



IN THE HIGH COURT OF MADHYA PRADESH  
AT GWALIOR

BEFORE

HON'BLE SHRI JUSTICE HIRDESH

ON THE 5<sup>th</sup> OF JANUARY, 2026

MISC. APPEAL No. 510 of 2009

*NATIONAL INSURANCE COMPANY LTD.*

*Versus*

*HARISH CHANDRA SENGAR AND OTHERS*

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Appearance:

Shri S.N.Gadkar - Advocate for the appellant/Insurance Company.

Shri Maroof Ullah Sidddiqui- Advocate for respondent No.1/claimant.

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ORDER

This miscellaneous appeal has been preferred by the appellant/Insurance Company seeking setting aside of the impugned Award dated 12.12.2008 passed by the Third Motor Accident Claims Tribunal, Morena (hereinafter referred to as "Claim Tribunal") in Claim Case No. 117/2006, whereby the Claims Tribunal awarded compensation of Rs. 4,09,000/- to the respondent No.1/claimant.

2. In brief, the facts of the case are that the respondent No.1 filed a claim application under Section 163-A of the Motor Vehicles Act, 1988, seeking compensation to the tune of Rs. 19,00,000/- for permanent disability sustained by him in a road traffic accident dated 31.12.2005 while driving Truck bearing registration No. MP07-G-4430. It was alleged that on the said day, while driving towards Indore, the truck met with an accident with another truck bearing No. UP78-AT-4105, as a result of which the claimant sustained grievous injuries resulting in permanent disability to the extent of 50%. The claimant alleged that at the time of accident he was aged 35 years and drawing a monthly salary of Rs. 4,000/- along with a daily allowance of Rs. 30/- per day. The claim application was opposed by the appellant/Insurance Company on the grounds that the driver, owner, and insurer of the other vehicle involved in the



accident (Truck No. UP78-AT-4105) were necessary parties, and in their absence, the claim was not maintainable. It was also contended that the insured vehicle was plying in violation of policy conditions, and therefore, the appellant/Insurance Company was not liable to pay any compensation. The Claim Tribunal, however, allowed the claim application and directed the appellant/Insurance Company along with respondent No.2 to pay Rs. 4,09,000/- with interest at the rate of 7% per annum to the claimant.

3. Being aggrieved by the impugned award, learned counsel for the appellant/Insurance Company by placing reliance on the decision of coordinate Bench of this Court in the case of Vikram Singh vs. Vijaypal Sharma and Others, decided on 15th of July, 2025 in Misc. Appeal No.1255 of 2009, submitted that the award is contrary to the facts and material on record as well as settled principles of law, and is therefore liable to be set aside. It was contended that the learned Claims Tribunal erred in holding that the claimant's income fell within the threshold for claim under Section 163-A, whereas, as per the claim petition, the claimant was earning a monthly salary of Rs. 4,000/- plus daily allowance of Rs.30/-, which works out to an annual income exceeding Rs. 40,000/-. It was argued that Section 163-A provides a distinct scheme under the Act for persons whose annual income does not exceed Rs. 40,000/-, and claims of those earning above this limit are required to be determined under Chapter XII of the Act. It was further contended that the learned Claims Tribunal erred in assessing permanent disability at 50% without any basis. The treating doctor did not specify the part of the body affected nor the overall impact on the whole body. No deduction was made towards personal expenses of the claimant, and the Tribunal failed to consider contributory negligence on the part of the claimant. Therefore, it was argued that the claim under Section 163-A was not maintainable, and the compensation awarded was excessive and without justification.

4. On the other hand, learned counsel for the respondent No.1 opposed the appeal, submitting that the claim was maintainable under Section 163-A, and the Claim



Tribunal had correctly assessed the compensation. It was submitted that since the claimant pleaded his monthly income as Rs. 4,000/- with daily allowance of Rs. 30/-, his annual income falls within the limit for the purpose of Section 163-A, and the claim petition was rightly entertained.

5. Heard the learned counsel for the parties and perused the record.
6. In case of *Deepal Girishbhai Soni and Others vs. United India Insurance Company Limited reported in 2004 ACJ 934* in paragraphs 42, 53, 56, 66 and 67 has held as under:-

“42 [Para 42 corrected vide Corrigendum No. F.3/Ed.B.J./64/2004 dated 12-7-2004] . Section 163-A was, thus, enacted for grant of immediate relief to a section of the people whose annual income is not more than Rs 40,000 having regard to the fact that in terms of Section 163-A of the Act read with the Second Schedule appended thereto, compensation is to be paid on a structured formula not only having regard to the age of the victim and his income but also the other factors relevant therefor. An award made thereunder, therefore, shall be in full and final settlement of the claim as would appear from the different columns contained in the Second Schedule appended to the Act. The same is not interim in nature. The note appended to column 1 which deals with fatal accidents makes the position furthermore clear stating that from the total amount of compensation one-third thereof is to be reduced in consideration of the expenses which the victim would have incurred towards maintaining himself had he been alive. This together with the other heads of compensation as contained in columns 2 to 6 thereof leaves no manner of doubt that Parliament intended to lay a comprehensive scheme for the purpose of grant of adequate compensation to a section of victims who would require the amount of compensation without fighting any protracted litigation for proving that the accident occurred owing to negligence on the part of the driver of the motor vehicle or any other fault arising out of use of a motor vehicle.

53. Although the Act is a beneficial one and, thus, deserves liberal construction with a view to implementing the legislative intent but it is trite that where such beneficial legislation has a scheme of its own and there is no vagueness or doubt therein, the court would not travel beyond the same and extend the scope of the statute on the pretext of extending the statutory benefit to those who are not covered thereby. (See *Regional Director, ESI Corpn.v.Ramanuja Match Industries*[(1985) 1 SCC 218 : 1985 SCC (L&S) 213 : AIR 1985 SC 278] .)

56. It is now well settled that for the purpose of interpretation of statute, same is to be read in its entirety. The purport and object of the Act must be given its full effect. (See *High Court of Gujarat v. Gujarat Kishan Mazdoor Panchayat*(2003) 4 SCC 712 : 2003 SCC (L&S) 565 : JT (2003) 3 SC 50] , *Indian Handicrafts Emporium v. Union of India*[(2003) 7 SCC 589] , *Ameer Trading Corpn. Ltd. v. Shapoorji Data Processing Ltd*(2004) 1 SCC 702 : JT (2003) 9 SC 109 : (2003) 9 Scale 713] and *Ashok Leyland Ltd. v. State of T.N.* [(2004) 3 SCC 1 : (2004) 1 Scale 224] ) The object underlying the statute is required to be given effect to by applying the principles of purposive construction.

66. We may notice that Section 167 of the Act provides that where death of,



or bodily injury to, any person gives rise to claim of compensation under the Act and also under the Workmen's Compensation Act, 1923, he cannot claim compensation under both the Acts. The Motor Vehicles Act contains different expressions as, for example, "under the provision of the Act", "provisions of this Act", "under any other provisions of this Act" or "any other law or otherwise". In Section 163-A, the expression "notwithstanding anything contained in this Act or in any other law for the time being in force" has been used, which goes to show that Parliament intended to insert a non obstante clause of wide nature which would mean that the provisions of Section 163-A would apply despite the contrary provisions existing in the said Act or any other law for the time being in force. Section 163-A of the Act covers cases where even negligence is on the part of the victim. It is by way of an exception to Section 166 and the concept of social justice has been duly taken care of.

67. We, therefore, are of the opinion that Kodala [(2001) 5 SCC 175 : 2001 SCC (Cri) 857] has correctly been decided. However, we do not agree with the findings in Kodala[(2001) 5 SCC 175 : 2001 SCC (Cri) 857] that if a person invokes provisions of Section 163-A, the annual income of Rs 40,000 per annum shall be treated as a cap. In our opinion, the proceeding under Section 163-A being a social security provision, providing for a distinct scheme, only those whose annual income is up to Rs 40,000 can take the benefit thereof. All other claims are required to be determined in terms of Chapter XII of the Act."

9. A perusal of the aforesaid paragraphs in *Deepal Girishbhai Soni (supra)* clearly shows that Section 163A was enacted for grant of immediate relief to a section of people whose annual income does not exceed Rs.40,000/-. While the Act is beneficial and deserves liberal construction, it provides a distinct scheme with no ambiguity. Paragraph 67 clearly states that only persons with annual income up to Rs. 40,000 can avail benefits under Section 163-A. All other claims must be adjudicated under Chapter XII of the Act.

10. The law laid down in *Deepal Girishbhai Soni (supra)* is reiterated by subsequent judgments, including *Nasir Khan v. Dinesh and Others* (MA No. 640 of 2006, decided on 02.09.2024), *National Insurance Company Ltd v. Smt. Prabha and Others* (MA No. 371 of 2007, decided on 18.09.2024), *The Branch Manager, Shriram General Insurance Company Ltd v. Dilu Rai* (MACA No. 10 of 2018, decided on 04.04.2022, High Court of Sikkim) and *The Branch Manager, The Oriental Insurance Company Ltd v. R. Jothi and Another* (Civil Misc. Appeal No. 3053 of 2017, decided on 26.04.2022, Madras High Court). It is thus settled that if the annual income of a claimant exceeds Rs. 40,000 per annum, a claim under Section 163-A is not



maintainable.

11. In the present case, the claimant/Respondent No.1, in his claim petition, stated that he was earning Rs.4,000/- per month as salary and Rs.30/- per day as daily allowance. Even as per the claim petition and evidence recorded before the Claims Tribunal, the claimant's annual income exceeded Rs.40,000/-. Therefore, the claim petition under Section 163-A read with the Second Schedule of the Motor Vehicles Act was not maintainable.

12. In view of the above, the impugned Award dated 12.12.2008 passed by the Claims Tribunal cannot be sustained. The Miscellaneous Appeal filed by the appellant/Insurance Company is, therefore, **allowed**. The impugned award directing payment of Rs.4,09,000/- with interest to the claimant is **set aside**. No order as to costs.

(HIRDESH)  
JUDGE

MKB