

**2026 LiveLaw (SC) 196**

**IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION  
SANJAY KAROL; J., AUGUSTINE GEORGE MASIH; J.**

February 24, 2026

**CIVIL APPEAL NOS.2506-2507 OF 2026 (Arising out of SLP (Civil) Nos.26979-80 of 2025)  
RELIANCE GENERAL INSURANCE COMPANY LIMITED versus KANIKA & ORS.**

**Motor Vehicles Act, 1988 – Section 173 – Compensation – Deduction of Compassionate Financial Assistance – Haryana Compassionate Assistance to Dependents of Deceased Government Employees Rules, 2006 – Rule 5 – The Supreme Court reiterated that financial assistance received under the 2006 Rules which directly replaces "pay and allowances" (loss of income) must be deducted from the compensation awarded under the Motor Vehicles Act to prevent double recovery - components such as family pension, life insurance, and provident fund are not deductible as they do not correspond to the specific head of loss of income.**

**Civil Procedure Code, 1908 – Sections 151 and 152 – Scope of "Clarification" vs. Substantive Modification – High Courts cannot make substantive changes to the quantum of compensation or redistribute liability under the guise of a "clarification" application - Section 152 CPC is strictly confined to correcting clerical or arithmetical mistakes arising from accidental slips - Any modification affecting substantive rights amounts to a review in substance and must meet the requirements of Order XLVII CPC.**

**Motor Vehicles Act, 1988 – Procedural Safeguards for Deductions – Proof of Receipt – Deductions from MVA compensation cannot be made based on mere assumptions of eligibility - The Tribunal must first determine the full compensation; claimants must then file an affidavit/declaration regarding the receipt of benefits under the 2006 Rules before the executing court - Adjustments to prevent double recovery are to be made only after receipt is established – Appeals allowed. [Relied on *Reliance General Insurance v. Shashi Sharma* (2016) 9 SCC 627; *Jayalakshmi Coelho v. Oswald Joseph Coelho* (2001) 4 SCC 181; *State of Punjab v. Darshan Singh* (2004) 1 SCC 328; *Paras on 6, 7, 8*]**

*For Petitioner(s) : Mr. Atul Nanda, Sr. Adv. Mr. Kshitij Mittal, Adv. Mr. Aryan Sharma, Adv. Mr. Mukesh Kumar, AOR*

*For Respondent(s) : Mr. Aditya Singh, AOR Mr. Shubham Singh, Adv. Mr. Kamal Kishor, Adv.*

**J U D G M E N T**

**SANJAY KAROL J.,**

Leave Granted.

**2.** Reliance General Insurance Company Limited has filed these appeals questioning the correctness of final judgments and orders dated 15<sup>th</sup> October 2024<sup>1</sup> passed in CM NO.16984 of 2024 and 17<sup>th</sup> January 2023<sup>2</sup> passed in CM No.13449 of 2021, by the High Court of Punjab and Haryana at Chandigarh. The order dated 15<sup>th</sup> October 2024 was an order passed in Review of the latter. The order dated 17<sup>th</sup> January 2023 was a

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<sup>1</sup> Order in Review

<sup>2</sup> Clarification Order

consequence of a clarification having been sought of order dated 18<sup>th</sup> September 2019 passed by the High Court in FAO No.2017 of 2011<sup>3</sup>.

3. The facts as necessary for disposal of the appeal are: On 2<sup>nd</sup> November 2009, a motorcycle being driven by Ravinder Kumar, carrying two pillion riders, Smt. Hom Devi and Kanika respondent no.1 herein collided with a jeep, on account of the latter's rash and negligent driving. Smt. Hom Devi passed away and the other two people on the motorcycle received multiple injuries. The deceased was employed as MPHWS in PHC Chhara at Village Daboda, drawing a salary of Rs. 21805 per month. Respondent no.1 herein along with her two brothers, filed a claim petition before the Motor Accidents Claims Tribunal, Rohtak which was allowed in terms of order dated 9<sup>th</sup> October 2010. The amount awarded was Rs.8,80,000/- @7.5% interest per annum, to be borne by respondents, jointly and severally.

4. The claimants-respondents approached the High Court seeking enhancement thereof. The Court allowed the prayer for enhancement but held that the amount received by the family as per the *Haryana Compassionate Assistance to Dependents of Deceased Government Employees Rules, 2006*<sup>4</sup>, had to be deducted from the total amount of compensation awarded to them. As such, the total compensation awarded by the High Court in terms of the Main Order was Rs. 29,09,240/- while holding that the amount received by the claimant-respondents as part of compensation under the 2006 Rules and any part of the compensation as awarded by the Tribunal, would be deducted. The claimant-respondents filed an application for clarification in so far as the deduction of the amount received as per the 2006 Rules was ordered. By way of the Clarification Order, the position of the Main Order appears to have been reversed. It was held:

“Considering the submissions made, as noted above, the order dated 18.09.2019 is hereby modified to the extent that the claimants would also be entitled to pension, therefore the entire amount of compensation as received from the Government under the Scheme of 2006, will not be deductible from the amount payable. In this way, the claimants would be entitled to Rs. 25,83,949/-...”

The Order in Review records that the application was withdrawn seeking liberty to challenge the same.

5. The matter now stands before us. The short question to be decided is whether the amount in terms of the 2006 Rules has to be deducted from the compensation awarded by the Tribunal or not?

6. We find that the High Court, in its Main Order, relied on the judgment of this Court in *Reliance General Insurance v. Shashi Sharma*<sup>5</sup> to hold the opposite to what it did in the Clarification Order. The said judgment holds the field in so far as the 2006 Rules and deductions of the amounts awarded thereunder is concerned.

6.1 A three judge bench in the above judgment dealt with a claim for compensation after a fatal motor accident. The deceased was a Government employee, and his family filed a claim under the Motor Vehicles Act, 1988<sup>6</sup> against the insurer. At the same time, the dependents were entitled to receive financial assistance under the 2006 Rules, which provide ex-gratia payments to families of Government employees who die during service.

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<sup>3</sup> Main Order

<sup>4</sup> 2006 Rules

<sup>5</sup> (2016) 9 SCC 627

<sup>6</sup> MVA

These benefits include amounts that replace lost pay and allowances, as well as other forms of assistance not directly related to income.

The main question before the Court was whether amounts received under the 2006 Rules should be deducted from the compensation awarded under the MVA.

It was held that only benefits that directly replace the same type of loss, like loss income, can be deducted. Benefits under the 2006 Rules that correspond to pay and allowances the deceased would have earned must therefore be offset against the compensation awarded under MVA, to prevent double recovery. Other components of the 2006 Rules, such as pensions, life insurance, or unrelated allowances, remain unaffected and cannot be deducted. The relevant extract is as under:-

“**26.** Indeed, similar statutory exclusion of claim receivable under the 2006 Rules is absent. That, however, does not mean that the Claims Tribunal should remain oblivious to the fact that the claim towards loss of pay and wages of the deceased has already been or will be compensated by the employer in the form of ex gratia financial assistance on compassionate grounds under Rule 5(1). The Claims Tribunal has to adjudicate the claim and determine the amount of compensation which appears to it to be just. The amount receivable by the dependants/claimants towards the head of “pay and allowances” in the form of ex gratia financial assistance, therefore, cannot be paid for the second time to the claimants. True it is, that the 2006 Rules would come into play if the government employee dies in harness even due to natural death. At the same time, the 2006 Rules do not expressly enable the dependants of the deceased government employee to claim similar amount from the tortfeasor or insurance company because of the accidental death of the deceased government employee. The harmonious approach for determining a just compensation payable under the 1988 Act, therefore, is to exclude the amount received or receivable by the dependants of the deceased government employee under the 2006 Rules towards the head financial assistance equivalent to “pay and other allowances” that was last drawn by the deceased government employee in the normal course. This is not to say that the amount or payment receivable by the dependants of the deceased government employee under Rule 5(1) of the Rules, is the total entitlement under the head of “loss of income”. So far as the claim towards loss of future escalation of income and other benefits is concerned, if the deceased government employee had survived the accident can still be pursued by them in their claim under the 1988 Act. For, it is not covered by the 2006 Rules. Similarly, other benefits extended to the dependants of the deceased government employee in terms of sub-rule (2) to sub-rule (5) of Rule 5 including family pension, life insurance, provident fund, etc., that must remain unaffected and cannot be allowed to be deducted, which, any way would be paid to the dependants of the deceased government employee, applying the principle expounded in *Helen C. Rebello* [*Helen C. Rebello v. Maharashtra SRTC*, (1999) 1 SCC 90 : 1999 SCC (Cri) 197] and *Patricia Jean Mahajan* [*United India Insurance Co. Ltd. v. Patricia Jean Mahajan*, (2002) 6 SCC 281 : 2002 SCC (Cri) 1294] cases.”

This ruling ensures even scales - families receive full compensation for the loss caused by the accident, at the same time, they are not paid twice for the same financial loss. The Court’s decision clarifies that when calculating compensation, only overlapping or equivalent benefits are taken into account for deduction, leaving unrelated assistance intact.

6.2 The claimant-respondents contend in their counter affidavit that the subsequent decision of the Court in ***National Insurance Company Ltd. v. Birender & Ors.***<sup>7</sup> *sub silentio* and *per incuriam* to the earlier judgment in ***Shashi Sharma*** (supra). Before getting into that submission let us examine what the holding therein was. The Court once again dealt with how amounts receivable under the 2006 Rules, which provide compassionate

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<sup>7</sup> (2020) 11 SCC 356

assistance to the dependents of deceased Government employees, should be treated when calculating compensation under the MVA. The High Court had ordered the deduction of a part of the financial assistance under the 2006 Rules from the MVA compensation, on the assumption that the legal representatives of the deceased were entitled to it.

The Court held that this deduction was not correct because there was no clear evidence on record showing that the legal representatives were actually eligible for the assistance or that they had received it. A deduction from the MVA compensation can only be made once eligibility and receipt of the assistance are established, rather than assumed without proof.

The Court explained that the Tribunal should first determine the full amount of compensation under the MVA. After that, the legal representatives can withdraw the compensation, provided they file an affidavit or declaration before the executing Court stating whether they have received or will receive any financial assistance under the 2006 Rules. If such assistance is eventually granted or has already been received, the corresponding amount, including interest, should then be deducted from the compensation to avoid double recovery. The practical effect is that no provisional deduction should be made at the award stage based on assumptions. Compensation under the MVA should be paid in full initially, with adjustments made later if the legal representatives actually receive amounts under the 2006 Rules. This ensures that the dependents receive their rightful compensation without the risk of receiving double benefits.

6.3 On a close reading of the two judgments, **Shashi Sharma** (*supra*) and **Birender** (*supra*) it can be concluded that they are not inconsistent on any point of law. Both decisions operate within the same conceptual framework governing the deduction of financial assistance under the 2006 Rules from compensation awarded under the MVA.

The rule laid down in **Shashi Sharma** is essentially substantive in character. It clarifies that deduction is permissible only to the extent that financial assistance overlaps with the same pecuniary loss for which compensation is awarded under the MVA, most notably the loss of income. Benefits that are not in the nature of income substitution, or that are otherwise unconnected to the accident-related loss, are not deductible. The decision is therefore concerned with the nature and scope of deductible benefits.

**Birender** does not revisit or alter this substantive rule. Instead, it addresses the stage at which such deductions may be made and the evidentiary basis required for doing so. The Court held that the High Court was not justified in deducting a portion of the financial assistance merely on the assumption that the claimants were entitled to it. It emphasized that eligibility or actual receipt must be established on record before any deduction is effected. The Court, therefore, required that compensation under the MVA be determined in full, with a declaration mechanism to adjust the award later if overlapping assistance is in fact received.

Thus, the two decisions are consistent in principle. **Shashi Sharma** defines what is deductible, while **Birender** clarifies when and how such deductions should be made. The latter does not depart from the former; rather, it ensures that the substantive rule is applied with appropriate procedural safeguards and without speculative assumptions. Together, they form a coherent legal position governing both the nature and the timing of deductions under the 2006 Rules.

7. The next aspect to be considered in assessing the correctness of the impugned orders, is whether it was open for the Court to, while entertaining an application for

clarification, to make a substantive change to the award i.e., alter the amount of compensation to be paid by the appellant. When a High Court decides an appeal under Section 173 of the MVA, it is exercising civil appellate jurisdiction. The MVA does not create any independent procedural mechanism called a “*clarification*” of a concluded appellate judgment. Consequently, an application styled as one for clarification must be located within the limited corrective powers recognised by the Code of Civil Procedure, 1908<sup>8</sup>, principally Sections 151 and 152. It cannot operate as a parallel or substitute procedure.

7.1 Section 152 CPC permits correction only of clerical, arithmetical mistakes or errors arising from accidental slips or omissions. The Supreme Court has consistently confined this provision to its narrow textual limits. In **Jayalakshmi Coelho v. Oswald Joseph Coelho**<sup>9</sup>, this Court held that Section 152 is attracted only where the error is accidental and does not extend to re-determining issues or altering the substance of the decree. [See also: **Neeraj Kumar Sainy v. State of U.P.**<sup>10</sup>] The Court emphasised that the provision cannot be used to modify, add to, or subtract from the terms of a judgment once pronounced. Similarly, in **State of Punjab v. Darshan Singh**<sup>11</sup>, this Court reiterated that Section 152 cannot be invoked to change the operative part of a judgment on merits; it is confined to correcting clerical or accidental errors and cannot be pressed into service to vary substantive rights.

7.2 The limits of inherent power under Section 151 CPC are also no longer *res integra*. In **Padam Sen v. State of Uttar Pradesh**<sup>12</sup>, the Court held that inherent powers cannot be exercised in a manner inconsistent with the express provisions of the Code, or in other words that these inherent powers have to be exercised, with due respect to the other provisions of the Code. They exist to supplement the procedure, not to override it. A threejudge bench in **My Palace Mutually Aided Coop. Society v. B. Mahesh**<sup>13</sup>, followed this position.

7.3 Therefore, the position is clear. In such an appeal, the High Court may correct clerical or accidental errors under Section 152 CPC, or issue limited clarificatory directions under Section 151 CPC to give effect to what was originally decided. However, it cannot, for example, alter findings on negligence, modify the quantum of compensation, redistribute liability, or otherwise affect substantive rights under the guise of clarification. Any such exercise would, in law, amount to a review in substance and must satisfy the strict requirements of review under Order XLVII CPC.

8. In that view of the matter, appeals are allowed. The Order in Review is set aside, and the Main Order is restored. The amount received by the claimant-respondents in terms of the 2006 Rules will be deducted from the award as modified by the Main Order. The rate of interest as awarded by the Tribunal will remain unchanged, payable from the date of institution of the claim petition. Let an affidavit be filed before the Tribunal, by the claimant-respondents, indicating the sum so received, if any, enabling the Tribunal to make suitable orders for disbursal of the money by appellant herein. Once such an order is made, the sum shall be released in favour of the claimant-respondent within six weeks

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<sup>8</sup> ‘CPC or ‘the Code’

<sup>9</sup> (2001) 4 SCC 181

<sup>10</sup> (2017) 14 SCC 136

<sup>11</sup> (2004) 1 SCC 328,

<sup>12</sup> AIR 1961 SC 218

<sup>13</sup> (2022) 19 SCC 806

therefrom. We clarify that if no amount is received or receivable under the 2006 Rules, the claimant-respondents shall be entitled to claim the entire amount in terms of the main order passed by the High Court. The details of the bank account of the claimant-respondent be supplied to the appellant by the respective counsel before the Tribunal, when they appear before the Tribunal on 27<sup>th</sup> February 2026.

Registry is directed to send a copy of this judgment to the Registrar General of the Punjab and Haryana High Court for ensuring onward compliance.

Pending application(s) if any, shall stand closed and, in the circumstances, there will be no order as to costs.

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