[2025] 4 S.C.R. 1613 : 2025 INSC 530

In Re: Compensation Amounts Deposited with Motor Accident Claims Tribunals and Labour Courts

(Suo Motu Writ Petition (C) No. 7 of 2024)

22 April 2025

[Abhay S. Oka* and Ujjal Bhuyan, JJ.]

Issue for Consideration

Issue arose in this *suo motu* writ petition with respect to the large amounts of unclaimed compensation lying deposited with MACTs and Labour Courts under the Motor Vehicles Act, 1988 and the Workmen's Compensation Act, 1923.

Headnotes†

Motor Vehicles Act, 1988 – ss.166, 176 – Workmen's Compensation Act, 1923 – Large amounts of unclaimed compensation lying with MACTs and Labour Courts – Email received from a retired District Judge – *Suo motu* action by Supreme Court – Directions issued:

Held: Rules u/s.176, 1988 Act not made by the State Governments – Till rules are not framed, High Courts to issue practice directions or formulate rules of procedure by incorporating the provisions, as directed, for claims under the 1988 Act and claims for compensation under the 1923 Act – Central Project Co-ordinator of e-court project or Registrar (Computer/IT) of the High Courts, with the help of the State Government, to create a dashboard on which the information regarding the amounts lying deposited in connection with the compensation granted under 1988 or 1923 Acts shall be regularly uploaded with all details – High Courts to issue administrative directions to the MACT and Commissioners under the 1923 Act to initiate a massive drive to ascertain the whereabouts of the persons who have been held to be entitled to receive compensation, but have not taken the same – This shall be done by taking the assistance of the District and Taluka Legal Services Authorities and para-legal volunteers – State Governments to provide assistance to the Legal Services Authorities of the local police officers/revenue officers of the district and taluka to trace the claimants who are held entitled to receive compensation – State

* Author

Legal Services Authorities to monitor compliance with the directions issued in terms thereof and report compliance within four months – Directions issued bind the MAC Tribunals and the Commissioners under the 1923 Act till rule-making power is properly exercised by the Government – However, if the Rules framed by the State Government or practice directions issued are consistent with the above directions, the Rules or the practice directions, as the case may be, shall be followed notwithstanding this order – Directions by Supreme Court. [Paras 9-11]

List of Acts

Motor Vehicles Act, 1988; Workmen's Compensation Act, 1923.

List of Keywords

Suo motu Writ Petition; Unclaimed compensation; Section 166 and 176 of Motor Vehicles Act, 1988; Motor Accident Claims Tribunal (MACT); Labour Courts; Commissioners under the Workmen's Compensation Act, 1923; Practice directions; Directions by Supreme Court; Compensation dashboard.

Case Arising From

Civil Original Jurisdiction: *Suo Motu* Writ Petition (Civil) No. 7 of 2024

Under Article 32 of the Constitution of India

Appearances for Parties

By Courts Motion.

Ms. Meenakshi Arora, Sr. Adv./Amicus Curiae, Ms. Vishakha

Advs. for the appearing parties:
High Court of Madras: Deepayan Mandal, Mridul Bansal, Naman Varma.

High Court of Calcutta: Partha Sil, Ms. Sayani Bhattacharya, Srijit Datta.

High Court of Delhi: Kanhaiya Singhal, Prasanna, Ajay Kumar.

High Court of Judicature at Allahabad: Ms. Charu Ambwani.

High Court of Bombay: Prashant Shrikant Kenjale.

State of Gujarat: Ms. Deepanwita Priyanka.

In Re: Compensation Amounts Deposited with Motor Accident Claims Tribunals and Labour Courts

Judgment / Order of the Supreme Court

Order

Abhay S. Oka, J.

1) An email was received by this Court from Shri B. B. Pathak, a retired District Judge from Gujarat. In the e-mail dated 25th May 2024, Shri Pathak pointed out that large amounts payable by way of compensation under the Motor Vehicles Act, 1988 (for short, 'the 1988 Act') and the Workmen's Compensation Act, 1923 (for short, 'the 1923 Act') are lying deposited with the Motor Accident Claims Tribunals (for short, 'the MAC Tribunals') and Labour Courts. Hon'ble the Chief Justice of India passed an administrative order on the basis of information received by e-mail from Shri B. B. Pathak for registration of the present Suo Motu Writ Petition.

2) On 8th July 2024, this Court issued notices to the State of Gujarat as well as the Registrar General of Gujarat High Court, directing them to produce before this Court the data of compensation amounts lying deposited with the MAC Tribunals as well as before the Commissioners under the 1923 Act. By the order dated 26th July 2024, this Court requested Ms. Meenakshi Arora, the learned senior counsel appearing for the High Court of Gujarat, to assist the Court as amicus curiae. On the basis of a preliminary note containing recommendations submitted by the learned senior counsel appointed as amicus curiae, notices were issued to the Registrar Generals of the High Courts at Allahabad, Bombay, Calcutta, Delhi and Madras along with copies of earlier orders passed by this Court. Thereafter, time was granted to the High Courts to file affidavits/responses.

3) Ms. Vishakha, advocate-on-record representing the High Court of Gujarat, has filed a compilation of responses received from various High Courts along with suggestions of the learned senior counsel appointed as amicus curiae. To understand the magnitude of the problem, in paragraph 5 on page 2 of the compilation submitted by Ms. Vishakha, the figures of unclaimed amounts have been set out. Paragraph 5 reads thus:

> "At the very outset, the details pertaining to the unclaimed amounts as provided in the affidavits received are as under:

S. No.	High Court	Unclaimed Amount in MACT	Unclaimed Amount in Labour Courts
1.	Gujarat	Rs.2,82,00,37,779.18	Rs.6,61,39,777.19
2.	Allahabad	Rs.239 Crores approx	Rs.92,39,02,649.10
3.	Calcutta	Rs.2,53,37,676/-	Not available
4.	Bombay	Rs.4,59,10,66,846/-	
5.	Goa	Rs.3,61,60,495/-	

4) In the affidavits, the respective High Courts have given their own suggestions. Different High Courts have adopted different methods to deal with the issue. Some of the High Courts appointed committees to submit recommendations. The committee appointed by the High Court of Judicature at Bombay has given details of the procedure followed in such cases in different countries. The report of the High Court of Judicature at Bombay refers to paragraph 742 of the Civil Manual applicable to the Courts in Maharashtra, which incorporates the requirement of deposit of unclaimed amounts into the treasury of the State Government. We have also carefully perused the recommendations of the learned senior counsel appointed as amicus curiae. She has summarised the best practices followed by various High Courts and has incorporated the same in her recommendations.

5) The issue arising in this *suo motu* petition is of great concern. The amounts represent the compensation granted to claimants in the claims filed under the 1988 and 1923 Acts. Though the claimants are held entitled to these amounts, they have not withdrawn the same. The fact that so many successful claimants have been deprived of compensation is very disturbing. It is necessary to find a solution.

6) There is a provision under Section 166 of the 1988 Act for making an application for compensation to the MAC Tribunal established under the said enactment. Sub-Section (1) of Section 166 reads thus:

> "166. Application for compensation.—(1) An application for compensation arising out of an accident of the nature specified in sub-section (1) of Section 165 may be made—

(*a*) by the person who has sustained the injury; or

(*b*) by the owner of the property; or

(*c*) where death has resulted from the accident, by all or any of the legal representatives of the deceased; or

(*d*) by any agent duly authorised by the person injured or all or any of the legal representatives of the deceased, as the case may be:

Provided that where all the legal representatives of the deceased have not joined in any such application for compensation, the application shall be made on behalf of or for the benefit of all the legal representatives of the deceased and the legal representatives who have not so joined, shall be impleaded as respondents to the application:

Provided further that where a person accepts compensation under Section 164 in accordance with the procedure provided under Section 149, his claim petition before the Claims Tribunal shall lapse."

6.1 Under Section 176, rule making powers has been conferred on the State Governments to make rules providing for the form of application for claims for compensation and the particulars it may contain. Section 176 reads thus:

"176. Power of State Government to make rules.—A State Government may make rules for the purpose of carrying into effect the provisions of Sections 165 to 174, and in particular, such rules may provide for all or any of the following matters, namely—

(*a*) the form of application for claims for compensation and the particulars it may contain, and the fees, if any, to be paid in respect of such applications;

(*b*) the procedure to be followed by a Claims Tribunal in holding an inquiry under this Chapter;

(*c*) the powers vested in a Civil Court which may be exercised by a Claims Tribunal;

(*d*) the form and the manner in which and the fees (if any) on payment of which an appeal may be preferred against an award of a Claims Tribunal; and

(*e*) any other matter which is to be, or may be prescribed."

7) It is not clear how many States have exercised the rule making power under clause (a) of Section 176 for prescribing the form of the application under Section 166(1). Applications for compensation can be made by the persons who have sustained injuries or by the owners of the damaged property and in case of fatal accidents, by all or any of the legal representatives of the deceased. Even an agent duly authorised by the person injured or the legal representatives of the deceased can also file a claim petition.

8) In absence of the exercise of the rule making power under Section 176 of the 1988 Act by the State Governments, the respective High Courts can either frame rules of procedure or issue practice directions for ensuring that material details are disclosed while filing claim applications under Section 166(1) of the 1988 Act.

9) Till the rules are not framed, the High Courts shall either issue practice directions or formulate rules of procedure by incorporating the following provisions:

a) While filing claim petitions under the 1988 Act, following particulars shall be incorporated:

(i) Names and addresses (local and permanent) of the injured persons or the owners of the damaged property, as the case may be, their Aadhar and PAN details and email-id, if any; and

(ii) Names and addresses (local and permanent) of all the legal representatives of the deceased victim of the accident who are claiming compensation, their Aadhar and PAN details and email-id, if any;

(b) If the aforesaid details are not furnished, the registration of the application should not be refused on that ground, but MAC Tribunals at the time of issuing notice may direct the applicant(s) to furnish the information and make the issue of the notice subject to making compliance;

(c) While passing an interim or final order of grant of compensation, the MAC Tribunals shall call upon the person or persons held entitled to receive compensation, to produce their bank account details along with either a certificate of the banker giving all details of the bank account of the person or persons entitled to receive the compensation including IFS Code, or a copy of a cancelled cheque of the bank account. The Tribunal shall call upon the claimants to produce the documents within a specified reasonable time;

(d) A further direction shall be issued to the persons entitled to receive compensation to keep on updating information regarding the bank accounts, email id, in case there is any change;

(e) In the event a consent award or consent order is made, the MAC Tribunals may direct the deposit of the compensation amount ordered to be released to the claimants directly to the bank accounts of the persons held entitled to receive compensation. However, the consent terms must contain all relevant account details of the persons entitled to compensation in accordance with clause (c) above. The account details can also be incorporated in the order passed for the disbursement of the amount on the basis of a compromise between the parties. In case of compromise before the Lok Adalats, the MAC Tribunal, on the basis of the settlement, shall pass a consequential order in the above terms;

(f) It shall be the duty of the learned Judges presiding over the MAC Tribunal to verify from the certificate issued by the banker and ascertain whether the account is of the persons held entitled to receive compensation;

(g) The MAC Tribunals, while passing orders of withdrawal/ disbursement, shall, in the ordinary course, pass an order of transfer of the requisite amounts directly to the bank account of the person/s entitled to receive compensation as per the account details furnished. If there is a long gap between the date of furnishing the account details and the date of filing application for withdrawal of the amount, the Tribunal will be well advised to get fresh account details of the claimants;

(h) Whenever the MAC Tribunal passes an order of deposit of compensation amount with the Tribunal, there shall be a direction

issued to invest the amounts to be deposited in fixed deposit with any nationalised bank and the fixed deposit shall be with the standing instructions to the bank to renew the same after periodical intervals till further orders are passed by the Tribunal;

(i) Similarly, practice directions/rules be framed in respect of adjudication made under the 1923 Act. The above directions issued while passing awards in claims under the 1988 Act shall be applied in case of the claims for compensation under the 1923 Act;

(j) The Central Project Co-ordinator of e-court project or Registrar (Computer/IT) of the High Courts, as the case may be, with the help of the State Government, shall create a dashboard on which the information regarding the amounts lying deposited in connection with the compensation granted under 1988 or 1923 Acts shall be regularly uploaded with all details. It will help all concerned to implement the directions issued under this order;

(k) All the High Courts shall issue administrative directions to the MAC Tribunals and Commissioners under the 1923 Act to initiate a massive drive to ascertain the whereabouts of the persons who have been held to be entitled to receive compensation, but have not taken the same. This shall be done by taking the assistance of the District and Taluka Legal Services Authorities and para-legal volunteers;

(l) The State Governments shall provide assistance to the Legal Services Authorities of the local police officers/revenue officers of the district and taluka to trace the claimants who are held entitled to receive compensation;

(m) The State Legal Services Authorities shall monitor compliance with the directions issued in terms of clauses (k) and (l) above and report compliance within a period of four months from today.

10) These directions shall continue to bind the MAC Tribunals and the Commissioners under the 1923 Act till rule-making power is properly exercised by the Government. The Registry shall forward copies of this order to the Registrar Generals of all the High Courts as well as the Member Secretaries of the State Legal Services Authorities of all the States. We direct the High Courts to take up implementation of the aforesaid directions at the earliest and submit compliance

reports to this Court on or before 30th July 2025, so that further directions, if necessary, can be issued. The Registrar Generals, in their report, shall set out the details of the amounts still lying without disbursement. The Registry shall forward soft copies of the reports to Ms. Vishakha, AOR.

11) We make it clear that if the Rules framed by the State Government or practice directions already issued are consistent with the above directions, the Rules or the practice directions, as the case may be, shall be followed notwithstanding this order.

12) We make it clear that all the High Courts are free to take measures in addition to what is directed under this order to ensure that the pending amounts reach the claimants.

13) List for reporting compliance on 18th August 2025.

Result of the case: Matter to be listed for reporting compliance.

†*Headnotes prepared by:* Divya Pandey