

INTERNATIONAL JOURNAL OF LAW  
MANAGEMENT & HUMANITIES  
[ISSN 2581-5369]

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Volume 8 | Issue 3  
2025

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# Adjudication of Motor Accident Claims in India: An Analytical Study on the Functioning, Jurisprudence, and Compensation Framework under the Motor Vehicles Act, 1988

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## ABSTRACT

*Road traffic accidents in India have reached alarming proportions, with the Ministry of Road Transport and Highways reporting over 4.6 lakh accidents annually. In response, the Motor Vehicles Act, 1988 introduced Motor Accident Claims Tribunals (MACTs) to expedite compensation claims and relieve civil courts from mounting caseloads. This paper undertakes a comprehensive analysis of the procedural and substantive framework governing MACTs, their jurisdiction, and the evolution of compensation jurisprudence in India. It reviews legal provisions, regional procedural innovations like the Detailed Accident Report (DAR) scheme in Delhi, and landmark Supreme Court and High Court judgments shaping compensation standards, including the multiplier method and principles governing dependency losses, future prospects, and personal injury assessments. Special emphasis is placed on issues such as compensation for the death of homemakers, children, and owners/borrowers of vehicles, as well as distinguishing between composite and contributory negligence in accident scenarios. The research highlights persistent procedural delays, regional inconsistencies, and limitations in insurance liability, and concludes by advocating for uniform procedural guidelines, stricter adherence to established precedents, and legislative reforms for ensuring fair, just, and efficient compensation to accident victims and their dependents.*

**Keywords:** Motor Accident, Motor Accident Claims Tribunal (MACT), Motor Vehicles Act, 1988, Compensation, Multiplier Method, DAR.

## I. INTRODUCTION

India, as one of the fastest-growing economies with the second-largest road network in the world, faces a formidable challenge in the form of road traffic accidents. As per the Ministry of Road Transport and Highways (MoRTH) Annual Report 2022, India recorded 4,61,312 road accidents, causing 1,68,491 deaths and injuring 4,43,366 people. This amounts to a

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staggering 400 accidental deaths daily on Indian roads, reflecting the acute need for an efficient system of victim compensation and accident claim resolution in the country.

In response to the growing number of road accidents and the resulting claims, the Government of India enacted the Motor Vehicles Act, 1988 (hereinafter “MV Act, 1988”) to regulate the operation of motor vehicles, promote road safety, and establish a structured mechanism for compensation in motor accident cases. A significant innovation introduced under this legislation was the creation of Motor Accident Claims Tribunals (MACTs) under Section 165 of the Act. These Tribunals were designed to provide an expeditious, economical, and victim-friendly adjudicatory platform for determining compensation claims arising out of motor vehicle accidents.

Prior to the establishment of MACTs, claimants had to approach civil courts for compensation, which often led to protracted legal battles, procedural complexities, and high litigation costs. Recognizing this hardship, the Law Commission of India, in its 85th Report (1980), recommended the establishment of special tribunals for motor accident claims to ensure the speedy disposal of cases and adequate compensation for victims and their dependents. Acting on this recommendation, the Parliament included detailed provisions for MACTs in the MV Act, 1988.

The primary objectives of MACT are:

- To provide a speedy, effective, and informal adjudicatory mechanism for accident victims.
- To simplify the procedural formalities and ease the burden on civil courts.
- To ensure just, fair, and reasonable compensation to accident victims and their families.
- To adjudicate on both fault liability (Section 166) and no-fault liability (Sections 140 and 163A) claims.
- To protect third-party interests through compulsory third-party insurance coverage.

Despite its noble objectives, the working of MACT has often faced criticism owing to procedural delays, inadequate compensation awards, corruption, and challenges in enforcement of awards. Regional procedural variations also exist, with distinct procedural rules notified by different State Governments under the MV Act. This paper, therefore, undertakes a comprehensive analysis of:

- The legal framework governing MACT.

- Procedural rules followed by MACT
- Landmark and recent judgments delivered by the Supreme Court of India and various High Courts.
- Challenges in the functioning of MACT.
- Suggestions for procedural and substantive reforms.

The study also examines how principles like the multiplier method, the assessment of pecuniary and non-pecuniary damages, and liability apportionment have evolved through judicial precedents, significantly influencing the compensation jurisprudence in India.

This research paper aspires to serve as a consolidated legal commentary on the procedure and jurisprudence relating to MACT in India, offering insights to legal practitioners, academicians, policymakers, and students of law.

## **II. HISTORICAL EVOLUTION OF MOTOR ACCIDENT COMPENSATION LAW IN INDIA**

The regulation of motor vehicle accident liability and compensation in India traces its roots to the colonial period. Initially, claims for injuries or fatalities arising out of motor vehicle accidents were adjudicated under the **common law principle of tortious liability** and the **Fatal Accidents Act, 1855**, which provided a legal remedy to the legal representatives of a deceased victim of wrongful death.

With the advent of motorized transport in the early 20th century, the necessity for a structured legal framework to govern the operation of motor vehicles and their associated liabilities became evident. In response, the **Motor Vehicles Act, 1939** was enacted, consolidating provisions relating to registration, licensing, control of traffic, and liability for accidents.

### **A. Motor Vehicles Act, 1939**

Under the 1939 Act:

- Compensation claims were filed in civil courts.
- There was no provision for specialized tribunals.
- Procedural delays and high litigation costs rendered the process cumbersome for victims.

Recognizing these limitations, and the need for a swift, victim-centric mechanism, the **Law Commission of India in its 85th Report (1980)** recommended the establishment of specialized tribunals for adjudicating accident claims efficiently.

## **B. Law Commission's 85th Report (1980) Recommendations**

The Commission noted:

- Motor accident claims should be dealt with by independent Tribunals with summary procedures.
- The jurisdiction of civil courts should be ousted for such matters.
- Insurance companies should have limited grounds to contest claims.
- No-fault liability provisions should be introduced to protect accident victims.

These recommendations formed the foundation for significant reforms introduced in the **Motor Vehicles Act, 1988**.

## **C. Motor Vehicles Act, 1988**

The 1988 Act comprehensively replaced the 1939 law. One of its most pivotal features was the establishment of **Motor Accident Claims Tribunals (MACT) under Chapter XII (Sections 165–176)**, designed to provide:

- **Exclusive jurisdiction** to adjudicate motor accident claims.
- **Summary procedures** and flexible evidentiary standards.
- **No-fault compensation mechanisms**.

Subsequent amendments, including the **Motor Vehicles (Amendment) Act, 1994** and **Motor Vehicles (Amendment) Act, 2019**, further expanded the scope of victim protection, notably through structured formulae for compensation and enhanced no-fault liability amounts.

## **D. Legal Provisions Governing MACT under the Motor Vehicles Act, 1988**

The Motor Vehicles Act, 1988, establishes a comprehensive legal framework for the adjudication of claims arising from motor vehicle accidents in India. The Act's provisions aim to provide prompt and just compensation to victims or their legal representatives.

### **1. Establishment and Jurisdiction of MACT – Section 165**

**Section 165** empowers State Governments to constitute Motor Accident Claims Tribunals (MACTs) for adjudicating claims related to death, bodily injury, or property damage resulting from motor vehicle accidents. These tribunals are vested with the authority to adjudicate upon claims for compensation and are designed to provide a specialized forum for speedy redressal.

### **2. Filing of Claims – Section 166**

**Section 166** allows the injured person, legal representatives of the deceased, or the owner of

damaged property to file a claim for compensation. The provision ensures that victims or their representatives have a legal avenue to seek redress for losses suffered due to motor vehicle accidents.

In *Rita Devi v. New India Assurance Co. Ltd.*, (2000) 5 SCC 113, the claimant sought compensation for the death of an auto-rickshaw driver who was murdered by robbers while ferrying passengers. The Supreme Court recognized the incident as one "arising out of the use of a motor vehicle," ruling that if the use of a vehicle is the proximate cause of death, even if intentionally inflicted, it falls under the ambit of the Act. This expanded the interpretation of "accident" to include certain criminal acts directly linked to vehicular use.

*Gujarat State Road Transport Corporation v. Ramanbhai Prabhatbhai*, AIR 1987 SC 1690

The respondents, brothers of the deceased, filed a compensation claim under the Motor Vehicles Act for the death of their brother in a motor vehicle accident. The Supreme Court held that the term "legal representatives" is not confined to the spouse, parent, and children of the deceased. It includes all persons who can be considered legal heirs under the law, thereby entitling the brothers to claim compensation. This judgment broadened the scope of claimants under the Act, ensuring that a wider class of dependents could seek compensation.

### **3. No-Fault Liability – Section 140**

**Section 140** introduces the concept of no-fault liability, wherein the claimant is entitled to compensation without the need to prove negligence or fault of the driver. The Act stipulates fixed amounts for compensation in cases of death or permanent disablement, facilitating immediate relief to victims or their families.

The compensation amounts are:

- Rs.50,000 in case of death;
- Rs.25,000 in case of permanent disablement.

This provision ensures immediate financial relief to victims or their families.

In *Gujarat State Road Transport Corporation v. Ramanbhai Prabhatbhai*, AIR 1987 SC 1690, the Supreme Court upheld the constitutional validity of no-fault liability. The Court stressed that the purpose of this provision is to provide immediate monetary relief without waiting for prolonged litigation on fault-based principles. It interpreted the Act in a purposive manner, emphasizing its social welfare intent.

### **4. Structured Formula Compensation – Section 163A**

**Section 163A** provides for a structured formula for compensation, applicable to claimants

with an annual income up to Rs.40,000. Under this section, claimants are not required to prove negligence.

In *Deepal Girishbhai Soni v. United India Insurance Co. Ltd.*, (2004) 5 SCC 385, the Supreme Court settled the law on the election of remedies under Sections 163A and 166. It held that a claimant must elect either the structured formula under Section 163A or pursue a claim under Section 166 on the basis of fault. Dual claims under both sections are impermissible. The Court further clarified that Section 163A was a self-contained code, meant for quick compensation without delving into questions of fault.

### **5. Mandatory Insurance – Section 147**

**Section 147** mandates that every motor vehicle must be insured against third-party risks. This ensures that victims receive compensation even if the vehicle owner is unable to pay.

### **6. Tribunal Powers and Procedure – Section 169**

**Section 169** empowers the MACT to follow a summary procedure for the disposal of claims. The tribunal has the powers of a civil court for taking evidence, enforcing attendance of witnesses, and compelling the production of documents.

In *Raj Kumar v. Ajay Kumar*, (2011) 1 SCC 343, the Court laid down clear guidelines for determining compensation in injury cases. It emphasized the need to consider future loss of earning capacity, medical expenses, and pain and suffering. The Court also called for the adoption of scientific methods and reliable evidence (such as disability certificates) to quantify just compensation. This case is frequently cited for its authoritative framework on assessing injuries.

### **7. Appeal Mechanism – Section 173**

**Section 173** provides for an appeal to the High Court against the award of the MACT, subject to the condition that the amount in dispute exceeds Rs.1,00,000.

In *National Insurance Co. Ltd. v. Nicolletta Rohtagi*, (2002) 7 SCC 456, the Supreme Court held that an insurer cannot contest a claim on grounds other than those specified in Section 149(2) of the Act unless it has obtained permission under Section 170. Supreme Court held that insurance companies cannot challenge findings of negligence unless they have obtained permission under Section 170. The Court clarified that insurers have a limited right of appeal unless properly impleaded to contest on merits. The insurer in this case sought to contest the claim on grounds not specified under the Act. The Supreme Court held that the insurer's right to contest a claim is limited to the defenses enumerated in Section 149(2). The insurer cannot

contest the claim on other grounds unless it has obtained permission under Section 170 of the Act. This decision delineated the scope of defenses available to insurers, ensuring that claimants are not unduly burdened by extensive litigation.

### III. PROCEDURE BEFORE THE MOTOR ACCIDENT CLAIMS TRIBUNAL (MACT) IN DELHI: AN IN-DEPTH LEGAL EXPOSITION

The adjudication of motor accident claims within the National Capital Territory of Delhi is primarily governed by the provisions of the **Motor Vehicles Act, 1988** (as amended), the **Delhi Motor Accident Claims Tribunal Rules, 2008**, and procedural directives issued by the **Hon'ble Delhi High Court**. Over time, Delhi has developed a distinct procedural framework for handling motor accident claims, characterized by the implementation of the **Detailed Accident Report (DAR) scheme**. This unique scheme was institutionalized under the directions of the Delhi High Court in the landmark case of *Rajesh Tyagi v. Jaibir Singh*, 2014 SCC OnLine Del 1118, with the objective of streamlining the claims process, reducing procedural delays, and ensuring the fair and timely resolution of claims for compensation arising out of motor accidents.

#### Filing of Claim Petition

The process commences with the filing of a claim petition before the MACT, either by the injured victim, the legal heirs of a deceased person, or any beneficiary entitled under the law. The relevant provisions governing the filing are contained in **Sections 166, 140, and 163A** of the MV Act, 1988. The claim petition can be instituted before the MACT having territorial jurisdiction over the place of the accident, the claimant's residence, or where the defendant resides or carries on business. The decision in *Rajesh Tyagi* was pivotal in this context, as the Delhi High Court laid down exhaustive guidelines for the systematic filing and preliminary scrutiny of claim petitions, emphasizing that procedural bottlenecks at this initial stage must be curtailed to ensure prompt access to justice.

#### A. Detailed Accident Report (DAR) Scheme

Delhi's most significant procedural innovation has been the **Detailed Accident Report (DAR) scheme**, introduced under judicial directions in *Rajesh Tyagi v. Jaibir Singh* and subsequently reinforced by the Supreme Court in *Jai Prakash v. National Insurance Co. Ltd*, (2010) 2 SCC 607. The scheme mandates that the Investigating Officer (IO) of the concerned police station prepare a comprehensive DAR within **30 days** of the registration of an FIR for every motor accident involving death or grievous injury. The DAR is a consolidated report



incorporating critical documents such as the FIR, site plan, photographs, mechanical inspection reports, insurance policy details, driving license verifications, post-mortem report (in fatal cases), statements of witnesses, medical reports, and an assessment of financial loss suffered by the victim or their dependents.

The Delhi High Court, in *Rajesh Tyagi*, directed that the DAR must be filed before the MACT and served upon the insurance company and concerned parties within a fixed timeline. The Supreme Court in *Jai Prakash* approved this scheme and directed other states to implement similar mechanisms, observing that the absence of prompt and verified data at the initial stage was a primary cause for the inordinate delays in claim adjudication.

### **B. Service of Notice and Appearance of Parties**

Once the claim petition or DAR is filed, the MACT issues summons to the respondents, which typically include the driver, owner, and insurer of the offending vehicle. Service of notice is effected through modes prescribed under **Order V of the Code of Civil Procedure, 1908 (CPC)**, which apply mutatis mutandis to tribunal proceedings under **Section 169(2) of the MV Act**. The necessity for strict procedural fairness in service of notices was reaffirmed by the Hon'ble Supreme Court in *New India Assurance Co. Ltd. v. Rula & Ors*, (2000) 3 SCC 195, where it was held that the principles of natural justice demand that every party must be given adequate notice and an opportunity to contest before any adverse order is passed.

### **C. Filing of Written Statements and Leave to Defend**

After appearance, each respondent is required to file a written statement akin to **Order VIII CPC**, setting out their version of the incident, defences, and objections to liability. In particular, insurance companies must disclose the coverage details and statutory defences, including breach of policy conditions such as unauthorized driving or absence of valid documents. The MACT, being a tribunal of summary jurisdiction, allows insurance companies limited grounds to contest claims unless special leave is sought under **Section 170 of the MV Act**. In *National Insurance Co. Ltd. v. Nicolletha Rohtagi*, (2002) 7 SCC 456, the Supreme Court clarified that insurers could not contest liability on merits beyond statutory defences unless granted leave under Section 170, which can be allowed only where collusion or gross negligence by the owner/driver is prima facie evident.

### **D. Framing of Issues**

Subsequent to the completion of pleadings, the Tribunal frames issues to identify the material questions for adjudication, following principles akin to **Order XIV CPC**. Commonly framed issues include whether the accident occurred due to the rash and negligent driving of the

respondent, whether the claimant is entitled to compensation, and whether any defences raised are legally sustainable. The Supreme Court in *Kushalbhai Ratanbhai Rohit v. State of Gujarat*, (2014) 3 SCC 802, emphasized that precise framing of issues is essential in judicial proceedings to guide adjudication and prevent trial digressions.

### **E. Recording of Evidence**

Both oral and documentary evidence is then adduced by the parties. The MACT adopts a liberal evidentiary approach under **Section 169(1) of the MV Act**, being guided by principles of natural justice and not bound by the technical rigours of the Indian Evidence Act, 1872. Claimants typically submit their evidence-in-chief by affidavit, followed by cross-examination by respondents. Critical evidence includes income certificates, medical disability reports, age and dependency proofs, insurance records, and the DAR. In *Sunil Sharma v. Bachitar Singh*, (2011) 11 SCC 425, the Supreme Court observed that while strict rules of evidence are relaxed, the tribunal must still ensure the credibility, admissibility, and corroborative value of evidence presented before it.

### **F. Assessment of Compensation**

Perhaps the most pivotal stage is the quantification of compensation under **Section 168 of the MV Act**, which mandates the MACT to award "just compensation" based on the facts and circumstances of each case. The Delhi MACT routinely applies the **multiplier method** as prescribed by the Supreme Court in *Sarla Verma v. DTC*, (2009) 6 SCC 121, which standardizes compensation in fatal and disability cases based on the age of the deceased and dependents. The formula involves determining the annual income (after permissible deductions), adding future prospects (per *Pranay Sethi*, up to 40% depending on age), applying the appropriate multiplier, and adding fixed sums under conventional heads such as loss of consortium, funeral expenses, and loss of estate.

In *National Insurance Co. Ltd. v. Pranay Sethi*, 2017 16 SCC 680, the Court rationalized the earlier arbitrary awards under various heads and fixed uniform amounts: Rs.70,000 for loss of consortium, Rs.15,000 for funeral expenses, and prescribed future prospects percentages based on the age of the deceased. Recently, the Delhi High Court in *Maghi Devi v. United India Insurance Co. Ltd.*, 2023 SCC OnLine Del 1895, reaffirmed the multiplier method and strict adherence to the Sarla Verma and Pranay Sethi guidelines, stressing consistency and predictability in awards.

### **Example:**

A 35-year-old deceased earning Rs.10,000 per month (Rs.1,20,000 per annum).

Future prospects @ 40% = Rs.48,000.

Total annual income = Rs.1,68,000

Less 1/3rd for personal expenses = Rs.1,12,000

Multiplier for age 35 = 16

Total Loss of Dependency = Rs.1,12,000 x 16 = Rs.17,92,000

Add non-pecuniary heads as per *Pranay Sethi*:

- Loss of Estate Rs.15,000
- Funeral expenses Rs.15,000
- Loss of consortium Rs.40,000 per dependent

### G. Final Arguments and Judgment

Upon conclusion of evidence, final arguments are heard, where parties advance their contentions orally or through written submissions. The MACT thereafter delivers a reasoned award under **Section 168 of the MV Act**, determining liability, assessing compensation, and issuing specific directions for payment within a stipulated time, typically 30 days. In *Krishna Kant Singh v. Raj Kumar Yadav*, 2022 SCC OnLine Del 3603, the Delhi High Court clarified that MACT awards are executable as civil decrees and can be enforced under the **Code of Civil Procedure** in case of default.

### H. Payment, Deposit, and Disbursement

The liable party, usually the insurer, must deposit the awarded amount with the MACT within **30 days** of the order. Interest, typically at **7.5% to 9% per annum**, accrues on delayed payments from the date of filing the claim petition. In accordance with the directions of *Rajesh Tyagi*, at least **50% of the award amount for dependents and minors must be deposited in fixed deposits**, with the balance released for immediate needs, subject to tribunal's approval for withdrawals.

### I. Appeals

An appeal against the MACT award lies before the High Court under **Section 173 of the MV Act**, provided the disputed amount exceeds Rs.1 lakh. In *United India Insurance Co. Ltd. v. Shila Datta*, (2011) 10 SCC 509, the Supreme Court held that appellate courts should be cautious while interfering with factual findings of the MACT unless the conclusions are perverse or based on no evidence.

#### IV. COMPENSATION IN DEATH CASES

Assessing compensation in motor accident death cases has been a recurring and complex issue for Indian courts. Over time, various High Courts adopted differing methods, some used high multipliers (up to 34), others employed the “interest method” or the “split method.” This inconsistency resulted in significant variations in compensation awarded for similar circumstances.

A turning point came with the landmark judgment in *General Manager, Kerala State Road Transport Corporation vs. Susamma Thomas* (1994) 2 SCC 176, where the Supreme Court emphasized the need for a standard multiplier method to ensure just and fair compensation. The Court, although not bound by the 1994 Amendment (which introduced the Second Schedule under Section 163-A), chose a rational multiplier-based approach that balanced fairness and consistency.

Further clarity emerged in *UP State Road Transport Corporation vs. Trilok Chandra* (1996) 4 SCC 362, where the Court critically examined the methodology for awarding compensation. It held that the multiplier could not exceed 18, correcting the High Court’s excessive use of a multiplier of 34. The Court emphasized that normally one-third of the deceased’s income should be deducted as personal expenses, and the rest adjusted for future prospects should be multiplied by an appropriate multiplier based on age.

Despite this, inconsistent application of multipliers persisted in various judgments:

1. *S. Chandra vs. Pallavan Transport Corporation* [(1994) 2 SCC 189] – Multiplier of 20 applied.
2. *Sarla Dixit vs. Balwant Yadav* [(1996) 3 SCC 179] – Multiplier of 15.
3. *Jyoti Kaul vs. State of M.P.* [(2002) 6 SCC 306] – Multiplier of 15.
4. *T.N. State Transport Corp. Ltd. vs. S. Rajapriya* [(2005) 6 SCC 236] – Multiplier of 12.
5. *New India Assurance Co. vs. Charlie* [(2005) 10 SCC 720] – Multiplier of 18.
6. *UP State Road Transport Corp. vs. Krishna Bala* [(2006) 6 SCC 249] – Multiplier of 13.
7. *New India Assurance Co. Ltd. vs. Kalpana* [(2007) 3 SCC 538] – Multiplier of 13.
8. *Oriental Insurance Co. Ltd. vs. Jashuben* [(2008) 4 SCC 162] – Multiplier of 13.

In response to the lack of uniformity, the Supreme Court in *Sarla Verma vs. Delhi Transport*

*Corporation (2009) 6 SCC 121* formulated a comprehensive and standardized method for computing compensation. The Court outlined a three-step process:

1. Determining the multiplicand – Calculate the net annual contribution by the deceased after deducting personal expenses.
2. Selecting the multiplier – Based on the age of the deceased, not the claimants, as per a tabular method.
3. Final calculation – Multiply the annual contribution by the selected multiplier to arrive at the loss of dependency.

The Court provided a standardized multiplier table. For example, for ages 21–25, the multiplier is 18, reducing by one every five years until 50, and by two thereafter. This helped eliminate arbitrariness and enabled insurance companies to process claims more efficiently.

The clarity from *Sarla Verma* was reaffirmed in *Reshma Kumari vs. Madan Mohan (2013) 9 SCC 65*, where a three-judge bench underscored the importance of using the age of the deceased not the dependents for selecting the multiplier. The Court emphasized the necessity of uniformity in claims made under Section 166 and held that the methodology in *Sarla Verma* must be followed.

However, a divergence of opinion arose with *Rajesh vs. Rajbir Singh (2013) 9 SCC 54*, which questioned *Sarla Verma*'s rationale on excluding future prospects for self-employed individuals or those on fixed salaries. While *Sarla Verma* had limited future prospects to salaried individuals with growth potential, *Rajesh* extended future prospects to all categories, creating confusion in application.

To resolve this, a five-judge Constitution Bench in *National Insurance Co. Ltd. vs. Pranay Sethi (2017) 16 SCC 680* delivered an authoritative ruling. The Bench consolidated the law on several issues, most significantly future prospects and selection of multiplier. It approved the ratios laid down in *Sarla Verma* and *Reshma Kumari*, thereby bringing consistency back into the framework. Key guidelines laid down included:

1. Future Prospects:
  - 50% addition for permanent jobs if deceased was under 40.
  - 30% if aged 40–50, 15% if 50–60.
  - For self-employed/fixed salary: 40%, 25%, and 10% respectively.

2. Deductions:

- Personal living expenses should follow paragraphs 30–32 of *Sarla Verma*.

3. Multiplier:

- Must be chosen from the table in *Sarla Verma*, based on the deceased's age.

4. Other heads of compensation:

- The judgment also rationalized awards under headings like “loss of consortium” and “loss of love and affection,” allowing fixed amounts to avoid speculative awards.

Later cases continued to follow *Pranay Sethi*. For example, in *Kirti vs. Oriental Insurance Co. Ltd.* [2021 ACJ 1; AIR 2021 SC 3913], a three-judge bench reaffirmed the necessity of following *Sarla Verma*'s framework as modified by *Pranay Sethi*. In *P.S. Somanathan vs. District Insurance Officer 2011 ACJ 737 SC*, and *K.R. Madhusudhan vs. Administrative Officer 2011 ACJ 743 SC*, the courts approved the standardized approach.

In *National Insurance Co. Ltd. vs. Pushpa*, a reference was made due to inconsistencies between *Reshma Kumari* and *Rajesh*, eventually settled by the *Pranay Sethi* ruling.

Furthermore, *Puttamma vs. K.L. Narayana 2014 ACJ 526; AIR 2014 SC 706* reiterated the need for consistency and emphasized the importance of computing “just compensation” in line with established precedents.

The consistent message across all these rulings is the principle that compensation must be “just, fair, and equitable,” as required by Section 168 of the Motor Vehicles Act, 1988. While the assessment of dependency and multiplier is somewhat arithmetical, the courts are urged to use a rational, standard approach to minimize delays, discrepancies, and subjective speculation.

In conclusion, the judicial journey from *Susamma Thomas* to *Pranay Sethi* marks a progressive refinement of the principles governing death compensation. The adoption of the multiplier method, standardized deductions, and quantified future prospects represents a significant advancement in ensuring fairness and legal certainty. The multipliers and methodology set out in *Sarla Verma*, approved and reinforced in *Reshma Kumari* and *Pranay Sethi*, now serve as the definitive guide for tribunals and courts across the country, ensuring victims' families receive uniform and just compensation.

## V. COMPENSATION IN INJURY CASES

In cases of injury or disablement resulting from motor vehicle accidents, courts and tribunals are required to award compensation under various heads, considering both the severity of the injury and its long-term effects on the claimant's life. The goal is to provide a just, fair, and reasonable compensation that restores, to the extent possible, the injured person to their pre-accident position.

In *R.D. Hattangadi v. Pest Control (India) Pvt. Ltd.* 1995 ACJ 366 SC, the Supreme Court classified compensation into two broad categories: (i) Pecuniary damages and (ii) Non-pecuniary damages. Pecuniary damages include losses which can be estimated in money, such as medical expenses, loss of earnings, cost of nursing, and attendant care. Non-pecuniary damages are those that cannot be precisely calculated in money, like pain and suffering, loss of amenities, or loss of marriage prospects. The court emphasized that there is no perfect formula for determining non-pecuniary damages, and the approach must be pragmatic rather than rigid.

In *Yadava Kumar v. National Insurance Co. Ltd.* (2010) 10 SCC 341, the Court recognized the severe and lifelong consequences of permanent disability. It stated that while money cannot renew a shattered body, it can provide a means to live with dignity. A disabled victim may suffer a reduced earning capacity, psychological trauma, and loss of independence. The Court reiterated that the determination of compensation must be liberal and not miserly. In awarding compensation, the attempt should be to restore the claimant to their original condition as far as monetary compensation can do so.

The Supreme Court in *Govind Yadav v. New India Insurance Co. Ltd.* (2011) 10 SCC 683 observed that the object of compensation under the Motor Vehicles Act is to fully and adequately restore the injured to the position they would have been in had the accident not occurred. It acknowledged the high cost of medical treatment and lifelong disability that may reduce the victim's future prospects and quality of life. Hence, compensation should cover not only past expenses and lost earnings but also future medical costs and the impact of disability on one's lifestyle and livelihood. The court emphasized that compensation must be reasonable and just, encompassing all heads of loss—present and future.

In the landmark case of *Raj Kumar v. Ajay Kumar* (2011) 1 SCC 343, the Supreme Court elaborated on how to assess compensation in cases of injury and permanent disability. It laid down the following important principles:

- The term "permanent disability" refers to a disability that remains after maximum possible recovery. It can be partial or total.
- A permanent disability affecting a limb is assessed in terms of a percentage (e.g., 30% disability of a leg). But the functional disability, or the actual impact on earning capacity, may differ depending on the nature of the job.
- The court must distinguish between medical disability and functional disability. For example, a 45% disability in the leg may not equate to 45% loss of earning capacity. If the injured is a software engineer, the impact may be minimal; if a driver, it may be total.
- Compensation must reflect the actual loss of earning ability, not just the percentage stated in the medical certificate.

The Court further held that in every case, the tribunal should:

1. Ascertain what activities the claimant could do before the accident and to what extent they are now restricted.
2. Consider the claimant's profession, age, and educational background.
3. Assess whether the claimant is totally unable to work, partially restricted, or capable of doing some other work with less income.

In support of this, the Court provided examples. A 30-year-old with a 30% disability earning Rs.3,000 per month could be awarded Rs.91,800 for future loss of income. Similarly, a 35-year-old driver with a 60% disability might be granted Rs.4,59,000 if they could no longer drive. For a student rendered unemployable, compensation might exceed Rs.7,56,000. These examples show the court's pragmatic approach in applying the multiplier method and assessing compensation based on profession, age, and severity of the disability.

Another key point from *Raj Kumar* is the importance of detailed and clear medical evidence. Doctors issuing disability certificates must clarify whether the disability is in relation to the limb or the whole body and explain the functional impact in layman's terms. This is essential for determining the real loss in terms of livelihood.

When dealing with claims under Section 163-A of the Motor Vehicles Act, 1988, the Court held that if the claim relates to injury (not death), and a disability is certified by a registered medical practitioner, the loss of income must be calculated for up to 52 weeks. For permanent disability, loss of earning capacity is calculated based on the percentage of disability, applying the Schedule II multipliers.



In *Navjot Singh v. Harpreet Singh & Ors.* (2020) 13 SCC 424, the claimant, a young man aged 23, suffered amputation of his leg. He was not employed at the time of the accident. The Court assumed a notional income of Rs.10,000 per month, added 40% towards future prospects, and applied a multiplier of 18. This yielded a compensation of Rs.12,09,600 towards future loss of earnings. Additionally, the Court awarded Rs.2,00,000 for pain and suffering, Rs.3,00,000 for loss of marriage prospects, Rs.2,00,000 for medical expenses and rehabilitation, and Rs.1,00,000 for other heads. This case illustrates a realistic and compassionate assessment of damages considering the victim's young age, future possibilities, and the severity of the disability.

These judgments consistently affirm that courts must take a comprehensive, liberal, and realistic view of compensation in injury cases. A victim's suffering, whether physical, emotional, or financial, must be translated into reasonable monetary compensation that reflects both actual loss and future hardship.

To summarize, the following principles emerge from the above judgments:

1. Classification of Damages: Compensation includes pecuniary and non-pecuniary losses.
2. Assessment of Disability: Functional disability, not just medical percentage, must guide the award.
3. Multiplier Method: Age-based multiplier, future prospects, and profession must be factored into compensation for loss of future income.
4. Role of Medical Evidence: Medical certificates must be specific and tribunals should interpret them with practical insight.
5. Liberal Interpretation: Compensation must be just, fair, and not miserly, considering lifelong impact and social consequences.

These rulings collectively shape the jurisprudence of compensation in motor vehicle accident cases, especially in matters of personal injury and permanent disablement. The courts have laid down guidelines to ensure uniformity, fairness, and human empathy in the adjudication of such claims.

## **VI. COMPENSATION IN RESPECT OF DEATH OF HOUSEWIFE, HOUSEKEEPER OR HOMEMAKER**

The role of a housewife or homemaker in the Indian family structure is *sui generis*, encompassing multiple duties as a wife, administrator, caregiver, and mother. Despite these

essential responsibilities, the contribution of housewives has historically been undervalued, particularly in compensation claims under the Motor Vehicles Act. However, a series of judgments from the Hon'ble Supreme Court has progressively recognized the economic and social value of the services rendered by housewives and has aimed to provide just compensation in the event of their death in motor accidents.

In the seminal case of *Lata Wadhwa v. State of Bihar*, 2001 ACJ 1735 (SC), the Apex Court held that in absence of data, the estimation of the value of services rendered by housewives at Rs. 10,000–12,000 per annum was grossly low. The Court opined that considering the multifarious tasks performed by housewives, a modest estimation should be Rs. 3,000 per month or Rs. 36,000 annually for housewives between the age group of 34 to 59. For elderly housewives aged 62 to 72, the value was enhanced to Rs. 20,000 per annum. The Court directed recalculation of compensation based on these figures along with an increased conventional amount of Rs. 50,000.

The significance of this decision lies in recognizing the economic value of a housewife's contribution and rejecting the notion that the absence of formal employment equates to lack of economic worth. The Court emphasized that the loss to the family must include not only economic loss but also the loss of personal care and attention offered by the deceased to her husband and children.

In *Arun Kumar Agarwal & Anr. v. National Insurance Co. Ltd. & Ors.*, AIR 2010 SC 3426, the Apex Court strongly deprecated the practice of equating a housewife's services to those of a servant or beggar. The judgment criticized the classification under the Census Act, which equated housewives with beggars and prisoners, and called such classification reflective of deep-rooted gender bias. The Court stated that time spent by women in homemaking is time taken away from opportunities for paid work or education, and hence, must be valued properly. It stressed that the services rendered by a wife/mother in a family cannot be measured in monetary terms like that of a hired worker, as her contributions include constant and selfless care, love, and guidance that cannot be substituted.

The Court observed that though no definite formula can capture the true value of such contributions, notional income must be estimated for fair compensation. Referring to Section 163-A of the Motor Vehicles Act and the Second Schedule therein, the Court noted that even if not directly applicable, the criteria therein could provide useful guidance in computing compensation for non-earning persons. In absence of concrete income data, Rs. 15,000 per annum or one-third of the earning spouse's income was considered a reasonable estimate.

Further, in *Kirti v. Oriental Insurance Co. Ltd.*, 2021 ACJ 1, a three-judge bench reiterated the above principles while deciding the case of a homemaker who died in a road accident. The Court expressed concern over the continued bias in undervaluing homemakers' services globally and noted that services rendered by women are only recognized when they are compensated through employment, but not when performed within households. The Court discussed various methods to assess homemakers' income including:

- Opportunity cost method (based on income lost by not taking a job),
- Partnership method (valuing homemaker's contribution at half of husband's income), and
- Replacement method (cost to replace homemaker's services with paid workers).

Ultimately, the Court reiterated that none of these methods are definitive, and the courts must aim to determine the most reasonable approximation based on the facts of each case. Importantly, the Court held that increase for future prospects should also apply to notional income of homemakers, following principles laid down in *Pranay Sethi*, 2017 ACJ 2700 (SC). Hence, future prospects, typically given to salaried and self-employed individuals, must also be factored into compensation for homemakers.

The Supreme Court's own computation in *Kirti* compared figures from the Tribunal and the High Court, ultimately fixing the income of the deceased homemaker at Rs. 5,547.1 per month, applying 40% increase for future prospects, and using a multiplier of 17. The final compensation granted was Rs. 33,20,000, reflecting the evolving and more realistic judicial approach.

In *Jitendra Khimshankar Trivedi v. Kasam Daud Kumbhar*, 2015 ACJ 708, the deceased housewife was engaged in embroidery and tailoring, earning Rs. 900 per month. The Tribunal recognized her contribution and fixed her income at Rs. 1,500 per month. The High Court reduced it to Rs. 1,350, but the Supreme Court disagreed, stating that the nature of work and oral evidence justified a higher income. Even assuming she was not employed, her role as a homemaker was significant. The Apex Court reaffirmed that services rendered by a homemaker cannot be monetized easily, and in view of her age and family duties, fixed her income at Rs. 3,000 per month. Using the multiplier method, total compensation was enhanced to Rs. 4,32,000.

This case further highlighted the judiciary's role in ensuring fair compensation, even in absence of appeal by the claimants. Relying on *Nagappa v. Gurudayal Singh*, *Oriental Insurance Co. v. Mohd. Nasir*, and *Ningamma v. United India Insurance Co.*, the Court

reiterated its power to award just compensation under Section 168 of the Motor Vehicles Act, independent of the appeal.

## VII. COMPENSATION IN CASE OF DEATH OF INFANT OR YOUNG CHILD

The assessment of compensation in cases involving the death of infants, young children, or bachelors presents a significant challenge for Tribunals. The absence of actual income at the time of death necessitates a reliance on legal precedent and judicial discretion.

In *State of H.P. v. Ram Swaroop*, 1998 2 CLJ 158 H.P, a 16-year-old's death led to Rs. 40,000 in compensation, given the absence of income.

In *Kadar Kunju v. Mahaswaran* (1999) 9 SCC 207, the deceased was a 17-year-old mechanical engineering student. The Tribunal applied a multiplier of 16 based on the parents' age, awarding Rs. 2,30,000 with 12% interest.

Likewise, in *HRTC v. Vimla Devi* 2000 (2) SLJ 1355, the High Court enhanced compensation for an 8th standard student from Rs. 50,000 to Rs. 84,000. In *Gulzar Mohammad v. Bikka* 2000 (1) LHLJ 247, Rs. 60,000 was awarded for the death of an only son.

In *Lata Wadhwa & Ors. v. State of Bihar & Ors.* (2001) 8 SCC 197, the Supreme Court provided guidance by granting compensation of Rs. 1,50,000 along with Rs. 50,000 as conventional compensation for children aged 5-10 years. The Court noted that while pecuniary benefit during the child's lifetime might be absent, a reasonable expectation of future benefit could form a valid claim.

In *Faquirappa v. Karnataka Cement Pipe Factory* 2004 SCC (Cri) 577, the Supreme Court held there is no rigid rule regarding deductions from income for bachelors. The Court deviated from the usual 50% deduction, limiting it to one-third.

Similarly, in *Kaushalya Devi v. Karan Arora & Ors.* (2007) 9 SCC 529, the Apex Court highlighted the emotional and speculative challenges in calculating damages for a child's death. The uncertainty of a child's future income renders compensation largely guesswork, with the age of the parents being a relevant factor.

In *R.K. Malik & Anr. v. Kiran Pal & Ors.* (2009) 14 SCC 1, compensation was awarded to parents of school children who died in a bus accident. The Court used notional income and the multiplier method, referencing *Lata Wadhwa*. It emphasized the difficulty of quantifying the loss of life and used global amounts to address such hardships.

In *Sayeed Basheer Ahamed v. Mohd. Jameel* (2009) 2 SCC 227, 50% deduction for personal expenses was reaffirmed as the norm for bachelors. In *New India Insurance Co. Ltd. v.*

*Satinder AIR 2007 SC 324*, compensation for the death of a 9-year-old was reduced from Rs. 4.5 lakh to Rs. 1.8 lakh.

The inconsistency in past awards led to standardization in *National Insurance Co. Ltd. v. Pranay Sethi* [(2017) 16 SCC 680], where the Court mandated following the *Sarla Verma (2009) 6 SCC 121* formula for multiplier selection and heads of compensation.

In *Munna Lal Jain v. Vipin Kumar Sharma (2015) 6 SCC 347*, the deceased was a 30-year-old self-employed Pandit. The High Court erred by applying the multiplier based on the parents' age (13), contrary to *Reshma Kumari v. Madan Mohan (2013) 9 SCC 65*. The Supreme Court reaffirmed that the multiplier should reflect the deceased's age.

In *Royal Sundaram Alliance Insurance Co. Ltd. v. Mandala Yadagari Goud & Ors. (2019) 5 SCC 554*, a three-judge bench clarified that the multiplier must be based on the age of the deceased, not the claimants. This was reiterated in *Joginder Singh v. ICICI Lombard General Insurance Co. 2020 HLJ SC (1) 35*. Here, the deceased was an air hostess trainee. The Tribunal incorrectly used the parents' age. The Supreme Court corrected the multiplier to 18 and added 40% for future prospects, enhancing compensation by Rs. 13,48,000.

In *Ameena Bibi v. Siria 2021 ACJ 168*, an unmarried 18-year-old female's income was computed as Rs. 3,600/month. Deducting 50% and applying an 18 multiplier, total dependency was Rs. 3,88,800. With additional amounts, the Tribunal awarded Rs. 4,13,800. The High Court revised this based on *Pranay Sethi* and *Magama Gen. Insurance Co. Ltd. v. Nanu Ram 2018 ACJ 2782*, raising the total to Rs. 9,56,720.

A pivotal judgment in *Kurvan Ansari v. Shyam Kishore Murmu 2022 ACJ 166* increased the notional income of a 7-year-old from Rs. 15,000 to Rs. 25,000 per annum, using a multiplier of 15 to award Rs. 3,75,000 towards dependency. An additional Rs. 80,000 was granted for filial consortium and Rs. 15,000 for funeral expenses, totalling Rs. 4,70,000.

The cumulative legal position today mandates that Tribunals adopt a rational approach, guided by *Pranay Sethi*, *Sarla Verma*, and *Reshma Kumari* in determining just compensation for the death of infants, young children, and bachelors.

## VIII. COMPOSITE NEGLIGENCE VERSUS CONTRIBUTORY NEGLIGENCE

The law of torts recognizes negligence as a civil wrong, where a party's failure to exercise reasonable care results in damage to another. In motor accident claims, where multiple vehicles are involved, the distinction between *composite negligence* and *contributory negligence* becomes significant for determining liability. The Motor Accident Claims

Tribunals (MACTs) frequently encounter such issues while adjudicating compensation claims, and the courts have evolved distinct principles to address these situations. This paper examines the legal contours and judicial interpretations of composite and contributory negligence, emphasizing their conceptual and practical differences, primarily through a study of landmark judgments by the Hon'ble Supreme Court of India.

*Composite negligence* refers to a situation where two or more persons, by their independent negligent acts, contribute to a single accident causing injury to a third party. In such cases, all wrongdoers are considered joint tortfeasors and are jointly and severally liable for the entire damage, irrespective of their individual share of negligence. The injured party (claimant) holds the right to recover the whole compensation from any one or more of them.

The Hon'ble Supreme Court, in *T.O. Anthony vs. Karvarnan*, 2008 ACJ 1165 SC, succinctly explained the doctrine of composite negligence. The Court held that where a person is injured as a result of the negligence of two or more wrongdoers, each wrongdoer is jointly and severally liable for the entire damages. The claimant is not obliged to prove the extent of individual responsibility of each tortfeasor, nor is it necessary for the court to apportion liability inter se for the purposes of compensation to the claimant. This ensures full recovery for the victim without procedural complications arising from the involvement of multiple tortfeasors.

In contrast, *contributory negligence* occurs when the claimant himself fails to exercise reasonable care for his own safety, thereby contributing to the harm suffered. It involves a partial blame on the claimant, and consequently, the damages recoverable are reduced proportionately to the extent of the claimant's own negligence.

The Supreme Court, in *Pramod Kumar Rasikbhai Jhaveri vs. Karmasey Kunvargi Tak*, (2002) 6 SCC 455, clarified that contributory negligence arises when the claimant's act or omission materially contributes to the damage and is of a negligent nature. While negligence generally implies a breach of a legal duty to care, in contributory negligence, it signifies a failure to safeguard oneself, making the claimant partially responsible for the resulting harm.

This principle was practically applied in *Sri Krishna Vishweshwar Hede v. K.S.R.T.C.*, 2008 ACJ 1617, where both the driver of a bus and a private vehicle were found equally at fault in a collision, leading the Tribunal to apportion liability in a 50:50 ratio.

The Supreme Court in *Khenyei vs. New India Assurance Co. Ltd.*, (2015) 9 SCC 273, elaborately drew the distinction between composite and contributory negligence. In cases of contributory negligence, where the injured party's negligence contributed to the accident, the

damages recoverable must be reduced proportionally. In contrast, in cases of composite negligence, where the claimant has not contributed to the accident but injury is the result of combined negligence of multiple wrongdoers, the injured party can claim full compensation from any one or all tortfeasors.

Further, in cases of composite negligence, there exists no necessity for the claimant to establish the degree of negligence attributable to each tortfeasor, as their liability is joint and several. However, the Tribunal may determine inter se liability between joint tortfeasors for indemnification purposes without affecting the claimant's right to recover the entire compensation from any of them.

In *Vijay Kumar Dugar vs. Bidyadhar Dutta*, AIR 2006 SC 1255, the Court reiterated that in cases of head-on collisions at high speed, both drivers are generally presumed equally at fault unless evidence suggests otherwise, resulting in a joint and several liability.

In *Sudhir Kumar Rana vs. Surinder Singh*, 2008 ACJ 1834 SC, the Court clarified that contributory negligence cannot be presumed merely because a party was driving without a license. The absence of a license does not, in itself, establish that the driver was negligent in causing the accident. Negligence must be established through cogent evidence.

A similar view was adopted in *Meera Devi vs. Himachal Road Transport Corporation*, 2014 ACJ 1012, where the Court held that without credible evidence to establish that the claimant or deceased contributed to the accident by their own negligence, the doctrine of contributory negligence cannot be invoked.

In *Rajender Singh vs. National Insurance Co. Ltd.*, 2020 SCCR 663, involving a horse-cart accident, the Supreme Court held that the deduction of 50% compensation on the ground of contributory negligence was unjustified, as no fault could be attributed to the deceased housewife riding in the cart.

Further, in *Mohd. Siddique vs. National Insurance Co. Ltd.*, AIR 2020 SC 520, the deceased was carrying two pillion riders on a motorcycle in violation of Section 128 of the MV Act, 1988. The Court ruled that this statutory violation, by itself, could not be equated with contributory negligence unless there was additional evidence proving that such conduct contributed to the accident.

Another critical aspect clarified in these rulings is that while the Tribunal may determine inter se liability between joint tortfeasors in cases of composite negligence, such apportionment does not affect the claimant's right to recover the full compensation from any one tortfeasor. As per *Khenyei* and *T.O. Anthony*, apportionment is purely for the purpose of determining

rights and obligations between the wrongdoers themselves.

This ensures that the procedural complexities or inability to implead all joint tortfeasors do not prejudice the claimant's right to adequate compensation. The solvent defendant remains liable to satisfy the claim, and the question of internal contribution can be resolved separately between the joint tortfeasors.

The distinction between composite negligence and contributory negligence is foundational to the adjudication of motor accident claims under Indian tort law. The Hon'ble Supreme Court has, through a consistent line of decisions, articulated clear principles governing both doctrines. Composite negligence involves multiple wrongdoers jointly and severally liable for a claimant's injuries, without necessitating apportionment for compensation purposes. Contributory negligence, however, involves the claimant's own negligence contributing to the harm, warranting a proportional reduction in damages.

This doctrinal clarity serves the dual purpose of ensuring fair and prompt compensation to victims while delineating rights and liabilities among tortfeasors. The jurisprudence continues to evolve, reinforcing the principle that the victim's right to full compensation should not be thwarted by procedural hurdles or technical defences raised by tortfeasors.

## **IX. LIABILITY OF INSURANCE COMPANY IN CASES OF DEATH OF OWNER OR BORROWER OF VEHICLE IN MOTOR ACCIDENTS UNDER MOTOR VEHICLES ACT, 1988**

The determination of liability in motor accident claims where the owner of a vehicle dies while driving it, or where the vehicle is borrowed by a friend who then dies in an accident, presents complex legal challenges for Motor Accident Claims Tribunals (MACT). The principal legal issue is whether the legal representatives of such deceased owners or borrowers can maintain a claim petition against the insurance company under existing insurance policies and the Motor Vehicles Act, 1988.

Sections 145 to 164 of the Motor Vehicles Act, 1988 provide for mandatory third-party insurance for all vehicles except government-owned ones, where obtaining insurance is optional. Generally, insurance policies can be of various kinds: an 'Act policy' (third-party insurance), a comprehensive policy, or a personal accident cover policy. In an 'Act policy,' the insurance company is liable to pay compensation only when a third party raises a claim against the insured. Commonly, the 'first party' refers to the vehicle owner, the 'second party' to the insurance company, and all others are termed as 'third parties.' However, the Act does



not precisely define ‘third party,’ though Section 145(g) includes the Government.

In *Dhanraj v. New India Assurance Co. Ltd.*, AIR 2004 SC 4767, the Supreme Court dealt with a case where the owner of a jeep, holding only an Act policy, was injured while traveling in his vehicle. The MACT awarded compensation to the owner, but the High Court reversed this, holding that the Act policy did not cover injury to the owner himself. The Supreme Court upheld the High Court’s view, stating that Section 147 does not mandate insurance coverage for the owner’s death or injury unless specifically covered.

In *Oriental Insurance Co. Ltd. v. Jhuma Saha*, (2007) ACC 420, the deceased was the owner-driver of a Maruti van and died in a solo-vehicle accident. As there was no additional premium for covering the owner, the insurance company was held not liable. Similarly, in *New India Assurance Co. Ltd. v. Sadanand Mukhi*, 2009 SLJ 27 (SC), the son of a motorcycle owner died while driving the vehicle. The Supreme Court ruled that the insurance company was not liable to indemnify the owner for a claim raised by his own legal representatives.

However, where an owner has obtained a personal accident cover, liability changes. In *Prabha Tyagi v. National Insurance Co. Ltd.*, 2020 ACJ 3023 (SC), an owner died while driving his vehicle. The policy carried a personal accident cover of Rs.2,00,000. The Supreme Court upheld the District Forum’s award of the full amount to the widow, confirming the insurance company's liability under the personal accident cover.

Likewise, in *Royal Sundaram Alliance Insurance Co. Ltd. v. Vemavaram Sudheer Babu*, 2020 ACJ 1631, both the owner-driver and his wife died in an accident. The vehicle was comprehensively insured, including personal accident cover. The insurance company contested the maintainability of claims by the legal representatives of the deceased owner, but the Court rejected this, holding the insurance company liable owing to the comprehensive and personal accident coverage.

In *Oriental Insurance Co. Ltd. v. Rajni Devi*, (2008) 5 SCC 736, the Supreme Court dealt with a claim filed under Section 163-A by the legal heirs of a deceased motorcyclist-owner. The Tribunal held the insurance company liable under a comprehensive policy. The Supreme Court found this incorrect to the extent that the owner cannot claim compensation under Section 163-A, but accepted the claim up to Rs.1,00,000 as per the insurance contract.

Similarly, in *Oriental Insurance Co. Ltd. v. MACT Sirmaur*, 2008 (1) SLC 313 (H.P.), where a jeep owner and his wife died, and a claim petition was filed by their grandchildren through their grandmother, the High Court upheld the maintainability of the claim.

In *Sukhwant Kaur v. Sher Singh*, 2005 SLJ (1) 600 (H.P.), the issue was whether a claim

under Section 163-A or 166 was maintainable when the deceased was himself driving the vehicle. The High Court held that no claim lay as the insurance company is liable only when third parties claim against the owner for negligent driving.

In *Pooja v. Tota Ram*, 2021 ACJ 504, the deceased, Lata Devi, the car's owner, died in an accident. Her children filed a claim under Section 166. The Tribunal dismissed the petition for lack of pleading and proof of negligence by the driver. The High Court upheld the decision, citing *New India Assurance Co. Ltd. v. Sadanand Mukhi*, 2009 ACJ 998 (SC), and noting that the policy only covered third-party risk.

The Court observed that for claims under Section 166, proving rash and negligent driving is a *sine qua non*. In cases where the owner is driving and dies, the legal heirs stepping into the owner's shoes cannot claim compensation under a third-party policy.

In *Ningamma v. United India Insurance Co. Ltd.*, 2009 ACJ 2020 (SC), the Supreme Court directly addressed whether the legal representatives of a deceased owner-driver could claim compensation under Section 163-A. The Court ruled that the legal heirs step into the shoes of the owner, and since the liability to pay compensation would have been upon the owner himself had he lived, they cannot claim against their own liability. The Court elaborated that Section 163-A provides for compensation without proof of fault when a third party is involved, but when the deceased is the owner-driver, no compensation can be claimed from the insurance company unless a personal accident cover exists.

In summary, the consistent legal position is that under an Act policy, the insurance company is liable only towards third parties. The owner or his legal heirs cannot claim compensation under Section 163-A or 166 unless specific coverage like a personal accident cover exists. In comprehensive policies, liability depends upon the terms of the policy and the nature of coverage opted. Legal representatives of a deceased owner cannot claim under third-party insurance as they essentially represent the first party (the owner-insured). Courts have recognized limited exceptions where interim compensation under Section 140 or compensation under personal accident covers is applicable.

## X. CONCLUSION

The legal framework governing motor accident compensation in India has undergone remarkable development, both in terms of legislative provisions and judicial interpretation. The establishment of Motor Accident Claims Tribunals (MACTs) under the Motor Vehicles Act, 1988 marked a progressive step in providing a specialized, efficient, and victim-friendly adjudicatory mechanism for road accident claims. Over the years, the jurisprudence

surrounding motor accident compensation has evolved significantly, with the Hon'ble Supreme Court of India laying down comprehensive and standardized guidelines through landmark rulings such as *Sarla Verma v. DTC*, *Pranay Sethi v. National Insurance Co. Ltd.*, and *Raj Kumar v. Ajay Kumar*.

The development of structured compensation formulae, rational multiplier methods, and the recognition of future prospects for salaried, self-employed, homemakers, and even non-earning dependents reflect a socially responsive and legally consistent approach to accident compensation law. The classification of damages, emphasis on functional disability in injury cases, and clear distinction between composite and contributory negligence have further enriched this branch of law.

To strengthen and sustain this progressive legal framework, there is an evident need for the establishment of more Motor Accident Claims Tribunals across the country, especially in areas witnessing higher road traffic incidents. This would not only ease the burden on existing tribunals but also facilitate quicker adjudication of claims, thereby upholding the legislative intent of providing prompt relief to accident victims and their dependents. Additionally, infrastructural strengthening, better resourcing of tribunals, and continuous judicial training on evolving compensation jurisprudence would enhance the efficiency and consistency of claim resolution.

In essence, while India's motor accident compensation regime has achieved commendable legal clarity and social responsiveness, expanding institutional capacity through the establishment of additional tribunals remains crucial. This would ensure that the objective of delivering timely, fair, and adequate compensation to road accident victims is realized uniformly across the country, reinforcing public trust in the justice delivery system.

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