2025 INSC 526

REPORTABLE

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2025

[@ SPECIAL LEAVE PETITION (CIVIL) NO.10664 OF 2019]

NIDHI BHARGAVA & ORS. …APPELLANTS

A1: NIDHI BHARGAVA

A2: MANUJ BHARGAVA

A3: ANUJ BHARGAVA

VERSUS

NATIONAL INSURANCE COMPANY LTD. & ORS.

…RESPONDENTS[1]

R1: NATIONAL INSURANCE COMPANY LTD. *THROUGH* ITS REGIONAL MANAGER

R2: K. L. BHARGAVA

R3: ANIL KUMAR KUKREJA

J U D G M E N T

[1] As per the amended Memo of Parties.

AHSANUDDIN AMANULLAH, J.

Leave granted.

2. This appeal arises from the Final Judgment and Order dated 20.09.2018 (hereinafter referred to as the 'Impugned Order') [**2018:DHC:6122** | **2018 SCC OnLine Del 11494**] in MAC. APP. No.589 of 2018 rendered by a learned Single Judge of the High Court of Delhi (hereinafter referred to as the 'High Court') filed by Respondent No.1-Insurance Company, whereby the High Court disposed of the appeal by reducing the compensation payable to the Appellants from Rs.31,41,000/- (Rupees Thirty-One Lakhs Forty-One Thousand) to Rs.16,97,370/- (Rupees Sixteen Lakhs Ninety-Seven Thousand Three Hundred and Seventy) maintaining the interest awarded at the rate of 9% *per annum*.

FACTS IN BRIEF:

3. On 12.08.2008, a Blue Line bus bearing Registration No.DL-1PB-0035, being driven by one Javed Aftar in an allegedly negligent manner, hit a motorcycle bearing Registration No.DL-6SX-6483, which

was being driven by Kapil Bhargava (hereinafter referred to as the 'deceased') along with his wife (Appellant No.1), as a result of which the deceased died in hospital and Appellant No.1 survived, but suffered grievous injuries.

4. The Appellants and other legal heirs of the deceased filed a Claim Petition *viz*. MACT No.357515/2016 under Section 166 read with Section 140 of the Motor Vehicles Act, 1988 (hereinafter referred to as the 'Act') before the Court of the learned Judge, MACT-1 (Central), Delhi (hereinafter referred to as the 'Tribunal'), claiming compensation for the death of the deceased for Rs.40,00,000/- (Rupees Forty Lakhs). After hearing the parties, on 20.03.2018, the Tribunal by a common judgment awarded a compensation of Rs.31,41,000/- (Rupees Thirty-One Lakhs Forty-One Thousand) with interest at the rate of 9% *per annum* from the date of filing of the Claim Petition, i.e., 27.09.2008 till realization in MACT No.357515/2016.

5. The Appellants, being aggrieved by the Award/Order dated 20.03.2018 in MACT No.357515/2016 preferred an appeal, namely, MAC. APP. No.796/2018 before the High Court for enhancement of the

compensation awarded by the Tribunal. Respondent No.1, also aggrieved by the Award/Order dated 20.03.2018, preferred MAC. APP. Nos.589/2018 and 592/2018 before the High Court against, apropos MACT No.357515/2016 and MACT No.357259/2016, respectively.

6. The High Court disposed all the three MAC. APP. petitions by the common Impugned Order and held that the Income Tax Returns for the Assessment Year 2008-2009 were filed after the date of the accident, therefore, the income of the deceased had to be assessed on the basis of Assessment Year 2007-2008. While changing some of the heads of compensation granted by the Tribunal, the High Court reduced the compensation payable to the Appellants from Rs.31,41,000/- (Rupees Thirty-One Lakhs Forty-One Thousand) to Rs. 16,97,370/- (Rupees Sixteen Lakhs Ninety-Seven Thousand Three Hundred and Seventy). The High Court also modified the compensation under various heads from Rs.4,30,000/- (Rupees Four Lakhs Thirty Thousand) to Rs.3,94,543/- (Rupees Three Lakhs Ninety-Four Thousand Five Hundred Forty-Three) insofar as MACT No.357259/2016 was concerned.

7. The Appellants have filed the instant appeal challenging the Order of High Court only *qua* MAC. APP. No.589/2018.

8. It would be useful to set out the computation as per the Tribunal's Award and the Impugned Order:

Sl. No.	**Name of Head**	**High Court (In Rs.)**	**MACT (In Rs.)**
1.	Loss of Income	16,27,370/-	30,70,690/-
2.	Loss of Estate	15,000/-	15,000/-
3.	Loss of Consortium	40,000/-	40,000/-
4.	Funeral Expenses	15,000/-	15,000/-
	Total	16,97,370/-	31,40,690/- [*Rounded off to 31,41,000/-*]

APPELLANTS' SUBMISSIONS:

9. The learned counsel for the Appellants submitted that the High Court had erred in ignoring the gross income shown by the deceased-Assessee for the Assessment Year 2008-2009. As a matter of fact, the Assessment Year for the Return filed in 2008-2009 was, in fact, the gross income of the deceased-Assessee for the Financial Year

01.04.2007 to 31.03.2008, for which, the accounts of the Assessee were already sealed, as cut-off date i.e., 31.03.2008, was prior to the date of the accident. It was submitted that there was no question of any manipulation by the Assessee or the persons claiming through him. It was prayed that the appeal be deservedly allowed, on this short ground alone.

RESPONDENT NO.1'S SUBMISSIONS:

10. The learned counsel for the Respondent No.1 submitted that the Impugned Order is well-reasoned and does not warrant any interference. Learned counsel urged that the average of the Income Tax Returns for the Assessment Years 2007-2008 and 2008-2009, at best, could be the basis for assessing the income of deceased. It was otherwise prayed that the appeal be dismissed and the Impugned Order be upheld.

ANALYSIS, REASONING AND CONCLUSION:

11. Having considered the matter, we find the reasoning in the Impugned Order to be, putting it mildly, erroneous. The only reasoning

by the High Court can be found in Paragraph 10 of the Impugned Order, extracted below:

> '***10.*** *Upon hearing and on perusal of impugned Award, evidence on record and the decisions cited, I find that in the case of deceased-Kapil Bhargava, the income tax returns for assessment years 2008-09 was filed on 10th September, 2008 i.e. after the day of accident and so, it has to be excluded from consideration. The income of deceased-Kapil Bhargava has to be assessed on the basis of previous assessment year's income tax return i.e. for the year 2007-08. The gross income of deceased in the assessment year 2007-08 was Rs. 1,25,600/- and after deducting tax of Rs. 1610/-, the net income of deceased is assessed at Rs. 1,23,990/-. Deceased- Kapil Bhargava was aged 43 years on the day of accident and in view of Supreme Court's decision in Sarla Verma (Smt.) v. Delhi Transport Corporation (2009) 6 SCC 121, the Tribunal has rightly applied multiplier of 14. In light of Supreme Court's Constitution Bench decision in National Insurance Company Ltd. v. Pranay Sethi (2017) 16 SCC 680, the Tribunal has rightly made addition of 25% towards "future prospects. In view of aforesaid, the "loss of dependency" of deceased- Kapil Bhargava is reassessed as under:—*
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> *Rs. 1,23,990/- × 14 × 125/100 × ¾ = Rs. 16,27,370/-*'
>
> (emphasis supplied)

12. Just because on the date of the accident i.e., 12.08.2008, the Return for the Assessment Year 2008-2009 had not been filed, cannot

disadvantage the appellants, for the reason that the period for which the Return is to be submitted covers the period starting 1st of April, 2007 and ending 31st March, 2008. Thus, for obvious reasons, the Return would be only for the period 01.04.2007 to 31.03.2008, and date of submission would be post-31.03.2008. No income earned beyond 31.03.2008 would reflect in the Income Tax Return for the Assessment Year 2008-2009. To reject the Return on the sole ground of its submission after the date of accident alone, in our considered view, cannot be legally sustained.

13. The Income Tax Return is a legally admissible document on which the income assessment of the deceased could be made. This Court in ***Malarvizhi v United India Insurance Co. Ltd.*, (2020) 4 SCC 228** affirmed that the determination of income must proceed on the basis of Income Tax Return(s), when available, being a statutory document. In ***S Vishnu Ganga v Oriental Insurance Company Limited*, 2025 SCC OnLine SC 182**, we opined:

> '***11.*** *…It is no longer res integra that Income Tax Returns are reliable evidence to assess the income of a deceased, reference whereof can be made to Amrit Bhanu Shali v. National Insurance Co. Ltd., (2012) 11 SCC 738* [Para 17]*; Kalpanaraj v. Tamil Nadu State Transport Corporation, (2015) 2 SCC 764* [Para 7],

and K Ramya (supra) [Para 14 of 2022 SCC OnLine SC 1338].'

(emphasis supplied)

14. In ***Malarvizhi*** (*supra*), the Madras High Court relied upon the Returns '*for Assessment Year 1997-1998 and not 1999-2000 and 2000-2001 which reflected a reduction in the annual income of the deceased*' therein.

15. The High Court interfered and reduced the compensation as awarded by the Tribunal only on the ground that Return for the Assessment Year 2008-2009 had to be excluded from consideration. It is not in dispute that the deceased was a businessman. The relevance of the Income Tax Return stems, in the context of the Act, for the period which it relates to i.e., the Financial Year concerned, and not on the date on which it is filed with the Income Tax Department. When faced with Returns for different Assessment Years, it would be upto the Tribunal concerned to adopt either the average income therefrom or choose an Assessment Year to rely upon. There is good reason to leave judicial discretion on the Tribunal to adopt one of the afore-noted two courses of action, bearing in nature the social purpose and object behind the Act, which is a beneficial legislation. It is quite unfortunate

that the High Court in the present case has dealt with the matter in such a casual and superficial way where the rightful claim of the appellants under a welfare legislation has been drastically reduced without any cogent reason on a very tenuous ground, which we find to be totally unjustified. As pointed out in ***Shivaleela v Divisional Manager, United India Insurance Co. Ltd.*, 2025 SCC OnLine SC 563**:

> '***13.*** *... In K Ramya v. National Insurance Co. Ltd., 2022 SCC OnLine SC 1338, after taking note of, inter alia, Ningamma v. United India Insurance Co. Ltd., (2009) 13 SCC 710, the Court held that the '… Motor Vehicles Act of 1988 is a beneficial and welfare legislation that seeks to provide compensation as per the contemporaneous position of an individual which is essentially forward-looking. Unlike tortious liability, which is chiefly concerned with making up for the past and reinstating a claimant to his original position, the compensation under the Act is concerned with providing stability and continuity in peoples' lives in the future. …' …'*[2]
>
> (underlined in original)

16. On the strength of the reasons afore-indicated, the Impugned Order is modified to the extent that the original amount [Rs. 31,41,000/- (Rupees Thirty-One Lakhs Forty-One Thousand)] awarded

[2] Also reported as **[2025] 4 SCR 63** | **2025 INSC 357**.

by the Tribunal in MACT No.357515/2016 as compensation is restored. Payment be made to the Appellants by the Respondent No.1 at the rate of 9% interest *per annum* after adjusting amount(s), if any, that may have been paid during the interregnum. The exercise be completed within two months from today, failing which an additional 9% interest *per annum* shall be payable for the period of delay, both on the principal amount as well as on the interest component, till the date of actual payment. No order as to costs, in the circumstances.

17. The Civil Appeal is disposed of accordingly.

…….J.
[SUDHANSHU DHULIA]

…….J.
[AHSANUDDIN AMANULLAH]

NEW DELHI
APRIL 22, 2025