



IN THE HIGH COURT OF MADHYA PRADESH
AT GWALIOR

BEFORE

HON'BLE SHRI JUSTICE HIRDESH

ON THE 26th OF FEBRUARY, 2026

MISC. APPEAL No. 1613 of 2022

IFFCO TOKIO GENERAL INSURANCE CO LTD.

Versus

KRISHNABAI AND OTHERS

.....
Appearance:

Shri Bal Krishna Agrawal - Advocate for the appellant.

Shri Anshu Gupta- Advocate for respondent No.1.
.....

ORDER

This appeal has been preferred by the appellant–Insurance Company under Section 173(1) of the Motor Vehicles Act, 1988, challenging the award dated 05.01.2022 passed by the learned Member, Motor Accident Claims Tribunal, Ganjbasoda, District Vidisha (M.P.) in Claim Case No. 28/2019, whereby the Claims Tribunal fastened liability upon the Insurance Company to pay compensation to the claimants.

2. The date of the accident and the finding regarding negligence are not in dispute. The findings recorded by the Claims Tribunal on these aspects have not been questioned and have, therefore, attained finality.

3. Learned counsel for the appellant–Insurance Company has assailed the impugned award on the ground that it is contrary to the facts and material available on record and the settled principles of law. It is submitted that the learned Claims Tribunal committed an error in saddling the liability to pay compensation upon the appellant–Insurance Company. It is further contended



that as per Insurance Policy Ex.D/3, the sitting capacity of the insured vehicle (tractor) was only one person, i.e., the driver, and no premium was paid for covering the risk of any occupant other than the driver. Therefore, the Insurance Company owed no liability to pay compensation in respect of the deceased.

4. It is also submitted that at the time of the accident, the deceased was travelling on the insured tractor as an unauthorized passenger and died when the tractor turned turtle. Such carriage was in breach of the terms and conditions of the insurance policy. The learned Claims Tribunal, in paragraph 29 of the impugned award, erred in relying upon Rule 97 sub-rule 7(ii) of the Madhya Pradesh Motor Vehicle Rules, 1994, and held that a tractor and trailer could be used for transporting labourers and family members. It is contended that in the present case no trolley was attached to the insured tractor and, moreover, under the law, the risk of such passengers/labourers travelling in the insured vehicle cannot be assumed unless specifically covered by the policy. On these grounds, the appellant–Insurance Company seeks exoneration from its liability.

5. Per contra, learned counsel for the claimant/respondent No.1 supported the impugned award and prayed for dismissal of the appeal.

6. Heard learned counsel for the parties and perused the record of the Claims Tribunal.

7. Upon perusal of the record, it is evident that in paragraph 28 of the impugned award, the Claims Tribunal has held that at the time of the accident, the deceased was travelling on the tractor. From Ex.D/3 (Insurance Policy), it is clear that the seating capacity of the tractor was only one person



(the driver), and the Insurance Company had not charged any additional premium to cover the risk of any person travelling on the tractor other than the driver.

8. In paragraph 29 of the impugned award, the Claims Tribunal relied upon Rule 97 sub-rule 7 of the Madhya Pradesh Motor Vehicle Rules, 1994, and held that as the tractor was insured for agricultural purposes, it was entitled to transport labourers and, therefore, there was no breach of the terms and conditions of the insurance policy.

9. Rule 97 sub-rule 7(ii) of the Madhya Pradesh Motor Vehicle Rules, 1994 reads as under:

(7) Notwithstanding anything contained in sub-rules (1) and (2) but subject to the provisions of sub-rule (5) such tractor-trailer other than those registered in the name of industrial organisation, Municipal Institutions, water supply institution and non-agricultural cooperative societies, and the unladen weight of which does not exceed 7300 Kgs. may be used for the following purposes-

(i) for carrying labourers and the member of the family of agriculturist for the purpose of agriculture or any purpose connected with agriculture including sale and purchase of articles or agriculture.

(ii) for carrying persons at the time of Mela, Markets, Religious Functions, Marriages and at other ceremonial occasions provided that the number of persons so carried shall not exceed 20 at a time.

10. In the case of *Arun Kumar Patel and Anr. vs. Smt. Terasi Saket and Ors.* 2007 SCC OnLine MP 442, Hon'ble Apex Court has held in para 10 is as under:-

10. Coming to the submission based on Rule 97 of MP Motor Vehicle Rules, that has been considered by a Full Bench of this Court in *Bhav Singh v. Smt. Savirani*, M.A No. 687/99 decided on 11-10-2007, 2008 (1) MPLJ (FB) 72 in which the Full Bench has opined that Rule 97 is not with respect to section 147 of Motor Vehicles Act, Rule 97 has been framed with respect to permit conditions not to cover the risk under section 147 which is contained in a different chapter of Motor Vehicles Act. Full Bench



of this Court has held thus:

"12. Regarding the Division Bench judgment in Sarvanlal (supra), we find that the Division Bench has relied on not only the judgment of the Full Bench in Jugal Kishore (supra) but also clause (vii) of Rule 97 of the Motor Vehicle Rules, 1994 (for short the Rules of 1994) made by the State of M.P. So far as the judgment of the Full Bench in Jugal Kishore (supra) is concerned, we have already clarified the position of law. Regarding clause (7) of Rule 97 of the Rules of 1994, we find that the Rules of 1994 have been made by the State of M.P. under section 96 of the Act and in particular sub-section (2)(xxxi) which provides that without prejudice to the generality of the foregoing power, rules under section 96 may be made with respect to the carriage of persons other than the driver in goods carriage. Section 96 is placed in Chapter-V of the Act which relates to "Control of Transport Vehicles". Sub-section (1) of section 96 of the Act states that the State Government may make rules for the purpose of carrying into effect the provisions of Chapter-V. Hence, Rule 97 of the Rules of 1994 has been made by the State Government to give effect to the provisions of Chapter-V of the Act, which, as we have seen, relates to "control of transport vehicles". These rules obviously cannot have a bearing in interpreting the provisions of Chapter-XI of the Act including sections 145 and 147 of the Act. As we have indicated above, the liability of the insurer to indemnify the insured in respect of death or bodily injury suffered by a passenger or an employee would be covered by the provisions of section 147 of the Act or the terms and conditions of insurance policy. Thus, the decision of the Division Bench in Sarwan Lal (supra) insofar as it relies on Rule 97 of the Rules of 1994 to hold the insurer liable for death or bodily injury suffered by the passengers does not lay down the correct law."

11. The Full Bench decision in **Bhav Singh vs. Smt. Savirani 2008 (1) MPLJ (FB) 72** and the Division Bench judgment in **Arun Kumar (supra)** clearly lay down that Rule 97 of the Madhya Pradesh Motor Vehicle Rules, 1994 has no application while determining the liability of the insurer under Section 147 of the Motor Vehicles Act. The liability of the insurer to indemnify the insured in respect of death or bodily injury suffered by a passenger or employee is governed strictly by Section 147 of the Act and the terms and conditions of the insurance policy.

12. In the present case, it is undisputed that the deceased was travelling



on the tractor; the tractor had a seating capacity of only one person; and no premium was paid to cover the risk of any person travelling on the tractor other than the driver. Therefore, the risk of such a person was not covered under the policy, and the Insurance Company cannot be fastened with liability.

13. Accordingly, it is held that the Claims Tribunal committed an error in holding the Insurance Company liable to pay compensation.

14. In view of the above, the instant appeal filed by the appellant–Insurance Company is **allowed**. The impugned award, insofar as it fastens liability upon the Insurance Company, is hereby set aside. The claimant/respondent No.1 shall be entitled to recover the compensation amount from respondent Nos.2 and 3, namely, the owner and driver of the offending vehicle.

15. Accordingly, the appeal stands **disposed of**.

(HIRDESH)
JUDGE