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**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

PANKAJ MITHAL; J., PRASANNA B. VARALE; J.

CIVIL APPEAL NO(s). 5490-5493 OF 2025; March 16, 2026

THE MANAGING DIRECTOR, KSRTC *versus* P. CHANDRAMOULI & ORS.

Motor Vehicles Act, 1988 — Section 166 — Compensation — Deduction of Group Insurance Scheme (GIS) benefits — Held: Amounts received by the dependents of a deceased under an employer-provided group insurance scheme or other contractual/social security benefits cannot be deducted from the compensation awarded under the Motor Vehicles Act - These benefits arise from an independent contractual relationship and lack the requisite nexus with the statutory compensation payable for death in a motor vehicle accident - The principle of balancing loss and gain cannot be invoked to diminish the statutory entitlement to "just compensation." [Paras 14 - 16]

Motor accident compensation — Procedural Lapses — Non-joinder of driver — Held: The provision for compensation under the Motor Vehicles Act is a beneficial piece of legislation intended to enhance social justice, the rigours of procedure, such as not adding a driver as a party, cannot be allowed to defeat the purpose of the Act, especially as the trial is summary in nature. [Relied on Helen C. Rebello & Ors. Vs. Maharashtra State Road Transport Corporation (1999) 1 SCC 90; Sebastiani Lakra vs. National Insurance Co. Ltd. (2019) 17 SCC 465; United India Insurance Co. Ltd. Vs. Patricia Jean Mahajan & Ors. (2002) 6 SCC 281; Paras 12-17]

For Appellant(s): Mr. Narendra Kumar, AOR Mrs. T S Shanthy, Adv. Ms. Sneha Kachhap Irine, Adv. Mr. Viresh B. Saharya, AOR

For Respondent(s): Mr. C.B. Gururaj, Adv. Mr. Naveen Chandrashekar, Adv. Ms. Pragya Smriti, Adv. Mr. Prakash Ranjan Nayak, AOR Ms. Ilashri Gaur, Adv. Mr. Rohit Sharma, Amicus Curie, AOR Mr. Jatin Lalwani, Adv. Mr. Nikhil Purohit, Adv.

J U D G M E N T

PRASANNA B. VARALE, J

FACTUAL MATRIX IN CIVIL APPEAL NO.5490-5491

1. Civil Appeal No. 5490-5491 of 2025 arises from the impugned judgment and order dated 10.06.2021 passed by the High Court of Karnataka at Bengaluru, in MFA NO. 2593 Of 2020 C/W MFA.NO. 3299 Of 2020 wherein the High Court partly allowed the appeals by modifying the Tribunal's order. Aggrieved by the same, the appellant has Preferred the present appeal.

2. On 30.07.2018, the deceased P. Visweswar was riding a motor cycle bearing registration No. KA-01-JA-0746. When he reached near Bharath Petrol Bunk, Murakambattu, Chittor, a KSRTC bus bearing Registration No.KA-06-F-1126, being driven in a rash and negligent manner, came to the wrong side and dashed against the deceased's motor cycle. As a result of the aforesaid accident, the deceased sustained grievous injuries and subsequently succumbed to the same. The claimants thereupon filed a Claim petition MVC No. 4788/2018 under Section 166 of the Motor Vehicles Act, 1988 before the MACT, Bengaluru, claiming ₹1,00,00,000 as compensation along with interest. The claimants averred that the deceased was aged about 34 years at the time of accident and was employed as a team manager at Accenture, Bangalore and was earning ₹70,000-/ per month. The Tribunal after careful consideration held that the bus driver was negligent

and assessed compensation at ₹69,07,710 and deducted ₹35,48,000/- (group insurance amount) and granted award for ₹33,59,710 with 6% interest per annum. Aggrieved by the tribunal's judgment, an appeal was preferred by the claimants seeking enhancement of the compensation awarded. High Court after setting aside the deductions made by tribunal under the employee group insurance, granted a compensation of ₹69,07,710/- to the claimants. Challenging the said order the appellants/KSRTC preferred these appeals.

FACTUAL MATRIX IN CIVIL APPEAL NO'S.5492-5493

3. This set of appeals arise from the impugned judgment and order dated 17.11.2020 passed by the High Court of Karnataka at Bengaluru, in MFA NO. 9538 Of 2017 wherein the High Court reassessed the compensation at ₹59,95,944 with 6% interest, setting aside the deduction of ₹10 lakh (group insurance), and directed the insurer to deposit the amount. Aggrieved by the same, the appellant has Preferred the present appeals.

4. On 20.01.2015, at about 7.30 p.m., the deceased Celestine Dsouza was proceeding on her Honda Activa bearing registration No. KA- 03/EL-6810, near Johnson Market Junction, Hosur Lashkar Road, Bengaluru, at that time, a bus bearing registration No.KA-22/B-7817 ,being driven in a rash and negligent manner, dashed against the deceased's motorcycle from backside. As a result, the deceased fell on the ground and the bus ran over her leading to her death. The legal representatives of the deceased filed MVC No. 1178/2015 under Section 166 of the Motor Vehicles Act, 1988 before the MACT, Bengaluru, claiming ₹75,00,000 as compensation. It was averred that the deceased was aged about 47 years at the time of accident and was employed with M/s Cox and King Ltd., as Assistant Manager and was earning ₹47,000/- per month. The Tribunal after careful consideration held the bus driver was negligent and assessed compensation ₹63,04,878. The tribunal deducted an amount ₹10,00,000 which was received by the claimants under an employee Group Insurance Scheme provided by the employer, And the tribunal awarded compensation of ₹53,04,878 with interest at 7.5% per annum to the claimants. Aggrieved thereby, both the parties preferred their respective appeals before the High Court. Wherein, the High Court modified the award of the tribunal and fixed the compensation at ₹59,95,944/- without any deductions under the employee group insurance. Aggrieved by the same, the present appeal is Preferred by the appellant/insurance company.

SUBMISSIONS

5. It is pertinent to note that the present set of appeals though rest on separate facts, the underlying issue in both the appeals is whether the Tribunal was Right in deducting the amount received towards Group insurance?

6. Learned counsel for the appellants in both the appeals contended that the deceased scooter rider contributed to the accident. They relied on motor vehicle inspection reports and accident site evidence and contended a percentage of compensation should be reduced due to contributory negligence.

7. The learned counsel for the appellants further contended that the claimants had already received monetary benefits from another source, such as employer-provided insurance scheme or group insurance benefits, Therefore, the same amount should be deducted from the compensation under the Motor Vehicles Act. It was also submitted that a claimant should not gain twice from the same accident and The High Court wrongly calculated the compensation without deductions.

8. *Per contra*, the learned counsel for respondents in both the Appeals Contended that the accident occurred solely due to rash and negligent driving of the bus drivers in the

respective cases and relied upon F.I.R, Charge sheet, spot sketch & witnesses testimony. It was further contended that evidence on Record reveal that both the accidents are due to negligence of Respective bus drivers

9. Learned counsel for the respondent further argued that insurance benefits or employer benefits are independent of motor accident compensation, therefore they cannot be deducted from compensation under the Motor Vehicles Act. It was submitted that the High Court carefully assessed evidence and compensation was calculated according to settled principles laid down by the Supreme Court.

ANALYSIS

10. We have carefully considered the submissions advanced by the learned counsels for both the appeals and examined the impugned judgments. The question that falls for our consideration is Whether the compensation receivable by the claimant through the security of Group Insurance Scheme provided by the employer securing for the employee without his (employee) contribution arising from the same incident i.e. motor accident be allowed to be deducted or not.

11. In Civil Appeal NO'S.5492-5493 appellant pointed out certain procedural lapses particularly for not adding driver as a party. Both tribunal and High court not accepted the said contention. This court in **Rajo Devi & Anr. Etc. Vs Manjeet Kaur & Ors**¹ **speaking through one of us (P.B Varale J) observed thus** "it must be kept in mind that the provision of providing compensation to the injured/dependants in accident cases under Motor Vehicles Act, 1988 is a beneficial provision to enhance social justice. Accordingly, the rigours of procedure cannot be allowed to defeat its purpose as the trial in such cases is summary in nature".

12. In view of the proposition laid down in above the tribunal and the High court rightly discarded procedural objection of appellant

13. This court in **Helen C. Rebello & Ors. Vs. Maharashtra State Road Transport Corporation**² and **United India Insurance Co. Ltd. Vs. Patricia Jean Mahajan & Ors.**³ held thus:

"33. Any amount received or receivable not only on account of the accidental death but that which would have come to the claimant even otherwise, could not be construed to . be the "pecuniary advantage", liable for deduction. However, where the employer insures his employee, as against injury or death arising out of an accident any amount received out of such insurance on the happening of such incident may be an amount liable for deduction."

"34. This is based on the principle that the claimant for. the happening of the same incidence may not gain twice from two sources. This, it is excluded thus, : either through the wisdom of the Legislature or through the principle of loss and gain through deduction not to give gain to the claimant twice arising from the same transaction, viz., the same accident. It is significant to record here in both the sources, viz., either under- the Motor Vehicle Act from the employer, the compensation receivable by the claimant . either statutory or through the security of the employer securing from his employee but in both the cases he receives the amount without his contribution".

"35. As aforesaid, the amount receivable as compensation under the Act is on account of the injury or death without making any contribution towards it. then how can the fruits of an amount received through contributions of the insured be deducted out of the amount receivable under the Motor Vehicles Act. The amount under this Act he receives without any contribution. As we have

¹ 2025 INSC 741

² (1999) 1 SCC 90

³ (2002) 6 SCC 281

said, the compensation payable under the Motor Vehicles Act is statutory while the amount receivable under the life insurance policy is contractual."

"36. We are in full agreement with the observations made in the case of Helen Rebello that principle of balancing between losses and gains, by reason of death, to arrive at the amount of compensation is a general rule, but what is more important is that such receipts by the claimants must have some correlation with the accidental death by reason of which alone the claimants have received the amounts. We do not think it would be necessary for us to go into the question of distinction made between the provisions of Fatal Accidents Act and the Motor Vehicles Act. According to the decisions referred to in the earlier part of this judgment, it is clear that the amount on account of social security as may have been received must have a nexus or relation with the accidental injury or death, so far to be deductible from the amount of compensation. There must be some correlation between the absence (sic) the amount received shall not be deducted from the amount of compensation. Thus, the amount received on account of insurance policy of the deceased cannot be deducted from the amount of compensation though no doubt the receipt of the insurance amount is accelerated due to premature death of the insured"

14. Further this court in the matter of **Sebastiani Lakra vs National Insurance Co.Ltd⁴** on the issue of the deduction held as follows:

"12. The law is well settled that deductions cannot be allowed from the amount of compensation either on account of insurance, or on account of pensionary benefits or gratuity or grant of employment to a kin of the deceased. The main reason is that all these amounts are earned by the deceased on account of contractual relations entered into by him with others. It cannot be said that these amounts accrued to the dependants or the legal heirs of the deceased on account of his death in a motor vehicle accident. The claimants/dependants are entitled to "just compensation" under the Motor Vehicles Act as a result of the death of the deceased in a motor vehicle accident. Therefore, the natural corollary is that the advantage which accrues to the estate of the deceased or to his dependants as a result of some contract or act which the deceased performed in his lifetime cannot be said to be the outcome or result of the death of the deceased even though these amounts may go into the hands of the dependants only after his death"

15. On the analysis of the above decisions of this court deductions ordered by the tribunals in both the cases is not correct and modifying the said finding by the High court is to be accepted.

Conclusion

16. In view of the foregoing discussion, and in light of the settled principles laid down by this Court in Helen C. Rebello(Supra), United India Insurance Co. Ltd. (supra) and Sebastiani Lakra (Supra), It is clear that amounts received by the dependants of the deceased under employer-provided group insurance or other contractual or social security benefits cannot be treated as "pecuniary advantages" liable to be deducted from compensation awarded under the Motor Vehicles Act, 1988. Such benefits arise out of an independent contractual relationship and lack the requisite nexus with the statutory compensation payable for death in a motor vehicle accident. The principle of balancing loss and gain cannot therefore be invoked to diminish the statutory entitlement of the claimants to just compensation.

17. Accordingly, we find no grounds to interfere with the approach adopted by the High Court in both matters in setting aside the deductions made by the Tribunal towards the group insurance amounts and in reassessing the compensation payable to the claimants. The impugned judgments of the High Court are consistent with the settled jurisprudence governing motor accident compensation and warrant no interference by this Court.

⁴ (2019)17SCC465

18. Consequently, the present appeals fail and are dismissed. The judgments and orders passed by the High Court in MFA No. 2593 of 2020 c/w MFA No. 3299 of 2020 and MFA No. 9538 of 2017 are affirmed. The appellants shall comply with the directions contained therein and ensure deposit of the awarded compensation, if not already deposited, as directed by the High Court, the same be deposited within six weeks from the date of the judgments and order of this court. There shall be no order as to costs.

19. This Court places on record its appreciation to the learned Counsel Sri. Rohit Sharma for his valuable assistance as Amicus Curiae.

20. In view of the above, Civil Appeal No(s). 5490-5491 of 2025 and Civil Appeal No(s). 5492-5493 of 2025 are disposed of.

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