



**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

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FAO-4924-2014 (O&M)

Date of Decision: July 21, 2025

New India Assurance Company Ltd.

.....Appellant

Vs.

Sheela and others

.....Respondent(s)

CORAM: HON'BLE MRS. JUSTICE SUDEEPTI SHARMA

Present: Mr. Ravinder Arora, Advocate
for the appellant.

None for the respondents

SUDEEPTI SHARMA J. (ORAL)

1. The case is listed before this Court for referral to the “Special Mediation Drive-Mediation ‘For the Nation’ List”.
2. Learned counsel for the appellant contends that the matter cannot be referred to Mediation and Conciliation Centre of this Court.
3. In view of above, the appeal is taken up for hearing today itself.



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4. The present appeal has been filed by the appellant-Insurance company against the award dated 01.05.2014 passed in the claim petition under Section 166/140 of the Motor Accident Claims Tribunal, Karnal (for short, 'the Tribunal'), wherein the appellant-Insurance company was fastened with the liability to pay the compensation to the claimants along with interest @ 7.5% per annum.

BRIEF FACTS OF THE CASE

5. The brief facts of the case are that on 24.05.2012, Sheela-claimant alongwith her daughter Jigyasa @ Jiyasa (since deceased), who was 13 years of age was going to grocery shop for purchasing household articles. They were on foot and walking on their left side. When they reached near Dheeraj Chappal Factory, at that time, a truck bearing registration No. HR-37-TC-0156 (temporary) came from behind being driven by its driver (respondent No.1 Jagdish) rashly and negligently and at high speed. It struck against Jigyasa @ Jiyasa and run over her chest. The driver of the offending vehicle fled away from the spot by leaving the vehicle there. The injured Jigyasa @ Jiyasa was taken to Civil Hospital, Karnal in a private vehicle for treatment, from where she was referred to PGI, Chandigarh and unfortunately, she died on her way. In this regard, FIR No. 298 dated 24.05.2012 has been got registered against respondent No.1 Jagdish for the offences punishable under Sections 279/304-A IPC.

6. Upon notice of the claim petition, appellant-Insurance Company and owner of the offending vehicle appeared and contested the claim petition by filing their separate replies denying the factum of accident/compensation.



7. From the pleadings of the parties, the Tribunal framed the following issues:-

1. *Whether the motor vehicular accident, which took place on 24.05.2012 was caused on account of rash and negligent driving of vehicle bearing registration No.HR-37-TC-0156 by Jagdish respondent No. 1 resulting into the death of Jigyasa @ Jiyasa. If so, its effect?OPP.*
2. *If issue No.1 is proved, whether the claimants are entitled to claim any compensation. If so, how much and from whom?OPP.*
3. *Whether respondent No.1 was driving the offending vehicle in violation of terms and conditions of policy of insurance ?OPR.*
4. *Whether the claim petition is not maintainable ?OPR.*
5. *Whether the present claim petition has been filed by the claimants in collusion with driver and owner i.e. respondents No.1&2. If so, its effect ?OPR.*
6. *Relief.*

8. After taking into consideration the pleadings and the evidence on record, the learned Tribunal awarded compensation to the claimants. However, the liability to pay the compensation was fastened upon the appellant-Insurance Company. Hence the present appeal.

SUBMISSIONS OF LEARNED COUNSEL FOR THE APPELLANT

9. Learned counsel for the appellant-Insurance Company contends that the driver of the offending vehicle was not having valid and effective driving licence at the time of accident, therefore, the insurance company has wrongly been made liable to pay the compensation. He, therefore, prays that the present appeal be allowed.

10. I have heard learned counsel for the appellant and perused the whole record of the case.



11. The relevant portion of the award is reproduced as under:-

“9. Now the question arise from whom, the claimants would derive out the awarded amount of compensation. Respondent No.1-Jagdish had caused the accident as per my finding recorded under issue No.1. He has, thus, liable to satisfy the award. Respondent No.2 M/s Pasco Motors, Ambala is owner of the offending vehicle No.HR37TC-0156. It has, thus, made itself vicariously liable to satisfy the award. Respondent No.3-New India Assurance Company Ltd. is the insurer of the offending vehicle. The insurance policy is available on file, vide which the offending vehicle has been insured from 27.11.2011 to 26.11.2012. M/s Pasco Motors has been mentioned as being insured in the said policy. The insurer has also admitted that the offending vehicle No.HR37TC- 0156 is insured with it. In order to avoid its liability, the insurer has taken up a plea that respondent No.1-Jagdish was not having a valid and effective driving licence at the material time of accident. Ex.PW2/C is the driving licence of Jagdish. It has been issued by Licensing Authority, Fatehgarh/Farukhabad and the driver has been authorized to drive the vehicle of the description which has been involved in the accident. The licence of respondent No.1 Ex.PW2/C is valid from 29.03.2011 to 28.03.2014. It is carrying number as 7715 and has been initially issued on 23.03.2006. Ex.R2 is the report of surveyor (Sameer Kumar Vajpayee, Advocate) and Ex.R3 is the letter addressed to said surveyor by the Licencing Authority, Fatehgarh/Farukhabad. As per this letter, the licence of Jagdish has been found fake because requisite fee meant for getting the licence issued has not been deposited with the office. Learned counsel for the insurer has asserted that since licence is fake due to non deposit of fee meant for it, therefore, insurer must not be fastened with any liability



to satisfy the award. I do not find any convincing merit in this argument of the insurer for the obvious reason that issuance of a licence is certainly a condition subsequent to deposit of requisite fee meant for it, with the licensing authority. It can never be the case that licence is issued in favour of a person, and licence fee is to be deposited later on by the licence holder. This reason by itself, cast doubt on the authenticity and credibility of surveyor report Ex.R2 and context of letter Ex.R3. It has also been contended that the insurer has filed an application to supply route permit, fitness certificate, registration certificate and driving licence of the vehicle in question but no such documents have been supplied to it and thus, insurer be not fastened with the liability. This argument also does not carry any merit. PW2 Som Nath-Criminal Ahlmad was examined by the claimants on 27.07.2013. This witness has testified from the summoned record of the criminal case titled as State vs. Jagdish that the original Trade Certificate of this vehicle is in the name of M/s Pasco Motors, Ambala, which has been issued by RTA, Ambala and is valid up to 02.06.2014. The endorsement regarding renewal of Trade Certificate up to 02.06.2014, is also apparent from the back of Trade Certificate Ex.D2. He has also deposed regarding driving licence of Jagdish-driver. This witness has been cross-examined by learned counsel for the insurer on the aspect of driving licence. Once the insurer has acquired knowledge of driving licence and Trade Certificate concerning offending vehicle, then mere fact that these documents have not been supplied to it, will not escape the insurer from its ensuing liability to satisfy the award. The Trade Certificate Ex.PW2/D has been issued by Regional Transport Authority, Ambala under Central Motor Vehicles Rule, 1989. It is in the name of respondent No. 2 and has its validity up to



02.06.2014. It has been repeatedly renewed from time to time. It has been made valid throughout India. Ex.D3 is the invoice dated 23.05.2012 vide which TATA Motors Ltd. has sold the offending vehicle to M/s Pasco Motors, Ambala. Unfortunately, on the very next day i.e. on 24.05.2012, the vehicle has met with the present accident. Being a brand new vehicle, having sold to respondent No.2 just one day earlier to the date of accident, it can safely be presumed that the vehicle was fit and worthy enough to be plied on road. These documents and the reasons mentioned above, will pave the weight for this Tribunal to conclude that there is no infringement of Insurance Policy on the part of insured. The driving licence of respondent No.1 Jagdish is hereby held to be genuine and consequently the offending vehicle No.HR37TC-0156, was being plied on the road on 24.05.2012, without any infringement of terms and conditions of insurance policy. Consequently, the insurer is also held liable to satisfy the award. Resultantly, all the three respondents would be jointly and severally liable to satisfy the award. Issue No.2 is, thus, disposed of in the aforesaid manner.”

12. A careful and considered examination of the impugned award reveals that the learned Tribunal has thoroughly evaluated the evidence on record and rendered the findings that both are factually substantiated and legally tenable. The Tribunal, upon appreciation of material documents, including the driving licence (Ex.PW2/C), trade certificate (Ex.D2), and insurance policy, rightly concluded that there was no breach of conditions of the policy by the insured and accordingly held the insurance company liable to satisfy the award.

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13. This Court is mindful of the settled proposition of law that an insurer is statutorily entitled to raise certain defences under Section 149(2)(a) (ii) of the Motor Vehicles Act, 1988, including the defence that the driver of the offending vehicle did not possess a valid or effective driving licence at the time of the accident. However, such a defence is not absolute in nature and must be substantiated by credible and cogent evidence. The burden of proof to establish a willful breach of policy conditions by the insured, or a failure to exercise reasonable care in verifying the credentials of the driver, lies squarely on the insurer.

14. In the present case, the insurer has failed to discharge this burden. There is no cogent evidence to suggest that the owner of the vehicle, i.e. respondent No.2, M/s Pasco Motors had any actual or constructive knowledge that the driving licence possessed by respondent No.1, Jagdish was invalid or forged. On the contrary, the evidence indicates that the licence, on its face, appeared to be genuine, having been issued by a competent Licensing Authority and authorizing the driver to operate the class of vehicle involved in the accident.

15. It is trite law that an employer is expected to satisfy itself, at the time of employing a driver, that the driver holds a licence that appears valid and that the driver is competent to operate the relevant category of motor vehicle. The law does not mandate that the employer undertake a detailed, independent verification of the licence with the Regional Transport Authority unless there exist specific circumstances or tangible reasons casting doubt upon the authenticity of the licence. To impose such an onerous and impractical



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obligation upon the insured would be unreasonable, especially in the absence of any apparent irregularity or suspicion.

16. In this regard, the Hon'ble Supreme Court, in ***Rishi Pal Singh v. New India Assurance Co. Ltd. & Others, SLP (Civil) No. 24933 of 2019***, has unequivocally held that the owner is only expected to assess the driving competency of the driver and is not obligated to verify the genuineness of the licence from the licensing authority prior to employment. Once the owner is satisfied with the driver's ability to drive, the requirement to conduct further inquiry into the authenticity of the licence does not arise.

17. Furthermore, this Court, in its judgment in FAO-1528-2007 titled as ***National Insurance Company Limited Vs. Sanjeev Kumar @ Sanjay and others*** decided on 09.07.2025 while relying on judgment of Apex Court in ***Rishi Pal Singh's*** case (supra) has already adjudicated upon a similar issue and held that the owner of the vehicle is expected to verify driving skills and not run to license authority to verify the genuineness of the driving licence before employing a driver the relevant extracts of the same is reproduce as under:-

12. *Be that as it may, this Court is of the considered view that an employer is expected to ascertain whether a prospective driver possesses a driving licence that appears, on the face of it, to be valid and issued by a competent authority and that the driver is duly qualified to operate the class of vehicle for which he is being employed.*

13. *The law does not impose an obligation upon the employer to undertake an independent verification of the licence with the issuing Regional Transport Office (RTO), unless there are specific circumstances or tangible reasons that cast doubt on the authenticity or validity of the licence. Placing a higher burden on*



the insured to conduct elaborate verification across jurisdictions would amount to imposing an unreasonable and impractical obligation, especially in the absence of any apparent cause for suspicion. The standard to be applied is one of reasonableness, not that of absolute vigilance.

14. xxxxxx

15. xxxxxx

16. Hon'ble Supreme Court in ***Rishi Pal Singh versus New India Assurance Co. Ltd. and others, SLP (Civil) NO.24933 of 2019*** has held that the owner of the vehicle is expected to verify the driving skills and not run to the licensing authority to verify the genuineness of the driving licence before appointing a driver. Therefore, once the owner is satisfied that the driver is competent to drive the vehicle, it is not expected from the owner thereafter to verify the genuineness of the driving licence issued to the driver.

17. *Furthermore, this Court, in its judgment in FAO-1779-2006 titled as **Namita Vs. Nirmal Singh and Another**, decided on 19.02.2018 while relying on judgment of Apex Court in Rishi Pal Singh's case (supra) has already adjudicated upon a similar issue and held that the owner of the vehicle is expected to verify driving skills and not run to license authority to verify the genuineness of the driving licence before employing a driver the relevant extracts of the same is reproduce as under:-*

9. A perusal of the record shows that the appellant-Pawan Kumar appeared as RW-1 and stated that he had employed Manjit Singh-respondent No.1 as driver for his truck after duly verifying his driving licence. Furthermore, he had obtained verification from DTO Bhatinda through applications marked as Ex.-R1 and Ex.R2.

10. The relevant portion of the award dated 17.11.2001 is reproduced as under:-



“24. Now the question which calls for determination is as to from which of the respondents, the applicants are entitled to recover the above mentioned amount of compensation. Mr. P.K. Jindal, Advocate, learned counsel for the respondents no. 1 and 2 maintained that as emanates from the testimony of Pawan Kumar (RW.1), owner of the offending truck, he had employed Manjit Singh, respondent as driver on the truck after having verified his driving licence and even he had obtained verification from the D.T.O. Bathinda by making applications Ex.R1 and Ex.R2 and that being so, in no manner, Pawan Kumar, respondent can be fastened with any liability to compensate the applicants. 25. As against this, Mr. N.K. Sharma, Advocate, learned counsel for respondent no. 3 contended that vide Ex.R6, the Licencing Authority/D.T.O. Raipur has intimated that the driving licence no. 43024/R/1162/MP was never issued in favour of Manjit Singh, respondent and that being so, this licence being fake, the respondent insurance company cannot be saddled with any liability to pay the compensation to the applicants. 26. I have well considered the rival contentions. Of late, the Hon'ble Supreme Court in re: New India Assurance Co. Vs. Kamla, 2001 (3) Recent Civil Reports (Civil) 716, laid down that "a fake licence cannot get its forgery outfit stripped off merely on account of some officer renewing the same with or without knowing it to be forged. Section 15 of the Motor Vehicles Act, 1988 only empowers any licence authority to renew a driving licence issued under the provisions of the Act. A licence authority has the power to renew a fake licence. Therefore, an



opportunity must be given to the insurer to prove that the licence in question was not validly issued and was not valid despite its subsequent renewals. If a vehicle was insured for third party claims at the time of accident, but driven by a person not holding a validly issued driving licence, under the terms and conditions, the insurance company as Laos the insured are bound. The third party claims have been statutorily protected under the Act. The insurer is under an obligation to satisfy the third party claim. However, at the same time, the Tribunal will direct the insured to indemnify the insurer for the amount paid by it for which it was otherwise not liable. However, it will still be open for the insured to establish that he was not guilty to breach of any terms of the policy and he made all possible enquiries before handing over his vehicle to such a driver to satisfy himself qua validity of his licence. If there was no knowingly or deliberate breach of conditions of policy on his part, he may still be absolved of the liability.

27. It is in the light of above ratio, it is to be seen as to whether or not the respondent insurance company or the owner of the offending truck can be charged with any liability as to compensation. It is crystal clear from the afore-extracted observations that the owner of the vehicle/insured can be absolved of his liability only if he or she establishes on the record that he or she had made all possible enquiries before handing over his or her vehicle to such a driver who to his satisfaction had a valid and effective driving licence or that the driving licence which he was holding was to his knowledge not a fake. Here in this case, it is manifestly clear from Ex.R6 that driving



licence o.43024/R/1162/MP was never issued by the licencing authority/D.T.O. Raipur in favotir of Manjit Singh, respondent. Pawan Kumar as RW.1 has merely deposed that he had employed Manjit Singh respondent on his truck No. PB-13A/3769 as driver after having verified his driving licence. In his cross examination, he admitted in candid terms that he had not sought the verification of driving licence of the said respondent (referred to Manjit Singh) from the D.T.O. Raipur (Madhya Pradesh). He has further deposed that he cannot say if the Raipur Licencing Authority has given report after verification that driving licence is fake and that he had never seen Manjit Singh signing or writing and that the signatures of said respondent were not being obtained by him in token of his having received his monthly salary as driver on his truck. These words trickled from his mouth explicate that he did not make the due inquiries which he was required to make so as to absolve himself from liability to pay compensation. He has merely proved the applications Ex.R1 and Ex.R2 which he had moved before D.T.O. Bathinda who in turn made his reports Ex.R1/A and Ex.R2/A as to his having renewed the driving licence. In view of the above observations made in re: New India Assurance Co. Versus Kamia (supra) mere renewal cannot transform a fake driving licence as genuine. Ex.R4 the certified copy of driving licence of Manjit Singh, Mespondent has been tendered into evidence, which is alleged to have been issued by the Licencing Authority, Raipur (M.P.). As is borne out from Ex.R6, this driving licence was never issued by the said Licencing Authority and if so, this licence has to be



dubbed and branded as fake one. That being so, Pawan Kumar respondent being the insured cannot be absolved of his liability as he has not adduced any evidence in roof of the fact that breach of conditions of policy Ex.R5 was not intentional or deliberate on his part. In view of the observations made by the Hon'ble Apex Court in the afore quoted case, the respondent insurance company here in this case being the insurer is under an obligation to satisfy the claim of the applicants. 28. As established of record and admitted by Pawan Kumar, respondent, Manjit Singh respondent was the driver on his offending truck when the accident took place. So, he (Pawan Kumar) is vicariously liable for his (Manjit Singh, respondent's) act as the accident took place when Manjit Singh respondent was in his (Pawan Kumar, respondent's) employment. As per Ex R5, the insurance policy, the offending truck was insured with the respondent insurance company. Therefore, in these premises, it is held that all the respondents shall be jointly and severally liable to pay/deposit the amount of compensation worth Rs. 3,80,000/- If this amount or any part of it is paid/deposited by the respondent insurance company, in that eventuality, Pawan Kumar, respondent being the insured shall indemnify it (respondent Pawan Kumar) for the amount paid/deposited by it, as it was imperative upon him Pawan Kumar, respondent) to have verified about the genuineness of the driving licence of Manjit Singh, respondent before employing him as such and he did not make the due enquiries in this regard from the Licencing Authority, Raipur (M.P.) and accordingly, both these issues in both the petitions are decided.



x x x x x

31. In the result, both the petitions succeed and are accepted with costs. Consequently, I hereby pass an award for Rs. 3,80,000/- in favour of Surjit Kaur, Nasib Kaur and Simarjit Singh, applicants and against respondents Manjit Singh, Pawan Kumar and the National Insurance Company Ltd. Bathinda who will be jointly and severally liable to pay/deposit the said amount within two months from today, failing which the said applicants shall be entitled to claim interest at the rate of Rs. 9% per annum from the date of their respective petitions on their respective share amounts”

18. Further, the Hon’ble Supreme Court in ***Pepsu Road Transport Corporation versus National Insurance Company, 2013 (9) SCR 266*** held as under:-

“8. In a claim for compensation, it is certainly open to the insurer under Section 149(2)(a)(ii) to take a defence that the driver of the vehicle involved in the accident was not duly licensed. Once such a defence is taken, the onus is on the insurer. But even after it is proved that the licence possessed by the driver was a fake one, whether there is liability on the insurer is the moot question. As far as the owner of the vehicle is concerned, when he hires a driver, he has to check whether the driver has a valid driving licence. Thereafter he has to satisfy himself as to the competence of the driver. If satisfied in that regard also, it can be said that the owner had taken reasonable care in employing a person who is qualified and competent to drive the vehicle. The owner cannot be expected to go beyond that, to the extent of verifying the genuineness of the driving licence with the licensing authority before hiring the services of the driver. However, the situation would be different if at the time of insurance of the vehicle or thereafter the insurance company requires the owner of the vehicle to have the licence duly verified from the licensing authority or if the attention of the owner of the vehicle is otherwise invited to the allegation that the



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licence issued to the driver employed by him is a fake one and yet the owner does not take appropriate action for verification of the matter regarding the genuineness of the licence from the licensing authority. That is what is explained in Swaran Singh's case (supra). If despite such information with the owner that the licence possessed by his driver is fake, no action is taken by the insured for appropriate verification, then the insured will be at fault and, in such circumstances, the insurance company is not liable for the compensation."

18. In view of the foregoing discussion and in consonance with the view taken by this Court in *Sanjeev Kumar @ Sanjay's case (Supra)*, the findings recorded by the Tribunal are well-reasoned, legally sound and do not call for any interference by this Court.

19. Therefore, I do not find any infirmity in the award dated 01.05.2014, passed by the Ld. Tribunal, Karnal.

20. In view of the above, the present appeal being devoid of any merit is ***dismissed***.

21. All the pending application(s) also stand disposed of.

(SUDEEPTI SHARMA)
JUDGE

July 21, 2025
sonia arora/Ayub

Whether speaking/reasoned: Yes / No
Whether reportable: Yes / No