MOTOR OWNERS INSURANCE CO. LTD.

v.

JADAVJI KESHAVJI MODI & ORS.

September 29, 1981

[Y.V. CHANDRACHUD, C.J., S. MURTAZA FAZAL ALI AND D.A. DESAI, JJ.]

Motor Vehicles Act 1939, S. 95(2) as amended by Motor Vehicles (Amendment) Act 1956, S. 74—Scope of. "in all"—"any one accident"—Meaning of,

Section 95 of the Motor Vehicles Act, 1939 prescribes the requirements of an insurance policy and the limits of liability thereunder. By sub-section (1) of section 95, a policy of insurance must insure the person or classes of persons specified in the policy to the extent specified in sub-section (2) against any liability which may be incurred by him or them in respect of the death of or bodily injury to any person caused by or arising out of the use of the vehicle in a public place. Section 95(2) of the Act as it originally stood read thus :

"95(2) : Subject to the proviso to sub-section (1) a policy of insurance shall cover any liability incurred in respect of *any one accident* upto the following limits, namely :—

(a) where the vehicle is a vehicle used or adapated to be used for the carriage of goods, a limit of twenty thousand rupees.....".

This provision was substituted by a new clause by section 74 of the Motor Vehicles (Amendment) Act, 1956 with effect from February 16, 1957. The amended clause read :

"95(2) (a) :—Where the vehicle is a goods vehicle, a limit of twenty thousand rupees *in all*, including the liabilities, if any, arising under the Workmen's Compensation Act, 1923, in respect of the death of, or bodily injury to, employees (other than the driver), not exceeding six in number, being carried in the vehicle".

This provision underwent further amendment by the Motor Vehicles (Amendment) Act, 1969 which came into force on March 2, 1970.

A collision took place between a motor car and a goods truck in February 1966 as a result of which the driver of the car died instantaneously and the person travelling in the car sustained injuries. The truck was insured against third party risk with the appellant-insurance company.

The heirs and legal representatives of the deceased filed an application before the Motor Accidents Claims Tribunal, under section 110-D of the Act, claiming compensation in the sum of Rs. 30,000 for the death caused in the accident. The person who was injured filed a separate application asking for compensation of Rs. 10,000 for the injuries suffered by him. The Tribunal dismissed both the applications on the ground that respondent No. 3 could not be said to have been driving the truck rashly and negligently at the time of the accident.

The claimants filed separate appeals in the High Court, which awarded a compensation of Rs. 19,125 to the heirs of the deceased and Rs. 10,000 to the injured person.

In the appeals to this Court it was contended on behalf of the appellant-insurance company : (i) that under clause (a) of section 95(2) as it stood at the material time, the liability of the insurer under the statutory policy taken by the owner of the goods vehicle is limited to Rs. 20,000 *in all* and, therefore, the insurer cannot be asked to pay compensation in excess of that amount, and that the liability to pay the balance must be fixed on the owner of the goods vehicle who would be vicariously responsible for the negligence of his employee who was driving the goods vehicle, and (ii) that the Amendment Act of 1956 which came into force on February 16, 1957 introduced the words *'in all'* in clause (a) and that these words were introduced to limit the overall liability of the insurer to twenty thousand rupees.

Dismissing the appeals,

HELD : 1. The High Court took a just, correct and realistic view of the matter by holding that, under the statutory policy the appellant-insurance company is liable to pay the full amount of compensation to the heirs of the deceased and to the passenger travelling in the car, each amount being less than Rs. 20,000. [880 G-H]

The purpose of law is to alleviate, not augment, the sufferings of the people. The award of compensation depends upon a variety of factors, including the extent of monetary deprivation to which the heirs of the deceased are subjected. [870 G]

3. By common practice and the application of recognised rules of statutory construction, harsh consequences following upon an interpretation are not considered as the governing factor in the construction of a statute, unless its language is equivocal and ambiguous. [871 E]

4. Clause (a) of section 95 (2) qualifies the extent of the insurer's liability by the use of the unambiguous expression 'in all' and since that expression was specially introduced by an amendment, it must be allowed its full play. The legislature must be presumed to have intended what it has plainly said. But, clause (a) does not stand alone and is not the only provision to be considered for determining the outside limit of the insurer's liability. In fact, clause (a) does not even form a complete sentence and makes no meaning by itself. Like the other clauses (b) to (d), clause (a) is governed by the opening words of

A section 95 (2) to the effect that "a policy of insurance shall cover any liability incurred in respect of *any one accident* upto the following limits", that is the limits laid down in clauses (a) to (d). [871 H-872 B]

5 (i) The expression, 'any one accident' is susceptible of two equally reasonable meanings or interpretations. If a collision occurs between a car and a truck resulting in injuries to five persons, it is as much plausible to say that B five persons were injured in one accident as it is to say that each of the five persons met with an accident. A bystander looking at the occurrence objectively will be right in saying that the truck and the car met with an accident or that they were concerned in one accident. On the other hand, a person looking at the occurrence subjectively, like the one who was injured in the collision, will say that he met with an accident. And so will each of the five persons who were injured. From their point of view, which is the relevant point of view, "any one C accident" means "accident to any one". In matters involving third party risks, it is subjective considerations which must prevail and the occurrence has to be looked at from the point of view of those who are immediately affected by it. [872 E-F]

5 (ii) A consideration of preponderating importance in a matter of this D nature is not whether there was any one transaction which resulted in injuries to many but whether more than one person was injured, giving rise to more than one claim or cause of action, even if the injuries were caused in the course of one single transaction. If more than one person is injured during the course of the same transaction, each one of the persons meets with an accident. [873A-B]

6. The ambiguity in the language used by the legislature in the opening E part of section 95 (2) and the doubt arising out of the co-relation of that language with the words 'in all' which occur in clause (a) must be resolved by having regard to the underlying legislative purpose of the provisions, contained in Chapter VIII of the Act which deals with third party risks. That is a sensitive process which has to accommodate the claims of the society as reflected in that purpose. [873 C]

F 7. In the area of legislative ambiguities courts have to fill gaps, clear doubts and mitigate hardships. There is no table of logarithms to guide or govern statutory construction in this area, which leaves a sufficient and desirable discretion for the Judges to interpret laws in the light of their purpose, where the language used by the law-makers does not yield to one and one meaning only. It is, therefore, appropriate to hold that the word "accident" is used in the expression "any one accident" from the point of view of the various claiG mants, each of whom is entitled to make a separate claim for the accident suffered by him and not from the point of view of the insurer. [873 D, F-G]

8. With the emergence of the General Insurance Corporation which has taken over general insurance business of all kinds, including motor vehicle insurance, it should be easy to give statutory recognition to the State's obligation to H compensate victims of road accidents, promptly, adequately and without contest. [880 F]

Cabell v. *Markham,* 148 F. 2d. 737, 739 [1945]; *The South Staffordshire Tramways Company Ltd.* v. *The Sickness and Accident Assurance Association Ltd.,* [1891] 1 Q.B.D. 402; *Forney* v. *Dominion Insurance Co. Ltd.,* [1969] 1 Weekly Law Reports, 928; *Manjusri Raha and Ors.* v. *B.L. Gupta and Ors.* [1977] 2 S.C.R. 944, referred to. A

Northern India Transporters Insurance Co. Ltd. v. *Smt. Amrawati,* AIR 1966 Punjab 288, *Jayalakshmi and Ors.* v. *The Ruby General Insurance Company, Madras and Anr.* AIR 1971 Madras 143; *Sabita Pati and Ors.* v. *Rameshwar Singh and Anr.* [1973] A. C. J. 319; *Sheikhupura Transport Co. Ltd.* v. *Northern India Transport Co.,* [1971] Suppl. S.C.R. 20 distinguished. B

Sanjiva Shetty v. *Anantha and Ors,* 1976 A.C. J. 261; *M/s. Construction India and Ors. v. Mahindra Pal Singh Ahluwalia and Ors.,* 1975 A.C.J. 177, disapproved. C

CIVIL APPELLATE JURISDICTION : Civil Appeals Nos. 801-802 of 1978 :

From the judgment and order dated the 30th September, 1976 of the Gujarat High Court at Ahmedabad in F.A. No. 696 of 1971 and 1282 of 1969. D

Soli J. Sorabjee, I.N. Shroff and *H.S. Parihar* for the Appellant.

S.K. Dholakia and *R.C. Bhatia* for Respondent Nos. 3-6. E

The Judgment of the Court was delivered by

CHANDRACHUD, C.J. These appeals raise a question of some importance from the point of Insurance Companies which insure motor vehicles against third party risks and more so, from the point of view of the general public which, by reason of the increasing hazards of indisciplined and fast moving traffic, is driven in despair to lodge claims for injuries suffered in motor vehicle accidents. In case of air accidents, the injured and the dependents of the deceased receive, without contest, fairly large sums by way of compensation from the Air Corporations. We have still to awaken to the need to evolve a reasonably comparable method for compensating those who receive injuries or die in road or train accidents. The victims of road accidents or their dependents are driven to wage a long and unequal battle against the Insurance Companies, which deny their liability on every conceivable ground and indulge in an ingenious variety of factual disputations from 'who was driving the vehicle' to 'whose negligence was the *sine qua non* of the accident'. The delay in the final disposal of motor accident compensation cases, as in all F G H

other classes of litigation, takes the sting out of the laws of compensation because, an infant child who seeks compensation as a dependent of his deceased father has often to await the attainment of majority in order to see the colour of the money. Add to that the monstrous inflation and the consequent fall in the value of the rupee: Compensation demanded say, ten years ago, is less than quarter of its value when it is received today. We do hope that the Government will apply itself seriously and urgently to this problem and find a satisfactory method of ameliorating the woes of victims of road accidents.

We have just talked of delay and it is just as well that we begin by saying that the accident out of which these proceedings arise happened on February 1, 1966. A collision took place between a motor car, No. GJY 4973, and a goods truck, No. GTA 4123, at about 8.30 P.M. on Naroda Road, Ahmedabad, as a result of which Ajit Sinh, who was driving the car died instantaneously and Jadavji Keshavji Modi, who was travelling in the car, sustained injuries. The truck was insured against third party risk with the appellant, the Motor Owners Iasurance Co. Ltd.

The appellant had then an office in Ahemdabad but it ultimately merged with the New India Assurance Co. Ltd., Bombay. Respondents 1 (a) to 1 (g), who are the heirs and legal representatives of the deceased Ajit Sinh, filed an application before the Motor Accidents Claims Tribunal, Ahmedabad, under section 110-D of the Motor Vehicles Act, 4 of 1939, seeking compensation in the sum of Rs. 30,000 for his death. Jadavji Modi filed a separate application asking for compensation of Rs. 10,000 for the injuries suffered by him. The Tribunal dismissed both the applications by a common judgment dated June 20, 1968 on the ground that respondent No. 3 could not be said to have been driving the truck rashly and negligently at the time of the accident.

Jadavji Modi and respondents 1 (a) to 1 (g) filed separate appeals in the Gujarat High Court from the Judgment of t he Tribunal, being First Appeals Nos. 1202 of 1969 and 696 of 1971 respectively. These appeals were disposed of by the High Court by a common judgment dated September 30, 1976. The hearing proceeded, both before the Tribunal and the High Court, on the basis that the truck was used for carrying goods. The High Court allowed the appeals, awarding a compensation of Rs. 19, 125 to

respondents 1 (a) to 1 (g) with 6% interest from the date of application until realisation of the amount and a compensation of Rs. 10,000 with similar interest to Jadvaji Modi. These appeals by special leave are directed against the judgment of the High Court.

This Court by its order dated April 18, 1978 granted special leave to the appellant to appeal from the judgment of the High Court, limited to the question relating to the construction of section 95 (2) of the Motor Vehicles Act, 1939, ("the Act").

Chapter VIII of the Act bears the title "Insurance of motor vehicles against third party risks". Section 93 defines certain terms while section 94 (1) provides for the necessity to insure a vehicle against third party risks. By that section, no person can use a motor vehicle in a public place, except as a passenger, unless there is in force in relation to the use of the vehicle a policy of insurance complying with the requirements of the chapter. Section 95 prescribes the requirements of the insurance policy and the "limits of liability" thereunder. Broadly, by sub-section (1) of section 95, a policy of insurance must insure the person or classes of persons specified in the policy to the extent specified in sub-section (2) against any liability which may be incurred by him or them in respect of the death of or bodily injury to any person caused by or arising out of the use of the vehicle in a public place. The proviso to sub-section (1) consists of three clauses by which, speaking generally, a policy is not required to cover (i) liability in respect of the death of or injuries to an employee arising out of and in the course of his employment; (ii) liability in respect of the death of or bodily injury to persons carried in the vehicle except where the vehicle is used for carrying passengers for hire or reward; and (iii) any contractual liability.

That takes us to the provisions contained in section 95 (2) of the Act, the interpretation of which is the sole question for our consideration in this appeal. The Motor Vehicles Act, 1939, save for Chapter VIII relating to the insurance of motor vehicles against third party risks, has been in force since July 1, 1939, in what were known as Part A and Part C States and since April 1, 1951 in Part B States. Chapter VIII came into force on July 1, 1946.

Section 95 (2) of the Act originally read thus :

"95 (2) —Subject to the proviso to sub-section (1), a

A policy of insurance shall cover any liability incurred in respect of *any one accident* upto the following limits, namely :-

(a) where the vehicle is a vehicle used or adapted B to be used for the carriage of goods, a limit of twenty thousand rupees;

(b) where the vehicle is a vehicle in which passengers are carried for hire or reward or by reason of or in pursuance of a C contract of employment, in respect of persons other than passengers carried for hire or reward, a limit of twenty thousand rupees; and in respect of passengers a limit of twenty thousand rupees *in all*, and four thousand rupees in respect of an individual D passenger, if the vehicle is registered to carry not more than six passengers excluding the driver or two thousand rupees in respect of an individual passenger, if the vehicle is registered to carry more than six passengers excluding the driver; E

(c) where the vehicle is a vehicle of any other class, the amount of the liability incurred." (emphasis supplied)

F Clause (a) of sub-section (2) was substituted by a new clause by section 74 of the Motor Vehicles (Amendment) Act, 100 of 1956, with effect from February 16, 1957. The amended clause (a), which was in force on February 1, 1966 when the incident leading to these proceedings occurred, reads thus :

G "95 (2) (a) —Where the vehicle is a goods vehicle, a limit of twenty thousand rupees *in all*, including the liabilities, if any, arising under the Workmen's Compensation Act, 1923, in respect of the death of, or bodily injury to, H employees (other than the driver), not

exceeding six in number, being carried in the vehicle."

(emphasis supplied)

Clauses (b) and (c) of section 95 (2) remained as they were in 1939 and were not touched by the 1956 Amendment.

Section 95 (2) underwent a further amendment by the Motor Vehicles (Amendment) Act, 56 of 1969, which came into force on March 2, 1970. As a result of that amendment, the section reads thus :

"95 (2) —Subject to the proviso to sub-section (1), a policy of insurance shall cover any liability incurred in respect of any one accident upto the following limits, namely :-

(a) where the vehicle is a goods vehicle, a limit of fifty thousand rupees *in all*, including the liabilities, if any, arising under the Workmen's Compensation Act, 1923, in respect of the death of, or bodily injury to employees (other than the driver), not exceeding six in number, being carried in the vehicle;

(b) where the vehicle is a vehicle in which passengers are carried for hire or reward or by reason of or in pursuance of a contract of employment-

(i) in respect of persons other than passengers carried for hire or reward, a limit of fifty thousand rupees *in all*;

(ii) in respect of passengers :

(1) a limit of fifty thousand rupees *in all* where the vehicle is registered to carry more than thirty passengers;

A (2) a limit of seventy-five thousand rupees *in all* where the vehicle is registered to carry more than thirty but not more than sixty passengers;

(3) a limit of one lakh rupees *in all* B where the vehicle is registered to carry more than sixty passengers; and

(4) subject to the limits aforesaid ten thousand rupees for each individual C passenger in any other case;

(c) save as provided in clause (d), where the vehicle is a vehicle of any other class, the amount of liability incurred;

D (d) irrespective of the class of the vehicle, a limit of rupees two thousand *in all* in respect of damage to any property of a third party."

(emphasis supplied)

E We are concerned only with clause (a) of section 95 (2) and that too, as it existed on February 1, 1966 when the collision between the car and the truck took place. We have extracted the other clauses of section 95 (2) in order to trace the legislative history of the section and to see whether the language used by the legislature in other parts of the same section affords a comparative clue to the F interpretation of the provision contained in clause (a).

Clause (a) as originally enacted in 1939, provided that the insurance policy must cover the liability in respect of third party risks upto the limit of twenty thousand rupees, where the vehicle is used or adapted to be used for the carriage of goods. By the G amendment introduced by the Amendment Act 100 of 1956, the words "in all" were added after the words "twenty thousand rupees". Clause (a) thus amended read to say that where the vehicle is a goods vehicle, the policy of insurance shall cover the liability in regard to third party risks upto the limit of twenty thousand rupees in all. Whereas clause (a) in its original form spoke of a vehicle H "used or adapted to be used for the carriage of goods", under the

amendment of 1956, the clause was made applicable to cases where the vehicle "is a goods vehicle". The other amendment introduced by the Act of 1956 was that the overall limit of twenty thousand rupees was expressed to include the liability arising under the Workmen's Compensation Act, 1923 to the extent mentioned in the amendment. The amendment introduced by the Amendment Act 56 of 1969 enhanced the liability under clause (a) from twenty thousand rupees to fifty thousand rupees in all.

Clause (b) of section 95 applies to vehicles in which passengers are carried for hire or reward or by reason of or in pursuance of a contract of employment. Under that clause as it stood originally in 1939, the liability was restricted to twenty thousand rupees in respect of persons other than passengers carried for hire or reward; and to twenty thousand rupees in all in respect of passengers. The Amendment Act of 1956 did not make any change in clause (b). But, the Amendment Act of 1969 enhanced the liability to the limit of fifty thousand rupees in all in respect of persons other than passengers carried for hire or reward. In respect of passengers, the liability was enhanced from twenty thousand rupees to fifty thousand rupees in all, seventy-five thousand rupees in all one lakh rupees in all, depending upon the registered capacity of the vehicle to carry passengers.

It may be recalled that the High Court awarded compensation in the sum of Rs. 19,125 to respondents 1 (a) to 1 (g) who are the heirs and legal representatives of Ajit Sinh who was driving the car, and Rs. 10,000 to Jadavji Modi who was travelling in the car. The total amount of compensation awarded to the claimants thus comes to Rs. 29,125 that is to say, it is in excess of Rs. 20,000. The contention of Shri Sorabjee who appears on behalf of the appellant insurance company is, that under clause (a) as it stood at the material time, the liability of the insurer under the statutory policy taken by the owner of the goods vehicle is limited to twenty thousand rupees *in all* and, therefore, the insurer cannot be asked to pay compensation in excess of that amount. The liability to pay the balance, viz. Rs. 9,125 must according to the learned counsel, be fastened on the owner of the goods vehicle who would be vicariously responsible for the negligence of his employee who was driving the goods vehicle. In support of this submission counsel relies strongly on the circumstance that the Amendment Act of 1956 which came into force on February 16, 1957, introduced the words

A "in all" in clause (a). It is urged that these words were introduced advisedly and deliberately in order to limit the overall liability of the insurer to twenty thousand rupees under the statutory policy. These words of limitation cannot be ignored by asking the appellant to pay compensation in excess of twenty thousand rupees. Counsel also seeks to derive support to his submission from the use of the B words "in all" in clauses (b) and (d) of section 95 (2) as amended by Amendment Act 56 of 1969 which came into force on March 2, 1970.

Having given our anxious consideration to these contentions C of Shri Sorabjee, which are not without plausibility, we have come to the conclusion that the construction canvassed by the learned counsel will lead to great injustice and absurdity and must, therefore, be eschewed since, especially, the words of section 95 (2) cannot, in the context in which they occur, be regarded as plain and unambiguous. We will first demonstrate the harsh and strange consequences D which will flow out of the construction pressed upon us and we will then show why we consider that the material words of the section are of doubtful import. If, for example, two or three persons die in a collision between a car and a goods vehicle and two or three others are injured as a result of the negligence of the driver of the goods vehicle, the heirs of the deceased and the injured persons will E together be entitled to twenty thousand rupees in all, no matter how serious the injuries and how grave the hardship to the heirs ensuing upon the loss of lives of those who perished in the collision. But there is a more flagrant injustice which one shall have to countenance if one were to accept the argument advanced on behalf of the appellant and it is this : If two persons of unequal economic F status die in the kind of collision mentioned above, the heirs of the affluent victim will virtually monopolise the compensation by getting a lion's share in it, thereby adding insult to the injury caused to the heirs of the indigent victim. The purpose of law is to alleviate, not augment, the sufferings of the people. It is well-known that the award of compensation depends upon a variety of factors, including G the extent of monetary deprivation to which the heirs of the deceased are subjected. Applying that criterion as one of the many variable criteria which are applied for fixing compensation in motor accident cases, the heirs of the affluent victim may have been awarded, say, a compensation of Rs. 90,000. The heirs of the other victim who H may have been just managing to keep his body and soul together will probably have received by that standard a compensation of, say,

ten thousand rupees. The compensation awarded to these two groups of heirs shall have to be reduced rateably in the proportion of 9 : 1 in order to ensure it does not exceed rupees twenty thousand "in all". The result of this will be that the insurance company will be liable to pay a sum of Rs. 18,000 to the heirs of the affluent person and Rs. 2,000 to the heirs of the other person. The icy hand of death may have fallen in one stroke on two victims of disparate economic status but then, the arithmetic of the appellant's argument will perpetuate the gross inequality between the two even after their death. We must avoid a construction which will produce such an unfair result, if we can do so without doing violence to the language of the section. The owner of the truck will undoubtedly be liable to pay the balance but common experience shows that the woes of the injured and of the heirs of those who perish in automobile accidents begin after they embark upon the adventure of execution proceedings. There are proverbial difficulties in proving ownership of goods vehicles, particularly if they are subject to a hire-purchase agreement and truck owners are quite known for the ease with which they proclaim their insolvency. It is therefore no consolation that the left-over liability will fall on the insured.

Both by common practice and the application of recognised rules of statutory construction, harsh consequences following upon an interpretation are not considered as the governing factor in the construction of a statute, unless its language is equivocal or ambiguous. If the language is plain and capable of one interpretation only, we will not be justified in reading into the words of the Act a meaning which does not follow naturally from the language used by legislature. It therefore becomes necessary to consider whether the language used by the legislature in section 95 (2) of the Act admits of any doubt or difficulty or is capable of one interpretation only.

If the words used by the legislature in clause (a) of section 95 (2) were the sole factor for determining the outside limit of the insurer's liability, it may have been possible to accept the submission that the total liability of the insurer arising out of the incident or occurrence in question cannot exceed Rs. 20,000. Clause (a) qualifies the extent of the insurer's liability by the use of the unambiguous expression "in all" and since that expression was specially introduced by an amendment, it must be allowed its full play The legislature must be presumed to have intended what it has plainly said. But, clause (a) does not stand alone and is not

A the only provision to be considered for determining the outside limit of the insurer's liability. In fact, clause (a) does not even form a complete sentence and makes no meaning by itself. Like the other clauses (b) to (d), clause (a) is governed by the opening words of section 95 (2) to the effect that "a policy of insurance shall cover any liability incurred in respect of *any one accident* upto the following limits", that is to say, the limits laid down in clauses (a) to (d). We have supplied emphasis in order to focus attention on the true question which emerges for consideration : What is the meaning of the expression "any one accident"? If that expression were plain and unambiguous, and its meaning clear and definite, effect would be required to be given to it regardless of what we think of its wisdom or policy. But as we will presently show, the expression "any one accident" does not disclose one meaning conclusively according to the laws of language. It, clearly, is capable of more than one meaning, introducing thereby an ambiguity which has to be resolved by resorting to the well-settled principles of statutory construction.

The expression "any one accident" is susceptible of two equally reasonable meanings or interpretations. If a collision occurs between a car and a truck resulting in injuries to five persons, it is as much plausible to say that five persons were injured in one accident as it is to say that each of the five persons met with an accident. A by-stander looking at the occurrence objectively will be right in saying that the truck and the car met with an accident or that they were concerned in one accident. On the other hand, a person looking at the occurrence subjectively, like the one who is injured in the collision, will say that he met with an accident. And so will each of the five persons who were injured. From their point of view, which is the relevant point of view, "any one accident" means "accident to any one". In matters involving third party risks, it is subjective considerations which must prevail and the occurrence has to be looked at from the point of view of those who are immediately affected by it. If the matter is looked at from an objective point of view, the insurer's liability will be limited to Rs. 20,000 in respect of injuries caused to all the five persons considered *en bloc* as a single entity, since they were injured as a result of one single collision. On the other hand, if the matter is looked at subjectively as it ought to be, the insurer's liability will extend to a sum of Rs. 20,000 in respect of the injuries suffered by each one of the five persons, since each met with an accident, though during

the course of the same transaction. A consideration of preponderating importance in a matter of this nature is not whether there was any one transaction which resulted in injuries to many but whether more than one person was injured, giving rise to more than one claim or cause of action, even if the injuries were caused in the course of one single transaction. If more than one person is injured during the course of the same transaction, each one of the persons has met with an accident.

We are, therefore, of the opinion that the ambiguity in the language used by the legislature in the opening part of section 95 (2) and the doubt arising out of the co-relation of that language with the words "in all" which occur in clause (a), must be resolved by having regard to the underlying legislative purpose of the provisions contained in chapter VIII of the Act which deals with third party risks. That is a sensitive process which has to accommodate the claims of the society as reflected in that purpose. Indeed, it is in this area of legislative ambiguities, unfortunately not receding, that courts have to fill gaps, clear doubts and mitigate hardships. In the words of Judge Learned Hand :

> "It is one of surest indexes of a mature and developed jurisprudence.....to remember that statutes always have some purpose or object to accomplish whose sympathetic and imaginative discovery is the surest guide to their meaning". (1)

There is no table of logarithms to guide or govern statutory construction in this area, which leaves a sufficient and desirable discretion for the Judges to interpret laws in the light of their purpose, where the language used by the law-makers does not yield to one and one meaning only. Considering the matter that way, we are of the opinion that it is appropriate to hold that the word "accident" is used in the expression "any one accident" from the point of view of the various claimants, each of whom is entitled to make a separate claim for the accident suffered by him and not from the point of view of the insurer.

In *The South Staffordshire Tramways Company Ltd.* v. *The Sickness and Accident Assurance Association* Ltd., (2) the plaintiffs, a

(1) *Cabell* v. *Markham*, 148 F. 2d 737, 739 (1945).
(2) [1891] 1 QBD 402.

A tramcar company, effected with the defendants an insurance against claims for personal injury in respect of accidents caused by vehicles upto the amount of £ 250 "in respect of any one accident". One of the vehicles specified in the insurance policy was overturned, causing injuries to about forty persons, as a result of which the plaintiffs became liable to pay to those persons compensation to the B extent of £ 833. The question before the Court was whether the injuries caused to each of the said forty persons constituted a separate accident within the meaning of the policy. The Court of Appeal answered that question in the affirmative. Lord Esher, M.R., observed in his judgment that the claims made by the plaintiffs were in respect of personal injuries, and each person injured claimed C for injuries in respect of an accident to his person by the vehicle. "If several persons were injured", said the Master of Rolls, "upon the true construction of the policy, there were several accidents". Bowen, L.J. took the same view of the matter by saying that the word "accident" may be used in either of two ways : An accident may be spoken of as occurring to a person, or as occurring to a D train, or vehicle, or bridge. In the latter case, though several persons were injured who were in the train, or vehicle, or on the bridge, it would be an accident to the train. or vehicle, or bridge. In the former, "there might, however, be said to be several accidents, to the several persons injured". Fry, L.J., concurred in the view E taken by his Brethren, and observed that the meaning of the word "accident", as used in the policy of insurance, is "any single injury to the person or property accidentally caused."

In *Forney* v. *Dominion Insurance Co. Ltd.* (1) the plaintiff, a solicitor, was insured under a professional indemnity policy whereby F the defendants, the insurers, agreed to indemnify him in respect of loss arising from any claim or claims which may be made upon him by reason of any neglect, omission or error committed in the conduct of his business, subject to a proviso that the liability of the insurers was not to exceed a sum of £ 3000, "in respect of any one claim or number of claims arising out of the same occurrence". The G Solicitor's assistant gave a certain advice in a motor accident case which betrayed negligence. The assistant had wrongly allowed a person to become administratrix of her late husband's estate and the assistant also failed to issue writs within the six-month limitation period. A claim was made against the Solicitor for his assistant's H negligence for depriving the claimants of their right to be paid

(1) [1969] 1 Weekly Law Reports, 928.

damages. The court assessed the quantum of damages differently for different claimants, which together exceeded the sum of £ 3000. It was held that the Solicitor's assistant was negligent twice and therefore there were two occurrences in the same case in respect of which the Solicitor became liable to pay damages for negligence. Accordingly, the insurance company was held liable to indemify the Solicitor in respect of the damages awarded against him upto a limit of £ 3000 for each act of negligence.

In Halsbury's Laws of England, (1) the decision in *South Staffordshire Tramways company* is cited in support of the proposition that the word 'accident'

> "may fall to be construed from the point of view of each individual victim, so as to produce, in effect, as many accidents (even in a single occurrence) as there are victims".

The provisions contained in section 95 (2) of the Act arose for consideration before a Full Bench of the High Court of Punjab in *Northern India Transporters Insurance Co. Ltd.* v. *Smt. Amrawati*, (2) a Full Bench of the High Court of Madras in *Jayalakshmi & ors.* v. *The Ruby General Insurance Company, Madras & anr.*, (3) the High Court of Karnataka in *Sanjiva Shetty* v. *Anantha & ors.*, (4) and the High Court of Orissa in *Sabita Pati & ors.* v. *Rameshwar Singh and anr.* (5) and *M/s Construction India & ors.* v. *Mahindra Pal Singh Ahluwalia & ors.* (6) The Punjab case arose under section 95 (2) (b), while the other cases arose under section 95 (2) (a) of the Act.

In the case before the Madras Full Bench, a person called Krishnaswami who was driving a car died as a result of a collision between his car and a goods vehicle. The Claims Tribunal dismissed the claim of the heirs of the deceased, but a Division Bench of the High Court took the view that compensation in the sum of Rs. 40,000 would be payable to them. The Division Bench referred for consideration of the Full Bench the question whether on a true construction

(1) 4th Edn. Volume 25 Pages 354-355, paragraph 696.
(2) AIR 1966 Punjab 288.
(3) AIR 1971 Madras 143.
(4) [1976] ACJ 261.
(5) [1973] ACJ. 319.
(6) [1975] ACJ 177.

A of clause (a) of section 95 (2), the liability of the Insurance company was limited to rupees twenty thousand. The Full Bench, overruling a previous decision of a Division Bench, answered this question in the affirmative. It is important to bear in mind that the case before the Madras High Court was in a material respect different from the case before us. The High Court had to consider
B the claim of one person only since, only one person had met with an aecident. In the case before us, more than one person has been injured, which raises the question as regards the construction of the words "any one accident" which occur in section 95 (2). That question did not arise in the Madras case and the decision, therefore, does not touch the question before us. Similarly, in the case before
C the Orissa High Court in *Sabita Pati*, only one person was involved in the collision between a jeep and a goods vehicle. Relying on the judgment of the Full Bench of the Madras High Court, the Orissa High Court held that the liability of the Insurance company was limited to rupees twenty thousand under section 95(2)(a) of the Act. The involvement of more than one person in a single occurrence raises
D a different question for consideration under section 95 (2) (a) than the involvement of a single person in a single occurrence. In the latter case, it may be true to say that the liability of the insurer is limited to rupees twenty thousand under a statutory policy. In the former, the interpretation of the words "any one accident" came into play and we have already expressed our view on the meaning
E of those words.

In the case before the Karnataka High Court in *Sanjiva Shetty*, a taxi and a car met with a collision, as a result of which two persons travelling in the taxi, the driver of the car and a boy called Bharatisha sitting on the roadside were injured. Before the
F High Court was the claim of the driver of the car and the boy. A Division Bench of the High Court held that the total liability of the Insurance Company was limited to rupees twenty thousand in respect of the injuries suffered by them. The High Court apportioned the liability by directing the insurance company to pay Rs. 18,730 to the boy and Rs. 1,270 to the driver of the car. In view of our judgment
G in the instant case, the decision of the Karnataka High Court cannot be considered to be good law. We may add that paragraph 22 of the judgment of the High Court says that it was "common ground" between the parties that the limit of the liability of the insurers was only rupees twenty thousand in all. The High Court added "..... indeed, no argument was addressed to the contrary by any of the
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parties". In the case before the Orissa High Court in *M/s Construction India*, two children travelling in a school bus belonging to the Orissa Government died in a collision between the bus and a goods vehicle. Section 95 (2) (a) was held attracted and since more than one person was injured as a result of a single occurrence, the same question arose as before us. The Orissa High Court held that since the total compensation exceeded rupees twenty thousand, the liability of the insurers was limited to rupees twenty thousand in all and that the amount payable to the heirs of the deceased children was liable to be apportioned. This decision also cannot be considered as laying down the correct law and there too, as in *Sanjiva Shetty*, no argument was advanced before the High Court on the construction of clause (a), particularly in reference to the words "any one accident" which occur in section 95 (2).

The case before the Punjab Full Bench in *Northern India Transporters*, arose under the old section 95 (2) (b) and need not really detain us. Under that section, as it stood prior to its amendment in 1969, a policy of insurance was required to cover any liability incurred in respect of any one accident upto the limit of twenty thousand rupees in respect of persons other than passengers carried for hire or reward, where the vehicle was one in which passengers were carried for hire or for reward or by reason of or in pursuance of a contract of employment. In respect of passengers, there was a twofold limit on the insurer's liability : "a limit of twenty thousand rupees in all" *and* four thousand rupees in respect of an individual passenger if the vehicle was registered to carry not more than six passengers excluding the driver, or two thousand rupees in respect of an individual passenger if the vehicle was registered to carry more than six passengers excluding the driver. A passenger bus was involved in an occurrence in which two passengers were killed. The High Court held that the straightforward course was to take the language of the Act as it stood, which left no doubt that in the case of a bus registered for carrying more than six passengers, the limit of the liability was twenty thousand rupees in all and there was a further limit in respect of each individual passenger in the sum of two thousand rupees. The words "any one accident' in the opening part of section 95 (2) made no difference to this interpretation because, if more than one passenger was injured in a single occurrence, no one passenger was entitled to receive more than rupees two thousand or four thousand, depending on the registered capacity of the vehicle to carry passengers.

A The judgment of the Punjab High Court was brought in appeal to this Court in *Sheikhupura Transport Co. Ltd.* v. *Northern India Transport Co.*(1) For reasons aforesaid, the judgment in that case is not an authority on the interpretation of clause (a) of section 95 (2). After setting out the relevant provisions of section 95 (2) at pages 24 and 25 of the Report, Hegde J. speaking for himself and Jaganmohan B Reddy, J. concluded :

> "In the present case we are dealing with a vehicle in which more than six passengers were allowed to be carried. Hence the maximum liability imposed under s. 95 (2) on the insurer is Rs. 2,000 per passenger though the total C liability may go upto Rs. 20,000."

Towards the end of the judgment, it was observed that reading the provision contained in sections 95 and 96 together, "... it is clear that the statutory liability of the insurer to indemnify the insured is as prescribed in s. 95(2). Hence the High Court was right in its D conclusion that the liability of the insurer in the present case only extends upto Rs. 2,000 each, in the case of Bachan Singh and Narinder Nath". In view of the limit on the insurer's liability in respect of each passenger, the argument on the construction of the words "any one accident" had no relevance and was therefore neither made nor considered by the Court. Different considerations E may arise under clause (b), as amended by Act 56 of 1969, but we do not propose to make any observations on that aspect of the matter, since it does not directly arise before us.

It was suggested that the interpretation which we are putting on s. 95 (2) (a) will create difficulties in cases where the insured also F incurs liability under the Workmen's Compensation Act, 1923 in respect of the death of, or bodily injury to, employees (other than the driver), not exceeding six in number, being carried in the vehicle. It is true that under section 95 (2) (a), the liability of the insured and therefore the insurer's indemnity includes the liability of the aforesaid description under the Act of 1923. But that is a matter G of apportionment which may require a rateable deduction to be made from the compensation payable to each victim, depending upon the quantum of compenstion payable under the Act of 1923 to employees carried in the goods vehicle.

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(1) [1971] Suppl. S.C.R. 20.

We cannot part with this case without impressing upto the Government, once again, the urgent need to provide by law for the payment of reasonable amounts of compensation, without contest, to victims of road accidents. We find that road accidents involving passengers travelling by rail or public buses are usually followed by an official announcement of payment of *ex gratia* sums to victims, varying between five hundred and two thousand rupees or so. That is a niggardly recognition of the State's obligation to its people particularly so when the frequency of accidents involving the public transport system has increased beyond believable limits. The newspaper reports of August and September 1981 regarding deaths and injuries caused in such accidents have a sorry story to tell. But we need not reproduce figures depending upon newspaper assessment because, the newspapers of September 18, 1981 carry the report of a statement made by the Union Minister of State for Shipping and Transport before the North Zone goods transport operators ...that 20,000 persons were killed and 1.5 lakh were injured in highway accidents during 1980. We wonder whether adequate compensation was paid to this large mass of suffering humanity. In any event, the need to provide by law for the payment of adequate compensation without contest to such victims can no longer be denied or disputed. It was four years ago that this Court sounded a warning and a reminder (1) :

> "With the emergence of an ultra-modern age which has led to strides of progress in all spheres of life, we have switched from fast to faster vehicular traffic which has come as a boon to many, though some times in the case of some it has also proved to be a misfortune..... The time is ripe for serious consideration of creating no-fault liability. Having regard to the directive principles of State policy, the poverty of the ordinary run of victims of automobile accidents, the compulsory nature of insurance of motor vehicles, the nationalisation of general insurance companies and the expanding trends towards nationalisation of bus transport, the law of torts based on no-fault needs reform.
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> ".....it is only just and fair that the Legislature should make a suitable provision so as to pay adequate compensation by properly evaluating the precious life of a

(1) *Manjusri Raha and Ors.* v. *B.L. Gupta and Ors.* : [1977] 2 SCR 944.

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citizen in its true perspective rather than devaluing human lives on the basis of an artificial mathematical formula. It is common knowledge that where a passenger travelling by a plane dies in an accident, he gets a compensation of Rs. 1,00,000 or like large sums, and yet when death comes to him not through a plane but through a motor vehicle he is entitled only to Rs. 2,000. Does it indicate that the life of a passenger travelling by plane becomes more precious merely because he has chosen a particular conveyance and the value of his life is considerably reduced if he happens to choose a conveyance of a lesser value like a motor vehicle? Such an invidious distinction is absolutely shocking to any judicial or social conscience and yet s. 95 (2) (d) of the Motor Vehicles Act seems to suggest such a distinction. We hope and trust that our law-makers will give serious attention to this aspect of the matter and remove this serious lacuna in s. 95 (2) (d) of the Motor Vehicles Act. We would also like to suggest that instead of limiting the liability of the Insurance Companies to a specified sum of money as representing the value of human life, the amount should be left to be determined by a Court in the special circumstances of each case. We further hope our suggestions will be duly implemented and the observations of the highest Court of the country do not become a mere pious wish.' (per Fazal Ali J, pp. 945, 946, 950, 951).

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These observations are still languishing in the cold storage of pious wishes. With the emergence of the General Insurance Corporation which has taken over general insurance business of all kinds, including motor vehicles insurance, it should be easy to give statutory recognition to the State's obligation to compensate victims of road-accidents promptly, adequately and without contest.

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We are happy to note that the Gujarat High Court, by its judgment under appeal, took a just, correct and realistic view of the matter by holding that, under the statutory policy, the appellant insurance company is liable to pay the full amount of compensation to the heirs of the driver of the car and to the passenger who was travelling in the car, each amount being less than Rs. 20,000.

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In the result the appeals are dismissed with costs in separate sets in favour of respondents 1 (a) to 1 (g) who are the heirs of the deceased Ajit Sinh and in favour of respondents 3 to 6 who are the heirs of Jadavji Keshavji Modi since deceased.

N.V.K. *Appeals dismissed.*