

Sarla Devi & Ors. Vs. Reliance General Insurance Company Ltd. & Ors.

Civil Appeal No. _____ of 2026 arising out of SLP (Civil) No. 13979 of 2018 · Supreme Court of India · 2026-05-26 · Vikram Nath · Sandeep Mehta · Vijay Bishnoi · F2J-C-0993

Full judgment text

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[Civil Appeal No. _____ of 2026 arising out of SLP (Civil) No. 13979 of 2018]

Vijay Bishnoi, J.

1. Leave Granted.

2. The present appeal has been preferred by the Appellants challenging the order dated 12.09.2017 (hereinafter referred to as "impugned order") passed by the High Court of Punjab and Haryana at Chandigarh (hereinafter referred to as "the High 2 Court") in F.A.O. No. 3633 of 2015, wherein the High Court allowed the appeal, and modified the compensation amount awarded by the Motor Accident Claims Tribunal, Rohtak (hereinafter referred to as "Tribunal") vide award dated 23.02.2015 in M.A.C.T. Case No. 117 of 2012, thereby granting a total compensation of Rs.7,70,400/- to the Appellants.

FACTUAL MATRIX

3. On 23.07.2012, at about 9:00 PM, Sachin Kumar (hereinafter referred to as "deceased") was travelling from Jhajjar to Rohtak on motorcycle bearing Registration No. HR-12H-2221, driving on the correct side of the road and at a moderate speed. When he reached near Pehlwan Dhaba on Rohtak-Jhajjar Road, near village Karontha, a Trola bearing Registration No. RJ-14GC-8428, being driven rashly and negligently at a high speed from the opposite direction, came onto the wrong side of the road and collided with the motorcycle. Due to the impact, the deceased sustained fatal injuries and died on the spot.

4. The Appellants herein, the widow (Appellant No. 1), the minor daughter of the deceased (Appellant No. 2), the mother of the deceased (Appellant No. 3) and the father of the deceased (Appellant No. 4) filed a claim petition bearing MACT Case No. 117 of 2012, under Section 166 of the Motor Vehicles Act, 1988 (hereinafter referred to as "the Act") before the Tribunal. The Appellants, contending that the deceased was 25 years of age at the time of accident and was employed as a constable in the Haryana Police Department, Government of Haryana, drawing a salary of ₹ 18,000/-, claimed ₹ 40,00,000/- as compensation at an interest of 18% per annum from the Respondents herein.

5. The Tribunal, after considering the pleadings and evidence adduced by the parties, held that the deceased had died due to the injuries sustained in the accident, which occurred on account of the rash and negligent driving of Respondent No. 2, who was driving Trola bearing Registration No. RJ-14GC-8428. Further, on the basis of the matriculation certificate, postmortem report, and the pleadings of the claimants, the Tribunal assessed the age of the deceased to be between 24 and 25 years.

Upon perusal of the salary certificate of the deceased, the Tribunal determined his gross monthly salary to be ₹ 16,230/-. Relying upon the judgment in Sarla Verma and Others vs. Delhi Transport Corporation and Anr., reported in (2009) 6 SCC 121, the Tribunal assessed the total compensation payable to Appellant Nos. 1 to 3 at ₹ 37,30,680/- along with interest @ 8% per annum, payable jointly and severally by the respondents, as the offending vehicle was duly insured with Respondent No. 1.

6. As regards Appellant No.4, the Tribunal held that he was a retired government servant and was receiving pension, and thus could not be considered a dependent under the Act. Consequently, the Tribunal directed that the amount under the head of loss of dependency, was to be divided equally between the Appellant Nos. 1 to 3. The compensation assessed by the Tribunal is as under:

7. Aggrieved by the award passed by the Tribunal, Respondent No. 1/Insurer preferred an appeal being FAO No. 3633 of 2015 (O&M) before the High Court. The High Court, after considering the

submissions advanced by the parties, held that the Tribunal had rightly assessed the income of the deceased and correctly applied the relevant factors for computation of compensation, but had failed to deduct ₹ 9,490/- per annum towards the income tax liability of the deceased.

While affirming the compensation awarded under the various heads, the High Court enhanced the compensation payable under the head of loss of love and affection to the Appellant No. 2 (daughter) from ₹ 50,000/- to ₹ 1,00,000/-. The High Court further modified the award of ₹ 50,000/- granted by the Tribunal towards loss of love and affection to both the Appellant Nos. 1 and 3 (wife and mother respectively), by restricting the same exclusively in favour of the Appellant No. 3 (mother). In addition thereto, the High Court also awarded a sum of ₹ 25,000/- towards loss of estate. Consequently, the total compensation payable to the claimants was determined at ₹ 36,91,800/-.

8. Furthermore, the High Court by placing reliance on the judgment passed by this Court in *Reliance General Insurance Company Ltd. vs. Shashi Sharma and Others*, reported in (2016) 9 SCC 627, held that any benefit derived by the family members of the deceased employee from the Haryana Government under the Haryana Compassionate Assistance to the Dependents of Deceased Government Employees Rules, 2006 (hereinafter referred to as "the 2006 Rules"), shall be deducted from the compensation assessed under the Act. The High Court assessed the amount payable as financial assistance under the 2006 Rules at ₹ 29,21,400/- (₹ 16,230 x 12 months x 15 years) and consequently, reduced the amount of compensation payable under the Act to ₹ 7,70,400/-. The compensation awarded by the High Court is as follows:

SUBMISSIONS ON BEHALF OF THE APPELLANTS

9. Mr. Rameshwar Singh Malik, learned Senior Counsel appearing for the Appellants, contended that the High Court failed to appreciate that the 2006 Rules were framed as a welfare legislation to provide financial and social security to the dependents of deceased government employees and no benefit arising therefrom could have been extended to the Respondent No.1/Insurer by way of deduction from compensation awarded under the Act.

It was further contended that the High Court erred in relying upon the judgment in *Shashi Sharma* (supra) without considering the distinct facts and circumstances of the present case, thereby causing grave miscarriage of justice. The High Court also failed to consider that the deceased was the sole breadwinner and was survived by his young widow, minor daughter and a dependent mother, who had no independent source of income, and the deduction from the compensation caused serious prejudice and financial hardship to the Appellants.

10. The learned Senior Counsel for the Appellants has further submitted that so far as the compensation to the mother is concerned, the High Court has erringly neglected the fact that she is not entitled to any financial assistance under the 2006 Rules and consequently, the mother's entitlement of compensation under the head of loss of dependency cannot be settled towards the amount payable as financial assistance to the eligible family members under the 2006 Rules.

SUBMISSIONS ON BEHALF OF THE RESPONDENT NO.1

11. Mr. Joy Basu, the learned Senior Counsel appearing for the Respondent No.1/Insurance Company, submitted that the quantum of compensation awarded under the head of loss of dependency is fully covered by the financial assistance awarded by the State Government under the 2006 Rules for loss of income and hence, the High Court has rightly relied on *Shashi Sharma* (supra), while reducing the financial assistance payable under the 2006 Rules from the compensation amount calculated towards loss of income. The learned Senior Counsel further argued that the deceased joined the service on 03.08.2007 under a non-pensionable service regime and therefore, the documents relied upon by the Appellants are neither relevant nor applicable to the present case.

ANALYSIS

12. Having considered the rival submissions advanced by both sides and the material available on record, the controversy arising in the present appeal may be crystallised into the following three issues:

a. Whether the financial assistance payable under the 2006 Rules is liable to be deducted from the compensation amount assessed under the Act to prevent duality of loss of income?

b. Whether the financial assistance payable to the eligible family members under the 2006 Rules will affect the mother's entitlement under the Act?

c. What would be the final quantum of compensation to be awarded under the Act?

Findings on Issue A

13. The 2006 Rules were enacted with the object of providing ex-gratia financial assistance to the dependents of a deceased or missing government employee, so as to ensure immediate socio-economic support to the bereaved family. The 2006 Rules seek to protect the family from sudden financial hardship and destitution arising out of the untimely loss of the sole breadearner of the household. The 2006 Rules comprehensively provide for the category of persons entitled to such financial assistance, the procedure for making a claim, as well as the quantum and duration of the assistance payable to the family members of the deceased employee.

Rule 5(1) of the 2006 Rules specifically provides that the family of the deceased employee shall be entitled to financial assistance equivalent to the last drawn salary of the deceased employee. The Rule further classifies the period for which such assistance is payable on the basis of the age of the deceased employee at the time of death, namely: (i) 15 years where the deceased employee was below 35 years of age; (ii) 12 years where the deceased employee was between 35 and 48 years of age; and (iii) 7 years where the deceased employee was above 48 years of age.

14. In the present case, the deceased was 25 years of age at the time of his death and, therefore, in terms of Rule 5(1) of the 2006 Rules, the eligible family members of the deceased are entitled to financial assistance equivalent to the last drawn salary of the deceased, i.e., ₹ 16,230/- per month, for a period of 15 years. The amount of financial assistance payable to the eligible family members has been correctly calculated by the High Court in accordance with the provisions of the 2006 Rules. Consequently, the eligible family members are entitled to financial assistance amounting to ₹ 29,21,400/-.

15. The next consideration is whether the High Court was justified in deducting the aforesaid amount of financial assistance of ₹ 29,21,400/- from the total award amount under the Act. A three-Judge Bench of this Court has laid down the jurisprudence regarding dual benefits under the head of loss of income in *Shashi Sharma* (supra). By adopting a harmonious approach, this Court held therein that the amount receivable by the dependents under the 2006 Rules towards pay and other service-related emoluments is liable to be excluded or deducted while computing compensation under the head of loss of dependency under the Act. Otherwise, the compensation granted would exceed the actual pecuniary loss suffered and would operate as a financial windfall to the claimants. The relevant extract from *Shashi Sharma* (supra) is as follows:

"18. The principle discernible from the exposition in *Helen C. Rebello* case is that if the amount "would be due to the dependants of the deceased even otherwise", the same shall not be deductible from the compensation amount payable under the 1988 Act. At the same time, it must be borne in mind that loss of income is a significant head under which compensation is claimed in terms of the 1988 Act. The component of quantum of "loss of income", inter alia, can be "pay and wages" which otherwise would have been earned by the deceased employee if he had survived the injury caused to him due to motor accident.

If the dependants of the deceased employee, however, were to be compensated by the employer in that behalf, as is predicated by the 2006 Rules-to grant compassionate assistance by way of ex gratia financial assistance on compassionate grounds to the dependants of the deceased government employee who dies in harness, it is unfathomable that the dependants can still be permitted to claim the same amount as a possible or likely loss of income to be suffered by them to maintain a claim for compensation under the 1988 Act.

26. Indeed, similar statutory exclusion of claim receivable under the 2006 Rules is absent. That, however, does not mean that the Claims Tribunal should remain oblivious to the fact that the claim towards loss of pay and wages of the deceased has already been or will be compensated by the employer in the form of ex gratia financial assistance on compassionate grounds under Rule 5(1). The Claims Tribunal has to adjudicate the claim and determine the amount of compensation which appears to it to be just. The amount receivable by the dependants/claimants towards the head of "pay and allowances" in the form of ex gratia financial assistance, therefore, cannot be paid for the second time to the claimants.

True it is, that the 2006 Rules would come into play if the government employee dies in harness even due to natural death. At the same time, the 2006 Rules do not expressly enable the dependants of the deceased government employee to claim similar amount from the tortfeasor or insurance company because of the accidental death of the deceased government employee. The harmonious approach for determining a just compensation payable under the 1988 Act, therefore, is to exclude the amount received or receivable by the dependants of the deceased government employee under the 2006 Rules towards the head financial assistance equivalent to "pay and other allowances" that was last drawn by the deceased government employee in the normal course.

This is not to say that the amount or payment receivable by the dependants of the deceased government employee under Rule 5(1) of the Rules, is the total entitlement under the head of "loss of income". So far as the claim towards loss of future escalation of income and other benefits is concerned, if the deceased government employee had survived the accident can still be pursued by them in their claim under the 1988 Act. For, it is not covered by the 2006 Rules.

Similarly, other benefits extended to the dependants of the deceased government employee in terms of sub-rule (2) to sub-rule (5) of Rule 5 including family pension, life insurance, provident fund, etc., that must remain unaffected and cannot be allowed to be deducted, which, any way would be paid to the dependants of the deceased government employee, applying the principle expounded in Helen C. Rebello and Patricia Jean Mahajan cases."

(Emphasis Supplied)

In view of the aforesaid precedent, the instant issue is answered in the affirmative and the High Court has rightly deducted the amount of financial assistance payable to the eligible family members under the 2006 Rules from the total compensation awarded under the Act.

Findings on Issue B

16. The High Court after assessing the amount of financial assistance payable to the Appellants under the 2006 Rules has omitted to consider the eligibility of the Appellant No.3 (mother), being one of the dependents under the Act. Rule 3 of the 2006 Rules stipulates that the eligibility to receive financial assistance would be determined as per the provisions of the Family Pension Scheme, 1964 (hereinafter referred to as the "1964 Scheme"). Thus, before harping on the issue of eligibility of the "mother" under the 2006 Rules, we deem it apposite to refer to the definition of an "eligible family member" as provided under Para 4, sub-para (ii) and (iii) of the 1964 Scheme. The relevant extract of said provisions is as follows:

"4 (ii) "Family" for the purposes of this scheme includes the following relatives of the officer:-

- (a) wife, in the case of a male officer;
- (b) husband, in the case of a female officer;
- (c) minor sons;
- (d) unmarried minor daughters;
- (e) widowed/legally divorced daughters; and
- (f) the parents of an unmarried officer.

Note 1:- Clauses (c) and (d) include children adopted legally before retirement.

Note 2.- A judicially separated wife/husband does not lose her/his legal status of wife/husband of the Government employee and is thus eligible for the benefit of the Family Pension Scheme, 1964.

(iii) The pension is admissible-

- (a) in the case of widow/widower upto the date of death or remarriage, whichever is earlier;
- (b) in the case of son/unmarried daughter until he/she attains the age of twenty five years;
- (c) in the case of parents who were wholly dependent on the Government employee when he/she was alive, upto the date of death provided the deceased employee had left behind neither a widow nor a child;
- (d) in the case of children in the order of their birth and younger of them will not be eligible for family pension unless the elder next above him/her has become ineligible for grant of family pension;

(e) in the case of divorced/widowed daughter till they are alive : Provided that an unmarried daughter including widowed/divorced daughter will become ineligible for pension from the date of her marriage/remarriage:

Provided further that the son/unmarried daughter including widowed/divorced daughter shall become ineligible for pension if he or she starts earning livelihood."

(Emphasis Supplied)

17. Upon perusing Para 4, sub-para (ii) and (iii) of the 1964 Scheme, read analogously with the 2006 Rules, it is clear that Appellant No. 1 (widow) and Appellant No. 2 (daughter) are the eligible family members entitled to the ex-gratia financial assistance under the 2006 Rules. On the other hand, since it is evident that the parents only become entitled in case the deceased employee was unmarried or has not left behind his widow or any children, hence, the Appellant No. 3, being the mother of the deceased, is not entitled to any financial assistance under the 2006 Rules.

18. This same position of law has been further clarified by the High Court in *Ram Kala Devi vs. State of Haryana and Another*, reported in 2025 SCC OnLine P&H 12159, wherein it was held that a dependent parent is entitled to claim the benefit of financial assistance under the 2006 Rules only when the employee is not survived by either a widow or a child. The relevant extract of the case is as follows:

"12. The financial assistance rules of 2006 provide for eligibility to be as per the Scheme of 1964 and the person held eligible are prescribed under Rule 4(ii) of the Scheme of 1964 entitles the parents to the same only if the employee is unmarried.

13. Since at the time of his death, deceased was survived by his children including unmarried daughter, hence, petitioner being mother is not eligible for the same.

14. So far as his reliance to Rule 4(iii) of the Pension Rules, 1964 is concerned, the same is misplaced since the said rule governs grant of family pension and not financial assistance under the Scheme of 2006. The same is a separate claim which is not the relief claimed for in the present petition.

15. Even otherwise, even if arguments of the petitioner are accepted for the sake of arguments that Clause 'C' of the admissibility of pension as prescribed under Rule 4(iii) of the Pension Scheme, 1964 as applicable to the Financial Assistance Rules, 2006, the same would not be applicable to the case of the petitioner, yet, on a conjoint reading of the Financial Assistance Rules, 2006 with the Haryana Pension Scheme of 1964, a wholly dependent parent of a deceased Government employee shall be entitled to financial assistance only in case the employee does not leave behind either a widow or a child.

16. Learned Senior Counsel for the petitioner has been interpreting that in the absence of any other dependent of Government employee, the next in the order i.e. a dependent parent would automatically become eligible cannot be read into the said rules since the proviso is of vital significance. The said proviso entitles a dependent parent to claim the benefit of financial assistance only when the employee is not survived by either a widow or a child. In the present case, even though the deceased employee was not left behind by a widow, however, in the present case he was undisputedly left behind by two children.

The scheme does not contemplate that in the event of the children becoming ineligible for grant of any further financial assistance on account of suffering ineligibility on becoming major or marriage, the benefit would be admissible to the dependent parent. Any such reading into the scheme, that is not prescribed therein, would tantamount to legislation, which such act exercise cannot be undertaken by a Court in exercise of its writ jurisdiction."

(Emphasis Supplied)

In view of the aforesaid, the Appellant No. 3 (mother) cannot be treated as a family member eligible to receive the ex-gratia financial assistance in accordance with the 2006 Rules.

Findings on Issue C

19. The rule laid by this Court in the case of *Shashi Sharma (supra)*, is substantive in nature. It has been rightly held that there cannot be overlapping of compensation under the same head. At the same time, other benefits like future escalations, etc. cannot be deducted by application of the 2006 Rules. Further, in *National Insurance Company Ltd. vs. Birender and Others*, reported in (2020) 11 SCC 356,

this Court while reiterating the principle laid down in Shashi Sharma (supra), has clarified that first, the total compensation under the Act must be calculated and only thereafter, it must be adjusted in terms of the financial assistance actually received under the 2006 Rules.

20. In the instant case, the Tribunal correctly assessed the compensation under the head of loss of dependency by taking the monthly salary of the deceased as ₹ 16,230/-, adding 50% towards future prospects, and thereafter applying the multiplier of 18 in accordance with the settled principles provided in the case of Sarla Verma (supra). The High Court affirmed the said computation in principle, but noticed that the Tribunal had failed to deduct the income tax liability payable on the annual income of the deceased.

Accordingly, the High Court rightly modified the award by deducting ₹ 9,490/- per annum towards income tax liability and consequently recalculated the compensation payable under the head of loss of dependency at ₹ 33,91,800/-. Apart from the aforesaid modification, the High Court also correctly awarded compensation under the other conventional heads and ultimately determined the total compensation payable to the claimants at ₹ 36,91,800/-.

21. In addition thereto, the Tribunal has rightly excluded Appellant No. 4 (father) from the category of dependents entitled to compensation under the Act, as he was a retired government employee and was already receiving pension. Consequently, only Appellant Nos. 1 to 3 were treated as dependents of the deceased within the meaning of the Act and were held entitled to compensation under the head of loss of dependency in equal proportion. Further, since the deceased was employed under the Haryana Government, his family members were also entitled to receive financial assistance under the 2006 Rules.

Accordingly, the High Court correctly determined the amount of such financial assistance at ₹ 29,21,400/-. We are in agreement with the findings of the High Court insofar as the calculation of the said amount and its deduction from the total compensation payable under the Act is concerned, thereby reducing the payable compensation to ₹ 7,70,400/- (₹ 36,91,800 - ₹ 29,21,400). However, such deduction, in effect, defeats and negates the entitlement of the mother of the deceased, who was admittedly a dependent under the Act but was not eligible to receive any financial assistance under the 2006 Rules.

22. It is needless to state that statutory rules require a strict interpretation and the courts cannot read their own interpretation into such rules or expand the scope of such rules. However, we cannot lose sight of the fact that under social welfare legislations, the paramount consideration is awarding just and adequate compensation for all dependents of the deceased.

We risk diluting the said object if one of the dependents is deprived of the quantum of loss of dependency while the other dependents receive the same in bounty. Although it is settled that the mother is not entitled to any exgratia financial assistance under the 2006 Rules, since the deceased is survived by a widow and daughter, however, that does not diminish the independent legal injury suffered by the mother due to the sudden death of her son.

23. This Court in the case of State of Haryana and Another vs. Jasbir Kaur and Others, reported in (2003) 7 SCC 484, has held that while ensuring that the award of compensation under the Act is not profitable or in the nature of unjust enrichment, the award should also not turn out to be a mere pittance or grossly meagre. The relevant portion of the said judgment is extracted hereinbelow:

"7. It has to be kept in view that the Tribunal constituted under the Act as provided in Section 168 is required to make an award determining the amount of compensation which is to be in the real sense "damages" which in turn appears to it to be "just and reasonable". It has to be borne in mind that compensation for loss of limbs or life can hardly be weighed in golden scales. But at the same time it has to be borne in mind that the compensation is not expected to be a windfall for the victim. Statutory provisions clearly indicate that the compensation must be "just" and it cannot be a bonanza; not a source of profit; but the same should not be a pittance.

The courts and tribunals have a duty to weigh the various factors and quantify the amount of compensation, which should be just. What would be "just" compensation is a vexed question. There can be no golden rule applicable to all cases for measuring the value of human life or a limb. Measure of damages cannot be arrived at by precise mathematical calculations. It would depend upon the particular facts and circumstances, and attending peculiar or special features, if any.

Every method or mode adopted for assessing compensation has to be considered in the background of "just" compensation which is the pivotal consideration. Though by use of the expression "which appears to it to be just" a wide discretion is vested in the Tribunal, the determination has to be rational, to be done by a judicious approach and not the outcome of whims, wild guesses and arbitrariness. The expression "just" denotes equitability, fairness and reasonableness, and non-arbitrary. If it is not so it cannot be just."

(Emphasis Supplied)

24. The High Court, while applying the dictum laid down in Shashi Sharma (supra) and setting off the amount of loss of income granted under the 2006 Rules as against the compensation awarded under the Act, has reduced the award amount, without taking note of the fact that the Appellant No.3 (mother) is not entitled to any financial assistance under the 2006 Rules, thus leaving her devoid of her rightful compensation under the head of loss of dependency on both fronts. Negating the mother's claim, who is entitled to a 1/3rd share of the total compensation awarded, would amount to an illegal enrichment of the Respondent No.1/Insurance Company at the cost of a dependent parent.

25. In light of the aforesaid discussion, a sum of ₹ 11,30,600/, being the 1/3rd share of the compensation awarded under the head of loss of dependency out of the total amount of ₹ 33,91,800/- as determined by the High Court, is to be awarded in favour of the Appellant No. 3, namely, the mother of the deceased. It goes without saying that the amount of ₹ 11,30,600/- payable to the Appellant No. 3 will be added to the sum of ₹ 7,70,400/- as awarded by the High Court in the impugned order.

Consequently, it would bring the total compensation under the Act to ₹ 19,01,000/-, on which interest would be payable as accorded by the Tribunal and upheld by the High Court. The Respondents are jointly and severally liable to pay the aforesaid compensation to the Appellant/Claimants within a period of eight weeks from the date of this order.

26. The appeal is accordingly disposed of. All pending application(s), if any, shall also stand disposed of.

.....J. (Vikram Nath)

.....J. (Sandeep Mehta)

.....J. (Vijay Bishnoi)

New Delhi;

May 26, 2026.

Source disclosure: Complete sanitized public judgment text retained for research; official-primary replacement remains pending.

Disclaimer: General information only. Verify the current legal position and obtain professional advice before acting.