IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 08-07-2026

CORAM

THE HON'BLE MR JUSTICE N. SATHISH KUMAR

AND

THE HON'BLE MR.JUSTICE M.JOTHIRAMAN

CMA No. 2064 of 2026
AND
CMP NO. 15896 OF 2026

The Manager
The Oriental Insurance Co.Ltd.,
Third Party Claims Cell,
Oriental House,
2nd Floor Old No115 New No216 Prakasam Salai,
Broadway,
Chennai 600 108.

..Appellant(s)

Vs

1. D Salsa
W/o.Dhanapal,
Rest.at No.215 Mariamman Koil Street,
Alavai, Aanur, P.V.Kalathur Via,
Chengalpet Dist.

2. Dhanapal
S/o.Thiruvengadam,
Rest.at No.215 Mariamman Koil Street,
Alavai, Aanur, P.V.Kalathur Via,
Chengalpet Dist.

3. Rosy Mohan
W/o.Mohan,
Rest.at No.215 Mariamman Koil Street,
Alavai, Aanur, P.V.Kalathur Via,
Chengalpet Dist.
(Respt 3 and 4 were added by amendment as per order in MP.No.2 of 2025 dated 22-08-2025).

4. Kannan
   S/o.Dhanapal,
   Rest.at No.215 Mariamman Koil Street,
   Alavai, Aanur, P.V.Kalathur Via,
   Chengalpet Dist.

5. M/s. United Enterprises Pvt Ltd.,
   No.4-A Urmila House,
   No.15 ARK Colony,
   Eldams Road, Teynampet,
   Chennai 600 018.

..Respondent(s)

Civil Miscellaneous Appeal filed under Section 173 of the Motor Vehicles Act, 1988 to set aside the judgement and decree made in MCOP.No.2197 of 2023 dated 24-02-2026 on the file of the MACT, VI Court of Small Causes Chennai.

For Appellant(s): Mr. Vijayaraghavan N.

For Respondent(s): Mr. S.P.Yuvaraj,
for R1 to R4.

Judgment

(Judgment of the Court was delivered by
N.Sathith Kumar, J., & M.Jothiraman J.)

Challenging the quantum of compensation, the appellant Insurance Company has preferred this Civil Miscellaneous Appeal.

2. Facts leading to the filing of this appeal, briefly narrated, is as under:

2.1. On 15.01.2023 at about 5.30 hours, while the deceased Kandipan was standing at Medavakkam main Road, near Kovilambakkam Bus Stop, in front of Bombay ready made shop, Chennai, at that time a hydraulic mobile crane bearing Reg.No.TN 18 AW 7992 driven by its driver in a rash and negligent manner dashed against the deceased, due to which the deceased died on the stop.

2.2. The claimants / respondents 1 to 4 herein, being the parents, sister and brother of the deceased filed claim petition in MCOP.No.2197/2023 before the Motor Accident Claims Tribunal, Chennai (VI Court of Small Causes, Chennai), claiming compensation in a sum of Rs.35,00,000/-.

2.3. Before the Tribunal, the 1st respondent examined himself as PW1, one Kannan (Eye Witness) as PW2 and marked 19 documents. On the side of the appellant insurance company, no witnesses were examined and no documents were marked.

2.4. The Tribunal, on consideration and appreciation of oral and documentary evidence and also in the light of the various landmark decisions of the Hon'ble Apex Court in ***Sarla Verma and Ors. v. Delhi Transport Corporation and Ors. [2009 (2) TNMAC 1]*** on the aspect of Loss of Dependency, ***New India Assurance Company v. Somwati in Civil Appeal No.3093/2020 dated 07.09.2020, Magma General Insurance Co. Ltd., v. Nanu***

Ram alias Chuhru Ram and Others [2018 (2) TNMAC 452 (SC), towards Loss of Consortium, ***National Insurance Co., v. Pranay Sethi and Others 2017 (2) TNMAC 609*** for Loss of Estate and Funeral Expenses, awarded compensation to the tune of Rs.39,89,000/- under the following heads:

Head of Compensation	**Amount Awarded by the Tribunal (in Rs.)**
Loss of Dependency	37,80,000
Loss of Consortium (Rs.44,000 x 4)	1,76,00
Loss of Estate	16,500
Funeral Expenses	16,500
Medical Bills	Nil
Total	**39,89,000**

Being aggrieved by the quantum of compensation awarded by the Tribunal, the appellant Insurance Company has preferred this Civil Miscellaneous Appeal.

3. The learned counsel appearing for the appellant submits that the appellant / Insurance Company confines this appeal to the quantum of compensation solely to the correctness of the deduction applied towards personal and living expenses of the deceased. It is submitted that the deceased, being an unmarried bachelor with both parents alive, a married sister, and an independent adult brother, the deduction towards personal and living expenses ought to have been 50% and not 1/4th i.e., 25% as applied by the Tribunal in terms of the law laid down in ***Sarla Verma case*** (cited supra) and therefore, prays for interference.

4. The learned counsel appearing for the respondents 1 to 4 / claimants did not raise any objection and also conceded to the aforesaid submission made by the learned counsel for the appellant Insurance Company.

5. This Court, in the light of the settled law in ***Sarla Varma case (cited supra)*** which stipulates 50% deduction towards personal and living expenses of the deceased, as he died as Bachelor and taking into consideration the consensus arrived at between the parties, modifies the compensation, as tabulated hereunder:

Head of Compensation	**Amount Awarded by the Tribunal (in Rs.)**
Annual Income (unchanged)	Rs.3,36,000
Less: Deduction for personal & living expenses (½ – 50% as deceased was a bachelor)	1,68,000
Annual Contribution to dependents	1,68,000
Multiplier applied (unchanged)	15
Loss of Dependency (1,68,000 x 15)	**25,20,000**
Loss of Consortium (unchanged)	**1,76,000**
Loss of Estate (unchanged)	**16,500**
Funeral Expenses (unchanged)	**16,500**
Medical Expenses	Nil
Total	**27,29,000**

6. ***This Civil Miscellaneous Petition stands partly allowed*** and the judgment and decree dated 24.02.2026 made in MCOP.No.2197 of 2023 on the file of the MACT, VI Court of Small Causes, Chennai is modified to the effect that the appellant Insurance company shall deposit the modified compensation amount of Rs.27,29,000/- before the Tribunal, within a period of four weeks from the date of receipt of a copy of this order. The compensation amount shall be apportioned as per the ratio of apportionment ordered by the Tribunal. No costs. Consequently, connected miscellaneous petition is closed.

7. During the course of arguments, learned counsel appearing for the appellant has drawn the attention of this Court to the judgments of the Hon'ble Apex Court as well as this Court with regard to Direct Bank Transfer [DBT] of compensation, court fee and advocate's fee to claimants / Tribunal. Several directions were issued for mode of disbursement of compensation awarded by Motor Accident Claims Tribunal through the judgments and prays to issue comprehensive directions to the Tribunals for effective implementation of disbursement of compensation to the victims.

8. We have considered the submissions made by the learned counsel and perused the records.

9. It is pertinent to note that a Division Bench of this Court in the decision in ***The Divisional Manager, The Oriental Insurance Company Ltd. v. Rajesh and Ors. Reported in [2016 (3) CTC 128 = 2016 – 2- LW 561 = 2016 SCC Online 1913]*** which first introduced NEFT / RTGS mode of payment for MCOP jurisdiction. The Division Bench of this Court observed that the alarming increase in road accidents, particularly due to rapid motorisation, lack of road discipline, and underage driving, necessitates effective measures to protect victims of motor accidents. It emphasized that the mandate under Section 168 of the Motor Vehicles Act, 1988 to award "just compensation" is fulfilled only when the awarded amount reaches the claimants without delay or diversion. Noting delays caused by the existing cheque-based disbursement system, third-party interference, and hardships faced by illiterate and rural claimants, the Court recommended direct electronic transfer (RTGS/NEFT/DBT) of compensation to the claimants' existing bank accounts after obtaining their bank and PAN details. This would ensure timely payment, proper compliance with tax deduction at source under Section 194A of the Income Tax Act, prevent misuse of crossed cheques, eliminate unnecessary intermediaries, and reduce procedural delays. The Court further highlighted the importance of computerisation and e-governance in judicial administration and, with a view to safeguarding the interests of victims and ensuring that they receive the full compensation awarded, issued comprehensive directions to the Claims Tribunals for strict compliance. It also laid down the procedure before

and after passing the award for compensation and payment advice for remittance of the compensation award.

10. Later in the year 2022, there was an issue of misappropriation of compensation amount in the MCOP jurisdiction. Therefore, a Special Bench of this Court in ***Suo Moto W.P. 12935 of 2021*** was constituted to deal with the audit of Motor Accident Claims funds in all districts, lodging of criminal complaints against recalcitrant officials and monitoring the investigation in the matters till the filing of charge sheet. The Court directed that all MACTs shall continue to maintain designated bank accounts, the details of which, along with the MACT's e-mail ID, shall be mentioned in every award. All MACT to maintain a Savings Bank A/c or Current A/c as mentioned in the Hon'ble Apex Court in the case of ***Bajaj Alliance General Insurance Co. Ltd. vs. UOI and ors. [W.P. (Civil) 534 of 2020]***. Insurance companies, Transport Corporations and other depositors shall deposit the award amount directly into the concerned MACT account, mentioning the UTR and MCOP numbers, intimate the Tribunal by e-mail within 48 hours, and thereafter file proof of deposit. Upon receipt of the deposit, the MACTs shall immediately invest the award amount in Fixed Deposits for a minimum period of 91 days with automatic renewal/disbursement, on a rotational basis in five selected nationalised bank branches within 5 kilometres of the Court premises. The Tribunal shall also ensure that compensation is ultimately disbursed to the claimants through their

pre-existing bank accounts, or, where unavailable, through newly opened accounts at their place of ordinary residence, after obtaining an affidavit verifying compliance with these requirements.

11. It is relevant to note that the Hon'ble Supreme Court in the case of ***Parminder Singh v. Honey Goyal [(2025) 9 SCC 539]***, has dealt with the mode of disbursement of the compensation received from the motor vehicle accident claims which suggested that the process can be streamlined by directly transferring the amount in bank accounts of claimants, so that insurance companies and claimants are saved from hassles of court processes. The Hon'ble Apex Court held that the general practice followed by the insurance companies, where the compensation is not disputed, is to deposit the same before the Tribunal. Instead of following that process, a direction can always be issued to transfer the amount into the bank account(s) of the claimant(s) with intimation to the Tribunal. The Tribunals at the initial stage of pleadings or at the stage of leading evidence may require the claimant(s) to furnish their bank account particulars to the Tribunal along with the requisite proof, so that at the stage of passing of the award the Tribunal may direct that the amount of compensation be transferred in the account of the claimant and if there are more than one then in their respective accounts. If there is no bank account, then they should be required to open the bank account either individually or jointly with family members only. It should also be mandated that, in case there is any

change in the bank account particulars of the claimant(s) during the pendency of the claim petition they should update the same before the Tribunal. This should be ensured before passing of the final award. The bank account should be in the name of the claimant(s) and if minor, through guardian(s) and in no case it should be a joint account with any person, who is not a family member. The transfer of the amount in the bank account, particulars of which have been furnished by the claimant(s), as mentioned in the award, shall be treated as satisfaction of the award. Intimation of compliance should be furnished to the Tribunal. In some cases, where the compensation is awarded to minor claimant(s) or otherwise, the Tribunal directs for keeping a certain percentage of the amount in a fixed deposit. Such a direction can always be issued in the award itself to be complied with by the bank concerned. When the amount is transferred by the Insurance Company in the account of the claimant(s), it shall be the responsibility of the bank to ensure that specified portion thereof is kept in the fixed deposit. Compliance is to be reported by the bank(s) to the Tribunal. Delay for any reason in release of compensation in motor accident cases by the Tribunal to the claimant(s), where the amount is deposited in Tribunal, as directed, results in loss of interest to the claimant(s). In case the aforesaid process is followed, the gap would be bridged.

12. Following the above judgment, the Registrar General of this Court has also issued a circular in ROC.No.55584/2025/S.Ct. dated 02.07.2025 for strict compliance of the same as mentioned in the above judgment.

13. It is also relevant to note that in the case of ***Re: Compensation Amounts Deposited With Motor Accident Claims Tribunals And Labour Courts [2025 INSC 530]***, the Hon'ble Apex Court issued the following provisions to be incorporated while formulating rules of procedure:

- While filing claim petitions under the 1988 Act, particulars such as names and addresses (local and permanent) of the injured persons or the owners of the damaged property or the legal representatives alongwith their Aadhar and PAN details can be incorporated
- If the aforesaid details are not furnished, the registration of the application should not be refused on that ground, but MAC Tribunals at the time of issuing notice may direct the applicants to furnish the information
- While passing an interim or final order of grant of compensation, the MAC Tribunals shall call upon the person or persons held entitled to receive compensation, to produce their bank account details along with other important details.
- A further direction shall be issued to the persons entitled to receive compensation to keep on updating information regarding the bank accounts, email id, in case there is any change.
- If a consent award or consent order is made, the MAC Tribunals may direct the deposit of the compensation amount ordered to be released to the claimants directly to the bank accounts of the persons held entitled to receive compensation.
- If there is a long gap between the date of furnishing the account details and the date of filing an application for withdrawal of the amount, the Tribunal will be well advised to get fresh account details of the claimants

14. In the light of the above judgments referred above, this Court is of the considered view that a mechanism for disbursement of compensation in motor accident claims requires uniform and effective implementation so that the object of awarding compensation under Motor Vehicles Act, 1988, which is a welfare legislation, is fully achieved.

15. Accordingly, this Court is inclined to issue the following directions:

1. All Insurance Companies, Transport Corporations and other Respondents held liable to pay compensation shall, save where the Tribunal for reasons to be recorded directs otherwise, deposit the awarded/enhanced compensation by Direct Bank Transfer (NEFT/RTGS) directly into the bank account(s) of the claimant(s), as confirmed and specified by the Tribunal in the award itself, in terms of the judgment of the Hon'ble Supreme Court in Parminder Singh v. Honey Goyal, Civil Appeal No. 4299 of 2025, dated 18.03.2025, and the Circular of the Registrar General, High Court, Madras, ROC.No.55584/2025/S.Ct. dated 02.07.2025.

2. The Tribunal shall, at the stage of pleadings or at the stage of leading evidence, and in any event before passing the award, obtain from the claimant(s) their bank account particulars together with requisite proof (including the attested first page of the pass-book bearing photograph), and shall incorporate the verified account particulars in the award itself, along with the Tribunal's own e-mail ID for compliance communication.

3. The bank account of the claimant(s) so furnished and incorporated in the award shall be an account pre-existing prior to the date of the claim, situated within the claimant's own territory/place of ordinary residence. Where no such account exists, a fresh account shall be opened only at a bank branch within the place of ordinary residence of the claimant, and in no circumstance at the instance, convenience, or address of the counsel/practitioner, in strict conformity with Para 6 and Para 11(i) of Oriental

Insurance Co. Ltd., Kannur v. Rajesh, 2016 SCC OnLine Mad 1913, and the findings recorded at Paras 22 to 24 and 49 of the order dated 17.03.2022 in Suo Motu W.P. No. 12935 of 2021.

4. The Tribunal shall obtain an affidavit from the claimant(s) during trial affirming that the bank account details furnished are in conformity with Direction No. 3 above, and shall verify compliance before conclusion of trial and before passing the award.

5. The bank account shall stand in the name of the claimant(s) individually, or, in case of a minor, through the guardian; and in no case shall it be a joint account with any person who is not a family member. Where there are multiple claimants, disbursement shall be made to their respective individual accounts in the shares determined by the award.

6. In case of minor claimant(s), the Tribunal shall follow the safeguards indicated by the Hon'ble Supreme Court, retaining the minor's share in a fixed deposit / Tribunal-directed investment until majority, or as otherwise directed in the award, and any such direction for retention in fixed deposit shall be communicated to, and complied with by, the concerned bank.

7. Before permitting/confirming Direct Bank Transfer of the net compensation, the Tribunal shall first verify and confirm that any deficit or balance court fee payable on the compensation as awarded/enhanced has been accounted for; no DBT [Direct Bank Transfer] of the entire awarded sum shall be certified as compliance unless this verification is completed.

8.To secure Direction No. 7 without delaying disbursal to the claimant, the Insurer/Respondent namely, court fee, shall be directed to deposit the costs component of the award advocate's fee and other expenses as specifically quantified/identified in the award -directly into the bank account of the Tribunal, distinct and separate from the net compensation amount, which alone shall be transferred by DBT to the claimant's account, in line with the practice prevailing in the State of Kerala.

9. Upon such deposit, the Tribunal shall appropriate the court fee component to the credit of the State Government, and shall permit counsel for the claimant(s) to withdraw the advocate's fee *and expenses as quantified in the award, following the usual procedure applicable to payment out of Tribunal deposits.*

10. The Insurer/Respondent making the deposit(s) under Directions 1 and 8 shall furnish the UTR number(s) and particulars of deposit to the Tribunal, by e-mail to the e-mail ID specified in the award, within 48 hours of such deposit, followed by physical proof of deposit on proper acknowledgment, in terms of the format and procedure already directed in Suo Motu W.P. No. 12935 of 2021.

11. Any change in the bank account particulars of the claimant(s) during the pendency of the claim petition shall be promptly updated before the Tribunal, and such updation shall be verified before passing of the final award.

12. The Registrar General, Madras High Court, after obtaining necessary administrative orders from My Lord, Hon'ble Chief Justice, Madras High Court, shall issue a Circular to all Motor Accident Claims Tribunals in the State of Tamil Nadu and Puducherry, for strict compliance on all the aforesaid aspects, so as to ensure the protection and timely disbursement of just compensation to claimants, in the interest of justice, equity and good conscience."

(N.S.K.,J.) (M.J.R.,J.)
08-07-2026

Index: Yes/No
Speaking/Non-speaking order
Neutral Citation: Yes/No
JVM

To
MACT, VI Court of Small Causes, Chennai

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