

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO. 2836 OF 2015
(Arising out of S.L.P. (Civil) No. 6016/2014)

SHASHIKALA & ORS.

... Appellants

Versus

GANGALAKSHMAMMA & ANR.

..Respondents

J U D G M E N T

R. BANUMATHI, J.

Leave granted.

2. This appeal arises out of judgment in M.F.A. No.136/2009 (MV) dated 15.7.2013 passed by the High Court of Karnataka, in and by which, the High Court modified the award passed by the Motor Accident Claims Tribunal, Bangalore (for short 'the tribunal') by enhancing the compensation to Rs.14,69,372/- from Rs.7,85,000/- awarded by the tribunal.

3. Appellant No.1 is the wife, appellants No.2 to 4 are children and appellants No.5 to 6 are the parents of the deceased

Late Shri H.S. Ravi. The appellants have filed a claim petition under the Motor Vehicles Act on account of death of deceased Sri H.S. Ravi who had met with an accident on 14.12.2006. On the fateful day, the deceased Ravi was proceeding in a motor cycle as a pillion rider. The rider of the motor cycle applied sudden brake due to which both rider and pillion rider fell down and both sustained grievous injuries. The rider of the motor cycle died on the spot. Ravi who was a pillion rider sustained grievous injuries and was immediately rushed to the hospital. However, after six days i.e. on 20.12.2006, deceased-Ravi succumbed to the injuries. Deceased-Ravi was aged 45 years and he was engaged in a transport business of supplying newspapers from the Head Office destination to other places. The deceased was paying income-tax and was an income-tax assessee. Stating that the deceased was the only earning member of the family and that they have lost the support of the bread winner of the family, the claimants filed a claim petition claiming compensation of Rs.33,90,000/-.

4. The tribunal has taken the income of the deceased-Ravi at Rs.75,000/- per annum and deducting 1/3rd towards the personal expenses of the deceased, the tribunal calculated the loss of dependency at Rs.50,000/- per annum. Taking the age of the

deceased as 46 years, the tribunal adopted multiplier 13 and awarded compensation of Rs.6,50,000/-(Rs.50,000/- x 13) towards loss of dependency. In addition to this, the tribunal awarded conventional damages of Rs.35,000/-(Rs.10,000/- towards loss of consortium, Rs.10,000/- towards loss of love and affection, Rs.10,000/- towards loss of estate and Rs.5,000/- towards funeral expenses) and Rs.1,00,000/- towards medical expenses as against the claim of Rs.1,82,150/-. Thus, the tribunal has awarded total compensation of Rs.7,85,000/-.

5. Aggrieved by the said award of the tribunal, the appellants filed appeal before the High Court seeking enhancement of compensation. The High Court modified the award by recalculating the income of the deceased. Taking the income tax returns of the deceased for the assessment years 2005-06 and 2006-07, the High Court calculated average of the same and taken the income at Rs. 1,55,812/- per annum. After making deductions towards income-tax, professional tax and income from house property, the High Court calculated the net income of deceased at Rs.1,17,831/- per annum. The High Court deducted 1/4th towards personal expenses and to the remaining amount of Rs.88,373/- applied multiplier of 14 and accordingly re-determined the loss of

dependency at Rs.12,37,222/- as against Rs.6,50,000/- awarded by the tribunal. Awarding conventional damages at Rs. 45,000/- and medical expenses at Rs.1,87,150/-, the High Court enhanced the compensation to Rs.14,69,372/-. Still aggrieved by the quantum of compensation, appellants have filed this appeal.

6. Learned counsel for the appellants-claimants contended that the compensation awarded by the High Court was neither just nor reasonable. It was submitted that the High Court erred in calculating the average of the income from the income of the assessment years 2005-06 and 2006-07. It was further submitted that as per the decision in the case of *Rajesh and Ors. vs. Rajbir Singh & Ors*¹, the High Court ought to have made an addition of 30% of the net income of the deceased in computation of future prospects as in the instant case deceased-Ravi was being in the age group of 40-50 years. It was also submitted that the courts below ought to have awarded Rs.1,00,000/- towards loss of consortium and substantial amount of compensation to the

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children-appellants No. 2 to 4 towards loss of love and affection.

7. Learned counsel for the respondent-insurance company submitted that in *Reshma Kumari & Ors. vs. Madan Mohan & Anr*²., this Court has held that where the deceased was self-employed, it would be appropriate not to make any addition to income for future prospects and the High Court rightly declined to make addition towards future prospects. It was submitted that the deceased was engaged in the business and was not earning fixed income and has filed returns for different years showing different income viz., gross income of Rs.1,08,713/- for the assessment year 2005-06 and Rs.2,02,911/- for the assessment year 2006-07 which only indicates the disparity in income of the deceased. To strike a balance, High Court has rightly taken the average and rightly deducted 10% towards income tax and other deductions. It was submitted that the compensation awarded by the High Court is just and reasonable and no grounds have been made out by the claimants for enhancement of the compensation whatsoever.

8. I have carefully considered the rival contentions and perused the impugned judgment as also the award and the materials on record.

9. The deceased was doing transport business of supplying

² (2013) 9 SCC 65

newspapers from the Head Office to the other destinations as per the agreement entered into between the group of newspapers and himself. It is also not in dispute that the deceased was an income tax assessee and he has filed income tax returns for the assessment years 2005-06 and 2006-07. The claimants had filed income tax returns of the deceased for the assessment years 2005-06 and 2006-07 with gross total income of Rs.1,08,713/- and Rs.2,02,911/- respectively including the income from the house property. Total income of both the years comes to Rs.3,11,624/- and the High Court has taken the average of it which comes to Rs.1,55,812/-. High Court deducted 10% of the said amount towards income-tax and taken the balance amount to Rs.1,40,231/-. The High Court had further deducted Rs.2,400/- towards professional tax and income from the house property shown as Rs.20,000/- and the net income was calculated at Rs.1,17,831/-. Since the claimants are six in numbers as per the decision in *Sarla Verma & Ors. vs. Delhi Transport Corporation & Anr*³., one-fourth($1/4^{\text{th}}$) deduction was made towards personal expenses. The loss of dependency was thus calculated at Rs.88,373/-. Taking the age of deceased at 45 years, the High Court adopted multiplier 14 and calculated the total loss of dependency at Rs.12,37,222/-.

3 (2009) 6 SCC 121

10. The deceased was aged 45 years and was doing transport business. Though the claimants have filed income tax returns for two assessment years 2005-06 and 2006-07, as per the income tax returns for the year 2006-07, the income of the assessee was Rs.2,02,911/-. Tribunal did not take the income of the deceased for the assessment year 2006-07 on the ground that only xerox copy was filed and the claimants have failed to examine income-tax authorities to prove the same. Instead of taking the income of the deceased as per the assessment year 2006-07, the High Court has chosen to calculate the average of the income for two assessment years 2005-06 and 2006-07. Considering the age of the deceased and the nature of business he was doing, in my considered view, the High Court was not justified in so taking the average of income of the two assessment years. The deceased was aged 45 years and doing business. Admittedly, he was also owning agricultural lands. Even though agricultural income was not shown in the income tax return, it emerges from the evidence that the deceased was also doing agricultural work.

11. Onbehalf of the claimants, reliance was placed upon *Rajesh's case* (supra) to contend that even in the case of self-employed persons or persons with fixed wages, there must be an

addition to the income of the deceased towards future prospects. In *Sarla Verma's case* (supra), this Court held that in case of salaried persons additions have to be made depending upon the age of the deceased to the actual income of the deceased while computing future prospects. In *Santosh Devi vs. National Insurance Company Ltd. & Ors*⁴, *Sarla Verma* was explained and it was held that the benefit of making addition to total income of persons who are self-employed or getting fixed wages was permissible.

12. The principles laid down in *Santosh Devi's case* (supra) were reiterated in *Rajesh and Ors. vs. Rajbir Singh & Ors.* (supra), wherein this Court held that the case of self-employed persons or persons with fixed wages, the actual income of the deceased must be enhanced for purpose of computation viz.(i) by 50% where his age was below 40 years; (ii) by 30% where he belonged to age group of 40 to 50 years, and (iii) by 15% where he was between age group of 50 to 60 years. However, it was observed that no such addition/enhancement was permissible where deceased exceeded the age of 60 years. Further, in *Rajesh* (supra), this Court while reiterating the meaning of "just compensation" with reference to settled principles observed that, at the time of fixing such compensation, the court should not succumb to the niceties or

4 (2012) 6 SCC 421

technicalities to grant just compensation in favour of the claimant. It is the duty of the court to equate, as far as possible, the misery on account of the accident with the compensation so that the injured or the dependants should not face the vagaries of life on account of discontinuance of the income earned by the victim, and the court's duty is to award just, equitable, fair and reasonable compensation, irrespective of claim made.

13. Considering the question of making addition to the income of the deceased towards the future prospects in cases of salaried persons *vis-à-vis* in cases where the deceased was self-employed or on a fixed wage/salary, in *Reshma Kumari and Ors. vs. Madan Mohan and Anr*⁵, this Court held as under :-

“39. The standardization of addition to income for future prospects shall help in achieving certainty in arriving at appropriate compensation. We approve the method that an addition of 50% of actual salary be made to the actual salary income of the deceased towards future prospects where the deceased had a permanent job and was below 40 years and the addition should be only 30% if the age of the deceased was 40 to 50 years and no addition should be made where the age of the deceased is more than 50 years. Where the annual income is in the taxable range, the actual salary shall mean actual salary less tax. In the cases where the deceased was self-employed or was on a fixed salary without provision for annual increments, the actual income at the time of death without any addition to income for future prospects will be appropriate. A departure from the above principle can only be justified in extraordinary circumstances and very exceptional cases.”

14. The decision in *Reshma Kumari's* case was rendered at earlier point of time (2.04.2013) and *Rajesh's* case was pronounced subsequently (12.04.2013). Pointing out the divergent opinion expressed in the above cases and expressing the view that regarding the manner of addition of income for future prospects in case of self-employed or on fixed wages there should be an authoritative pronouncement, in *National Insurance Company vs. Pushpa* {S.L.P (C) No.16735/2014}, the matter has been referred to a larger Bench by the order dated 2.07.2014, in which one of us (Hon'ble Mr. Justice V. Gopala Gowda) was a member, which is pending consideration.

15. Section 168 of the Motor Vehicles Act enjoins the courts/tribunals to make award determining the amount of compensation which appears to be just and reasonable. The wide amplitude of such power does not empower the tribunal to determine the compensation arbitrarily, although the Act is a beneficial legislation, it can neither be allowed as a source of profit nor as a windfall to the persons affected. Determination of compensation has to be fair and reasonable and acceptable by the legal standards. In *Nagappa vs. Gurudayal Singh & Ors*⁶., this Court held as under:-

6 (2003) 2 SCC 274

"10. Thereafter, Section 168 empowers the Claims Tribunal to "make an award determining the amount of compensation which appears to it to be just". Therefore, the 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".

The same principle was reiterated in the decisions of *Oriental Insurance Company Ltd. vs. Mohd. Nasir*⁷ and *Anr.*, and *Ningamma and Anr. vs. United India Insurance Company Ltd*⁸.

16. Without adverting to the issue whether additions are to be made towards future prospects or not, as it is obligatory on the part of the Court to award just compensation, considering the age of the deceased and the nature of business he was doing, in my view, the income of the deceased as stated in the income tax return for the year 2006-07 i.e. Rs. 2,02,911/- may be taken as the income of the deceased. Ten per cent of the said amount i.e. Rs.20,290/- is to be deducted towards income tax and the remaining comes to Rs.1,82,620/-. The amount to be deducted for professional tax is Rs.2,400/- and after deducting the same, the balance comes out to Rs. 1,80,220/-. The income from the house property for the year 2006-07 is shown to be Rs.20,000/- and after deducting the same, the net amount comes to Rs.1,60,220/-. Deducting 1/4th (one/fourth) towards personal expenses which

7 (2009) 6 SCC 280

8 (2009) 13 SCC 710

comes out to Rs.40,055/-, the loss of dependency/loss of contribution is arrived at Rs.1,20,165/- per annum.

17. Insofar as appropriate multiplier, the date of birth of the deceased as per driving licence was 16.6.1961. On the date of accident i.e. 14.12.2006, the deceased was aged 45 years, 5 months and 28 days and the tribunal has taken the age as 46 years. Since the deceased has completed only 45 years, the High Court has rightly taken the age of the deceased as 45 years and adopted multiplier 14 which is the appropriate multiplier and the same is maintained. Total loss of dependency is calculated at Rs.16,82,310/- (Rs.1,20,165/- x 14).

18. With respect to the award of compensation towards conventional heads, the tribunal has awarded only Rs.10,000/- towards loss of consortium and Rs.10,000/- towards love and affection, Rs.10,000/- towards loss of estate and Rs.5,000/- towards funeral charges. The High Court totally awarded Rs.45,000/- towards conventional heads such as loss of estate, loss of love and affection, loss of consortium, transportation of dead body and funeral expenses. In various decisions, this Court has held that substantial compensation is to be awarded towards conventional damages like loss of consortium, loss of love and affection and

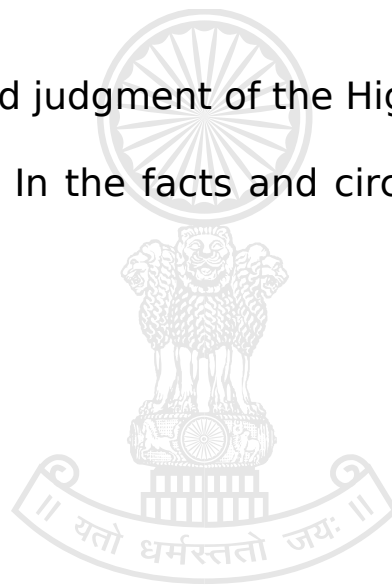
funeral expenses. In *Rajesh And Ors. vs. Rajbir Singh & Ors.*, (supra) and *Jiju Kuruvila & Ors. vs. Kunjuamma Mohan & Ors.*⁹, this Court has awarded substantial amount of Rs.1,00,000/- towards loss of consortium and Rs.1,00,000/- towards loss of love and affection and Rs.25,000/- towards funeral expenses. Following the same, Rs.1,00,000/- is awarded towards loss of consortium and Rs.1,00,000/- towards loss of love and affection to the minor children and Rs.25,000/- towards funeral expenses and Rs.25,000/- towards loss of estate totalling to Rs.2,50,000/-. Thus, the compensation awarded to the claimants is enhanced to Rs.19,32,310/-.

19. In the result, the compensation awarded to the claimants is enhanced and the compensation is awarded at Rs.19,32,310/-. The enhanced compensation of Rs.4,62,938/- is payable with interest at the rate of 9% per annum from the date of the claim petition till the date of realisation. Out of enhanced compensation of Rs.4,62,938/-, Rs.3,12,938/- alongwith accrued interest shall be paid to the first appellant-wife of the deceased, balance Rs.1,50,000/- alongwith accrued interest shall be apportioned amongst the claimants 2 to 4. If the appellants 2 to 4 are still minors claimants, their share of the enhanced compensation shall

⁹ (2013) 9 SCC 166

be invested in a nationalized bank on the same terms as directed by the High Court. In case, the appellants No. 2 to 4 have already attained majority, they are permitted to withdraw their entire share of apportioned compensation.

20. The impugned judgment of the High Court is modified and the appeal is allowed. In the facts and circumstances of the case, no order as to costs.



.....J.
(R. BANUMATHI)

New Delhi;
March 13, 2015

JUDGMENT

REPORTABLE

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO. 2836 OF 2015
(Arising Out of SLP (C) No. 6016 of 2014)

SHASHIKALA & ORS.

....APPELLANTS

VERSUS

GANGALAKSHMAMMA & ANR.

.....RESPONDENTS

J U D G M E N TV. Gopala Gowda, J.

I have perused the judgment written by my learned Sister Mrs. Justice R. Banumathi in the above-mentioned matter. I am in respectful agreement with all the points which are answered in favour of the appellants-claimants, except for the non-consideration on the question of making addition to the income of the deceased towards the future prospects in the case of salaried persons *vis-à-vis* where the deceased was self employed or on fixed wages after adverting to the judgments of this Court in

***Reshma Kumari & Ors. v. Madan Mohan & Anr.*¹,**

Rajesh & Ors. v. Rajbir Singh & Ors.², the relevant paragraphs of which are extracted hereinafter.

2. After considering the legal principles laid down by this Court in the case of (1) **General Manager, Kerala State Road Transport Corporation, Trivandrum & Ors. v. Susamma Thomas & Ors.**³ ; (2) **Sarla Dixit & Anr. v. Balwant Yadav & Ors.**⁴ and (3) **Abati Bezbaruah v. Dy. Director General, Geological Survey of India & Anr.**⁵, this Court, on the question of future prospects in the case of **Sarla Verma & Ors. v. Delhi Transport Corporation & Anr.**⁶ has held as follows:-

"24. In **Susamma Thomas**, this Court increased the income by nearly 100%, in **Sarla Dixit** the income was increased only by 50% and in **Abati Bezbaruah** the income was increased by a mere 7%. In view of the

(2013) 9 SCC 65

2 (2013) 9 SCC 54
 3 (1994) 2 SCC 176
 4 (1996) 3 SCC 179
 5 (2003) 3 SCC 148
 6 (2009) 6 SCC 121

imponderables and uncertainties, we are in favour of adopting as a rule of thumb, an addition of 50% of actual salary to the actual salary income of the deceased towards future prospects, where the deceased had a permanent job and was below 40 years. (Where the annual income is in the taxable range, the words "actual salary" should be read as "actual salary less tax"). The addition should be only 30% if the age of the deceased was 40 to 50 years. There should be no addition, where the age of the deceased is more than 50 years. Though the evidence may indicate a different percentage of increase, it is necessary to standardise the addition to avoid different yardsticks being applied or different methods of calculation being adopted. Where the deceased was self-employed or was on a fixed salary (without provision for annual increments, etc.), the courts will usually take only the actual income at the time of death. A departure therefrom should be made only in rare and exceptional cases involving special circumstances."

3. Interestingly, in **Reshma Kumari & Ors.** (supra), which was ultimately decided in 2.4.2013 by a three judge Bench, which arose out of the matter referred by the order of two judge Bench dated 23.7.2009. That order had referred two questions:-

"(1) Whether multiplier specified in the Second Schedule appended to the Motor Vehicles Act, 1988 (for short "the 1988 Act") should be scrupulously applied in all cases? And

(2) Whether for determination of the multiplicand, the 1988 Act provides for any criterion, particularly as regards determination of future prospect."

4. The referring Bench (in **Reshma Kumari & Ors.**-supra) had in fact, envisioned a situation where future prospects in private employment too, were to be taken into consideration (although in a slightly different context). The relevant paragraph of the referring Bench of this Court in the case of **Reshma Kumari & Ors.** is extracted hereunder:-

"46. In the Indian context several other factors should be taken into consideration including education of the dependants and the nature of job. In the wake of changed societal conditions and global scenario, future prospects may have to be taken into consideration not only having regard to the status of the

employee, his educational qualification; his past performance but also other relevant factors, namely, the higher salaries and perks which are being offered by the private companies these days..."

Ultimately, the question of future prospects was decided in the Larger Bench judgment of this Court in **Reshma Kumari's** case. The relevant paragraph is extracted hereunder:

"39. The standardisation of addition to income for future prospects shall help in achieving certainty in arriving at appropriate compensation. We approve the method that an addition of 50% of actual salary be made to the actual salary income of the deceased towards future prospects where the deceased had a permanent job and was below 40 years and the addition should be only 30% if the age of the deceased was 40 to 50 years and no addition should be made where the age of the deceased is more than 50 years. Where the annual income is in the taxable range, the actual salary shall mean actual salary less tax. In the cases where the deceased was self-employed or was on a fixed salary without provision for annual increments, the actual income at the time of death without any addition to

income for future prospects will be appropriate. A departure from the above principle can only be justified in extraordinary circumstances and very exceptional cases."

5. In **Santosh Devi v. National Insurance Co. Ltd. & Ors.**⁷, a two judge Bench of this Court had earlier doubted the decision with respect to future prospects in **Sarla Verma** (supra) and interpreted the limiting of grant of compensation amount to a person who is self-employed, privately employed or is engaged on fixed wages if he /she becomes victim of an accident. The relevant paragraphs as discussed by this Court in **Santosh Devi's** case is extracted hereunder:-

"14. We find it extremely difficult to fathom any rationale for the observation made in para 24 of the judgment in **Sarla Verma** case that where the deceased was self-employed or was on a fixed salary without provision for annual increment, etc., the courts will usually take only the actual income at the time of death and a departure from this rule should be made only in rare and exceptional

cases involving special circumstances. In our view, it will be naïve to say that the wages or total emoluments/income of a person who is self-employed or who is employed on a fixed salary without provision for annual increment, etc., would remain the same throughout his life.

15. The rise in the cost of living affects everyone across the board. It does not make any distinction between rich and poor. As a matter of fact, the effect of rise in prices which directly impacts the cost of living is minimal on the rich and maximum on those who are self-employed or who get fixed income/emoluments. They are the worst affected people. Therefore, they put in extra efforts to generate additional income necessary for sustaining their families.

16. The salaries of those employed under the Central and State Governments and their agencies/instrumentalities have been revised from time to time to provide a cushion against the rising prices and provisions have been made for providing security to the families of the deceased employees. The salaries of those employed in private sectors have also increased manifold. Till about two decades ago, nobody could have imagined that salary of Class IV employee of the Government would be in five

figures and total emoluments of those in higher echelons of service will cross the figure of rupees one lakh.

17. Although the wages/income of those employed in unorganised sectors has not registered a corresponding increase and has not kept pace with the increase in the salaries of the government employees and those employed in private sectors, but it cannot be denied that there has been incremental enhancement in the income of those who are self-employed and even those engaged on daily basis, monthly basis or even seasonal basis. We can take judicial notice of the fact that with a view to meet the challenges posed by high cost of living, the persons falling in the latter category periodically increase the cost of their labour. In this context, it may be useful to give an example of a tailor who earns his livelihood by stitching clothes. If the cost of living increases and the prices of essentials go up, it is but natural for him to increase the cost of his labour. So will be the cases of ordinary skilled and unskilled labour, like, barber, blacksmith, cobbler, mason, etc.

18. Therefore, we do not think that while making the observations in the last three lines of para 24 of *Sarla Verma* judgment, the Court had intended to lay down an absolute rule that there will be

no addition in the income of a person who is self-employed or who is paid fixed wages. Rather, it would be reasonable to say that a person who is self-employed or is engaged on fixed wages will also get 30% increase in his total income over a period of time and if he/she becomes the victim of an accident then the same formula deserves to be applied for calculating the amount of compensation."

6. In **Rajesh & Ors.** (supra), a three judge Bench decision of this Court, which took into consideration the decisions of this Court in the cases of **Sarla Verma & Ors.** and **Santosh Devi** (supra) held thus:

"8. Since, the Court in **Santosh Devi** case actually intended to follow the principle in the case of salaried persons as laid down in **Sarla Verma** case and to make it applicable also to the self-employed and persons on fixed wages, it is clarified that the increase in the case of those groups is not 30% always; it will also have a reference to the age. In other words, in the case of self-employed or persons with fixed wages, in case, the deceased victim was below 40 years, there must be an addition of 50% to the actual income of the deceased while computing

future prospects. Needless to say that the actual income should be income after paying the tax, if any. Addition should be 30% in case the deceased was in the age group of 40 to 50 years."

7. Further, in **National Insurance Company Ltd. v. Pushpa**, this Court in SLP No. 16735 of 2014 (arising out of CC No. 8058 of 2014) vide order dated 2.7.2014 made a reference to a larger Bench in view of the seeming conflict between the legal principles with respect to future prospects laid down by this Court in the cases of **Reshma Kumari & Ors.** and **Rajesh & Ors.** (supra). The relevant para from the **National Insurance Company** case (supra) is extracted hereunder:-

"Be it noted, though the decision in **Reshma** (supra) was rendered at earlier of time, as is clear, the same has not been noticed in **Rajesh** (supra) and that is why divergent opinions have been expressed. We are of the considered opinion that as regards the manner of addition of income of future prospects there should be an authoritative pronouncement. Therefore, we think it appropriate to refer the matter to a larger Bench."

Though, I am a party to the above reference, at the same time, it is worth mentioning that the reference even in the case of a perceived conflict or disagreement with the views of a two judge (or even a three judge) Bench does not permit a lower Bench formation to refer the matter straightway to a five Judge Bench. This principle was stated in ***Bharat Petroleum Corporation Ltd. v. Mumbai Shramik Sangha & Ors.***⁸. In that judgment, the Constitution Bench held that a decision of a Constitution Bench binds Benches of two and three learned Judges of this Court and that judicial discipline obliges them to follow it, regardless of their doubts about its correctness. At the most, they can direct that the matter to be heard by a Bench of three learned Judges. In ***Pradip Chandra Parija & Ors. v. Pramod Chandra Patnaik & Ors.***⁹, a Bench of two learned judges expressed reservations with the judgment of a three judge Bench and directed the matter to be

8 (2001) 4 SCC 448

9 (2002) 1 SCC 1

placed before a larger Bench of five judges. The Constitution Bench held that the rule of '*judicial discipline and propriety*' as well as the theory of precedents permitted only a Bench of the same quorum to question the correctness of the decision by another Bench of co-ordinate strength upon which the matter can be placed for consideration by a Bench of larger quorum. A Bench of lesser quorum cannot thus, express disagreement with, or question the correctness of, the view of a Bench of a larger quorum.

Central Board of Dawoodi Bohra Community & Anr. v. State of Maharashtra & Anr.¹⁰ summarized, for future guidance, the correct approach in such matters. The relevant para of the said case is extracted hereunder:-

"12. Having carefully considered the submissions made by the learned Senior Counsel for the parties and having examined the law laid down by the Constitution Benches in the abovesaid decisions, we would like to sum up the legal position in the following terms:

¹⁰ (2005) 2 SCC 673

(1) The law laid down by this Court in a decision delivered by a Bench of larger strength is binding on any subsequent Bench of lesser or coequal strength.

(2) A Bench of lesser quorum cannot disagree or dissent from the view of the law taken by a Bench of larger quorum. In case of doubt all that the Bench of lesser quorum can do is to invite the attention of the Chief Justice and request for the matter being placed for hearing before a Bench of larger quorum than the Bench whose decision has come up for consideration. It will be open only for a Bench of coequal strength to express an opinion doubting the correctness of the view taken by the earlier Bench of coequal strength, whereupon the matter may be placed for hearing before a Bench consisting of a quorum larger than the one which pronounced the decision laying down the law the correctness of which is doubted.

(3) The above rules are subject to two exceptions:

(i) the abovesaid rules do not bind the discretion of the Chief Justice in whom vests the power of framing the roster and who can direct any particular matter to be placed for hearing

before any particular Bench of any strength; and

(ii) in spite of the rules laid down hereinabove, if the matter has already come up for hearing before a Bench of larger quorum and that Bench itself feels that the view of the law taken by a Bench of lesser quorum, which view is in doubt, needs correction or reconsideration then by way of exception (and not as a rule) and for reasons given by it, it may proceed to hear the case and examine the correctness of the previous decision in question dispensing with the need of a specific reference or the order of the Chief Justice constituting the Bench and such listing. Such was the situation in **Raghubir Singh** and **Hansoli Devi.**"

8. Hence, I am of the opinion that the **Rajesh & Ors.** (supra) itself applied the **Santosh Devi** (supra) case, even while clarifying that for self employed individuals, age is also a determining factor, as is seen in the

observation in the case of **Rajesh & Ors.** (supra) that in the case of self-employed or persons with fixed wages, in case, the deceased victim was below 40 years, there must be an addition of 50% to the actual income of the deceased while computing future prospects.

In fact, this gives shape to the view that future prospects are to be taken into account even in case of self employment and also that there cannot be a set formula for determining such compensation. The best application of this view may be seen in **Sanjay Verma v. Haryana Roadways**¹¹ where the facts were noticed as follows :

"12. The appellant was a self-employed person. Though he had claimed a monthly income of Rs.5000/-, the income tax returns filed by him demonstrate that he had paid income tax on an annual income of Rs.41,300/-. No fault, therefore, can be found in the order of the High Court which proceeds on the basis that the annual income of the claimant at the time of the accident was Rs

41,300/-..."

Then, this Court after noticing the decisions of this Court in the cases of **Sarla Verma & Ors.**, **Santosh Devi**, and the three Judge Bench of this Court in **Reshma Kumari & Ors.** and **Rajesh & Ors.** (supra) applied the law in the following manner in **Sanjay Verma's** case (supra) :-

"16. Undoubtedly, the same principle will apply for determination of loss of income on account of an accident resulting in the total disability of the victim as in the present case. Therefore, taking into account the age of the claimant (25 years) and the fact that he had a steady income, as evidenced by the income tax returns, we are of the view that an addition of 50% to the income that the claimant was earning at the time of the accident would be justified.

17. Insofar as the multiplier is concerned, as held in *Sarla Verma* or as prescribed under the Second Schedule to the Act, the correct multiplier in the present case cannot be 15 as held by the High Court. We are of the view that the adoption of the multiplier of 17 would be appropriate.

Accordingly, taking into account the addition to the income and the higher multiplier the total amount of compensation payable to the claimant under the head "loss of income" is Rs.10,53,150/- (Rs.41,300/- + Rs.20,650/- = Rs.61,950/- $\times$ 17)."

The clarification of the position, by a three judge Bench, in **Rajesh & Ors.**, *ipso facto* could not have led to the conclusion that there was a conflict between the views of various Benches, since **Santosh Devi** itself had noticed **Sarla Verma**, the logic of which in respect of limiting compensation for non-permanent employment was clarified.

9. The above facts recount the position as emerging from a combined reading of various orders and judgments. What is clear is that a two judge Bench as was the formation in the case of **National Insurance Company Ltd. v. Pushpa** (supra) could not, having regard to the settled legal principle outlined in the decision of this Court in **Central Board of Dawoodi Bohar Community** (supra) have referred

the matter to a larger Bench. The correct view would have been to place the matter before a Bench of co-ordinate strength which decided **Reshma Kumari & Ors.** and **Rajesh & Ors.** (supra), i.e. three judges.

10. However, I agree that the matter in relation to future prospects to be added to the annual income to determine the compensation towards loss of dependency cannot be finally decided by us and has to be ultimately referred to a larger Bench - because I was a party to the reference in **National Insurance Co. Ltd. v. Pushpa** (supra) and more importantly, cannot in propriety recall that reference while I am part of another Bench presently. In view of the observations, the matter has to be placed before the Hon'ble Chief Justice of India for appropriate orders towards the constitution of a suitable larger Bench in accordance with law.

.....J.
(V. GOPALA GOWDA)

March 13, 2015,
New Delhi.

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION
CIVIL APPEAL NO(s). 2836 OF 2015
(Arising out of S.L.P.(C) No. 6016 of 2014)

SHASHIKALA & ORS. ... APPELLANT(S)

VERSUS

GANGALAKSHMAMMA & ANR ...RESPONDENT(S)

O R D E R

Since we have disagreed only insofar as the addition towards the future prospects in case of self-employed or fixed wages to be added to the compensation towards the dependency, the matter may be placed before the Hon'ble the Chief Justice of India for appropriate orders towards the constitution of a suitable larger Bench to decide the said issue.

Pendente lite the said issue, the enhanced compensation of Rs. 4,62,938/- along with interest at the rate of 9% p.a. from the date of the claim petition till the date of realisation shall be paid within four weeks from today by way of a demand draft or be deposited before the Motor Accident Claims Tribunal, Bangalore, to enable the appellants herein to withdraw the same.

.....J.
(V. GOPALA GOWDA)

.....J.
(R. BANUMATHI)

NEW DELHI,
MARCH 13, 2015