

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. OF 2025
(Arising out of SLP (Civil) No.8656 of 2023)

THARUNOJU ESHWARAMMA
& ORS.

... APPELLANT(S)

VS.

K. RAM REDDY & ANR.

... RESPONDENT(S)

O R D E R

1. Leave granted.
2. The present appeal has been filed impugning the common judgment¹ of the High Court² which pertains to assessment of compensation on account of death of Hari Shankar Brahma in a motor accident.
3. As is evident from the record, the accident took place on 28.06.2009. Late Hari Shankar Brahma, who was 27 years of age at the time of accident, was working as System Analyst with Nihaki Systems Inc. New Jersey, U.S.A. His annual salary was \$47,050 (equivalent to ₹21,17,250/-). The claim petition³ was filed by the parents, two brothers and one sister of the deceased.

¹ Dated 19.09.2022 in M.A.C.M.A. No.908 of 2015.

² High Court of Judicature for the State of Telangana at Hyderabad.

³ O.P.No.63 of 2011.

4. The Tribunal⁴, by taking the income of the deceased at ₹21,17,250/- per annum, applied a deduction of 40% on account of personal expenses. For assessing the dependency, multiplier of 5 was applied. ₹5,000/- each was awarded on account of loss of estate and funeral expenses. Total amount of compensation awarded by the Tribunal was ₹63,00,000/-. The Tribunal though assessed the compensation at ₹63,61,750/-, however, restricted the same to the amount claimed by the claimants.

5. Aggrieved against the award of the Tribunal, the claimants preferred appeal before the High Court. The High Court assessed annual income of the deceased at ₹7,00,000/-, being one-third of the salary he was drawing in USA, treating him to be a contractual worker. Thereafter, 40% was added on account of future prospects, applying a deduction of 50% for personal expenses and a multiplier of 17, the dependency was assessed at ₹83,30,000/-. Sum of ₹33,000/- was added under conventional heads. Final compensation of ₹83,63,000/- was awarded by the High Court. It is the aforesaid award which has been impugned in the present appeal by the

⁴ Motor Vehicle Accident Claims Tribunal-cum-II Additional Chief Judge, City Civil Court, Hyderabad.

appellants/claimants.

6. Learned counsel for the appellants/claimants submitted that various principles for assessment of compensation in motor accident cases were settled by the Constitution Bench of this Court in ***National Insurance Co. Ltd. vs. Pranay Sethi***⁵. The same is extracted below:

“59. In view of the aforesaid analysis, we proceed to record our conclusions:

59.1.- 59.2. x x x x

59.3. While determining the income, an addition of 50% of actual salary to the income of the deceased towards future prospects, where the deceased had a permanent job and was below the age of 40 years, should be made. The addition should be 30%, if the age of the deceased was between 40 to 50 years. In case the deceased was between the age of 50 to 60 years, the addition should be 15%. Actual salary should be read as actual salary less tax.

59.4. In case the deceased was self-employed or on a fixed salary, an addition of 40% of the established income should be the warrant where the deceased was below the age of 40 years. An addition of 25% where the deceased was between the age of 40 to 50 years and 10% where the deceased was between the age of 50 to 60

⁵ (2017) 16 SCC 680; 2017 INSC 1068.

years should be regarded as the necessary method of computation. The established income means the income minus the tax component.

59.5. For determination of the multiplicand, the deduction for personal and living expenses, the tribunals and the courts shall be guided by paras 30 to 32 of Sarla Verma [Sarla Verma v. DTC, (2009) 6 SCC 121 : (2009) 2 SCC (Civ) 770 : (2009) 2 SCC (Cri) 1002] which we have reproduced hereinbefore.

59.6. The selection of multiplier shall be as indicated in the Table in Sarla Verma [Sarla Verma v. DTC, (2009) 6 SCC 121 : (2009) 2 SCC (Civ) 770 : (2009) 2 SCC (Cri) 1002] read with para 42 of that judgment.

59.7. The age of the deceased should be the basis for applying the multiplier.

59.8. Reasonable figures on conventional heads, namely, loss of estate, loss of consortium and funeral expenses should be Rs 15,000, Rs 40,000 and Rs 15,000 respectively. The aforesaid amounts should be enhanced at the rate of 10% in every three years."

7. The principle as to how income of a deceased or a person injured in a road accident in India, in case they are employed in a foreign country, is to be assessed was not the subject matter of consideration.

8. The argument raised by learned counsel for the appellants/claimants was that while assessing the compensation, the High Court had applied double deduction. Firstly, 2/3rd of the salary earned by the deceased was reduced, and thereafter a deduction of 50% was applied as the deceased was a bachelor. The same is contrary to the law laid down by this Court in various judgments.

8.1 He has referred to the judgment of this Court in ***Shyam Prasad Nagalla and Others vs Andhra Pradesh State Road Transport Corporation and Others***⁶, where this Court did not make any exception to a person earning in foreign currency. Income of the deceased therein was taken in dollars, converted into Indian Rupees and after making addition on account of future prospects, normal deduction as provided for in ***Pranay Sethi's case (supra)*** was applied. It was not a case where double deduction was applied.

8.2 In ***New India Assurance Company Limited vs Ashish Ravindra Kulkarni and Others***⁷, the deceased was employed in Singapore, earning S\$11,153 per month. This Court, while assessing the compensation, applied normal

⁶ 2025 INSC 193; 2025 SCCOnline SC 282.

⁷ (2024) 11 SCC 641.

standard deductions while assessing the dependency. Deduction of 1/3rd was applied for personal expenses.

8.3 A three-judge Bench of this Court in ***United India Insurance Company Limited vs Satinder Kaur***⁸ was referred to, where, considering the case of a deceased who was living and earning in a foreign country, deduction of 50% was applied for personal expenses because of the high cost of living there, even though he had four dependants (a widow and 3 minor children).

8.4 In the case of ***Jiju Kuruvila and Others vs Kunjamma Mohan and Others***⁹, deceased was employed in the U.S.A., earning \$2,500 per month. A deduction of 1/5th was made, considering the fact that he had his widow, two children and mother as his dependants, and no double deduction was applied.

9. In addition to the judgments cited by learned counsel for the appellants, this Court dealt with similar issue in following judgments:

9.1 In ***Kulwinder Kaur & Ors. vs Parshant Sharma & Anr.***¹⁰, the deceased was employed in USA, whose income was assessed in Indian Currency at ₹78,300/- per month. This Court,

⁸ (2021) 11 SCC 780.

⁹ (2013) 9 SCC 166.

¹⁰ 2025 INSC 950.

while assessing the compensation, made standard deduction of 1/4th towards personal expenses, considering that the deceased had four dependents (widow, father, daughter and son). No further deduction was applied on account of the deceased being employed in a foreign country.

9.2 In ***Ramla and Others vs National Insurance Company Limited and Others***¹¹, the deceased was employed in Qatar, earning 2,500 Qatar Riyals, equivalent to ₹30,000/- per month. This Court while assessing the compensation made a deduction of 40% of salary, taking into consideration the high cost of living in Doha and the fact that the deceased was having his wife, 2 minor children and aged father as dependants.

9.3 In ***Balram Prasad vs Kunal Saha and Others***¹², the deceased, Ohio (USA) based child psychologist, died of medical negligence. This Court while awarding compensation under the Consumer Protection Act, 1986, held that the deceased was earning \$40,000 per annum at the time of her death. The Court made one-third deduction under the head of personal expenditure. No further deductions were made by the court.

¹¹ (2019) 2 SCC 192.

¹² (2014) 1 SCC 384.

10. On the other hand, learned counsel for the respondents has referred to the judgment of this Court in ***Chanderi Devi and Anr. vs Jaspal Singh and Ors.***¹³, the deceased was employed in Germany, earning €1,145 per month, equivalent to ₹62,975/-. This Court, instead of taking that income, had assessed the same at ₹15,000/-, considering that a cook of a similar nature would have earned that amount in India in the year 2006. Further, deduction of one-third was made towards personal expenses and assessment was made accordingly.

10.1 In the case of ***Oriental Insurance Company limited vs Deo Patodi & Ors.***¹⁴, the deceased was employed in the United Kingdom. In the aforesaid case, this Court applied a deduction of 2/3rd to the income being earned by the deceased in the United Kingdom and further deduction of one-third towards personal expenses was made, and assessment was made accordingly.

10.2 The argument is that since the aforesaid judgment having been followed by the High Court in the case in hand, there is no error in the impugned judgment.

¹³ (2015) 11 SCC 703.

¹⁴ (2009) 13 SCC 123.

11. What transpired from the arguments raised by learned counsel for the parties is that there are two sets of judgments with reference to assessment of compensation in cases where the deceased was employed in a foreign country. One set of judgments, cited by learned counsel for the appellants, provided that whatever income is earned in a foreign country should be taken as such, and thereafter the amount of compensation should be assessed. The same are as under:

- a. Shyam Prasad Nagalla and Others vs Andhra Pradesh State Road Transport Corporation and Others, 2025 INSC 193: 2025 SCCOnline SC 282.
- b. Kulwinder Kaur & Ors. vs Parshant Sharma & Anr., 2025 INSC 950.
- c. New India Assurance Company Limited vs Ashish Ravindra Kulkarni and Others (2024) 11 SCC 641.
- d. United India Insurance Company limited vs Satinder Kaur, (2021) 11 SCC 780.
- e. Ramla and Others vs National Insurance Company Limited and Others, (2019) 2 SCC 192
- f. Balram Prasad vs Kunal Saha and Others (2014) 1 SCC 384
- g. Jiju Kuruvila and Others vs Kunjujamma Mohan and Others, (2013) 9 SCC 166.

12. The other set of judgments, relied upon by the learned counsel for the respondents, provided for an additional deduction from the income earned in a foreign country,

applying different parameters. From the income so determined, normal deductions and multipliers are applied in terms of the ***Pranay Sethi's case (supra)***.

13. One of the judgments relied upon by the learned counsel for the appellants is by a bench of three judges.

14. Considering the fact that with the change in situation and level of earning in the last decades, lot of I.T. graduates/professionals and other Indians are going abroad for better career opportunities and there being divergent views on application of double deduction, in a case where the income is earned in a foreign country, in our view, the issue deserves to be resolved by a larger Bench.

15. In case the final opinion expressed by a larger Bench is in the direction that moderation of the income earned in a foreign country is required for the purpose of assessment of compensation under the Motor Vehicles Act, 1988, considering the standard and cost of living in different countries and the status/life style of the deceased, guidance will also be required as to the application of any formula for applying a deduction or the manner in which the moderation should be made. Another relevant factor may be the remittance made by the deceased to the family in India. In case the deceased was married, whether

the family was living with him/her in foreign country or in India.

16. Let the papers be placed before the Hon'ble Chief Justice of India for constituting a larger Bench for consideration of the issues referred to above.

.....J.
[RAJESH BINDAL]

.....J.
[MANMOHAN]

New Delhi
October 07, 2025.

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (C) No(s). 8656/2023

[Arising out of impugned final judgment and order dated 19-09-2022 in MACMA No. 908/2015 passed by the High Court for The State of Telangana at Hyderabad]

THARUNOJU ESHWARAMMA & ORS.

Petitioner(s)

VERSUS

K. RAM REDDY & ANR.

Respondent(s)

(IA No. 75742/2023 - EXEMPTION FROM FILING C/C OF THE IMPUGNED JUDGMENT)

Date : 07-10-2025 This matter was called on for hearing today.

CORAM :

HON'BLE MR. JUSTICE RAJESH BINDAL
HON'BLE MR. JUSTICE MANMOHAN

For Petitioner(s) :

Mr. Vamsikrishna Thota, Adv.
Mr. T. Vishwarupa Chary, Adv.
Ms. Munisha Anand, Adv.
Mr. Abdul Wahab khan, Adv.
Mr. Ronak Karanpuria, AOR

For Respondent(s) :

Ms. Prerna Mehta, AOR

UPON hearing the counsel the Court made the following
O R D E R

Leave granted.

Let the papers be placed before the Hon'ble Chief Justice of India for constituting a larger Bench in terms of the signed order.

(ANITA MALHOTRA)
AR-CUM-PS

(AKSHAY KUMAR BHORIA)
COURT MASTER

(Signed order is placed on the file.)