supreme Court held that deduction towards income tax should be at such rate which the annual income may be subjected to in the relevant year. Relevant finding of the Court is extracted as under:

> *"13. As regards deduction towards income tax is concerned, same is permissible in view of the decision of this Court in Ranjana Prakash (supra). 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. 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 added)

14. Further, the Supreme Court in ***National Insurance Co. Ltd. v. Indira Srivastava***, (2008) 2 SCC 763 stated that income is not limited to the pay packet carried home by an employee but also other perks beneficial to the members of the entire family. Deductions towards allowances personal to the deceased may be made, however, deductions which accrue to the benefit of the family form a part of the benchmark income. Relevant findings of the Court are extracted as under:

*"**9.** The term "income" has different connotations for different purposes. A court of law, having regard to the change in societal conditions must consider the question not only having regard to pay-packet the employee carries home at the end of the month but also other perks which are beneficial to the members of the entire family. Loss caused to the family on a death of a near and dear one can hardly be compensated on monetary terms.*

***10.** Section 168 of the Act uses the word "just compensation" which, in our opinion, should be assigned a broad meaning. We cannot, in determining the issue involved in the matter, lose sight of the fact that the private sector companies in place of introducing a pension scheme take recourse to* *payment of contributory provident fund, gratuity and other perks to attract the people who are efficient and hard-working. Different offers made to an officer by the employer, same may be either for the benefit of the employee himself or for the benefit of the entire family. If some facilities are being provided whereby the entire family stands to benefit, the same, in our opinion, must be held to be relevant for the purpose of computation of total income on the basis whereof the amount of compensation payable for the death of the kith and kin of the applicants is required to be determined…."*

(emphasis added)

15. Reliance may also be placed upon the decision of Supreme Court in ***Kavita Devi v. Sunil Kumar***, 2025 SCC OnLine SC 1639 where the Court held as under:

*"**17.** This Court has consistently held in case of the allowances which are included in the component of salary of the deceased, Tribunal has to take into consideration these allowances as they were used for supporting the family. The claimants have to show that these allowances were regularly received and used for the family's benefit. Further, while determining whether the allowances form a part of the salary or not, the Tribunal by looking into the facts of each case and by considering the extent of dependency of the claimants on the salary of the deceased including the allowances, have to determine whether these allowances should be excluded from determination of the income of the deceased. If the answer of the Tribunal is in affirmative, then the allowances may be excluded for determination of loss of dependency. If the Tribunal answers the above point in negative, then the Tribunal has to include the allowances for computation of income of the deceased, thus determining the loss of dependency."*

(emphasis added)

16. Therefore, this Court is inclined to deduct Rs. 5,000/- towards *soft furnishing allowance* and Rs. 92,870/- towards *TDS* from the benchmark income.

17. Accordingly, the calculation of benchmark income shall be as under:

Heads	Amounts
Total Monthly Income	Rs. 4,78,857/-
Add: Provident Fund	Rs. 31,585/-
Add: Voluntary Provident Fund	Rs. 78,627/-
Less: Soft furnishing allowance	Rs. 5,000/-
Gross Income	Rs. 5,84,069/-
Less: TDS	Rs. 92,870/-
Total: Income of deceased	**Rs. 4,91,199/-**

18. Loss of consortium and funeral expenses have been rightly awarded. However, loss of estate has been awarded twice and shall be awarded at Rs. 18,150/- as per the principles enunciated in ***National Insurance Co. Ltd. v. Pranay Sethi***, (2017) 16 SCC 680.

19. It is pertinent to note that the formula for computing loss of dependency has been incorrectly applied by the MACT leading to an arithmetical error. Future prospects are to be applied to the income of deceased before deduction of personal and living expenses. This error has been noted and corrected by the Court.

20. Therefore, revised compensation is as under:

S. No.	Heads	Awarded by the Tribunal	Awarded by this Court
1	Income of deceased (A)	Rs. 4,19,379/-	Rs. 4,91,199/-
2	Add: Future Prospects (B)	Rs. 1,09,03,854/-*	Rs. 1,22,800/-
3	Less: Personal expenses of deceased (C)	Rs. 1,39,793/-	Rs. 2,04,667/-

4	Loss of dependency (A+B)-C=D	Rs. 2,79,586/-	Rs. 4,09,332/-
5	Annual loss of dependency (Dx12) = (E)	Rs. 33,55,032/-	Rs. 49,11,984/-
6	Multiplier (F)	13	13
7	Total loss of dependency (E x F)= (G)	Rs. 5,45,19,270/-	Rs. 6,38,55,792/-
8	Compensation for loss of consortium (H)	Rs. 96,800/-	Rs. 96,800/-
9	Compensation for loss of estate (I)	Rs. 18,150/-	Rs. 18,150/-
10	Compensation towards funeral expenses (J)	Rs. 36,300/-	Rs. 18,150/-
11	Total compensation (G+H+I+J)= K	**Rs. 5,46,70,520/-**	**Rs. 6,39,88,892/-**
12	Rate of Interest Awarded	7.5%	7.5%

[*wrongly placed at serial no. 6 in the impugned award]

Directions

21. For the aforesaid reasons, compensation has been enhanced by *Rs. 93,18,372/-* ["***enhanced amount***"].

22. By order dated 18th December 2025, this Court directed the Insurance Company to deposit the entire originally awarded amount before MACT. Enhanced amount at an interest of *7.5%* per annum from the date of filing the petition shall be deposited before MACT within a period of six weeks.

23. It is directed that a lump sum amount of *Rs. 25,00,000/-* shall be released to claimants from the deposit of enhanced amount within a period of two weeks thereafter. Originally awarded amount along with remaining enhanced amount, with accrued interest, shall be kept in Fixed Deposit Receipts (***FDRs***) of *Rs. 1,00,000/-* each for periods of 3 month, 6 months, 9 months and so on, in succession as maybe calculated. Interest accruing on said FDRs shall be credited to the designated Savings Bank Account of

claimants. The amount of FDRs on maturity would be released to the Savings Bank Account of claimants upon due verification.

24. Accordingly, the appeal stands disposed of with above directions.

25. Pending applications, if any, are rendered infructuous.

26. Copy of this judgment be sent to concerned MACT.

27. Copy of this judgment shall also be sent to concerned bank.

28. Statutory deposit, if any, shall be refunded to appellant/Insurance Company, only if the order of deposit has been complied with.

29. Judgment be uploaded on the website of this Court.

(ANISH DAYAL)
JUDGE

MAY 26, 2026/ab/*sp*