

## **Tamil Nadu State Transport Corporation Ltd. Vs Kalimuthu, Kavitha, Sathiya Bama and Saranya**

**Court:** Madras High Court (Madurai Bench)

**Date of Decision:** Nov. 2, 2010

**Hon'ble Judges:** P.P.S. Janarthana Raja, J

**Bench:** Single Bench

**Advocate:** Royce Emmanuel, for the Appellant; J. Anand Kumar, for the Respondent

**Final Decision:** Dismissed

### **Judgement**

P.P.S. Janarthana Raja, J.

This appeal is preferred by the Appellant-Transport Corporation against the judgment and Decree dated

27.04.2009 made in M.C.O.P No. 41 of 2008 on the file of the Motor Accidents Claims Tribunal/Sub Court, Devakkottai.

2. Background facts in a nutshell are as follows:

The deceased- Thangaraj met with motor vehicle accident that took place on 25.02.2008 at about 10.20 p.m. The said deceased was travelling as

a passenger in a bus, bearing Registration No. TN - 55 - N - 0313, belonging to the Appellant-Transport Corporation. The said bus was

proceeding from Pattukottai to Karaikudi and the same was driven by its driver in a rash and negligent manner and also at high speed due to

which, it hit against a lorry stationed at the extreme left side of the road, bearing Registration No. TCI-7877. Due to the same, the deceased

sustained grievous injuries all over the body and other passengers also sustained injuries. Immediately, the deceased was taken to the hospital and

on the way to the hospital, he died. The claimants are the wife and three daughters of the deceased. They claimed a sum of Rs. 6, 00,000/-as

compensation. The Appellant-Transport Corporation resisted the claim. On pleadings the Tribunal framed the following issues:

1. Whether the accident had occurred only due to the rash and negligent driving of the driver of the bus?
2. Whether the Appellant-Transport Corporation is liable to pay the compensation?
3. Whether the claimants are entitled to claim any compensation?

After considering the oral and documentary evidence, the Tribunal held that the accident had occurred only due to the rash and negligent driving of

the driver of the bus belonging to the Appellant-Transport Corporation and awarded a compensation of Rs. 4,86,000/-with interest at 7.5% p.a.

from the date of the claim petition. The details of the compensation are as under :

Heads Amount

Loss of income Rs. 4,16,000/-

Loss of love and affection Rs. 40,000/-

Loss of consortium and

Mental agony Rs. 20,000/-

Funeral expenses and

Transport charges Rs. 10,000/-

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Total ... Rs.4,86,000/-

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4. Learned Counsel appearing for the Appellant/Transport Corporation has questioned only the quantum of compensation awarded by the

Tribunal and vehemently contended that the compensation awarded by the Tribunal is excessive, exorbitant and also without any basis and

justification. Therefore, the award passed by the Tribunal is not in accordance with law and hence the same should be set aside.

5. Learned Counsel appearing for the Respondents-claimants has submitted that the Tribunal had considered all the relevant materials and

evidence on record and came to the right conclusion and awarded a just, fair and reasonable compensation. Hence the order of the Tribunal is in

accordance with law and the same has to be confirmed.

6. Heard the counsel on either side and perused the materials available on record. On the side of the claimants, P. Ws.1 and 2 were examined and

documents Exs.P1 to P11 were marked. On behalf of the Appellant-Transport Corporation, one Masilamani was examined as RW1, who is the

driver of the bus and no document was marked to substantiate their claim. P.W.1, is the wife of the deceased. P.W.2 is the co-passenger of the

deceased. Ex.P.1 is the xerox copy of the First Information Report. Ex.P.2 is the xerox copy of the Post Mortem Report. Ex.P.3 is the xerox

copy of the Family Card. Ex.P.4 is the Legal-heirship Certificate. Ex.P5 is the document to show that the deceased was residing in Dubai. Ex.P6 is

the Salary Certificate. Ex.P8 is the Identity Card of the wife of the deceased. Ex.P9 is the xerox copy of the Motor Vehicle Inspector"s Report

relating to the bus. Ex.P10 is the xerox copy of the Motor Vehicle Inspector"s Report relating to the lorry. Ex.P11 is the xerox copy of the

Charge-Sheet. After considering the above oral and documentary evidence, the Tribunal had given a categorical finding that the accident had

occurred only due to the rash and negligent driving of the driver of the bus belonging to the Appellant-Transport Corporation. The finding of the

Tribunal is based on valid materials and evidence and it is a question of fact. Hence the same is confirmed.

7. In the case of Sarla Verma and Ors. v. Delhi Transport Corporation and Anr. reported in (2009) 4 MLJ 997, the Apex Court has considered

the relevant factors to be taken into consideration before awarding compensation and held as follows:

7. Before considering the questions arising for decision, it would be appropriate to recall the relevant principles relating to assessment of

compensation in cases of death. Earlier, there used to be considerable variation and inconsistency in the decisions of Courts/Tribunals on account

of some adopting the Nance method enunciated in *Nance V. British Columbia Electric Rly. Co. Ltd.* (1951) AC 601 and some adopting the

Davies method enunciated in *Davies V. Powell Duffryn Associated Collieries Ltd.*, (1942) AC 601. The difference between the two methods was

considered and explained by this Court in *General Manager, Kerala State Road Transport Corporation, Trivandrum Vs. Mrs. Susamma Thomas*

and others, . After exhaustive consideration, this Court preferred the Davies method to Nance method. We extract below the principles laid down

in *General Manager, Kerala State Road Transport Corporation V. Susamma Thomas* (supra).

In fatal accident action, the measure of damage is the pecuniary loss suffered and is likely to be suffered by each dependent as a result of the death.

The assessment of damages to compensate the dependants is beset with difficulties because from the nature of things, it has to take into account

many imponderables, e.g., the life expectancy of the deceased and the dependants, the amount that the deceased would have earned during the

remainder of his life, the amount that he would have contributed to the dependants during that period, the chances that the deceased may not have

live or the dependants may not live up to the estimated remaining period of their life expectancy, the chances that the deceased might have got

better employment or income or might have lost his employment or income altogether. The manner of arriving at the damages is to ascertain the net

income of the deceased available for the support of himself and his dependants, and to deduct therefrom such part of his income as the deceased

was accustomed to spend upon himself, as regards both self-maintenance and pleasure, and to ascertain what part of his net income the deceased

was accustomed to spend for the benefit of the dependants. Then that should be capitalized by multiplying it by a figure representing the proper

number of year's purchase.

The multiplier method involves the ascertainment of the loss of dependency or the multiplicand having regard to the circumstances of the case and

capitalizing the multiplicand by an appropriate multiplier. The choice of the multiplier is determined by the age of the deceased (or that of the

claimants whichever is higher) and by the calculation as to what capital sum, if invested at a rate of interest appropriate to a stable economy, would

yield the multiplicand by way of annual interest. In ascertaining this, regard should also be had to the fact that ultimately the capital sum should also

be consumed-up over the period for which the dependency is expected to last.

It is necessary to reiterate that the multiplier method is logically sound and legally well-established. There are some cases which have proceeded to

determine the compensation on the basis of aggregating the entire future earnings for over the period the life expectancy was lost, deducted a

percentage there from towards uncertainties of future life and award the resulting sum as compensation. This is clearly unscientific. For instance, if

the deceased was, say 25 years of age at the time of death and the life expectancy is 70 years, this method would multiply the loss of dependency

for 45 years - virtually adopting a multiplier of 45 - and even if one-third or one-fourth is deducted there from towards the uncertainties of future

life and for immediate lump sum payment, the effective multiplier would be between 30 and 34. This is wholly impermissible.

In U.P. State Road Transport Corporation and Others Vs. Trilok Chandra and Others, , this Court, while reiterating the preference to Davies

method followed in General Manager, Kerala State Road Transport Corporation V. Susamma Thomas (supra), stated thus:

In the method adopted by Viscount Simon in the case of Nance also, first the annual dependency is worked out and then multiplied by the

estimated useful life of the deceased. This is generally determined on the basis of longevity. But then, proper discounting on various factors having a

bearing on the uncertainties of life, such as, premature death of the deceased or the dependent, remarriage, accelerated payment and increased

earning by wise and prudent investments, etc., would become necessary. It was generally felt that discounting on various imponderables made

assessment of compensation rather complicated and cumbersome and very often as a rough and ready measure, one-third to one-half of the

dependency was reduced, depending on the life span taken. That is the reason why courts in India as well as England preferred the Davies formula

as being simple and more realistic. However, as observed earlier and as pointed out in Susamma Thomas case, usually English courts rarely

exceed 16 as the multiplier. Courts in India too followed the same pattern till recently when tribunals/courts began to use a hybrid method of using

Nance method without making deduction for imponderables..... Under the formula Advocated by Lord Wright in Davies, the loss has to be

ascertained by first determining the monthly income of the deceased, then deducting there from the amount spent on the deceased, and thus

assessing the loss to the dependants of the deceased. The annual dependency assessed in this manner is then to be multiplied by the use of an

appropriate multiplier

(emphasis supplied)

8. In the case of Syed Basheer Ahamed and Others Vs. Mohd. Jameel and Another, , the Apex Court has held as follows:

13. Section 168 of the Act enjoins the Tribunal to make an award determining ""the amount of compensation which appears to be just"". However,

the objective factors, which may constitute the basis of compensation appearing as just, have not been indicated in the Act. Thus, the expression

which appears to be just"" vests a wide discretion in the Tribunal in the matter of determination of compensation. Nevertheless, the wide amplitude

of such power does not empower the Tribunal to determine the compensation arbitrarily, or to ignore settled principles relating to determination of

compensation.

14. Similarly, although the Act is a beneficial legislation, it can neither be allowed to be used as a source of profit, nor as a windfall to the persons

affected nor should it be punitive to the person(s) liable to pay compensation. The determination of compensation must be based on certain data,

establishing reasonable nexus between the loss incurred by the dependants of the deceased and the compensation to be awarded to them. In a

nutshell, the amount of compensation determined to be payable to the claimant(s) has to be fair and reasonable by accepted legal standards.

15. In Kerala SRTC v. Susamma Thomas<sup>2</sup>, M.N. Venkatachaliah, J. (as His Lordship then was) had observed that: (SCC p.181, para 5)

5. ... The determination of the quantum must answer what contemporary society "would deem to be a fair sum such as would allow the wrongdoer

to hold up his head among his neighbors and say with their approval that he has done the fair thing". The amount awarded must not be niggardly

since the "law values life and limb in a free society in generous scales"." At the same time, a misplaced sympathy, generosity and benevolence

cannot be the guiding factor for determining the compensation. The object of providing compensation is to place the claimant(s), to the extent

possible, in almost the same financial position, as they were in before the accident and not to make a fortune out of misfortune that has befallen

them.

18. The question as to what factors should be kept in view for calculating pecuniary loss to a dependant came up for consideration before a three-

Judge Bench of this Court in Gobald Motor Service Ltd. v. R.M.K. Veluswami<sup>4</sup>, with reference to a case under the Fatal Accidents Act, 1855,

wherein, K. Subba Rao, J. (as His Lordship then was) speaking for the Bench observed thus: (AIR p.1)

In calculating the pecuniary loss to the dependants many imponderables enter into the calculation. Therefore, the actual extent of the pecuniary loss

to the dependants may depend upon data which cannot be ascertained accurately, but must necessarily be an estimate, or even partly a conjecture.

Shortly stated, the general principle is that the pecuniary loss can be ascertained only by balancing on the one hand the loss to the claimants of the

future pecuniary benefit and on the other any pecuniary advantage which from whatever source comes to them by reason of the death, that is, the

balance of loss and gain to a dependant by the death must be ascertained.

19. Taking note of the afore extracted observations in Gobald Motor Service Ltd. in Susamma Thomas it was observed that: (Susamma Thomas

case, SCC p.182, para 9)

9. The assessment of damages to compensate the dependants is beset with difficulties because from the nature of things, it has to take into account

many imponderables e.g. the life expectancy of the deceased and the dependants, the amount that the deceased would have earned during the

remainder of his life, the amount that he would have contributed to the dependants during that period, the chances that the deceased may not have

lived or the dependants may not live up to the estimated remaining period of their life expectancy, the chances that the deceased might have got

better employment or income or might have lost his employment or income altogether.

20. Thus, for arriving at a just compensation, it is necessary to ascertain the net income of the deceased available for the support of himself and his

dependants at the time of his death and the amount, which he was accustomed to spend upon himself. This exercise has to be on the basis of the

data, brought on record by the claimant, which again cannot be accurately ascertained and necessarily involves an element of estimate or it may

partly be even a conjecture. The figure arrived at by deducting from the net income of the deceased such part of income as he was spending upon

himself, provides a datum, to convert it into a lump sum, by capitalizing it by an appropriate multiplier (when multiplier method is adopted). An

appropriate multiplier is again determined by taking into consideration several imponderable factors. Since in the present case there is no dispute in

regard to the multiplier, we deem it unnecessary to dilate on the issue.

After considering the principles enunciated in the judgments cited supra, let me consider the facts of the present case.

9. At the time of the accident, the deceased Thangaraj was aged about 44 years. P.W.1, the wife of the deceased, in her evidence has stated that

the deceased was working as a Head cook in Monport Technical Institute, Chennai-16 from 01.10.2007 to 23.02.2008 and also he was

employed in Dubai. Ex.P5 is the document to show that the deceased was residing in Dubai. Further in her evidence, she stated that the deceased

was earning a sum of Rs. 5,000/-per month. Ex.P6 is the Salary Certificate. After considering the above oral and documentary evidence, the

Tribunal has fixed the monthly income of the deceased at Rs. 4,000/-. Out of the said sum, 1/3rd of the amount was deducted towards personal

expenses of the deceased and the balance sum was taken as the monthly contribution of the deceased to the family. After considering the age of

the deceased, the Tribunal adopted the multiplier of "13" in accordance with the schedule and determined the loss of income at Rs. 4, 16,000/-

(Rs. 4,000X12X2/3X13). Considering the oral and documentary evidence, this Court is of the view that the Tribunal has correctly fixed the

monthly income, and also correctly arrived at Rs. 4,16,000/-towards loss of income, by applying the correct multiplier of "13". The amount

awarded towards loss of income is also very reasonable and hence the same is confirmed. The Tribunal has awarded a sum of Rs. 40,000/-

towards loss of love and affection. Three daughters have lost the love and affection of their father. After considering the same, the amount awarded

under this head is very reasonable and hence the same is confirmed. The Tribunal has awarded a sum of Rs. 20,000/-towards loss of consortium

and mental agony. After considering the age of the wife of the deceased, the amount awarded under this head is very reasonable and hence the

same is confirmed. The Tribunal has awarded a consolidated sum of Rs. 10,000/-towards funeral expenses and transport charges, which is very

reasonable and hence the same is confirmed. The Tribunal has fixed the interest rate at 7.5% p.a. After taking into consideration of the date of

accident, date of award and the prevailing rate of interest during that time, the interest fixed by the Tribunal at 7.5% per annum from the date of

petition is reasonable and hence the same is confirmed. The findings of the Tribunal are based on valid materials and evidence. I do not find any

error or illegality in the order of the Tribunal warranting interference. It is a question of fact. It is not a perverse order. Learned Counsel appearing

for the Appellant-Transport Corporation is also unable to give any material evidence of compelling reason to take a contrary view of the Tribunal.

Under the circumstances, this is not a fit case for admission and the award passed by the Tribunal is in accordance with law and hence the same is

confirmed.

10. Accordingly, the Civil Miscellaneous Appeal is dismissed. No costs. Consequently, connected miscellaneous petition is closed.