2025 INSC 1430

Non-Reportable

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

Civil Appeal No. of 2025
(@ Special Leave Petition (C) No.19462 of 2025)

M/s National Insurance Co. Ltd.

...Appellant

Versus

Neeru Devi & Ors.

...Respondents

J U D G M E N T

K. VINOD CHANDRAN, J.

Leave granted.

2. The Insurance Company has in the above case raised only the question of the exorbitant award made on an unconscionable computation of the income of the deceased. The undisputed facts are that the deceased, whose legal representatives were the claimants, wife and three children, died in a motor accident on 29.08.2017. The deceased was driving a vehicle which was hit by another vehicle driven by the fifth respondent at a very high speed and in a rash and negligent manner. The Tribunal framed two issues; whether, the death was caused by the fatal injuries caused

in the road traffic accident and the quantum of compensation entitled to the legal representatives. On the issue of death caused in the road traffic accident, there is no dispute raised and the dispute is only on the computation of monthly income.

3. The learned counsel appearing for the appellant/Insurance Company would point out that the computation of Rs.95,000/- (Rupees Ninety-five Thousand only) as monthly income of the claimant is without any basis. A person who had an income of Rs.95,000/- (Rupees Ninety-five Thousand only) per month would definitely be liable to pay income tax. There were no income tax returns produced by the claimants. The contention raised based on the loan account produced was that the deceased was paying EMI to the extent of almost Rs.42,500/- (Rupees Forty-two Thousand Five Hundred only) per month, for the two trucks he owned, in which event his income would have been double the EMI paid. There is no basis for such an assumption, and the computation of annual income is on mere surmises and conjectures, argues the learned Counsel

for the insurer. It is also submitted that a perusal of the accounts produced by the claimants itself would indicate that there were 15 defaults committed by the deceased which would clearly indicate that he was not getting a regular income to even pay up the EMIs in time.

4. Learned counsel for the respondents/claimants, however, would point out that the accounts show a different picture and evidence due satisfaction of EMIs. In any event, if there was continuous default, the bank would have proceeded against the defaulter. It is argued that there was just compensation awarded by the Tribunal as confirmed by the High Court especially looking at the reasoning in ***Gurpreet Kaur v. United India Insurance Company Ltd.***[1].

5. Looking at ***Gurpreet Kaur,*** we are not convinced that the reasoning on the facts therein has any application to the present case. Therein, the deceased was stated to be working as a contractor for lifting of earth, for which purpose, he had also purchased a tractor. The tractor was purchased on a loan, which had an EMI of Rs.11,550/-

[1] 2022 SCC Online SC 1778

(Rupees Eleven Thousand Five Hundred Fifty only) and which loan was paid up within a year also. It is on that basis that the computation of monthly income at Rs.25,000/- (Rupees Twenty-five Thousand only) was determined by the Tribunal and accepted by this Court, setting aside the order of the High Court determining the income on the basis of the minimum wages at the relevant time.

6. In the present case, the claim petition itself spoke of the deceased having been a reputed transporter and the owner of two trucks. This was reiterated by the wife of the deceased who was examined as PW1 who also stated that the deceased had also been driving the truck of others for additional income. The said contention was not at all established by way of any evidence and pertinently as noticed by the Tribunal itself, no income tax returns were filed, which assumes much relevance insofar as the claim of income exceeding the taxable limit as per the Income Tax Act.

7. In ***Gurpreet Kaur*** (supra), the contention was that the deceased was an earth-moving contractor for which

purpose he was using the tractor, which he had purchased availing a loan, which also stood cleared by due deposit of EMIs. The deceased was a 24-year-old whose death would have deprived the family of the earnings from his avocation of a contractor. However, in the present case, the deceased was admittedly a reputed transport contractor and there would be no difficulty in continuing the business after his death. The deposition of PW 1 that the trucks were parked idly cannot at all be accepted. In the very circumstance of the deceased having owned two trucks, he would have been engaging a driver to run at least one of them. The death of the victim in our opinion would not have put a stop to the income that could be generated from his business; especially from the two trucks he owned.

8. As has been noticed by the Tribunal at the very commencement of the award, the Constitution Bench in ***National Insurance Co. Ltd. v. Pranay Sethi***[2] categorically found that the legal representatives of the deceased in a motor vehicle accident cannot expect a windfall from a

[2] (2017) 16 SCC 680

tragedy, nor can the amounts granted be a mere pittance, an apology for compensation. Keeping the said principle in mind, we are of the opinion that the amount of Rs.50,00,000/- (Rupees Fifty Lakhs only) now deposited, on directions issued by this Court would suffice as compensation for loss of dependency, which works out to half of the total loss of dependency as computed by the Tribunal. However, interest at the rate of 9% per annum would definitely be entitled to the claimants, which the Insurance Company would be liable to pay.

9. Additionally, the claimants would be entitled to compensation for loss of consortium, loss of estate and funeral expenses as awarded. Further, as has been held in ***Magma General Insurance Co. Ltd. v. Nanu Ram & Ors.***[3] not only the wife, the children are also entitled to loss of filial consortium. The claimants would be entitled to a total of Rs.1,60,000/- (Rupees One Lakh Sixty Thousand only) over and above the amount deposited. The additional amounts with the interest due shall also be deposited/paid by the

[3] (2018) 18 SCC 130

Insurance Company. The total award amount shall carry interest at the rate of 9% per annum from the date of claim petition. The balance amount shall be paid by the Insurance Company to the claimants within a period of one month from the receipt of this Judgment.

10. The appeal shall stand allowed.

11. Pending applications, if any, shall stand disposed of.

..... J.
(AHSANUDDIN AMANULLAH)

..... J.
(K. VINOD CHANDRAN)

NEW DELHI
DECEMBER 15, 2025.