

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 7729 OF 2021  
(Arising out of S.L.P.(C) No. 9717 of 2019)

SUMATHI & ORS.

.....Appellant(s)

Versus

M/S. NATIONAL INSURANCE COMPANY LTD. & ANR.

.....Respondent(s)

O R D E R

Leave granted.

This civil appeal is filed by legal heirs of the deceased - Late Balasubramanian, aggrieved by the judgment dated 8<sup>th</sup> November, 2017 passed by the Madurai Bench of Madras High Court in CMA(MD) No.1135 of 2015. By the aforesaid judgment, the High Court has allowed the Misc. Appeal filed by the Insurance Company under Section 173 of the Motor Vehicles Act, 1988, reducing the compensation from Rs.40,16,496/- to Rs.25,25,000/-.

The appellants herein, are legal heirs of the deceased and have filed a claim petition bearing MACOP No.76 of 2011 before the Motor Accident Claims Tribunal, Subordinate Court, Paramakudi, claiming compensation of Rs.40,00,000/-. In the claim petition, it was the case of the appellants that the deceased, on the date of accident, was going to attend a teachers' meeting at Erode and was travelling in Mahindra Van bearing no.TN-65-2979, which belonged to the first respondent. The van in which he was travelling, met with an accident by dashing against a lorry. In the said accident, the

deceased-Late Balasubramanian sustained injuries and subsequently, he succumbed to injuries in the hospital.

The Motor Accident Claims Tribunal has held that the accident occurred due to negligent driving of driver of the van. As the deceased was Govt. Servant and had died at the age of 54 years, while drawing a salary of Rs.45,643/- per month (as per the salary certificate at Annexure "C-6"), after deducting one-third amount towards personal expenses and by applying multiplier of 11, awarded compensation of Rs.40,16,496/- towards loss of dependency, Rs.20,000/- towards loss of consortium, Rs.30,000/- towards loss of love and affection and Rs.10,000/- towards funeral expenses. Totally, the tribunal has awarded Rs.40,76,496/- as compensation with interest @7.5% per annum.

The first respondent - Insurance Company has filed civil miscellaneous appeal, aggrieved by the judgment of the Tribunal, before the High Court. The High Court while referring to earlier judgments and also judgments of this Court in the case of *SARLA VERMA (SMT.) & ORS VS. DELHI TRANSPORT CORPORATION & ANR.* reported in (2009)6 SCC 121 and in the case of *PUTTAMMA & ORS. VS. K. L. NARAYANA REDDY & ANR.* reported in (2013) 15 SCC 45, has held that compensation is to be awarded by applying split multiplier. In the impugned judgment, the High Court has assessed the compensation by taking the total salary of the deceased for leftover service of four years and 50% of salary for remaining period, and awarded a total compensation of Rs.24,64,722/-(rounded off to Rs.24,65,000/-) instead of Rs.40,16,496/- awarded by the Tribunal. By further awarding an amount of Rs.60,000/- under other heads, the High Court has held that the appellants - claimants are entitled for total

compensation of Rs.25,25,000/- together with interest @7.5% per annum.

We have heard learned counsel for the appellants - claimants and learned counsel for the respondents.

Mainly, it is contended by learned counsel for the appellants that without assigning any specific reason, the High Court has applied the split multiplier, contrary to the judgment of this Court in the case of *PUTTAMMA & ORS. VS. K. L. NARAYANA REDDY & ANR.* It is submitted that in normal cases, the appellants are entitled for compensation by applying the multiplier as per the judgment of this Court in the case of *SARLA VERMA (SMT.) & ORS VS. DELHI TRANSPORT CORPORATION & ANR.* It is contended that without recording any specific reason, the High Court has applied split multiplier for the purpose of assessing the compensation. On the other hand, it is submitted by learned counsel for the respondents that as on the date of accident, the deceased was about 54 years and he was having leftover service of only four years. It is submitted that after retirement, as the deceased was to get pension only to the extent of 50% of the salary, as such, the High Court has correctly applied split multiplier for the purpose of assessing the compensation and no interference is called for.

Having heard the learned counsels on both sides, we have perused the impugned judgment and other material placed on record.

The High Court has applied split multiplier by referring to the judgment of this Court in the case of *PUTTAMMA & ORS. VS. K. L. NARAYANA REDDY & ANR.*, without recording any specific reason, contrary to the said judgment. The High Court has applied split multiplier only on the ground that the deceased was 54 years of age

at the time of accident and leftover service was only four years. In the judgment in the case of *PUTTAMMA & ORS. VS. K. L. NARAYANA REDDY & ANR.*, in similar circumstances, where the split multiplier was applied for the purpose of assessing compensation by the High Court, this Court has allowed the appeal by setting aside the judgment of the High Court. Para 66 of the judgment of the case of *PUTTAMMA & ORS. VS. K. L. NARAYANA REDDY & ANR.* is relevant for the purpose of disposal of this appeal. The relevant para 66 reads as under:

"66. In the appeal which was filed by the claimants before the High Court, the High Court instead of deciding the just compensation allowed a meagre enhancement of compensation. In doing so, the High Court introduced the concept of split multiplier and departed from the multiplier system generally used in the light of the decision in *Sarla Verma* case without disclosing any reason. The High Court has also not considered the question of prospect of future increase in salary of the deceased though it noticed that the deceased would have continued in pensionable services for more than 10 years. When the age of the deceased was 48 years at the time of death it wrongly applied multiplier of 10 and not 13 as per decision in *Sarla Verma*. Thus, we fail to appreciate as to why the High Court chose to apply split multiplier and applied multiplier of 10. We, thus, find that the judgment of the High Court is perverse and contrary to the evidence on record and is fit to be set aside for not having considered the future prospects of the deceased and also for adopting split multiplier method against the law laid down by this Court. In view of our aforesaid finding, we hold that the judgment of the High Court deserves to be set aside. We, accordingly, set aside the impugned judgment and hold that the claimants are entitled for total compensation of Rs.23,43,688. They shall also get interest on the enhanced compensation at the rate of 12% per annum from the date of filing of the complaint petition. Respondent 2 Insurance Company is directed to pay the enhanced/additional compensation and interest to the claimants within a period of three months by getting prepared a demand draft in their name."

From a reading of the above judgment, it is clear that in normal course, the compensation is to be calculated by applying the multiplier, as per the judgment of this Court in

the Case of SARLA VERMA. Split multiplier cannot be applied unless specific reasons are recorded. The finding of the High Court that the deceased was having leftover service of only four years, cannot be construed as a special reason, for applying the split multiplier for the purpose of assessing the compensation. In normal course, compensation is to be assessed by applying multiplier as indicated by this Court in the judgment in the case of SARLA VERMA. As no other special reason is recorded for applying the split multiplier, judgment of the High Court is fit to be set aside by restoring the award of the Tribunal.

For the aforesaid reasons, this civil appeal is allowed by setting aside the judgment of the High Court dated 8<sup>th</sup> November, 2017 passed in C.M.A.(MD) No.1135 of 2015 passed by Madurai Bench of Madras High Court. Further, we restore the award passed by the Tribunal and the claimants are entitled for compensation as per the award dated 15.12.2012 passed by the Motor Accident Claims Tribunal, Subordinate Court, Paramakudi in MACOP No.76 of 2011. The compensation payable to the appellants, as per the aforesaid award, shall be paid by the first respondent - Insurance Company, within a period of two months from the date of this order.

Pending application(s), if any, shall stand disposed of.

.....J.  
(R. SUBHASH REDDY)

.....J.  
(HRISHIKESH ROY)

New Delhi;  
December 15, 2021.

S U P R E M E C O U R T O F I N D I A  
RECORD OF PROCEEDINGS

Petition for Special Leave to Appeal (C) No. 9717/2019

(Arising out of impugned final judgment and order dated 08-11-2017 in CMAMD No. 1135/2015 passed by the High Court of Judicature at Madras at Madurai)

SUMATHI & ORS.

Petitioner(s)

VERSUS

M/S. NATIONAL INSURANCE COMPANY LTD. & ANR.

Respondent(s)

(IA NO.146078/2018 - CONDONATION OF DELAY IN FILING SPECIAL LEAVE PETITION AND IA NO.146082/2018-EXEMPTION FROM FILING O.T.) )

Date : 15-12-2021 This petition was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE R. SUBHASH REDDY  
HON'BLE MR. JUSTICE HRISHIKESH ROY

For Petitioner(s) Mr. B. Raghunath, Adv.  
Ms. N.C. Kavitha, Adv.  
Mr. Vijay Kumar, AOR

For Respondent(s) Mr. K. K. Bhat, Adv.  
Mr. Ranjan Kumar Pandey, AOR

UPON hearing the counsel the Court made the following  
O R D E R

Leave granted.

The civil appeal is allowed in terms of signed order.

Pending application(s), if any, shall stand disposed of.

(NEETA SAPRA)  
COURT MASTER (SH)  
(Signed order is placed on the file)

(DIPTI KHURANA)  
COURT MASTER (NSH)