
(2025) 02 SC CK 0780

In the Supreme Court Of India

Case No : Civil Appeal No. 2203 Of 2025 (Arising Out Of Special Leave Petition (Civil) No.30398 Of 2019)

Maya Singh And Others

APPELLANT

Vs

Oriental Insurance Co. Ltd. And Others

RESPONDENT

Date of Decision : 07-02-2025

Acts Referred:

Citation : (2025) 02 SC CK 0780

Hon'ble Judges : J.K. Maheshwari, J;Rajesh Bindal, J

Bench : Division Bench

Advocate : Dinesh Kr Tiwary, Santosh Kumar Tripathi, Chandan Kr, Anita Pandey, Rakesh Ranjan, Jaya Kumari, Sumit Sinha, Anjali Rajput, Somanatha Padhan, Sujata Kumari Muni, Akash Kakade

Final Decision : Allowed

Judgement

Rajesh Bindal, J

1. Leave granted.

2. This appeal has been filed against the impugned order dated 31.07.2019 'MA No. 568 of 2015' passed by the High Court 'Claim Case No. 65 of 2014' in a motor accident case.' Claim Case No. 65 of 2014.' The Tribunal 'First Additional Motor Accidental Claims Tribunal, Dist. Gwalior (M.P.)' awarded compensation of ₹ 28,66,994/- under various heads along with interest @ 7.5% per annum from the date of filing of the claim petition till realisation. However, the High Court reduced the compensation to ₹ 19,66,833/- observing that the deceased was to remain in service only for another 02 years and thereafter would have retired. Split method for calculation of dependency was applied.

3. The facts on record are that on 07.03.2014 at about 03.00 p.m., Laxman Das Mahour (deceased) was travelling with his son Jugal Kishore, on a bus. After getting off the bus, he was walking on the road when the offending bus bearing Registration No. MP-06/B-1725 dashed against him. Tragically, Laxman Das

succumbed to his injuries at the scene of the accident. The appellants are the family of the deceased, who filed the claim petition seeking compensation.

4. Before the Tribunal, the owner and the driver of the offending bus did not appear despite service, hence, were proceeded against ex-parte. Respondent/ Insurance Company challenged the claim of the appellants by, inter alia, denying the negligence of the bus driver and disputing the income earned by the deceased.

5. After considering the materials produced by the parties in evidence, the Tribunal assessed the compensation at ₹ 28,66,994/-. The details thereof are as under:

Heads

Compensation (₹)

Loss of dependency (₹ 4,57,000 x 9 x 2/3)

27,41,994

Loss of consortium to wife

1,00,000

Funeral expense

25,000

Total

28,66,994

with interest @ 7.5% p.a.

6. Aggrieved against the award of the Tribunal, the Insurance Company preferred appeal before the High Court. The High Court partially allowed the same and reduced the compensation under the head of loss of dependency by bifurcating the period for which the deceased would have remained in service and post-retirement. The amount of consortium payable to the widow was reduced from ₹ 1,00,000/- to ₹ 40,000/-. The total amount of compensation assessed by the High Court was ₹ 19,66,833/-. The details thereof are as under:

Heads

Compensation (₹)

Salary (March 2014 to Dec. 2015) - ₹ 39,500 x 22 months

8,69,000

Salary (January 2016 to July 2016) - ₹ 42,500 x 7 months

2,97,500

Pension - □ 21,250 x 79 months

16,78,750

Dependency - 1/3rd reduction

(-) 9,48,416

Loss of estate

15,000

Loss of funeral expense

15,000

Loss of consortium

40,000

Total

19,66,833

with interest @ 7.5% p.a.

7. Aggrieved against the aforesaid order, the claimants are before this Court.

8. Learned counsel for the appellants submitted that the High Court has committed grave error in reducing the amount of compensation admissible to them under the head of loss of dependency. The High Court has applied a novel method of splitting the income of pre and post-retirement, as a result of which the amount of compensation which the appellants are entitled to was considerably reduced. The appellants are entitled to compensation on account of loss of income as opined by the Tribunal and in addition are entitled to 15% increase on account of future prospects considering the age of the deceased. The Tribunal had rightly assessed the loss of income to the family but had failed to grant compensation on account of loss of estate in terms of Constitution bench judgment of this Court in National Insurance Company Limited v. Pranay Sethi and Others. (2017) 16 SCC 680 : 2017 INSC 1068.

9. On the other hand, the learned counsel of the respondent submitted that the compensation as assessed by the High Court is just and fair. The deceased was close to 58 years of age and would have retired in the next 02-03 years. Thereafter, he would have received pension and not salary. It would have been about 50% of the last drawn salary. The compensation has to be calculated with reference of loss to the family post retirement. Loss to the family after retirement could not be of the income of the deceased but of the amount of pension. However, Respondent did not dispute the fact that in terms of Pranay Sethi (supra), the appellants would be entitled to an increase on account of future prospects and also specified compensation under other heads.

10. Heard learned counsel for the parties and perused the paperbook.

11. As is evident from the record, the accident in question took place on 07.03.2014. The deceased was knocked down by the offending bus bearing Registration No. MP-06/B-1725. He died on the spot. He was 57-58 years of age and was employed as a phone mechanic with Bharat Sanchar Nagar Limited (for short "BSNL"). He was survived by his widow and four children. Two of his sons were held not to be legally entitled to claim compensation as they were not financially dependent on the deceased. The present appellants, namely the widow, a dependent son and a daughter of the deceased, are the rightful claimants for compensation. The income as proved on record was ₹ 39,500/- per month (₹ 4,74,000/- per annum), which after deduction of income tax was ₹ 4,57,000/- per annum. To the aforesaid facts, there is no dispute. The Tribunal assessed the compensation on account of loss of income taking the annual income of the deceased at ₹ 4,57,000/- by applying a multiplier of 9 and applying a cut of one-third towards personal expenses.

11.1 The High Court applied a split method. It was opined that after the death of the deceased in the accident he would have drawn salary of ₹ 39,500/- for a period of 22 months. Thereafter, an increment was due to him, by adding the same for another 07 months before retirement, he would have drawn salary of ₹ 42,500/- per month. Thereafter, the deceased would have been entitled to pension of ₹ 21,250/-. The compensation was assessed in terms thereof. As far as loss of compensation on account of consortium is concerned, the Tribunal had awarded ₹ 1,00,000/-, which was reduced to ₹ 40,000/-. Additionally, amount of ₹ 15,000/- was granted on account of loss of estate. The compensation granted on account of funeral expenses was reduced from ₹ 25,000/- to ₹ 15,000/-. As against ₹ 28,66,994/- awarded by the Tribunal, the High Court assessed the compensation at ₹ 19,66,833/-.

11.2 An examination of the High Court's decision reveals that substantial reduction in compensation is on account of application of a 'split multiplier' to the income of deceased. In our considered view, the High Court has erred in not considering the principles laid down in the cases of *Sarla Verma v. DTC* (2009) 6 SCC 121 : 2009 INSC 506 and *Sumathi v. M/s. National Insurance Company Ltd.* CIVIL APPEAL NO. 7729 OF 2021 decided on 15.12.2021 : 2022 ACJ 1315.

11.3 This Court in *Sumathi* (supra) addressed a similar situation. The deceased was 54 years of age and was due to retire from government service in four years when the fatal accident occurred. The High Court assessed the compensation by taking the total salary of the deceased for the leftover period of four years and fifty per cent of the salary for the post-retirement period. The High Court awarded a total compensation of ₹ 25,25,000/- instead of ₹ 40,76,496/- awarded by the Tribunal. This Court set aside the decision of High Court and held that split multiplier cannot be applied unless specific reasons are recorded. It was opined as under:

"9. The High Court has applied split multiplier by referring to the judgment of this Court in the case of *Puttamma & Ors. v. K. L. Narayana Reddy & Anr.*, (2013) 15 SCC 45 : 2013 INSC 814 without recording any specific reason, contrary to the said judgment. The High Court has applied split multiplier only on the ground that the deceased was 54 years of age at the time of the accident and leftover service was only four years. In the case of *Puttamma & Ors. v. K. L. Narayana Reddy & Anr.*, in similar circumstances, where the split multiplier was applied for the purpose of assessing compensation by the High Court, this Court has allowed the appeal by setting aside the judgment of the High Court. Para 66 of the judgment of the case of *Puttamma & Ors. v. K. L. Narayana Reddy & Anr.* is relevant for the purpose of disposal of this appeal. The relevant para 66 reads as under:

"66. In the appeal which was filed by the claimants before the High Court, the High Court instead of deciding the just compensation allowed a meagre enhancement of compensation. In doing so, the High Court introduced the concept of split multiplier and departed from the multiplier system generally used in the light of the decision in *Sarla Verma* case without disclosing any reason. The High Court has also not considered the question of prospect of future increase in salary of the deceased though it noticed that the deceased would have continued in pensionable services for more than 10 years. When the age of the deceased was 48 years at the time of death it wrongly applied multiplier of 10 and not 13 as per decision in *Sarla Verma*. Thus, we fail to appreciate as to why the High Court chose to apply split multiplier and applied multiplier of 10. We, thus, find that the judgment of the High Court is perverse and contrary to the evidence on record and is fit to be set aside for not having considered the future prospects of the deceased and also for adopting split multiplier method against the law laid down by this Court. In view of our aforesaid finding, we hold that the judgment of the High Court deserves to be set aside. We, accordingly, set aside the impugned judgment and hold that the claimants are entitled for total compensation of Rs.23,43,688. They shall also get interest on the enhanced compensation at the rate of 12% per annum from the date of filing of the complaint petition. Respondent 2 Insurance Company is directed to pay the enhanced/additional compensation and interest to the claimants within a period of three months by getting prepared a demand draft in their name."

From a reading of the above judgment, it is clear that in normal course, the compensation is to be calculated by applying the multiplier, as per the judgment of this Court in the Case of *Sarla Verma*. Split multiplier cannot be applied unless specific reasons are recorded. The finding of the High Court that the deceased was having leftover service of only four years, cannot be construed as a special reason, for applying the split multiplier for the purpose of assessing the compensation. In normal course, compensation is to be assessed by applying multiplier as indicated by this Court in the judgment in the case of *Sarla Verma*. As no other special reason is recorded for applying the split multiplier, judgment of the High Court is fit to be set aside by restoring the award of the Tribunal."

(emphasis supplied)

11.4 In Sarla Verma's case (supra), this Court has held that while calculating the compensation, the multiplier to be used should start with an operative multiplier of 18 (for the age groups of 15 to 20 and 21 to 25 years), reduced by one unit for every five years, that is M-17 for 26 to 30 years, M-16 for 31 to 35 years, M-15 for 36 to 40 years, M-14 for 41 to 45 years, and M-13 for 46 to 50 years, then reduced by two units for every five years, that is, M-11 for 51 to 55 years, M-9 for 56 to 60 years, M-7 for 61 to 65 years and M-5 for 66 to 70 years.

11.5 From the above, it is clear that normally Courts and Tribunals have to apply the multiplier as per the judgement of this Court in Sarla Verma (supra). Any deviation from the same warrants special reasons to be recorded. In the case in hand, neither any special reason has been recorded by the High Court while applying the split method nor we find there is one in the facts of the case. In the case in hand, the deceased was a technically qualified person and people are generally healthy at that age and continue working even after retirement.

12. Considering the aforesaid factual aspects and position of law, in our view, the compensation on account of loss of income while applying the multiplier of 9 by the Tribunal without applying the split method is the correct calculation on that account. Moreover, the Tribunal as well as the High Court had failed to award future prospects while calculating the compensation. Considering the age of the deceased, the appellant would be entitled to future prospects @ 15%. On account of loss of estate and funeral expenses, the amount of ₹ 15,000/- each awarded by the High Court is as per law. As far as loss of consortium is concerned, there are three claimants, namely, the widow, one son and one daughter. They would be entitled to compensation on account of loss of consortium @ ₹ 40,000/- each. The Tribunal had erred in awarding only a sum of ₹ 1,00,000/- in total.

13. In view of our aforesaid discussions, the compensation to which the appellants would be entitled to is as per the calculations here under:

Heads

Compensation (₹)

Loss of dependency

(₹ $4,57,000 \times 9 \times \frac{2}{3} \times \frac{115}{100}$)

31,53,300

Loss of consortium (₹ $40,000 \times 3$)

1,20,000

Funeral expense

15,000

Loss of estate

15,000

Total

33,03,300

14. For the reasons mentioned above, the present appeal is allowed, the impugned order passed by the High Court is set aside. The award of the Tribunal is modified to the extent mentioned above. The appellants are held to be entitled to total compensation of ₹ 33,03,000/- (rounded off). They shall be entitled to payment of interest at the same rate as was awarded by the Tribunal.

15. Pending application (if any) shall stand disposed of.