

**Citation Analysis**

**Civil Section**

**Power of the Court to grant compensation in excess of amount claimed. Parameter to determine future or recurring loss**

**Supreme Court of India**

CASE NO.:

Appeal (civil) 7989 of 2002

**Nagappa vs Gurudayal Singh &Ors**

**Question involved in appeal**

whether one time payment of compensation to a poor agriculturist would be sufficient to meet the future medical expenses? It is true that lump-sum compensation contemplating future eventualities can be granted but at the same time Is it permissible under the Act to grant recurring medical expenses to such a victim? Secondly, whether amendment to the claim petition could be granted at the appellate stage?

**Facts as summarized by the Apex Court**

The appellant, a poor agriculturist, along with some other persons was travelling in a bullock cart on 6.2.1985 which met with an accident with a truck as a result of which he suffered injuries including the injury on right required to be amputated. Other persons also sustained injuries and the bullock cart was also damaged. The appellant, alongwith other injured persons, filed claim application bearing MVC No. 321 of 1985 before the Claims Tribunal, Chitradurga. The Tribunal passed an award dated 26.3.1990 granting a sum of Rs. 15,000/- for injury, pain and suffering, Rs. 5000/- for loss of enjoyment of life and Rs. 5000/- for loss of earnings and Rs. 5000/- for medical treatment, totaling Rs. 30,000/- with interest at the rate of 9 % per annum from the date of application. Against that award, appellant preferred MFA No. 2237/90 before the High Court of Karnataka at Bangalore. The High Court enhanced the compensation and awarded Rs.82,000/- towards the loss of amenities of life, loss of future earnings, pain and sufferings. Apart from this sum, it was ordered that the appellant shall be entitled to a further sum of Rs.18000/- for purchase of artificial leg. It has come on record that the appellant was an agriculturist and that according to the medical evidence, he had suffered 80 to 85 per cent permanent disability. The medical evidence further reveals that his right leg was amputated and he was required to change the artificial leg once in 2 to 3 years.

At the time of hearing of this matter, learned counsel for the appellant has filed an application seeking permission to amend the claim petition and for enhancement of claim to the tune of Rs.5 lacs as compensation. Before the trial Court, the Claim was only for a sum of Rs.one lac.

The learned counsel for the Insurance company contended that the appellant cannot be permitted to amend the claim petition and claim enhanced compensation. As against this, learned counsel for the appellant submitted that under the Act there is no prohibition for amending the claim petition and in any case Order 6 Rule 17 CPC is applicable to such claim petition under Karnataka Motor Vehicles Rules. Hence, it is the discretion of the Court to permit amendment of the claim petition in appropriate case.

**Cases referred**

This Court in *Sheikhupura Transport Co. Ltd. v. Northern Indian Transport Insurance Co.* [(1971) Suppl. SCR 20] observed as under: -

"the pecuniary loss to the aggrieved party would depend upon data which cannot be ascertained accurately but must necessarily be an estimate or even partly a conjecture. The determination of the question of compensation depends on several imponderables. In the assessment of those imponderables, there is likely to be a margin of error."

In *Dr. Urmila J. Sangani v. Pragjibhai Mohanlal Luvana and others* [AIR 2000 Gujarat 211] the High Court after considering relevant decisions on the subject observed thus:

"We may mention that when the claimant feels that he is entitled to more compensation than what is claimed in the petition, it is always open to him/her to amend the claim petition and if the same is in consonance with the equity, justice and good conscience, there is no reason why the Claims Tribunal should not grant amendment. Before compensation more than claimed is awarded, the opposite parties should be put to notice, the requisite additional issue/issues should be raised and the parties should be permitted to adduce their evidence on the additional issues, but if no such opportunity is given, the procedure would obviously suffer from material irregularity affecting the decision."

The Orissa High Court in *Mulla Md. Abdul Wahib v. Abdul Rahim and another* [1994 ACJ 348] and *G.B. Patnaik, J.* (as he then was) observed that the expression "just compensation" would obviously mean what is fair, moderate and reasonable and awardable in the proved circumstances of a particular case and the expression "which appears to it to be just" vests a wide discretion in the Tribunal in the matter of determining of compensation.

In *Sheikhupura Transport Co. Ltd* (supra) it is held that the pecuniary loss to the aggrieved party would depend upon data which cannot be ascertained accurately but must necessarily be an estimate or even partly a conjecture, and if this is so, then it will be unreasonable to expect the party to state precisely the amount of damages or compensation that it would be entitled to. The Court also held that there are no fetters on the power of the Tribunal to award compensation in excess of the amount which is claimed in the application.

the High Court of Punjab and Haryana in *Devki Nandan Bangur and others v. State of Haryana and others* [1995 ACJ 1288] observed that the grant of just and fair compensation is statutory responsibility of the Court and if, on the facts, the Court finds that the claimant is entitled to higher compensation, the Court should allow the claimant to amend his prayer and allow proper compensation.

This position is made clear in *Union Carbide Corporation and others v. Union of India and others* [(1991) 4 SCC 584 para 131] where this Court observed as under: -

"In an action for negligence, damages must be and are assessed once and for all at the trial of such an issue. Even if it is found later that the damage suffered was much greater than was originally supposed, no further action could be brought. It is well settled rule of law that damages resulting from one and the same cause of action must be assessed and recovered once and for all. Two actions, therefore, will not lie against the same defendant for personal injury sustained in the same accident."

Lord Denning M.R. in *Lim Poh Choo v. Camden and Islington Area Health Authority* [(1979) 1 All ER 332] quoted with approval the observations of Parke B, which are as under: - 'Scarcely any sum could compensate a labouring man for the loss of a limb, yet you do not in such a case give him enough to

maintain him for life. You are not to consider the value of existence as if you were bargaining with an annuity office. I advise you to take a reasonable view of the case and give what you consider fair compensation.'

Lord Denning further observed: -

"The practice is now established and cannot be gainsaid that, in personal injury cases, the award of damages is assessed under four main heads: first, special damages in the shape of money actually expended; second, cost of future nursing and attendance and medical expenses; third, pain and suffering and loss of amenities; fourth, loss of future earnings."

the Division Bench of the High Court of Kerala in Valiyakathodi Mohammed Koya v. Ayyappankadu Ramamoorthi Mohan and others [1991 ACJ 140] considered the principles of assessment of compensation for deprivation of amenities of life in a case where an injured boy aged 12 years suffered brain damage because of the accident and has rightly pointed out that in personal injury cases there are three categories of general damages: consolatory damages, compensatory damages and damages for loss of expectation of life and explained it by illustrating thus: "The amputation of a hand preventing a plaintiff from playing cricket would merit consolatory damages; the same loss preventing a man from carrying on his employment would merit compensatory damages. Consolatory and compensatory damages represent different elements in an award for general damages for personal injuries and are exhaustive except for the third head of damages for loss of expectation of life which is sui generis."

Thereafter, the Court observed thus:

"The award is final. There is no procedure prescribed to review the award in future which would enable a substitution of real fact for estimate. Mankind is denied the privilege of knowledge of the future with certainty. The result is so much of the award as is attributed to the future loss and suffering will almost surely be liable to err. In Lim Poh Choo v. Camden and Islington Area Health Authority, 1979 ACJ 362 (CA, England), considering the insuperable complexities of the problem, Lord Denning, MR, said that the decision should not be considered as final and it should be considered as an interim award liable to be reviewed.

The House of Lords in Lim Poh Choo v. Camden and Islington Area Health Authority, 1980 ACJ 486 (HL, England), speaking through Lord Scarman said:

'It is an attractive, ingenious suggestion, but, in my judgment unsound.

For so radical a reform can be made neither by judges nor by modification of rules of court'."

This principle is established in General Manager, Kerala State Road Transport Corporation, Trivandrum v. Susamma Thomas (Mrs.) and others [(1994) 2 SCC 176] and this Court held (in para 23) thus:

"23. In a case of compensation for death it is appropriate that the Tribunals do keep in mind the principles enunciated by this Court in Union Carbide Corp'n. v. Union of India [(1991) 4 SCC 584] in the matter of appropriate investments to safeguard the feed from being frittered away by the beneficiaries owing to ignorance, illiteracy and susceptibility to exploitation.

Approving the judgment of the Gujarat High Court in *MuljibhaiAjarambhai Harijan v. United India Insurance Co. Ltd.*, [(1982) 1 Guj. LR 756], this Court offered the following guidelines:

- (i) The Claims Tribunal should, in the case of minors, invariably order the amount of compensation awarded to the minor be invested in long term fixed deposits at least till the date of the minor attaining majority. The expenses incurred by the guardian or next friend may, however, be allowed to be withdrawn;
- (ii) In the case of illiterate claimants also the Claims Tribunal should follow the procedure set out in (i) above, but if lump sum payment is required for effecting purchases of any movable or immovable property such as, agricultural implements, rickshaw, etc., to earn a living, the Tribunal may consider such a request after making sure that the amount is actually spent for the purpose and the demand is not a ruse to withdraw money;
- (iii) In the case of semi-literate persons the Tribunal should ordinarily resort to the procedure set out at (i) above unless it is satisfied, for reasons to be stated in writing, that the whole or part of the amount is required for expanding and existing business or for purchasing some property as mentioned in (ii) above for earning his livelihood, in which case the Tribunal will ensure that the amount is invested for the purpose for which it is demanded and paid;
- (iv) In the case of literate persons also the Tribunal may resort to the procedure indicated in (i) above, subject to the relaxation set out in (ii) and (iii) above, if having regard to the age, fiscal background and strata of society to which the claimant belongs and such other considerations, the Tribunal in the larger interest of the claimant and with a view to ensuring the safety of the compensation awarded to him thinks it necessary to do order;
- (v) In the case of widows the Claims Tribunal should invariably follow the procedure set out in (i) above;
- (vi) In personal injury cases if further treatment is necessary the Claims Tribunal on being satisfied about the same, which shall be recorded in writing, permit withdrawal of such amount as is necessary for incurring the expenses for such treatment;
- (vii) In all cases in which investment in long term fixed deposits is made it should be on condition that the Bank will not permit any loan or advance on the fixed deposit and interest on the amount invested is paid monthly directly to the claimant or his guardian, as the case may be;
- (viii) In all cases Tribunal should grant to the claimants liberty to apply for withdrawal in case of an emergency. To meet with such a contingency, if the amount awarded is substantial, the Claims Tribunal may invest it in more than one Fixed Deposit so that if need be one such F.D.R. can be liquidated."

Further, in *LilabenUdesingGohel v. Oriental Insurance Co. Ltd. and others* [(1996) 3 SCC 608] the Court relied upon the said directions and further held that in *Union Carbide Corporation's case* (supra), this Court did not include the clause regarding literate persons' compensation and directed that it should be given the same treatment in case the Court found it necessary to do so to protect the compensation awarded to them. The Court further added one guideline as under:

"We must add one further guideline to the effect that when the amount is invested in a fixed deposit, the bank should invariably be directed to affix a note on the fixed deposit receipt that no loan or advance should be granted on the strength of the said FDR without the express permission of the

Court/Tribunal which ordered the deposit. This will eliminate the practice of taking loans which may be up to 80% of the amount invested and thereby defeating the very purpose of the order. We do hope that the Courts/Tribunal in the country will not succumb to the temptation of permitting huge withdrawals in the hope of disposing of the claim. We are sure that the Courts/Tribunals will realise their duty towards the victims of the accident so that a large part of the compensation amount is not lost to them. The very purpose of laying down the guidelines was to ensure the safety of the amount so that the claimants do not become victims of unscrupulous persons and unethical agreements or arrangements. We do hope our anxiety to protect the claimants from exploitation by such elements will be equally shared by the Courts/Tribunals."

## **Ratio**

Sub-section (6) of Section 158 reads thus:

"158. Production of certain certificates, licence and permit in certain cases. ...

(6) As soon as any information regarding any accident involving death or bodily injury to any person is recorded or report under this section is completed by a police officer, the officer incharge of the police station shall forward a copy of the same within thirty days from the date of recording of information or, as the case may be, on completion of such report to the Claims Tribunal having jurisdiction and a copy thereof to the concerned insurer, and where a copy is made available to the owner, he shall also within thirty days of receipt of such report, forward the same to such Claims Tribunal and Insurer."

It appears that due importance is not given to sub-section (4) of Section 166 which provides that the Tribunal shall treat any report of the accidents forwarded to it under sub-section (6) of Section 158, as an application for compensation under this Act.

Thereafter, Section 168 empowers the Claims Tribunal to "make an award determining the amount of compensation which appears to it to be just". Therefore, only requirement for determining the compensation is that it must be 'just'. There is no other limitation or restriction on its power for awarding just compensation.

From the aforesaid observations it cannot be held that there is a bar for the Claims Tribunal to award the compensation in excess of what is claimed, particularly when the evidence which is brought on record is sufficient to pass such award. In cases where there is no evidence on record, the Court may permit such amendment and allow to raise additional issue and give an opportunity to the parties to produce relevant evidence.

Firstly, under the provisions of Motor Vehicles Act, 1988, (hereinafter referred to as "the MV Act") there is no restriction that compensation could be awarded only up to the amount claimed by the claimant. In an appropriate case where from the evidence brought on record if Tribunal/court considers that claimant is entitled to get more compensation than claimed, the Tribunal may pass such award. Only embargo is it should be 'Just' compensation, that is to say, it should be neither arbitrary, fanciful nor unjustifiable from the evidence. This would be clear by reference to the relevant provisions of the M.V. Act. Section 166 provides that an application for compensation arising out of an accident involving the death of, or bodily injury to, persons arising out of the use of motor vehicles, or damages to any property of a third party so arising, or both, could be made (a) by the person who has sustained the injury; or (b) by the owner of the property; or (c) where death has resulted from the accident, by all or any of the legal representatives of the deceased; or (d) by any agent duly authorised by the person

injured or all or any of the legal representatives of the deceased, as the case may be. Under the proviso to sub-section (1), all the legal representatives of the deceased who have not joined as the claimants are to be impleaded as respondents to the application for compensation. Other important part of the said Section is sub-section (4) which provides that "the Claims Tribunal shall treat any report of accidents forwarded to it under sub-section (6) of Section 158 as an application for compensation under this Act." Hence, Claims Tribunal in appropriate case can treat the report forwarded to it as an application for compensation even though no such claim is made or no specified amount is claimed.

Secondly, under Section 169, the Claims Tribunal in holding any inquiry under Section 168 is required to follow the rules that are made in this behalf and follow such summary procedure as it thinks fit. In the present case, it has been pointed out that Rule 253 of Karnataka Motor Vehicles Rules, 1989 empowers the Claims Tribunal to exercise all or any of the powers vested in a Civil Court under the provisions of Code of Civil Procedure, 1908. Rule 254 inter alia makes specific provision that Order 6 Rule 17 CPC is applicable to such proceedings. In this view of the matter, in an appropriate case, depending upon the facts and the evidence which has been brought on record and in the interest of justice, Court may permit amendment of claim petition so as to award enhanced compensation. Further, for amendment of the pleadings, it is settled law that unless it causes injustice to other side or it is not necessary for the purpose of determining real issue between the parties, Court would grant amendment. It is also to be stated that under the M. V. Act there is no time limit prescribed for claiming compensation. Therefore, there is no question of enhanced claim being barred by limitation.

For the reasons discussed above, in our view, under the M.V. Act, there is no restriction that Tribunal/Court cannot award compensation amount exceeding the claimed amount. The function of the Tribunal/Court is to award 'Just' compensation which is reasonable on the basis of evidence produced on record. Further, in such cases there is no question of claim becoming time barred or it cannot be contended that by enhancing the claim there would be change of cause of action. It is also to be stated that as provided under sub-section (4) to Section 166, even report submitted to the Claims Tribunal under sub-section (6) of Section 158 can be treated as an application for compensation under the M.V. Act. If required, in appropriate cases, Court may permit amendment to the Claim Petition.

It is permissible under the Act to award compensation by instalments or recurring compensation to meet the future medical expenses of the victim.

Compensation to a victim of a motor vehicle accident or in case of a fatal accident to the legal representatives is awarded under two heads, namely, Special damages which are suffered by the victim or the legal representatives and General damages which include compensation for pain and sufferings, loss of amenities, earning capacity and prospective expenses including expenses for medical treatment. With regard to the first part of the damages, that is, special damages suffered by the victim or the legal representative, it can be easily proved on the basis of the evidence which is in possession of the claimant. However with regard to the second part general damages/compensation, it would be a matter of conjectures depending on number of imponderables.

In this view of the matter, in our view, it would be difficult to hold that for future medical expenses which are required to be incurred by a victim, fresh award could be passed. However, for such medical treatment, Court has to arrive at a reasonable estimate on the basis of the evidence brought on record. In the present case, it has been pointed out that for replacing the artificial leg every two to three years, appellant would be required to have some sort of operation and also change the artificial leg. At that time, the estimated expenses for this were Rs.18000/- and the High Court has awarded the said amount. For change of artificial leg every two or three years no compensation is awarded. Considering

this aspect, if Rs.One lac is awarded as an additional compensation, appellant would be in a position to meet the said expenses from the interest of the said amount. Equally it is true that the said amount is required to be properly invested on long-term basis so that recurring medical expenses could be met.

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