



2025:DHC:3702



§~10

* **IN THE HIGH COURT OF DELHI AT NEW DELHI***Date of Decision: 15.04.2025*+ **MAC.APP. 883/2018**

UNITED INDIA INS CO LTD

.....Appellant

Through: Ms. Mahua Kalra, Advocate.

versus

HEM KUMARI DEVI & ORS

.....Respondents

Through: Mr. Umesh Kumar, Advocate.

CORAM:**HON'BLE MS. JUSTICE TARA VITASTA GANJU****TARA VITASTA GANJU, J.: (Oral)**

1. The present Appeal seeks to challenge an Award dated 06.08.2018 passed by the learned MACT Tribunal [hereinafter referred to as "Impugned Award"]. By the Impugned Award, the learned Trial Court has awarded a sum of Rs.15,44,200/- along with interest at 9% p.a.
2. Learned Counsel for the Appellant submits that by an order dated 03.10.2018, a Coordinate Bench of this Court had stayed the operation of the Impugned Award, subject to the Appellant depositing the awarded amount with the Registrar General of this Court.
3. Learned Counsel for the Appellant further submits that the Respondents have withdrawn sums from the amounts deposited from time-to-time.
4. Learned Counsel for the Appellant submits that the issue in the present Appeal has been limited to whether the learned Tribunal has rightly considered the pension of Rs. 23,400/- as the monthly income of the deceased, given the deceased was an ex-serviceman with no monthly income



post-retirement.

5. Learned Counsel for the Respondents on the other hand contends that the Impugned Award is in accordance with the settled law. He seeks to rely on the judgment of the Supreme Court in the *Mrs. Helen C. Rebello & Ors. v. Maharashtra State Road Transport Corpn. & Anr.*¹ in this behalf as well as the findings of the learned Trial Court in the Impugned Award.

6. The contention raised by the Appellant was also raised by him before the learned Trial Court. The learned Trial Court while adjudicating on this contention has given a finding that in view of the judgments of the Supreme Court in *Reliance General Insurance Company Limited v. Shashi Sharma and Others*² and *Lal Dei and Others v. Himachal Road Transport Corporation*.³, the contention that the family pension received after the death of the deceased should be taken into consideration to calculate the loss of dependency is incorrect as the family pension cannot be reduced from the actual amounts of pension while calculating the income for award of compensation to the deceased.

7. It is settled law that the amount receivable as compensation under the Motor Vehicles Act, 1988 [hereinafter referred to as “MV Act”] is on account of the injury or death and without any contribution of the injured/deceased towards it and thus the amount received through contributions of the insured cannot be deducted out of the amount receivable under the MV Act.

7.1. The Supreme Court in the *Rebello* case has held that amounts such as

¹ (1999) 1 SCC 90

² (2016) 9 SCC 627

³ (2007) 8 SCC 319



provident fund, family pension, life insurance proceeds, and other financial assets cannot be deducted from compensation awarded under the MV Act, as they arise from independent sources like contractual entitlements or service conditions, and not from the accident itself. These benefits are the result of the deceased's own contributions or employment terms and are payable irrespective of the cause of death, whereas compensation under the MV Act is statutory compensation and payable due to the tortfeasor's negligence without any contribution from the deceased. Since there is no direct nexus or co-relation between these amounts and the compensation for accidental death, they are not "pecuniary advantages" liable to be deducted. The relevant extract is below:

“35. Broadly, we may examine the receipt of the provident fund which is a deferred payment out of the contribution made by an employee during the tenure of his service. Such employee or his heirs are entitled to receive this amount irrespective of the accidental death. This amount is secured, is certain to be received, while the amount under the Motor Vehicles Act is uncertain and is receivable only on the happening of the event, viz., accident, which may not take place at all. Similarly, family pension is also earned by an employee for the benefit of his family in the form of his contribution in the service in terms of the service conditions receivable by the heirs after his death. The heirs receive family pension even otherwise than the accidental death. No co-relation between the two. Similarly, life insurance policy is received either by the insured, or the heirs of the insured on account of the contract with the insurer, for which insured contributes in the form of premium. It is receivable even by the insured, if he lives till maturity after paying all the premiums, in the case of death insurer indemnifies to pay the sum to the heirs, again in terms of the contracts for the premium paid. Again, this amount is receivable by the claimant not on account of any accidental death but otherwise on insured's death. Death is only a step or contingency in terms of the contract, to receive the amount. Similarly any cash, bank balance, shares, fixed deposits, etc. though are all a pecuniary advantage receivable by the heirs on account of one's death but all these have no co-relation with the amount receivable under a statute occasioned only on account of accidental death. How could such an amount come within the periphery of the Motor Vehicles Act to be termed as 'pecuniary advantage' liable for deduction. When we seek the principle of



loss and gain, it has to be on similar and same plane having nexus inter se between them and not to which, there is no semblance of any co-relation. **The insured (deceased) contributes his own money for which he receives the amount has no correlation to the compensation computed as against tortfeasor for his negligence on account of accident. As aforesaid, the amount receivable as compensation under the Act is on account of the injury or death without making any contribution towards it, then how can fruits of an amount received through contributions of the insured be deducted out of the amount receivable under the Motor Vehicles Act.** The amount under this Act, he receives without any contribution. As we have said the compensation payable under the Motor Vehicles Act is statutory while the amount receivable under the life insurance policy is contractual.

36. As we have observed, **the whole scheme of the Act, in relation to the payment of compensation to the claimant, is a beneficial legislation.** The intention of the legislature is made more clear by the change of language from what was in the Fatal Accidents Act, 1855 and what is brought under Section 110-B of the 1939 Act. This is also visible through the provision of Section 168(1) under the Motor Vehicles Act, 1988 and Section 92-A of the 1939 Act which fixes the liability on the owner of the vehicle even on no fault. It provides that where the death or permanent disablement of any person has resulted from an accident in spite of no fault of the owner of the vehicle, an amount of compensation fixed therein is payable to the claimant by such owner of the vehicle. Section 92-B ensures that the claim for compensation under Section 92-A is in addition to any other right to claim compensation in respect whereof (sic thereof) 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 on the claimant. Interpretation of such beneficial legislation is also well settled. Whenever 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.** In the present case, two interpretations have been given of this statute, evidenced by two distinct sets of decisions of the various High Courts. We have no hesitation to conclude that the set of decisions, which applied the principle of no deduction of the life insurance amount, should be accepted and the other set, which interpreted to deduct, is to be rejected. For all these considerations, we have no hesitation to hold that such High Courts were wrong in deducting the amount paid or payable under the life insurance by giving a restricted meaning to the provisions of the Motor Vehicles Act basing mostly on the language of English statutes and not taking into consideration the changed language and intents of the legislature under various provisions of the Motor Vehicles Act, 1939.”

[Emphasis supplied]

8. In addition, the monetary compensation under the MV Act must be



proportional to the injury or death caused on account of the motor accident. The Supreme Court in the *Reliance General Insurance Company Limited* case, has held that the “pecuniary advantage” from whatever source must correlate to the injury or death caused on account of motor accident. It was held that the view so taken is the correct analysis and interpretation of the relevant provisions of the MV Act. The relevant extract is below:

*“15. The principle expounded in this decision in Helen C. Rebello case that the application of general principles under the common law to estimate damages cannot be invoked for computing compensation under the Motor Vehicles Act. Further, **the “pecuniary advantage” from whatever source must correlate to the injury or death caused on account of motor accident. The view so taken is the correct analysis and interpretation of the relevant provisions of the Motor Vehicles Act of 1939, and must apply proprio vigore to the corresponding provisions of the Motor Vehicles Act, 1988.** This principle has been restated in the subsequent decision of the two-Judge Bench in Patricia Jean Mahajan case, to reject the argument of the Insurance Company to deduct the amount receivable by the dependants of the deceased by way of “social security compensation” and “life insurance policy”.*

[Emphasis supplied]

9. It is not disputed that the deceased was an ex-serviceman having retired from the Indian Army and was drawing a pension of Rs. 23,400/- at the time of the accident. The pension amount was proved by the Respondent Nos. 1 to 5/Claimants before the learned Tribunal as Ex.PW1/20. In addition to the above pension, the deceased was also working as a supervisor in a factory and drawing a salary of Rs. 15,500/- per month. The salary certificate has also been placed on record as Ex.PW1/25.

10. The learned Tribunal was of the opinion that the supervisor salary of Rs. 15,500/- did not stand proved. Thus, the learned Tribunal directed that the loss of dependency is to be calculated only on the pension amount of Rs. 23,400/-.



2025:DHC:3702



10.1 This finding of the learned Tribunal with regard to the addition of the supervisor salary has not been challenged by the Appellant. What the Appellant has challenged is the finding of the learned Trial Court that the pension income cannot be taken as monthly income of the deceased.

11. In view of the settled law as reproduced above, the contention of the Appellant cannot be sustained.

12. The Appeal is accordingly dismissed. All pending Applications, if any, also stands closed. There shall be no order as to costs.

13. The amounts lying deposited along with interest accrued thereon, shall be released in favour of the Respondents/Claimants, in accordance with the schedule of disbursal as stipulated by the learned Tribunal in the Impugned Award.

14. The parties shall act based on the digitally signed copy of the order.

TARA VITASTA GANJU, J

APRIL 15, 2025/pa/r/jn

[Click here to check corrigendum, if any](#)