



\$~6

*

IN THE HIGH COURT OF DELHI AT NEW DELHI***Decided on: 10.12.2025***

+

MAC.APP. 881/2013

THE NEW INDIA ASSURANCE CO. LTD.Appellant

Through: Mr. Pankaj Seth and Mr. Yuvraj
Singh, Advocates.

versus

NIRMLA & ORS

.....Respondents

Through: Mr. Bhuvneshwar Tyagi, Advocate
for R-1 to 3.
Mr. Nimish Chib and Mr.
Bhavnes Dalal, Advocates for R-
4.**CORAM:****HON'BLE MR. JUSTICE PRATEEK JALAN****PRATEEK JALAN, J. (ORAL)**

1. The present appeal has been preferred by the appellant – New India Assurance Co. Ltd. [“Insurance Company”] assailing the award dated 01.08.2013 passed by the Motor Accident Claims Tribunal [“Tribunal”] in MACT No. 269/2010.

2. The proceedings arise out of a fatal motor accident that occurred on 16.07.2009 at about 5:00 AM, in which one Mr. Mahender unfortunately lost his life. A tractor, bearing registration No. HR-19-A-5094 [“insured vehicle”], was being driven by its owner, respondent No. 4 herein. Attached to the insured vehicle was a trolley loaded with packets of *chana*, in which the deceased, described variably as a “*second driver*” or



a “helper”, was travelling along with the goods. When the driver suddenly applied the brakes, the deceased was thrown off the trolley, sustained grievous injuries, and subsequently passed away.

3. FIR No. 274/2009 was registered at Police Station Nangloi under Sections 279 and 304A of the Indian Penal Code, 1860, against the driver of the insured vehicle, and chargesheet was filed thereafter.

4. The dependents of the deceased, namely – his wife, son and mother, were the claimants before the Tribunal [respondent Nos. 1 to 3 herein]. The driver-cum-owner of the insured vehicle, who was arrayed as respondent No. 1 before the Tribunal, is respondent No. 4 before this Court.

5. The Tribunal returned a finding of rash and negligent driving against respondent No. 4, and assessed compensation payable to the claimants at Rs. 7,59,536/-, alongwith interest at the rate of 7.5% per annum, under the following heads:

Sr. No.	Heads	Amounts
1.	Loss of dependency	Rs. 6,34,536/-
2.	Funeral charges	Rs. 25,000/-
3.	Loss of consortium	Rs. 1,00,000/-
TOTAL		Rs. 7,59,536/-

6. I have heard Mr. Pankaj Seth, learned counsel for the Insurance Company, Mr. Bhuvneshwar Tyagi, learned counsel for respondent Nos. 1 to 3, and Mr. Bhavnes Dalal, learned counsel for respondent No.4.

7. Mr. Seth raises the following three grounds in support of the appeal:



- a) that the Tribunal erred in fastening liability on the Insurance Company because the deceased was travelling in the trolley attached to the tractor, and the policy did not separately insure the trolley;
- b) that the Tribunal incorrectly applied an addition of 30% towards future prospects, whereas the Constitution Bench judgment in *National Insurance Co. Ltd. v. Pranay Sethi*¹ clearly stipulates that future prospect for a person of the deceased's age, i.e. 44 years, should be calculated at 25%².
- c) that the compensation under non-pecuniary heads requires modification in accordance with the standardised amounts laid down in *Pranay Sethi*.

Each of these contentions are considered in turn.

A. WHETHER THE CASE OF THE RESPONDENT NOS. 1 TO 3 IS COVERED BY THE INSURANCE POLICY

8. The insurance policy in the present case, was a “*Farmer Package Policy*”, under which the tractor stood insured. One of the limitations contained in the policy [Ex. R2W1/1] stipulated:

“Use whilst drawing a greater number of trailers in all than is permitted by law”

9. The Insurance Company contends that the trolley was not independently insured and, hence, no liability could be fastened upon it for the death of a person travelling therein. The Tribunal rejected this contention, relying on the definition of “*agricultural tractor*” in Rule 2(b) of the Central Motor Vehicles Rules, 1989, which provides as follows:

“2. *Definitions.*

¹ (2017) 16 SCC 680 [hereinafter “*Pranay Sethi*”].

² Paragraph 59.4 of *Pranay Sethi*.



(b) “agricultural tractor” means any mechanically propelled 4-wheel vehicle designed to work with suitable implements for various field operations and/or trailers to transport agricultural materials. Agricultural tractor is a non-transport vehicle;”

10. The issue is, in my view, no longer *res integra*, in light of the recent judgment of the Supreme Court in *Royal Sundaram Alliance Insurance Co. Ltd. v. Honnamma*³. In that case, the deceased was travelling in a tractor-trailer, and the Insurance Company had contested its liability on the ground that the trailer was not covered under the policy. The Supreme Court rejected this contention for the following reasons:

“10. In the present case, the admitted fact is that the incident occurred while a tractor which was insured with the Appellant was attached to a trailer and on the trailer a person was present who due to an unfortunate accident, fell off the trailer which was being pulled by/driven by/attached to the tractor, resulting in the death of such person.

11. Therefore, the undisputed position is that the trailer was being pulled by/attached to the tractor and then the trailer on which the deceased was present, turned turtle/upturned, resulting in his death. From the above, it is clear that the tractor which was insured was the reason for the accident. It is not the case that only because of some fault on the part of the trailer stand-alone, the accident happened. To explain, we may give an example: that had the trailer been stationary at a place and due to some reason, it overturned or a mishap happened, then without the trailer being specifically insured the Appellant would not be liable to pay, but here the main cause of the accident was the tractor which was pulling/driving/moving the trailer and in such sequence of events, the trailer upturned. Thus, the accident was caused by the tractor, as during the course of being driven/pulled by the tractor, the accident occurred.

12. Thus, the liability of the tractor/its insurer extended to the accident caused by the tractor resulting in the death of the deceased, through the trailer. This being the position in the present case, the principles emanating from the decisions where the Courts have held that the trailer has to be separately registered with the insurance

³ 2025 SCC OnLine SC 1027 [hereinafter “Honnamma”].



company to make it liable, would not be applicable. To that extent, the facts in the present case are clearly distinguishable from the ones cited by learned counsel for the appellant. The legislation i.e., the MV Act, being beneficial and welfare-oriented in nature [Ningamma v United India Insurance Co. Ltd.⁴; K Ramya v National Insurance Co. Ltd.⁵, and; Shivaleela v Divisional Manager, United India Insurance Co. Ltd.⁶] and ultimately the root cause of the accident being the tractor, which was insured, this crucial fact cannot be lost sight of. For further clarification, we might illustrate: if an insured vehicle hits another vehicle which in turn hits a third vehicle, then for the entire chain of accidents, the liability would pass on to the vehicle which was the root cause of the accident because it is the result of the action in the same chain of events which cannot be segregated or compartmentalized. Moreover, this Court is duty-bound to be mindful of the ground realities of our nation and cannot let practicality be overshadowed by technicality.”⁷

11. After examining earlier decisions, including *Dhondubai v. Hanmantappa Bandappa Gandigude*⁸, and the decision of the Constitution Bench of the Supreme Court in *New India Assurance Co. Ltd. v. C.M. Jaya*⁹, as well as the requirements under Section 147 of the Motor Vehicles Act, 1988, the Supreme Court proceeded to hold as follows:

“17. In this light, let us examine the insurance policy, holistically. Relevant clauses read as under:

‘The Policy does not cover:

- a) Use for Racing, Pace Making, Reliability trails or Speed Testing*
- b) Use for the Carriage of passengers for hire or reward.*
- c) Use whilst drawing a greater number of trailers in all than is permitted under law.*

xxx

LIMITS OF LIABILITY:

⁴ (2009) 13 SCC 710.

⁵ 2022 SCC OnLine SC 1338.

⁶ 2025 SCC OnLine SC 563.

⁷ Emphasis supplied.

⁸ 2023 SCC OnLine SC 2387.

⁹ (2002) 2 SCC 278.



Under Section 11-1 (i) of the Policy - Death of or bodily injury - Such amount as is necessary to meet the requirements of the Motor Vehicles Act, 1988.

xxx

B - LIABILITY

3. Trailers (IMT 48) 0.00 [0.00 refers to the 'Premium in Rs'.]

xxx

Legal Liability:

9. To Coolies (IMT 39) 30.00'

(emphasis supplied)

18. What emerges is that the Appellant ought not to be saddled with payment of compensation exceeding what the insurance policy provides for or the limit, if any, set under any law for the time being in force, whichever be the higher amount of the two, in the underlying factual scenario. The amount exclusively payable by the Appellant, however, shall in no case be less than Rs.9,50,000/- (Rupees Nine Lakhs Fifty Thousand).

19. For the reasons aforesaid, we do not find any infirmity in the Impugned Order, either with regard to the quantum of compensation awarded or fixation of liability on the insurer-Appellant for the accident. The same shall be paid within two months from today after adjusting whatever has been paid earlier, in terms of Order dated 06.02.2023 passed in the present case. However, liberty is granted to the Appellant to recover the differential amount (if any), in terms of Paragraph 18 supra i.e., total compensation awarded less the maximum amount payable, contractually or as per law (whichever be the higher amount), by the Appellant, from the Respondent No.4-owner."

12. The facts of the present case, as recorded above, are substantially identical with the facts in *Honnamma*. Here also, the deceased fell of the trolley, which was attached to the insured tractor. The limitation of liability under the insurance policy in the present case, is also akin to the limitation considered in *Honnamma*. It relates to the use of the tractor for drawing more trailers than permitted by law. The Insurance Company has neither pleaded nor proved that such a situation arose in the present matter.



13. In light of the above, I am of the considered view that the Tribunal rightly held the Insurance Company liable to compensate the claimants.

B. FUTURE PROSPECTS

14. With respect to the quantum of compensation, the Tribunal assessed the income of the deceased on the basis of the applicable minimum wages on the date of the accident, namely Rs. 4,358/- per month, and thereafter enhanced it by 30% towards future prospects. However, in *Pranay Sethi*, it has been unequivocally held that where the deceased was between 40 and 50 years of age, the permissible addition towards future prospects is 25%. A recalculation under this head is, therefore, warranted.

C. LOSS OF DEPENDENCY

15. The loss of dependency is accordingly recomputed as follows:

Sr.No.	Heads	Amount
1.	Monthly income	Rs.4,358/-
2.	Income after addition of 25% for future prospects $\text{Rs.4,358/-} \times 25\% = \text{Rs. 1,089.50/-}$	$\text{Rs.4,358/-} + \text{Rs. 1,089.50/-}$ $= \text{Rs. 5,447.50/-}$
3.	Personal expenses [1/3 rd]	$\text{Rs. 5,447.50/-} \times 1/3 =$ Rs. 1,815.83/-
4.	Income after deduction of personal expenses	$\text{Rs. 5,447.50/-} - \text{Rs. 1,815.83/-} = \text{Rs. 3,631.67/-}$
5.	Annual income	$\text{Rs. 3631.67/-} \times 12 =$ Rs. 43,580/-



6.	Application of multiplier (14)	Rs. 43,580.04/- x 14 = Rs. 6,10,120/-
Total loss of dependency		Rs. 6,10,120/- (rounded off)

Accordingly, the compensation under this head stands reduced from Rs. 6,34,536/- to Rs. 6,10,120/-, resulting in a net reduction of Rs. 24,416/-.

D. NON-PECUNIARY DAMAGES

16. The Tribunal awarded Rs. 1,00,000/- towards loss of consortium and Rs. 25,000/- towards funeral expenses. In terms of the principles laid down in *Pranay Sethi*, the award under the head of funeral expenses requires reduction to Rs. 15,000/-¹⁰. Likewise, the amount payable towards loss of consortium is to be reassessed at Rs. Rs.40,000/- each¹¹. As clarified in the decisions of the Surpeme Court in *Magma General Insurance Company Limited v. Nanu Ram Alias Chuhru Ram and Ors.*¹², *United India Insurance Company Limited v. Satinder Kaur alias Satwinder Kaur & Ors.*¹³, loss of consortium is payable under three distinct heads, namely, loss of spousal consortium, loss of parental consortium, and loss of filial consortium, to the spouse, children, and parents of the deceased, respectively. The judgment of the Supreme Court in *National India Assurance Company Limited v. Somwati*¹⁴ has reiterated that each eligible claimant is entitled to a separate award under this head.

¹⁰ Paragraphs 52 and 59.8 of *Pranay Sethi*.

¹¹ *Ibid.*

¹² (2018) 18 SCC 130.

¹³ (2021) 11 SCC 780 [hereinafter, “*Satinder Kaur*”].

¹⁴ (2020) 9 SCC 644.



17. In the present case, the deceased was survived by his wife, son, and mother; accordingly, the compensation towards loss of consortium stands enhanced to Rs. 1,20,000/-.

E. CONCLUSION

18. In view of the foregoing, the award of the Tribunal is modified as follows:

Heads	Awarded by the Tribunal	Awarded by the Court	Difference
Loss of dependency	Rs. 6,34,536/-.	Rs. 6,10,120/-	(-) Rs. 24,416/-
Loss of consortium	Rs. 1,00,000/-	Rs. 1,20,000/-	(+) Rs. 20,000/-
Funeral Charges	Rs. 25,000/-	Rs. 15,000/-	(-) Rs.10,000/-
Loss of Estate	Nil	Rs. 15,000/-	(+) Rs. 15,000/-
Total	Rs. 7,59,536/-	Rs. 7,60,120/-	(+) Rs. 584/-

19. In sum, therefore, the award of the Tribunal stands enhanced by a sum of Rs. 584/-, i.e. from Rs. 7,59,536/- to Rs. 7,60,120/-. The Insurance Company is directed to deposit this amount, alongwith interest at the rate granted by the Tribunal, i.e. 7.5% per annum, with the Registry within eight weeks from today.

20. By order dated 27.09.2013, stay of execution of the impugned award was granted, subject to the deposit of the awarded amount along with up-to-date interest with the Registrar General of this Court. The Registrar General was further directed to release 80% of the awarded amount to respondent Nos. 1 to 3, in accordance with the impugned



award. The directions for disbursement of the amount, as provided in the Tribunal's award, were issued under the Bank's scheme for road accident victims. In view of the considerable lapse of time since the accident, and having regard to the fact that the wife of the deceased is now approximately 60 years of age, and the son approximately 34 years of age, I am of the view that the deposited amount, after making adjustments for the modifications indicated above, may be released to respondent Nos. 1 to 3.

21. The remaining balance, together with proportionate accrued interest, shall be disbursed to respondent Nos. 1 to 3 in the following proportion: 60% to the wife (respondent No. 1 herein) and 20% each to the son and mother (respondent Nos. 2 and 3 herein). The amount to be deposited in terms of paragraph 19 hereinabove may also be disbursed to them in the same proportion.

22. The appeal is accordingly disposed of in the above terms.

23. Statutory deposit made, if any, be refunded to the Insurance Company, subject to compliance with paragraph 19 of this judgment.

PRATEEK JALAN, J

DECEMBER 10, 2025

Sh/SD/