



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

**FAO-7176-2016 (O&M)  
Date of Decision: July 08, 2025**

National Insurance Company Ltd.

...Appellant

VERSUS

Rani Devi and others

...Respondents

**CORAM: HON'BLE MRS. JUSTICE ARCHANA PURI**

Present: Mr.Satpal Dhamija, Advocate,  
for the appellant.

Mr.Abhinav Aggarwal, Advocate  
for respondents No.1 to 4.

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**ARCHANA PURI, J.**

The present appeal has been filed by appellant-National Insurance Company Limited, to assail the Award dated 13.07.2015, whereby, compensation was awarded by learned Motor Accident Claims Tribunal, on account of death of Krishan Lal, in a motor vehicular accident, which took place on 04.05.2015.

For the convenience of discussion, the parties are referred to, as making appearance before learned Tribunal.

Suffice to consider that it is only the insurance company, who has filed the appeal. Neither the claimants, nor the driver and owner of the offending vehicle, upon whom, also the liability was fastened together with the insurance company, have filed any appeal.



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Learned Tribunal, while considering the evidence, brought on record, had concluded about deceased Krishan Lal to be working as S.S. Master in Government Senior Secondary School and thereupon, considering the salary record, in the year 2014-2015 Ex.P-2, which was proved by PW-3 Arvind Kumar, Principal, Government Senior Secondary School, had taken the annual income of deceased Krishan Lal as Rs.6,58,294/-. Also, in the service record, the date of birth of Krishan Lal was reflected as 07.05.1973. His date of joining the job was 13.03.1997 and date of retirement was 31.05.2031.

Considering the age of the deceased to be 42 years, learned Tribunal had applied the multiplier of '14' and after making addition to the extent of 30%, on the count of 'future prospects' i.e. Rs.27,64,835/-, the total amount was worked upon as under:-

Earnings of deceased	Rs.6,58,294/- per annum
Multiplier of 14	Rs.6,58,294x14=Rs.92,16,116/-
Addition of 30% as future prospects	Rs.92,16,116+Rs.27,64,835=Rs.1,19,80,951/-
Deduction of 1/4th	Rs.1,19,80,951-Rs.29,95,238=Rs.89,85,713/-
After making deduction, on the count of income tax	Rs.89,85,713-Rs.25,96,340= <b>Rs.63,89,373/-</b>
Loss of estate and funeral and transportation expenses etc.	Rs.25,000/-
Loss of consortium to petitioner no.1 of claim petition mentioned at serial no.1 above.	Rs.1,00,000/-
<b>Total</b>	<b>Rs.65,14,373/-</b>

However, though the submission was made by counsel for the insurance company about the deduction of the financial assistance received by the claimants from the Haryana Government, as per the **Haryana Compassionate to the Dependents of Deceased Government Employees Rules, 2006**, but however, the same was not agreeable to learned Tribunal



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and as such, the complete amount, worked upon aforesaid, was awarded to the claimants. The liability of the respondents, who are driver, owner and insurer of the offending vehicle was held to be joint and several to pay the compensation.

Feeling aggrieved, the insurance company has filed the present appeal.

Learned counsel for the parties heard.

Although, in the grounds of appeal, the insurance company had assailed the Award on several counts, but however, during the course of arguments, learned counsel for the appellant submits that he confines his prayer, only to the deduction to be made from the compensation, vis-a-vis, financial assistance received by the claimants, under the **Haryana Compassionate to the Dependents of Deceased Government Employees Rules, 2006**.

In this regard, it is pertinent to mention that PW-3 Arvind Kumar, Principal, Government Senior Secondary School, while facing cross-examination has stated about the amount received by the claimants on monthly basis and he also proved the detail of the break-up of the said amount, which is Ex.R-2. Now the question arises, as to whether, the aforesaid amount of financial assistance is to be deducted or not.

However, suffice to make reference to the decision rendered by the Hon'ble Supreme Court in ***Reliance General Insurance Co. Ltd. vs. Shashi Sharma and others, 2016(4) RCR (Civil) 569***, wherein, the Hon'ble Supreme Court had observed, as herein given:-

*“22. Indeed, similar statutory exclusion of claim receivable under the Rules of 2006 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 dependents/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 Rules of 2006 would come into play if the Government employee dies in harness even due to natural death. At the same time, the Rules of 2006 do not expressly enable the dependents 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 Act of 1988, therefore, is to exclude the amount received or receivable by the dependents of the deceased Government employee under the Rules of 2006 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 dependents 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, if the deceased Government employee had survived the accident can still be pursued by them in their claim under the Act of 1988. For, it is not covered by the Rules of 2006. Similarly, other benefits extended to the dependents 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 dependents of the deceased Government employee, applying the principle expounded in Helen C.Rebello’s case, 1999 ACJ 10 (SC) and Patricia Jean Mahajan’s case, 2002 ACJ 1441 (SC).*

Even, in ***National Insurance Company Limited vs. Birender and others, 2020(1) RCR (Civil) 694***, it was held by the Hon’ble Supreme Court that amount received under the Financial Assistance Rules 2006, ought to be deducted.

However, it is pertinent to mention that on the basis of the record



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produced, more particularly Ex.P-4, it is evident that the date of birth of Krishan Lal was 07.05.1973 and his date of retirement was 31.05.2031. Considering the date of retirement, it is quite obvious that till the decision of the present appeal, the amount of financial assistance must be continuing to be paid to the claimants, on monthly basis. Also, it is not evident that till date, how much amount, as such, has been paid by the Haryana Government under the *ibid* Rules. That part, also has to be considered later on.

Before taking into consideration about the manner, in which, deduction has to be made qua the financial assistance received under the aforesaid Rules, it is pertinent to mention that there is mistake apparent in the 'work on' of the deduction made, on the count of 'income tax' by learned Tribunal, which is reflected in paragraph No.25 of the Award, which is reproduced in verbatim, as herein given:-

<i>“Total income</i>	<i>Rs.89,85,713/-</i>
<i>Less</i>	<i>Rs.10,00,000/-</i>
<i>Balance Taxable income</i>	<i>Rs.79,85,713/-</i>
<i>Tax upon Rs.79,85,713 i.e. comes to Rs.23,95,714/-</i>	
<i>Total tax Rs.25,20,714/- (Rs.23,95,714+Rs.1,00,000/-+Rs.25,000/-)</i>	
<i>Add Education Cess @3% upon Rs.25,20,714 is Rs.75,621/-</i>	
<i>Total tax</i>	<i>Rs.25,96,335/-</i>
<i>Round of</i>	<i>Rs.25,96,340/-</i>
<i>Net income after deduction is to be Rs.63,89,373/-”</i>	

Ex.P2 is the salary statement of deceased Krishan Lal for the year 2014-15 and the same reflects the total annual salary to the extent of Rs.6,58,294/-. Out of the same, income tax component has to be deducted. As per prevalent income tax slab, at the relevant time, the income exempted



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from income tax was to the extent of Rs.2,50,000/-. Thereafter, from the income bracket of Rs.2,50,001 upto Rs.5,00,000/-, the income tax payable was to the extent of 10%, which comes to be Rs.25,000/-. Income tax from Rs.5,00,001/- upto Rs.10,00,000/- was @20%. The residue salary above Rs.5,00,000/- of the deceased was Rs.1,58,294/- and taking it to be same, 20% comes to be Rs.31,658/-. Thus, the total tax payable, comes to be **Rs.56,658/-**. After making deduction of the aforesaid income tax amount from Rs.6,58,294/-, the residue annual income to be considered as earnings is **Rs.6,01,636/-**.

Upon the aforesaid amount, considering the age of the deceased, addition to the extent of 30% is to be made, on the count of future prospects, as per settled law, in view of *Pranay Sethi's case*, which comes to be Rs.1,80,490/- and after making such addition, the earnings of the deceased, comes to be Rs.7,82,126/-.

The widow and three children of the deceased, were dependents upon the deceased. Considering their number, 1/4th ought to be deducted, on the count of 'personal expenses' in view of guidelines laid down in *Sarla Verma's case*, which comes to be Rs.1,95,531. After making such deduction, the residue earnings comes to be Rs.5,86,595/- (Rs.7,82,126-Rs.1,95,531/-).

Considering the age of the deceased, the suitable multiplier is '14', as applied by learned Tribunal. Thus, by applying the same, the loss of dependency comes to be Rs.5,86,595x14=**Rs.82,12,330/-**.

Besides the aforesaid, on the count of '**loss of consortium**', all the claimants, are entitled to prevalent amount of Rs.48,400/- each i.e.



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Rs.48,400x4 =**Rs.1,93,600/-** and they are also entitled to compensation, on the counts of '**loss of estate**' as well as '**funeral expenses**', which is **Rs.18,150/-**, on each count.

Considering the same, the compensation payable to claimants, on account of death of Krishan Lal, is re-computed, as herein given:-

<b>Loss of dependency</b>	:	<b>Rs.82,12,330/-</b>
<b>Loss of consortium</b>	:	<b>Rs.1,93,600/-</b>
<b>Funeral expenses</b>	:	<b>Rs.18,150/-</b>
<b>Loss of estate</b>	:	<b>Rs.18,150/-</b>
<b>Total</b>	:	<b>Rs.84,42,230/-</b>

As such, the enhanced compensation, after the deduction of compensation awarded by the Tribunal comes to be **Rs.84,42,230-65,14,373=Rs.19,27,857/-**. Out of amount of compensation, as now worked upon i.e. **Rs.19,27,857/-**, the claimants shall be entitled to the interest, at the rate of 6% per annum, from the date of filing of the claim petition, till realization of the enhanced amount of compensation.

Since, as observed aforesaid, it is not evident from the material brought on record, about the extent of amount, till date having received by the claimants under the Haryana Compassionate to the Dependents of Deceased Government Employees Rules, 2006 and also taking into consideration, the amount to be paid under the said Rules, upto the date of retirement of the deceased i.e. 31.05.2031, before disbursement of the compensation worked upon aforesaid, learned Tribunal shall verify about the extent of receipt of amount by all the claimants, being beneficiaries under the ibid Rules, by way of taking of the affidavits of all the claimants and verify the same, at its own level. Upon such verification, the amount so

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received under the aforesaid Rules, shall be deducted from the compensation as now worked upon.

However, the tentative amount to be received by the claimants under the aforesaid Rules, upto the date of retirement of the deceased, also shall be taken care of by learned Tribunal and further, an affidavit-cum-declaration to be obtained from the claimants, thereby, giving an undertaking that they shall not seek benefit under the aforesaid Rules of the further period, if the amount of financial assistance falls less than the awarded amount. After doing the needful, the residue amount of compensation (if any), shall be disbursed to the claimants in equal shares.

The impugned Award dated 13.07.2015 stands modified, to the extent, as indicated aforesaid. The residue terms of the impugned Award, shall remain the same.

In view of the aforesaid terms, the present appeal stands partly allowed.

**July 08, 2025**  
Vgulati

**(ARCHANA PURI)**  
**JUDGE**

Whether speaking/reasoned  
Whether reportable

**Yes**  
**Yes/No**