



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 1ST DAY OF AUGUST, 2024

PRESENT

THE HON'BLE MR JUSTICE K.SOMASHEKAR

AND

THE HON'BLE DR. JUSTICE CHILLAKUR SUMALATHA

M.F.A. NO. 511 OF 2020 (MV-D)

C/W

M.F.A. CROB. NO. 40 OF 2022 (MV-D)

IN M.F.A. NO. 511 OF 2020:

BETWEEN:

THE RELIANCE GENERAL
INSURANCE COMPANY LIMITED,
EAST WING, 5TH FLOOR, NO.28,
CENTENARY BUILDING, M.G. ROAD
BENGALURU- 560001.
NOW REPRESENTED BY
MANAGER LEGAL.

.... APPELLANT

(BY SRI. ASHOK N. PATIL, ADVOCATE)

AND:

SUPREETH S. @ SUPREETH
SATHYENDRA
SINCE DEAD BY HIS LRS

- 1 . SATHYENDRA BABU K
S/O KHANDE,
AGE 62 YEARS,
- 2 . GEETHA S.,
W/O SATHYENDRA BABU @
SATHYENDRA BABU,
AGE 54 YEARS,
- 3 . KARTHIK S.,
S/O SATHYENDRA @
SATHYENDRA BABU,
AGE 29 YEARS,

ALL ARE RESIDING AT NO.1,
MUNIYAPPA COMPOUND, KOTE TEMPLE CIRCLE,
NEW POLICE STATION ROAD,
BENGALURU-560 036.

- 4 . B. SAKTHIVEL
S/O LATE HOMMANNA,
AGE MAJOR,
RESIDING AT NO.7,
R.C. COMPLEX-206-261,
S.G. MUTT ROAD, CHAMARAJPET,
BENGALURU-560018.

- 5 . MADHUKAR L.,
S/O. LAKSHMINARAYANA REDDY,
AGE MAJOR,
RESIDING AT SWAPNA NILAYA,
NEAR NEW BALDWIN SCHOOL,
BANASAWADI,
BENGALURU-560 043.

- 6 . THE REGIONAL MANAGER,
UNITED INDIA INSURANCE
COMPANY LIMITED,
REGIONAL OFFICE, 5TH AND 6TH FLOOR,
KRUSHI BHAVANA BUILDING, NO.18,
NRUPATHUNGA ROAD, HUDSON CIRCLE,
BENGALURU-560 001.

...RESPONDENTS

(SRI. G.M. SRINIVASA REDDY, ADVOCATE FOR R1-R3;
SRI. B.A. RAMAKRISHNA, ADVOCATE FOR R6;
R4- NOTICE D/W V/O. DATED 19.10.2022;
R5-SERVED, UNREPRESENTED)

THIS MFA FILED U/S.173(1) OF MV ACT, AGAINST THE
JUDGMENT AND AWARD DT.17.06.2019 PASSED IN
MVC NO.3751/2015 ON THE FILE OF THE XVIII ADDITIONAL
JUDGE, COURT OF SMALL CAUSES, MEMBER, MACT, BENGALURU
(SCCH-4), AWARDED COMPENSATION OF RS.51,57,000/- WITH
INTEREST AT 6 PERCENT P.A. FROM THE DATE OF PETITION TILL
ITS REALIZATION.

IN M.F.A. CROB. NO. 40 OF 2022:**BETWEEN:**

SRI. SUPREETH S., @ SUPREETH
SATHENDRA
SINCE DEAD BY HIS LRS.,

- 1 . SATHYENDRA BABU K.,
S/O KHANDE RAO
AGED ABOUT 63 YEARS,
- 2 . GEETHA S.,
W/O SATHYENDRA BABU
@ SATHYENDRA BABU
AGED ABOUT 55 YEARS,
- 3 . KARTHIK S.,
S/O SATHYAENDRA
@ SATHYENDRA BABU
AGED ABOUT 30 YEARS,

ALL ARE RESIDING AT NO.1
MUNIYAPPA COMPOUND KOTE TEMPLE CIRCLE
NEW POLICE STATION ROAD
BENGALURU-560 036.

...CROSS OBJECTORS

(BY SRI. G. M. SRINIVASA REDDY., ADVOCATE)

AND:

1. B. SAKTHIVEL
S/O LATE BOMMANA
AGE MAJOR, RESIDING AT NO.7,
R. C. COMPLEX AT NO.7
R C COMPLEX 206-261
S G MUTT ROAD CHAMRAJPET,
BENGALURU-560018.
2. THE MANAGER,
M/S. RELIANCE GENERAL INSURANCE
COMPANY LTD.,
NO.28/5 CENTENARY BUILDING
EAST WING, M. G. ROAD,
BENGALURU-560001.

3. MADHUKAR L.,
S/O LAKSHMINARAYANA REDDY
AGE MAJOR,
R/AT SWAPNA NILAYA,
NEAR NEW BALDWIN SCHOOL
BANASWADI, BENGALURU-560 043.

4. THE REGIONAL MANAGER
UNITED INDIA INSURANCE CO. LTD.,
REGIONAL OFFICE, 5TH AND 6TH FLOOR,
KRUSHI BHAVANA BUILDING,
NO.18 NRUPATHUNGA ROAD,
HUDSON CIRCLE, BENGALURU-560 001

...RESPONDENTS

(BY SRI. ASHOK N. PATIL, ADVOCATE FOR R2;
SRI. B.A. RAMAKRISHNA, ADVOCATE FOR R4;
R1 AND R3- NOTICE D/W V/O. DATED 19.10.2022)

THIS MFA CROB. FILED UNDER ORDER 41 RULE 22 R/W SECTION 173(1) OF MV ACT AGAINST THE JUDGMENT AND AWARD DATED 17.06.2019 PASSED IN MVC.NO.3751/2015 ON THE FILE OF THE XVIII ADDITIONAL JUDGE, COURT OF SMALL CAUSES, BENGALURU, SCCH-4 PARTLY ALLOWING THE CLAIM PETITION FOR COMPENSATION AND SEEKING ENHANCEMENT OF COMPENSATION.

THIS MFA AND MFA.CROB. HAVING BEEN HEARD AND RESERVED FOR JUDGMENT ON 30.07.2024, COMING ON FOR PRONOUNCEMENT, THIS DAY, **DR. CHILLAKUR SUMALATHA, J.**, DELIVERED THE FOLLOWING:

CORAM: HON'BLE MR JUSTICE K.SOMASHEKAR
AND
HON'BLE DR. JUSTICE CHILLAKUR SUMALATHA

CAV JUDGMENT

(PER: HON'BLE DR. JUSTICE CHILLAKUR SUMALATHA)

Questioning the validity and legality of the order that is rendered by the Motor Accidents Claims Tribunal, Bengaluru in MVC No.3751/2015 dated 17.06.2019, these two appeals were filed.

2. Disputing its liability to pay the compensation, the insurance company against whom liability to the extent of 95% was fastened has preferred appeal vide MFA No.511/2020. On the other hand, seeking enhancement of compensation, the claimants preferred a Cross Appeal vide MFA.CROB No.40/2022. As both the appeals thus arose from the same order, they are disposed of through this common judgment.

3. Heard Sri.Ashok N. Patil, learned counsel for the appellant in MFA No.511/2020 i.e., The Reliance General Insurance Company Limited, Sri.G.M.Srinivasa Reddy, learned counsel who represented the claimants in both the appeals as well as Sri.B.A.Ramakrishna, learned counsel who represented United India Insurance Company Limited, which is arrayed as 6th respondent in MFA No.511/2020 and 4th respondent in MFA.CROB No.40/2022.

4. The matrix of the case as projected by the claimants is that on 18.11.2014 the deceased Supreeth (hereinafter be referred as 'the deceased' for brevity) was travelling in a car bearing Registration No.KA-53 MB-7335 along with his friends. The car was proceeding on National Highway from Krishnagiri side towards Bengaluru. When the car reached near Chinnur Sangeetha Dhaba Hotel, Hosur Road, at about 4.00 a.m. a lorry bearing Registration No.KA-01 C-1773 which was proceeding in front of the car suddenly turned to the right side being driven by its driver in a rash and

negligent manner. No signal or indication was given by the driver of the lorry. Due to such sudden turning, the car dashed against the lorry. The deceased who was present in the car sustained severe head injury and other injuries all over the body. The deceased was shifted to hospital for treatment. Despite of giving best treatment and all efforts to save his life, he succumbed to injuries in the year 2018.

5. It is borne by record that the deceased while undergoing treatment filed petition claiming compensation and after his death his legal representatives came on record.

6. The Tribunal through the impugned order awarded a sum of Rs.51,57,000/- as compensation under the following heads:

Sl. No	Description	Amount Rs.
1	Loss of dependency	45,12,500.00
2	Towards transportation of dead body and funeral expenses	15,000.00
3	Loss of estate	15,000.00
4	Medical expenses	6,13,636.00
Total Compensation		51,56,136.00 rounded to 51,57,000.00

7. Sri.Ashok N. Patil, learned counsel for the Insurance Company against whom 95% of the liability was fastened made vigorous submission with regard to the merits of the matter and

contended that the liability fixed to the extent of 95% is highly unjustifiable. Learned counsel projected three grounds disputing his liability.

The first ground is that the entire negligence lies on part of the driver of the car in which the deceased was travelling at the relevant time and therefore, the owner and the insurer of the car are alone liable to pay compensation, if any, to the claimants.

The second ground urged is that the amount awarded as compensation is highly excessive and exorbitant.

The third ground is that the Tribunal ought not to have awarded interest over the amount that is fixed toward loss of future prospects.

8. Coming to the first ground that is in respect of the alleged negligence on part of the driver of the car, Sri.Ashok N. Patil submitted that there was head on collision between the lorry and the car which were involved in the accident. Learned counsel submits that in case the driver of the car maintained sufficient and proper distance between his vehicle and the lorry which was proceeding ahead, the accident might not have occurred and thus, entire negligence lies on part of the driver of the car. Learned counsel took aid of the contents of Ex.P1- FIR, Ex.P5- spot hand sketch and also Exs.P6 and P7 - IMV reports. Learned counsel also submitted that the relevant medical record also discloses the

manner of happening of accident and that is head on collusion between two vehicles. Also with a request to apply the '*doctrine of last opportunity*' learned counsel relied upon the decision of Hon'ble Supreme Court in the case between ***Municipal Corporation of Greater Bombay Vs. Laxman Iyer and Another.*** The translated copy of Ex.P1 - FIR is Ex.P1(a). By the contents of the said document it is clear that a case in Crime No.433/2014 of Shoolagiri Police Station was registered basing on the complaint given by one Madhu Kumar who was the driver of the car at the relevant time. In the said complaint, Madhu Kumar narrated that basing on the request of his neighbour for going to Shabrimalya, he accepted to drive his car bearing Registration No.KA-53 MB-7335. On 15.11.2014, they left to Shabrimalya from Bengaluru and after visiting Shabrimalya, all of them started coming back to Bengaluru. On 18.11.2014, at about 4.00 a.m., when they were reached Hosur, the driver of the lorry bearing Registration No.KA-01 C-1773, who was driving the lorry ahead of his vehicle on the left side of the road, suddenly turned his vehicle to the right side and hit the car and caused the accident. The deceased who was sitting in the car sustained severe injuries.

9. There is no denial of the fact that the concerned police investigated into the case and filed charge sheet with an observation that the accident solely occurred due to the negligence

on part of the driver of the lorry. There is a clear observation in Ex.P2- charge sheet, the translated copy of which is marked as Ex.P2(a) that, the driver of the lorry who was driving his lorry well ahead of the car on the left side of the road, had suddenly turned his vehicle to the right side without giving any signal and dashed the car. The car was badly damaged and the deceased who was travelling in the car sustained severe head injury.

10. Taking into consideration the contents of Ex.P3 - spot mahazar and Exs.P6 and P7 - IMV reports and further recording the statements of the witnesses including ocular witnesses, charge sheet is filed. The insurance company who is the appellant in MFA No.511/2020 has not adduced any cogent and convincing evidence to show that the driver of the car was solely negligent and that his negligence is the only cause for the accident to occur.

11. On the other hand, as rightly submitted by Sri.G.M.Srinivasa Reddy, learned counsel for the claimants, the claimants through all the evidence they have adduced, have clearly established that the negligence to the major extent is on part of the driver of the lorry.

Undoubtedly, the vehicle moving behind another vehicle is at liability to maintain safe distance from the vehicle moving ahead. In this case, it appears that the driver of the car did not maintain such safe distance. However, at the same time, one cannot expect that

the vehicle moving ahead on the left side of the road would suddenly turn to its right, that too without any signal or indicator. Having observed all these factors, the Tribunal has rightly fastened liability of 95% against the insurer and insured of the lorry and 5% against the insurer and insured of the car. Having considered these aspects, we are of the view that there are no grounds to disturb the findings of the Tribunal so far as fastening of the liability is concerned.

12. Coming to the second ground urged by Sri.Ashok N. Patil, that is with regard to the extent of amount awarded as compensation, the version of the learned counsel is that the Tribunal erred in assessing the monthly income of the deceased as Rs.31,798/- and ultimately awarding a sum of Rs.45,12,500/- under the head 'loss of dependency'. Learned counsel states that even the professional tax was not deducted. Learned counsel also states that the Tribunal went wrong in awarding a sum of Rs.6,13,636/- toward medical expenses.

13. Contradicting the said submission, learned counsel Sri.G.M.Srinivasa Reddy submitted that the claimants examined six witnesses on their side including the Doctor who treated the deceased. Learned counsel also stated that entire medical record was producing to establish the treatment taken by the deceased. Learned counsel also contended that there is no denial of the fact

that the deceased succumbed to injuries. Learned counsel further submitted that the deceased was working as Team Manager at Thomson Reuters and was earning huge amount as salary and apart from other perks. Learned counsel also contended that the deceased completed MBA in Marketing and in case he is alive, he would have attained great heights in his professional career. Learned counsel also stated that due to the negligence of the driver of the lorry, the deceased died at the young age of 26 years.

14. A perusal of the relevant record reveals that the claimants examined the Manager, Thomson Reuters as PW4 and produced 20 pay slips which are marked as Ex.P36, Form-16 which is marked as Ex.P35, Attendance Register which is marked as Ex.P34, Service Certificate which is marked as Ex.P32 and appointment letter which is marked as Ex.P31. Basing on the said evidence, the Tribunal took the income of the deceased as Rs.31,798/- per month. Also the Tribunal has deducted a sum of Rs.200/- toward professional tax. Adding 40% towards future prospects in the light of the decision of the Hon'ble Apex Court in *Pranaya Sethi's case*, applying appropriate multiplier "17" as indicated by the Hon'ble Apex Court through the judgment in *Sarala Verma's case*, the Tribunal computed the compensation to be awarded under the head loss of dependency. This Court does not find any error in doing so by the Tribunal. Also considering the

medical bills produced, the Tribunal awarded a sum of Rs.6,13,636/-, the expenditure that was incurred for the treatment of the deceased. The Tribunal also awarded a sum of Rs.15,000/- towards transportation of dead body and funeral expenses and Rs.15,000/- towards loss of estate. This Court does not find any convincing grounds to interfere with the sum thus awarded as compensation to the claimants by the Tribunal.

15. However, learned counsel Sri.G.M.Srinivasa Reddy submitted that the Tribunal has not awarded any amount towards loss of consortium. The first claimant is the father of the deceased and the second claimant is the mother of the deceased. Therefore, as rightly contended, the Tribunal ought to have awarded a sum of Rs.40,000/- under the head loss of filial consortium. Therefore, this Court is of the view that the said sum of Rs.40,000/- is required to be awarded as per the decision of the Hon'ble Apex Court in *Pranaya Sethi's case* and the enhancement to that effect is justifiable.

16. The third and the last ground urged by Sri.Ashok N. Patil, learned counsel for the appellant in MFA No.511/2020 is that, the Tribunal ought not to have awarded interest on the future prospects. Learned counsel submits that the amount awarded under the head loss of future prospects is the amount which the claimants would indeed derive at future point of time, but not immediately

even in case the deceased is alive and thus, awarding of interest even on future prospects is unjustifiable.

17. In this regard, learned counsel relies upon the decision of the Co-ordinate Bench of this Court in the case between **CHANDRAKALA AND ANOTHER** Vs. **DILIPKUMAR M.A. and another in MFA No.1662/2023**. In the said case, giving a finding that as the amount under the head loss of future prospects is yet to become due, it would be illogical and illegal to direct the insurance company to pay interest on loss of future prospects, the Court at paragraph 19.3 of the decision observed as follows:

"19.3: Since the amount due under the head loss of future prospects is yet to become due, it would be illogical and illegal to direct the insurance company to pay interest on loss of future prospects. Therefore, out of the total compensation payable, the respondent No.1 is not liable to pay any interest on the compensation under the head loss of future prospects."

Though the learned counsel for the appellant - insurance company relied upon the aforementioned decision, he fairly conceded that there is no decision from the Hon'ble Supreme Court denying interest on future prospects.

18. The submission of Sri.G.M.Srinivasa Reddy, learned counsel for the claimants on the other hand is, that the accident occurred in the year 2014 and this appeal is being heard in the year 2024 and in this ten years of period, the claimants are put to huge financial sufferance besides mental stress and agony. Learned counsel contended that for all this period the insurance company is enjoying the fruits of the amount which the claimants are legally entitled to and thus denial of interest is unjustifiable.

19. In catena of decisions the Hon'ble Apex Court awarded interest even on future prospects. Few of them are cited for the benefit of discussion. Holding that award of interest would normally depend upon the bank rate prevailing at relevant time and the amount of interest should be just basing on the facts and circumstances of each case, the Hon'ble Apex Court in the case of **ABATI BEZBARUAH Vs. DY.DIRECTOR GENERAL, GEOLOGICAL SURVEY OF INDIA AND ANOTHER** reported in **(2003)3 SCC 148**, at paragraph No.18 observed as follows:

"18. Three decisions were cited before us by Mr A.P. Mohanty, learned counsel appearing on behalf of the appellant, in support of his contentions. No ratio has been laid down in any of the decisions in regard to the rate of interest and the rate of interest was awarded on the amount of compensation as a matter of judicial discretion. The rate of interest must be just and reasonable depending upon the facts and circumstances of each case and taking all relevant factors including inflation, change of economy, policy being adopted by Reserve Bank of India from time to

time, how long the case is pending, permanent injuries suffered by the victim, enormity of suffering, loss of future income, loss of enjoyment of life etc., into consideration. No rate of interest is fixed under Section 171 of the Motor Vehicles Act, 1988. Varying rates of interest are being awarded by Tribunals, High Courts and the Supreme Court. Interest can be granted even if a claimant does not specifically plead for the same as it is consequential in the eye of law. Interest is compensation for forbearance or detention of money and that interest being awarded to a party only for being kept out of the money which ought to have been paid to him. No principle could be deduced nor can any rate of interest be fixed to have a general application in motor accident claim cases having regard to the nature of provision under Section 171 giving discretion to the Tribunal in such matter. In other matters, awarding of interest depends upon the statutory provisions, mercantile usage and doctrine of equity. Neither Section 34 CPC nor Section 4-A(3) of the Workmen's Compensation Act are applicable in the matter of fixing rate of interest in a claim under the Motor Vehicles Act. The courts have awarded the interest at different rates depending upon the facts and circumstances of each case. Therefore, in my opinion, there cannot be any hard-and-fast rule in awarding interest and the award of interest is solely on the discretion of the Tribunal or the High Court as indicated above."

20. Stating that interest has to be awarded from the date of the petition, the Hon'ble Apex Court in the case between **AMRESH KUMARI Vs. NIRANJAN LAL JAGDISH PD. JAIN AND OTHERS** reported in **(2015) 4 SCC 433**, at paragraph No.2 held as under:

"2. We have heard the learned counsel for the parties. The question whether interest on the amount of compensation determined to be payable to the claimant is to be awarded from the date of the award or from the date of the filing of

the claim petition came up for consideration before this Court in Mohinder Kaur v. Hira Nand Sindhi [(2015) 4 SCC 434] , to which one of us (D.K. Jain, J.) was a party, it was held that the claimant was entitled to interest from the date of filing of the claim petition. Following the said decision, we hold that the appellant would be entitled to simple interest @ 9 per cent, as awarded by the learned Single Judge, from the date of filing of the claim petition i.e. 11-8-1986."

21. Interest was awarded on entire compensation including future prospects in the decision that is rendered in the case between **N.JAYASREE AND OTHERS Vs. CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED** reported in **(2022) 14 SCC 712**, wherein the Hon'ble Apex Court while awarding total compensation of Rs.85,81,815/- at paragraph No.38 directed as follows:

"38. The appellants are also entitled to interest on the said amount @ 7.5% p.a. from the date of the claim petition till the date of its realisation. The respondent is accordingly directed to deposit the above amount with accrued interest thereon @ 7.5% p.a. from the date of claim petition till the date of deposit, after deducting amounts, if any, deposited by the respondent, within eight weeks from today."

22. Dictating that the interest is payable even on the enhanced amount, the Hon'ble Apex Court in the case between **SWARAN LATA AND OTHERS Vs. RAM CHET AND OTHERS** reported in **(2007)15 SCC 650**, at paragraph No.11 held as follows:

"11. So far as the question of award of interest is concerned, we find that the High Court, though enhanced the amount, refused to award interest, stating "since the appeals are being disposed of at motion stage, no interest on the enhanced amount of compensation will be paid to the claimants". We find it to be no good reason to deny the interest on the enhanced amount. It would be taken that the amount enhanced was liable to be paid to the claimants right from the beginning though enhanced later on appeal. That being the position, it will be logical to award the interest on the increased amount as well. We find that as a result of the order which is being passed today in these appeals, namely, by applying the higher multipliers of 13 and 15 in regard to the claimants of Narinder Kumar and Subhash Aggarwal respectively, the amount of compensation shall be further increased. Interest would also be payable on the said increased amount."

23. In the aforementioned case when the High Court refused to award interest on the enhanced amount with an observation that as the appeals have been disposed of at the motion stage, there is no need to award interest on the enhanced amount of compensation, the Hon'ble Apex Court held that it would be logical to award interest on the increased amount as well.

24. While dealing with a motor accident claim in the case between **THE DIVISIONAL CONTROLLER, KSRTC VS. MAHADEV SHETTY AND ANOTHER** reported in **(2003)7 SCC 197** held as under:

"It is true that perfect compensation is hardly possible and money cannot renew a physique frame that has been battered and shattered, as stated by

lord Merris in West v. Shepard (1964 AC 326). Justice requires that it should be equal in value, although not alike in kind. Object of providing compensation is to place claimant as far as possible in the same position financially as he was before accident. Broadly speaking in the case of death basis of compensation is loss of pecuniary benefits to the dependants of the deceased which includes pecuniary loss, expenses, etc and loss to the estate. Object is to mitigate hardship that has been caused to the legal representatives due to sudden demise of the deceased in the accident. Compensation awarded should not be inadequate and should neither be unreasonable, excessive, nor deficient. There can be no exact uniform rule for measuring value of human life and measure of damage cannot be arrived at by precise mathematical calculation, but amount recoverable depends on broad facts and circumstances of each case. It should neither be punitive against whom claim is decreed nor it should be a source of profit of the person in whose favour it is awarded."

25. Likewise in the decision which is rendered by the Hon'ble Apex Court in the case between ***Mrs. HELEN C. REBELLO AND OTHERS Vs. MAHARASHTRA STATE ROAD TRANSPORT CORPORATION*** reported in ***(1999) 1 SCC 90*** the Court observed as follows:

"As we have observed the whole scheme of the Act, in relation of the payment of compensation to the claimant, is beneficial legislation, the intention of the legislature is made more clear by the change of language from what was in Fatal Accidents Act, 1855 and what is brought under Section 110-B of 1939 Act. This is also visible through the provision of Section 168(1) under the Motor Vehicles Act, 1988 and Section 92-A of 1939 Act which fixes the liability on the owner of the vehicle even on no fault. It provides where the death or permanent disablement of any person has resulted from an

accident spite of no fault of the owner of the vehicle, an amount of compensation fixed therein is payable to claimant by such owner of the vehicle. Section 92 - B ensures that the claim for compensation under Section 92-A is addition to any other right to claim compensation respect whereof under any other provision of this Act or of any other law for the time being in force. This clearly indicates the intention of the legislature which is conferring larger benefit to the claimant. Interpretation of such beneficial legislation is also well settled. Wherever there be two possible interpretations in such statute then the one which subserves the object of legislation, viz., benefit to the subject should be accepted."

26. Income can generally be defined as the money which an individual receives for the work he does or services he render. Likewise, interest is the monetary charge for the money borrowed or the money one withholds. In the natural parlance, interest is the component that one party pays to another for incurring risk or sacrificing the opportunity to use the funds.

27. When a person leaves his money in savings account or makes a Fixed Deposit, the bank credits interest as the bank uses the said money and loans it out to its client or re-invests it either in mutual funds or anything alike resulting in earning interest revenue.

28. Thus, it is abundantly clear that the person who withholds some one else's funds is under liability to make good the same along with interest which the person who had used those funds would have earned by investing the said fund.

While Section 2(24) of the Income Tax Act, 1961 defines 'income', Section 2(28A) of the said Act defines 'interest' as under:

"2(24): Interest means interest payable in any manner in respect of any moneys borrowed or debt incurred (including a deposit, claim or other similar right or obligation) and includes any service fee or other charge in respect of the moneys borrowed or debt incurred or in respect of any credit facility which has not been utilised."

29. Motor Vehicles Act is a beneficial legislation which intends to place the claimants in the same position as they were before the accident and to compensate the loss sustained by them. The Hon'ble Apex Court time and again held that, the provisions of the Motor Vehicles Act, 1988 should be interpreted liberally so as to achieve the object of the said Act. It is incumbent on part of the insurance companies to settle the claims relating to the accidents as soon as possible. Also the insurance companies are directed to settle the claims by designating an Officer for processing the settlement of claims of compensation. Section 149 of the Motor Vehicles Act, 1988 thus reads as under:

"149. Settlement by insurance company and procedure therefor. -

(1) The insurance company shall, upon receiving information of the accident, either from claimant or through accident information report or otherwise, designate an officer to settle the claims relating to such accident.

(2) An officer designated by the insurance company for processing the settlement of claim of compensation may make an offer to the claimant

for settlement before the Claims Tribunal giving such details, within thirty days and after following such procedure as may be prescribed by the Central Government.

(3)If, the claimant to whom the offer is made under sub-section (2), -

(a)accepts such offer, -

(i)the Claims Tribunal shall make a record of such settlement, and such claim shall be deemed to be settled by consent; and

(ii)the payment shall be made by the insurance company within a maximum period of thirty days from the date of receipt of such record of settlement;

(b)rejects such offer, a date of hearing shall be fixed by the Claims Tribunal to adjudicate such claim on merits."

30. Thus, the course which the insurance company should adopt immediately upon receiving information about the occurrence of an accident in which the vehicle to which insurance policy was issued by it would be as under:

(1) To designate an officer to settle the claims relating to such accident.

(2) The officer designated for settlement of claim of compensation may make an offer to the claimant within thirty days.

(3) If the claimant to whom the offer is made by the officer designated accepts such offer, Claims Tribunal to make a record of such settlement.

(4) The insurance company shall make the payment as per the settlement arrived at within thirty days from the date of receipt of such record of settlement.

(5) In case the claimant rejects such offer, the Claims Tribunal to fix a date of hearing for adjudication of such claims on merits.

31. By the aforementioned provision one can draw an inference that the legislative intent is that the claims should be settled by the insurance companies within least possible time. Also as per the said provision of law, the insurance company is at liability to designate an officer to settle the claim relating to accident immediately upon receiving information of the accident either from the claimant or through accident information report or otherwise.

32. Matters may be very few or negligible where insurance companies are coming forward for settlement of claims upon receiving information in respect of occurrence of accident. The insurance companies never claim that they have designated an officer to settle the claims relating to the accidents soon after the occurrence of accident upon receiving such information as envisaged under Section 149 of the Motor Vehicles Act, 1988.

33. Despite of the aforementioned facts, in this case, the insurance company has raised a plea that it is not liable to pay any interest on the amount awarded towards loss of future prospects. The justification in such a plea can be verified through the following illustration:

"X' met with an accident and succumbed to injuries in the year 2014. 'Y' his wife, A and B, their children, files a petition claiming compensation in the light of the death of their bread winner. The insurance company enters into appearance. On contest, the Tribunal allows the claim petition in the year 2018 and awards a sum of Rs.50,00,000/- as compensation. The insurance company prefers appeal and the appeal gets dismissed in the year 2022 upholding the award of the Tribunal. The insurance company approaches the Hon'ble Apex Court and the Hon'ble Apex Court passes judgment in the year 2024 negating the pleas taken by the insurance company. Thus, the award attains finality in the year 2024.

'Y' the wife, A and B the children of the deceased 'X' would be bearing legal expenses for the entire period of ten years i.e. from 2014 to 2024. That apart, 'Y' would be at liability to provide education to her children either by begging or by borrowing. For all the three to survive, food, shelter and clothing are required. Therefore, 'Y' might have incurred debts, would have sold out any valuable property, or would have mortgaged the said property or might have pledged the valuable articles like gold. Thus, for all the expenditure incurred for the ten years, 'Y' and her children A and B would be liable to pay interest.

On the other hand, the insurance company would be reaping the profit in the form of interest on the amount that fell due to the claimants for all the said ten years period."

34. In the circumstances aforementioned which would be present in almost all motor vehicles claims, if the dependents are denied with the interest over the amount awarded under the head 'loss of future prospects', it would be most unjustifiable. The reasons are two fold.

(i) Despite making stringent provisions for settlement of claims at the earliest date, it is taking years and decades for settlement of claims. In the interregnum period, the survival of claimants would be based on the available resources and the capability of getting debts.

(ii) The insurance companies who are liable to pay the compensation as soon as possible as indicated under the Motor Vehicles Act, 1988 would be enjoying the principle amount and the fruits that accrued through the investment of the principle amount.

35. The amount payable to the claimants which lies with the insurance companies for years together is one way the debt the insurance companies have to make good to the claimants. When the insurance companies are enjoying the fruits of the said amount and the accrued interest for years together, they cannot take plea that they are not liable to pay interest to the claimants over the amount which they are liable.

36. In the case on hand, the accident occurred in the year 2014 and the claim is not settled till this day. Thus, the amount

which the claimants are legally entitled to is being enjoyed by the insurance company for a long period of ten years. Now the insurance company has taken a plea that it is not liable to pay the interest on future prospects.

37. The plea taken by the insurance company that it is not liable to pay interest on the future prospects, as the amount awarded under that head would be the future earnings of the deceased is not justifiable due to the reason that the claimants are not being paid the entire earnings of the deceased which he would have earned had he been alive. Cases where there is no proof in certainty regarding exact income, the Courts are taking notional income into consideration. Either applying appropriate multiplier as per the decision in *Sarala Verma's case* or taking percentage of the said income towards future prospects as per the decision in *Pranay Sethi's case* is on probabilities but not on exact figures. In no case, the claimants get the exact amount which the deceased would have earned had he been alive. In all cases the amount which the claimants would get for their livelihood through the deceased would be many times more than the actual amount awarded. That apart, the insurance companies are depositing the compensation years after the date of accident which is in clear violation of Section 149 of the Motor Vehicles Act, 1988.

38. Further more, award of amount as compensation is a one time procedure. Even if in the future course it is found that the deceased would have earned much more amount in the light of hike in his position and global opportunities, the Tribunals will not order payment of any further amount and insurance companies will not be made liable on that count. Such being the case, this Court is of the view that the insurance companies are liable to pay the awarded amount including the amount awarded under the head future prospects together with banking rate of interest which is prevalent during relevant time. Thus, we ultimately hold that, the insurance company cannot escape from the liability to pay interest on the future prospects.

39. In the light of the foregoing discussion, the judgment is concluded with the following

ORDER

MFA No.511/2020 which is filed by the Reliance General Insurance Company Limited stands dismissed without costs.

The appeal preferred by the claimants vide MFA.CROB 40/2022 is allowed in part.

The amount awarded as compensation is enhanced by Rs.40,000/-.

The enhanced amount shall carry interest at the rate of 6% per annum from the date of petition till the date of deposit.

The appellants No.1 and 2 are entitled to the enhanced sum with equal share.

Amount if any in deposit before this Court be transmitted to the concerned Tribunal for disbursement.

Records received be returned.

**Sd/-
(K.SOMASHEKAR)
JUDGE**

**Sd/-
(DR.CHILLAKUR SUMALATHA)
JUDGE**

AP
CT:TSM