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IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
RAJESH BINDAL; J., VIJAY BISHNOI; J.
SLP (CIVIL) NO. 21717 OF 2025; March 10, 2026
SUSHILA & ORS. versus SUDHAKAR & ANR.

Motor Vehicles Act, 1988 – Section 166 – Just Compensation – Calculation of Notional Income – Deductions based on remaining years of service – Held: Any deduction in income based on the proximity of the deceased to retirement is impermissible in law - The Supreme Court set aside the findings of the Tribunal and the High Court, which had deducted 50% of the deceased’s salary because he had only six months of service remaining - Compensation must be calculated based on the "annual" income of the deceased using the last drawn salary to ensure uniformity and consistency. [Para 22]

Motor Vehicles Act, 1988 – Future Prospects – Permanent Employee aged 50-60 years – Held: As per the settled legal position, an addition of 15% toward future prospects is mandated for a permanent salaried employee within the age bracket of 50-60 years – Noted that the High Court’s grant of 10% was erroneous as the deceased was a 59-year-old railway employee - Held: It is a settled proposition of law that the Court or Tribunal is not barred from awarding more compensation than what is claimed, provided the awarded amount is "just and reasonable". [Relied on *Sarla Verma and Ors. vs. Delhi Transport Corporation and Anr. (2009) 6 SCC 121; National Insurance Co. Ltd. vs. Pranay Sethi and others (2017) 16 SCC 680; Helen C. Rebello and others vs. Maharashtra State Road Transport Corporation and another (1999) 1 SCC 90; Paras 25-30]*

[Arising out of impugned final judgment and order dated 13-02-2025 in MFA No. 101451/2016 passed by the High Court of Karnataka Circuit Bench at Dharwad]

For Petitioner(s): Mr. Agam Sharma, AOR Ms. Archi Aggarwal, Adv.

For Respondent(s): Mr. Rajeev Maheshwaranand Roy, AOR Mr. Nilesh Kumar, Adv. Mr. P Srinivasan, Adv.

ORDER

- 1) Leave Granted.
- 2) The present appeal has been preferred by the Appellant-Claimant challenging the order dated 13.02.2025 (hereinafter referred to as "Impugned Order") passed in M.F.A. No. 101451 of 2016 (MV-D) by the High Court of Karnataka, Dharwad Bench (hereinafter referred to as "the High Court") wherein the High Court partly allowed the appeal, and modified the judgment and Award dated 27.04.2015 passed by the III Addl. Sr. Civil Judge and MACT, Belagavi (hereinafter referred to as "Tribunal") in M.V.C. No. 1514 of 2013 (hereinafter referred to as "Award"), by enhancing the compensation awarded to the Claimant by ₹2,68,476/-, thereby granting the total compensation of ₹14,05,942/- as against ₹11,37,466/- awarded by the Tribunal.

FACTUAL MATRIX

- 3) The deceased, Balakrishna Yallappa Hosmani, aged 59 years was working in the Railway Department, and on 06.01.2013 at around 09.15 pm while he was proceeding on his bicycle on Sangli-Miraj Road near S.R. Petrol Pump, rider of a motor bike bearing Regn. No. MH 10/BC- 5380 owned by Respondent No. 1 came from behind in a rash and negligent manner and dashed into the bicycle of the deceased. As a result, the deceased

suffered injuries and was admitted in Miraj Government Hospital where he succumbed to the injuries on 07.01.2013.

4) The Appellants herein who are the claimants (widow and children of the deceased respectively) filed the claim petition before the Tribunal claiming a compensation of ₹36,16,264/-. In the claim petition it was alleged that the deceased was earning ₹25,507/- per month from his employment and the Appellants were fully dependent on him.

AWARD PASSED BY THE TRIBUNAL

5) The Tribunal considered the submissions advanced by both the parties and came to a conclusion that the accident took place due to rash and negligent driving of the motorcycle by Respondent No. 1. Coming to the question of compensation, the Tribunal relied upon the statement of PW1 (Appellant No. 1 herein being the wife of the deceased) and the pay slip of the deceased which showed the gross salary of the deceased to be ₹31,893/- per month. The Tribunal deducted an amount of ₹6,478/- from the gross salary towards the festival advance and D.A. arrears taken by the deceased. Thus, the Tribunal determined the salary of the deceased to be ₹25,415/- per month. The Tribunal also made a deduction of 50% from the salary of the deceased since he had only six (6) months of service left, while relying upon the judgment of the High Court of Karnataka in *Karnataka State Road Transport Corporation vs. Sri Narasubai Joshi and Others*, reported in 2014 (3) Kant LJ 258. Thus, the Tribunal assessed the income of the deceased as ₹12,707/- per month. From the said income, a further deduction of 1/3rd was made on account of personal expenses of the deceased. Thus, the net income of the deceased for the computation of the multiplicand was determined to be ₹8,472/- per month.

6) The deceased was aged 59 years at the time of the incident and thus, while applying the principles laid down in the case of *Sarla Verma and Ors. vs. Delhi Transport Corporation and Anr.*, reported as (2009) 6 SCC 121, the Tribunal applied the multiplier of 9 to calculate the loss of dependency. The Tribunal also awarded compensation under the conventional non-pecuniary heads, and the total compensation awarded to the Appellants by the Tribunal was as follows:

Heads	Compensation Awarded
Loss of Dependency	₹9,14,976 (₹8472 × 12 × 9)
Funeral Expenses	₹25,000
Loss to the Estate	₹10,000
Towards Consortium	₹25,000
Loss of Love and Affection	₹10,000
Loss of Six Months Salary	₹1,52,490
TOTAL	₹11,37,466/-

7) The Tribunal further held that since Appellants Nos. 2-4 were not dependent on the deceased, as Appellant No. 2, who is the son of the deceased, aged 30 years is already married. Further, Appellants Nos. 3 and 4, being the married daughters of the deceased, were also not dependent on the deceased. However, the Tribunal awarded them 10% of the amount collectively on account of loss of love and affection for their father. The whole of the remaining amount was to go to the Appellant No. 1 herein.

JUDGMENT AND ORDER OF THE HIGH COURT

8) Aggrieved, the Appellants preferred Miscellaneous First Appeal No. 101451 of 2016 (MV-D) before the High Court seeking enhancement of compensation on the ground that the income so assessed by the Tribunal is incorrect and there is no addition on account of

future prospects. The High Court in the impugned Judgment, taking the gross salary of the deceased as considered by the Tribunal at ₹25,415/- per month, and relying on the principles laid down in the judgment of this court in *National Insurance Co. Ltd. vs. Pranay Sethi and others*, reported as (2017) 16 SCC 680, added 10% to the income of deceased as future prospects, which brought the salary to ₹27,957/- per month. The High Court upheld the 50% deductions made by the Tribunal as the deceased had only 6 months of service left, which comes to ₹13,979/- per month and the 1/3rd deduction made for personal and living expenses, which comes to ₹4,659/- making the net income of the deceased to be ₹9,319/- per month. The High Court also upheld the multiplier of 9 applied by the Tribunal, making the loss of dependency at ₹10,06,452/- (₹9319 x 12 months x 9) and ₹1,52,490/- awarded towards loss of 6 months salary.

9) Further, the High Court granted ₹52,000/- to each Appellant as loss of consortium, considering the base amount as ₹40,000/- and enhancement of 10% every year i.e. 30% relying on *Pranay Sethi* (supra). The High Court also awarded ₹19,500/- for the loss of estate and ₹19,500/- for the transportation of the dead body and funeral expenses, with both figures reflecting a 30% enhancement over the base amount of ₹15,000/-. Thus, the total compensation awarded by the High Court to Appellants was as follows:

Heads	Compensation Awarded
Loss of Dependency	₹10,06,452 (₹9319 x 12 x 9)
Loss to the Estate	₹19,500
Towards Consortium to Appellants	₹2,08,000
Transportation of Dead Body & Funeral expenses	₹19,500
Loss of Six Months Salary	₹1,52,490
TOTAL	₹14,05,942/-

10) The High Court enhanced the compensation from ₹11,37,466/- as awarded by the Tribunal to ₹14,05,942/-, thereby enhancing the compensation by ₹2,68,476/- together with interest @6% per annum from the date of the petition till realization. In addition to this, the High Court held that both the Respondents are jointly and severally liable to pay the compensation amount but directed Respondent No. 2 to deposit the compensation amount within 6 weeks from the receipt of a certified copy of this impugned judgment.

11) Aggrieved by the impugned judgment, the claimants have filed the present appeal seeking enhancement of compensation.

12) Notice of the appeal was issued, however, no one appeared for Respondent No. 1. Respondent No. 2 duly appeared and marked their presence.

SUBMISSIONS OF THE PARTIES

13) The learned counsel for the Appellants has argued that the High Court had erroneously deducted 50% from the deceased's salary because only six months of service remained which is contrary to the law laid down in *Sarla Verma's case* (supra). It was submitted that there cannot be "split income" for the pre-retirement and postretirement period, and only the annual income computed as per the last drawn salary must be taken.

14) Further, it was also contended that the High Court had erred in making a 1/3rd deduction towards personal expenses, which should have been 1/4th as per the settled law. On the aspect of future prospects, it was held that the High Court had erroneously

granted only 10% addition towards future income, however, since the deceased was a permanent government employee aged between 50-60 years, the future prospects should be added @15% as per the ratio laid down in *Pranay Sethi's case* (supra).

15) Per contra, the learned counsel for the Respondent No. 2 argued that the deduction of 50% of the income of the deceased was made in line with the judgment of the division bench of the High Court in *Narasubhai Joshi's case* (supra) and the Tribunal, as well as the High Court, have rightly followed the decision.

16) It was further contended by the learned counsel for Respondent No. 2 that the deduction towards personal expenses was rightly assessed by the High Court as 1/3rd, as the Appellants No. 2-4 herein are the son (aged 30 years) and two married daughters of the deceased, who cannot be regarded as the dependents.

17) It was also submitted that the claimants had raised the grievance of the addition of 10% future prospects before the High Court, and the same was duly addressed by the High Court. The claimants cannot, at this stage, contend that 15% ought to have been added.

18) Having considered the rival submissions made at the bar and the materials on the record, the controversy in the present appeal can be crystalized on two counts:

1. Regarding the assessment of the income of the deceased and whether the deduction made by the Tribunal as well as the High Court towards the duration of the service of the deceased while computing his notional income is justified or not?
2. Whether the compensation awarded to the claimants is just and proper?

ANALYSIS

19) In our considered opinion, although the High Court had enhanced the compensation, it was on the lower side. The cardinal principle of awarding compensation in the cases of motor accidents is to provide a "just compensation" to the victim and/or the distressed dependents of the deceased. The term "just" implies that the compensation must be fair, reasonable, and equitable as per the applicable legal standards. The compensation should not be too meagre, nor should it be excessive. The sole foundation of providing monetary compensation is to make efforts to put the dependents of the deceased at the same financial position that they were in, had the accident not occurred. [See also: *Reshma Kumari and others vs. Madan Mohan and another*, reported in (2013) 9 SCC 65; *National Insurance Co. Ltd. vs. Indira Srivastava & Ors*, reported in (2008) 2 SCC 763; and *Divisional Controller, KSRTC vs. Mahadeva Shetty and another*, reported in (2003) 7 SCC 197]

20) Thus in the light of the settled principle that the Motor Vehicles Act, 1988 (hereinafter referred to as "M.V. Act") is a beneficial legislation and the compensation should be just and equitable, let us deal with the issues for determination in the present appeal.

ISSUE I

21) This Court in the judgment of *Helen C. Rebello and others vs. Maharashtra State Road Transport Corporation and another*, reported in (1999) 1 SCC 90, while dealing with the question of ascertaining the permissible deductions that could be made while awarding compensation in Motor Accident Claim cases, held that the general principles of common law to estimate damages cannot be invoked for calculating the compensation under the M. V. Act.

Recently, in the judgment of *New India Assurance Co. Ltd. vs. Kamlesh and Others*, reported in 2025 INSC 724, this Court while relying upon the judgment in the case of *Helen C. Rebello* (supra) opined that the compensation under the M.V. Act takes into account the component of loss of income which has a direct reference to the “pay and wages” that the deceased would otherwise be entitled to had the accident not occurred or the deceased survived such an accident.

22) In the case at hand before us, both the Tribunal as well as the High Court had made a deduction of 50% from the salary of the deceased on account the fact that only 6 months of service of the deceased was remaining. In our considered opinion, the Courts below have erred in coming to such an unreasonable conclusion. In the light of the authorities cited above, it is clear that any deduction which is not related to the accident, is impermissible in law. Additionally, as per settled law in the case of *Sarla Verma’s case* (supra), the multiplicand is always determined on the basis of the “annual” income of the deceased so as to ensure uniformity and consistency in the calculation of motor accident claim cases. The fact that the deceased had only six months of service left does not cast any aspersion on the fact that had the accident not occurred, the deceased would have been in service and earn commensurate to the last drawn income before the death. Therefore, the annual income of the deceased would be calculated on the basis of his monthly last drawn salary.

23) Thus, while deciding Issue No. 1, we are of the opinion that no deduction ought to have been made from the salary of the deceased on account of duration of service left. The Tribunal rightly assessed the net salary of the deceased to be ₹25,415/- per month and the same would be considered for the computation of loss of income.

ISSUE II

24) It is not disputed that the deceased was aged 59 years at the time of the incident. Further, it is also evident from the claim petition and as rightly held by the Court below, the Appellant No. 1, being the wife of the deceased is the only dependent. The other claimants who are son and daughter of the deceased are not depending upon the deceased.

25) Taking into consideration the aforesaid, the income of the deceased is to be taken as ₹25,415/- per month, which would make his annual income amount to ₹3,04,980. As far as the future prospects are concerned, the High Court erroneously ascertained them to be 10%. As per the law laid down in *Pranay Sethi’s case* (supra), an addition of 15% towards future prospects was mandated while computation of the compensation of the deceased who fall in the category of salaried permanent employees within the age bracket of 50-60 years. In the present case, the deceased was working in railways as a permanent employee and was 59 years of age, therefore, the addition towards future prospects should be @15%.

26) At this stage, the learned counsel for the Respondent No. 2 had raised the contention that the claimants had earlier claimed future prospects @10%, which was already awarded by the High Court and therefore, no further enhancement on this ground was to be made. This contention of the learned counsel does not hold ground as it is a settled proposition of law that the compensation claimed before the Tribunal or the High Court as the case may be does not bar the Tribunal or the Court to award more than what is claimed, provided that it is found to be just and reasonable. This position of law was upheld by this Court in the judgment of *Chandramani Nanda v. Sarat Chandra Swain and Another*, reported in 2024 INSC 777.

27) Now that the annual income has been computed at ₹3,04,980/-, and after adding future prospects @15%, the gross annual income becomes ₹3,50,727/- Out of the said annual income, 1/3rd, i.e. ₹1,16,909/- would be deductible towards the personal expenses of the deceased, and as per the law laid down in *Sarla Verma's case* (supra), the applicable multiplier ought to be 9. In terms of the aforesaid, the loss of dependency would be calculated as follows: (₹3,50,727 - ₹1,16,909) x 9 = ₹21,04,362/-.

28) The compensation awarded by the High Court under the head of loss of earning of six months would now be not awarded, since the computation of the salary of the deceased has now been made on the basis of his annual income.

29) We are of the view that apart from the above computation regarding the income, loss of dependency and future prospects, the compensation awarded by the High Court under the non-pecuniary heads and the liability of the Respondents to pay the compensation does not call for interference. In light of the above discussion, the claimants are entitled to compensation as follows:

Heads	Compensation Awarded (₹)
Loss of Dependency	21,04,362/-
Loss to the Estate	19,500/-
Towards Consortium to Appellants	2,08,000/-
Transportation of Dead Body & Funeral expenses	19,500/-
TOTAL	23,51,362/-

30) If any amount on account of compensation as awarded by the MACT, since enhanced by the High Court has been paid to the claimants, the insurer is directed to pay the balance amount of compensation within a period of twelve weeks from the date of this order.

31) On the said amount, the claimants shall be entitled to interest @6% per annum from the date of filing of the petition till the payment of the amount. For payment of amount to the claimants, the direction as issued by this Court in *Parminder Singh vs. Honey Goyal and Others*, reported in (2025) 9 SCC 359: 2025 INSC 361, be kept in view. For quick reference, the directions are stated as below:

i. Tribunals should collect claimants' bank account details to enable direct transfer of compensation via the award and in case, the claimants do not have an account, they must open one.

ii. The account must be in the claimant's name (or through a guardian for a minor) and cannot be joint with a non-family member. Transferring funds to the provided account will be treated as full satisfaction of the award.

iii. If the award mandates a fixed deposit for a portion of the compensation, the bank receiving the transfer is responsible for ensuring this is done and must report compliance to the Tribunal.

32) The appeal is accordingly disposed of.

33) Pending application(s), if any, shall stand disposed of.