

R. Halle
v.
Reliance General Insurance Company Limited

(Civil Appeal No. 3543 of 2026)

18 March 2026

[Prashant Kumar Mishra and Sandeep Mehta,* JJ.]

Issue for Consideration

The principal issue which falls for consideration is with regard to the assessment of extent of disability for the purpose of computing loss of earning capacity, and more particularly, the soundness of the High Court's determination of functional disability at 30% as against 63% assessed by the Medical Board and affirmed by the MACT. Whether the appellant-claimant is entitled to any further enhancement of compensation over and above the amount awarded by the MACT.

Headnotes[†]

Motor Vehicle Accident claim – Enhancement of compensation – Motorcycle of appellant collided head-on with another motorcycle – Appellant sustained grievous injuries which led to 63% permanent disability – Claim petition filed – MACT quantified the total compensation at Rs.65,53,811 along with interest at the rate of 7.5% per annum from the date of petition till its realization to the appellant-claimant – Appeal before the High Court – The High Court, *vide* the impugned judgment dismissed the appeal filed by appellant-claimant seeking enhancement and partly allowed the appeal filed by the respondent-insurer thereby reducing the amount of compensation of Rs.65,53,811/- as awarded by MACT to Rs.35,61,000/- – Correctness:

Held: In order to determine the functional disability suffered by the appellant-claimant, it is necessary to advert to the findings recorded by the Medical Board with respect to the permanent physical disability, as well as the neuropsychological assessment report placed on record – Both these documents remained uncontroverted and hence, they provide credible expert evidence so as to assess

* Author

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the extent and nature of disability – The injuries suffered by the appellant-claimant were not merely orthopedic in nature, but had significant neurological sequelae directly impacting his functional and cognitive abilities – When these physical and neurological impairments are cumulatively evaluated, it becomes manifest that the appellant-claimant's ability to effectively discharge his pre-accident duties stands substantially and irreversibly impaired – The evidence does not indicate a mere diminution in efficiency, rather, it demonstrates a profound erosion of the faculties essential for gainful employment in his chosen field – In such circumstances, and bearing in mind the settled principle that functional disability must reflect the actual loss of earning capacity – The disability in the present case, for the purpose of computation of compensation, deserves to be reckoned at 100% – The appellant-claimant would neither be considered suitable for the managerial post nor would he be capable of effectively discharging the onerous responsibilities attached to the said post – The compensation payable to the appellant-claimant warrants re-determination – The total compensation payable to the appellant-claimant works out to Rs.97,73,011/- after calculating amounts under various heads – The impugned judgment passed by the High Court and the award passed by the MACT are modified in terms of this judgment. [Paras 25, 26, 30, 31, 34]

Motor Vehicles Act, 1988 – Assessment of disability – Reappreciation of evidence by the Appellate Court – The Court to assign cogent, clear and convincing reasons:

Held: When an appellate court interferes with findings of fact duly recorded by the Motor Accidents Claims Tribunal, particularly on issues such as assessment of disability and loss of earning capacity, it is incumbent upon it to undertake a thorough reappreciation of the evidence and to assign cogent, clear and convincing reasons for departing from the conclusions arrived at by the MACT – Such an obligation is heightened in proceedings under the Motor Vehicles Act, 1988, which is a beneficial and welfare oriented legislation enacted with the object of ensuring expeditious relief and just compensation to victims of motor accidents and their families – The statutory framework is designed to advance social justice and to provide solace and financial security to those who suffer on account of road accidents – Any interference with a reasoned

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award of the Motor Accidents Claims Tribunal must, therefore, be consistent with the spirit and object of the enactment and supported by sound judicial reasoning. [Para 35]

Case Law Cited

Raj Kumar v. Ajay Kumar [2010] 13 SCR 179 : (2011) 1 SCC 343 – referred to.

List of Acts

Motor Vehicles Act, 1988.

List of Keywords

Motor Vehicle Accident claim; Compensation; Enhancement of compensation; Earning capacity; Grievous injuries; Permanent disability; Cognitive impairment; Orthopedic limitations; Neurological impairment; Reappreciation of evidence; Grave medical and neurological impairments; Assessment of disability; Loss of earning capacity; Social justice; Financial security.

Case Arising From

CIVIL APPELLATE JURISDICTION : Civil Appeal No. 3543 of 2026

From the Judgment and Order dated 11.01.2022 of the High Court of Judicature at Madras in CMA No. 3595 of 2021.

Appearances for Parties

Advs. for the Appellant(s):

Ms. Haripriya Padmanaban, Sr. Adv., S. Prabu Ramasubramanian, Raghunatha Sethupathy B, Manoj Kumar A., Ms. Trisha Chandran.

Adv. for the Respondent(s):

Ms. Prerna Mehta.

Judgment / Order of the Supreme Court

Judgment

Mehta, J.

1. Heard. Delay condoned.
2. Leave granted.

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3. The instant appeal arises out of judgment and order dated 11th January, 2022 passed by High Court of Judicature at Madras¹ in Civil Miscellaneous Appeal No. 3595 of 2021. The said appeal was preferred by appellant herein² seeking enhancement of maintenance as awarded by Motor Accidents Claims Tribunal, Special Subordinate Judge, Coimbatore.³ By its award dated 22nd January, 2020, the MACT granted compensation in the sum of Rs.65,53,811/- (Rupees Sixty-Five Lakh Fifty-Three Thousand Eight Hundred Eleven Only) along with interest at the rate of 7.5% per annum from the date of petition till its realization to the appellant-claimant and directed the Reliance General Insurance Company Limited,⁴ to satisfy the award. The MACT, however, granted liberty to the respondent-insurer to recover the said amount from the driver-cum-owner of the offending vehicle, namely, R. Chinnadurai⁵, in accordance with law.
4. The High Court, *vide* the impugned judgment dismissed the appeal filed by appellant-claimant seeking enhancement and partly allowed the appeal⁶ filed by the respondent-insurer thereby reducing the amount of compensation of Rs.65,53,811/- as awarded by MACT to Rs.35,61,000/- (Rupees Thirty-Five Lakh Sixty-One Thousand Only).
5. For the sake of convenience, the chart indicating the various heads under which compensation was awarded to appellant-claimant by the MACT as well as the High Court, along with the amounts granted thereunder, is reproduced hereinbelow: -

<u>Head</u>	<u>Awarded by MACT</u>	<u>Awarded by HC</u>	<u>Enhanced/ Reduced/ Granted/ Confirmed</u>
Future loss of earning power	Rs.40,000/- x 12 x 63% (Disability) x 17 = Rs.51,40,800/-	Rs.40,000/- x 12 x 30% (Disability) x 17 = Rs.24,48,000/-	Reduced

1 Hereinafter, being referred to as the "High Court".

2 Hereinafter, being referred to as the "appellant-claimant".

3 Hereinafter, being referred to as the "MACT".

4 Hereinafter, being referred to as the "respondent-insurer".

5 R. Chinnadurai was impleaded as party-Respondent No. 2 in the present SLP. However, his name came to be deleted from the array of parties *vide* order dated 13th December, 2024.

6 Civil Miscellaneous Appeal No. 464 of 2021.

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Medical expenses	Rs.5,88,011/-	Rs.5,88,011/-	Confirmed
Loss of amenities	Rs.3,00,000/-	Rs.1,00,000/-	Reduced
Pain and Sufferings	Rs.5,00,000/-	Rs.2,00,000/-	Reduced
Transportation to Hospital	Rs.10,000/-	Rs.10,000/-	Confirmed
Extra Nourishment	Rs.10,000/-	Rs.10,000/-	Confirmed
Damage to Clothing and Articles	Rs.5,000/-	Rs.5,000/-	Confirmed
Loss of marital prospectus	-	Rs.2,00,000/-	Granted
Total	Rs.65,53,811/-	Rs.35,61,011/- [Rounded off to Rs. 35,61,000/-]	

Brief Facts: -

6. The facts in a nutshell relevant and essential for disposal of the appeal are as follows.
7. On the night of 5th May, 2016, at about 10:00 p.m., the appellant-claimant was proceeding on his motorcycle bearing Registration No. TN-38-BY-9380 along Mettupalayam Road at Periyanaickenpalayam, travelling from south to north. At that juncture, another motorcycle bearing Registration No. TN-38-CD-5823, driven by R. Chinnadurai, approached from the opposite direction. It is the case of appellant-claimant that the said vehicle was being driven in a rash and negligent manner and collided head-on with his motorcycle.
8. As a result of the impact, the appellant-claimant was thrown onto the road and sustained grievous injuries, including a fracture of the left leg, facial injuries, and a severe head injury. He was immediately taken to Ganga Hospital, Coimbatore, where he was admitted as an inpatient and underwent treatment. In connection with the said occurrence, an FIR bearing Crime No.236 of 2016 was registered on 7th May, 2016 against R. Chinnadurai for the offences punishable under Sections 279 and 338 of the Indian Penal Code, 1860, at Police Station Periyanaickenpalayam, Coimbatore District, Tamil Nadu.

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9. After undergoing treatment for nearly a month, the appellant-claimant was discharged from the hospital on 29th May, 2016. It is the case of the appellant-claimant that notwithstanding prolonged treatment, he was left with a permanent disability assessed at 65%, which, according to him, has substantially impaired his functional capacity and earning potential.
10. The appellant-claimant thereafter approached the MACT seeking compensation, contending that at the time of the accident he was about 30 years of age, hale and healthy, and employed as a Manager at Flyjac Logistics Pvt. Ltd., Chennai, earning a monthly income of Rs.25,000/-. Alleging that the accident occurred solely due to the rash and negligent driving of R. Chinnadurai, he filed a claim petition,⁷ claiming a sum of Rs.30,00,000/- (Rupees Thirty Lakh Only) from R. Chinnadurai and respondent-insurer towards loss of income, medical expenses, pain and suffering, and other consequential damages.
11. Upon a comprehensive and meticulous evaluation of the oral and documentary evidence adduced on record, including the testimony of the appellant-claimant (PW-1) and PW-2, the medical records, the disability certificate issued by the competent Medical Board, and the salary documents exhibited on behalf of the appellant-claimant, coupled with the fact that the driver-cum-owner remained *ex parte* and there was no *contra* evidence from the respondent-insurer, the MACT arrived at a categorical finding that the accident had occurred solely due to the rash and negligent driving of R. Chinnadurai and that the appellant-claimant had satisfactorily established the nature and extent of the injuries sustained by him. The MACT, placing due reliance on the disability certificate, assessed the permanent disability at 63% as certified therein, holding the same to have a direct bearing on the appellant-claimant's functional and earning capacity.
12. The MACT, having accepted the disability certificate issued by the Medical Board, proceeded to determine the impact of such disability on appellant-claimant's earning capacity. Applying the multiplier method⁸ in view of the settled legal position and taking into consideration appellant-claimant's age, monthly income inclusive of future prospects [Rs.29,108/- + (40% of Rs.29,108/-) = **Rs.40,751 (Rounded off**

7 Motor Accidents Claim Original Petition No. 1372 of 2016.

8 Multiplier was taken to be "17" since the age of appellant-claimant was fixed as 30 years.

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to **Rs.40,000/-**], and the functional consequences of the injuries sustained, the MACT computed the loss of future earning capacity at **Rs.51,40,800/-** (Rs.40,000/- x 12 x 63% (Disability) x 17). In addition, thereto, it awarded amounts under the heads of medical expenses, loss of amenities, pain and suffering, transportation, extra nourishment, and other incidental expenses. On such computation under the various permissible heads, the MACT quantified the total compensation at Rs.65,53,811/- (Rupees Sixty-Five Lakh Fifty-Three Thousand Eight Hundred Eleven Only) along with interest at the rate of 7.5% per annum from the date of petition till its realization and awarded the said sum to the appellant-claimant, as detailed *supra*. The MACT directed the respondent-insurer to satisfy the award, while granting it liberty to recover the said amount from the driver-cum-owner of the offending vehicle, namely, R. Chinnadurai, in accordance with law.

13. Being aggrieved by the award passed by the MACT, the respondent-insurer preferred Civil Miscellaneous Appeal No. 464 of 2021 before the High Court, contending that the compensation awarded was excessive and disproportionate to the injuries sustained and the disability suffered by the appellant-claimant. Simultaneously, the appellant-claimant also preferred Civil Miscellaneous Appeal No. 3595 of 2021 seeking enhancement of the compensation awarded, asserting that the amount granted by the MACT was inadequate having regard to the nature of injuries, extent of permanent disability, and the consequential loss suffered by him.
14. The High Court, upon reappreciation of the evidence on record, observed that though the Medical Board had assessed the physical disability of the appellant-claimant at 63%, the same could not be mechanically adopted for the purpose of determining loss of earning capacity. Upon an independent evaluation of the nature of injuries and the impact of such injuries on the appellant-claimant's avocation as a Manager in a private concern, the High Court adjudged the functional disability suffered by the appellant-claimant at 30%. In view of the said finding, the High Court, *vide* its common judgment and order dated 11th January, 2022, dismissed the appeal preferred by the appellant-claimant seeking enhancement of compensation and partly allowed the appeal filed by the respondent-insurer, thereby reducing the total compensation awarded by the MACT from Rs.65,53,811/- to Rs.35,61,000/- (Rupees Thirty-Five Lakh Sixty-One Thousand Only), as detailed *supra*, modifying the award of the MACT to that extent.

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15. Being dissatisfied with the dismissal of his appeal seeking enhancement of compensation as awarded by the MACT, the appellant-claimant has preferred the instant appeal by special leave before this Court.

Submissions on behalf of appellant-claimant: -

16. Ms. Haripriya Padmanaban, learned senior counsel appearing on behalf of appellant-claimant, assailed the impugned judgment of the High Court on the following counts: -
 - A. That the High Court failed to appreciate that the Medical Board had categorically assessed the physical disability of the appellant-claimant at 63%, which finding was based on a duly constituted medical examination and stood substantiated by the disability certificate placed on record. The Medical Board had recorded that the case involved a head injury treated conservatively, facial injury, and left femur fracture treated by surgical intervention, and that the said injuries had resulted in **partial blindness, cognitive impairment, and partial loss of range of motion and stability of the left knee**. It was submitted that the MACT had correctly placed reliance on the said expert medical opinion and there was no justifiable reason for the High Court to dilute the effect of the certified disability while computing the loss of earning capacity.
 - B. That the appellant-claimant had suffered severe head injury in the accident, resulting in serious cognitive impairments, as reflected in the neuropsychological assessment report. The said report demonstrated that the Memory Scale of the patient, i.e., appellant-claimant indicated severe impairment of both verbal and visual memory; tests relating to frontal lobe functioning revealed impairment; while parietal lobe functioning was found to be intact. It was further submitted that the appellant-claimant's IQ score of 65 placed him within the category of Mild Intellectual Disability, thereby evidencing substantial neurological degradation having direct bearing on his functional abilities and employability.
 - C. That both the High Court and the MACT failed to properly appreciate that although the physical disability had been assessed at 63% by the Medical Board, the functional disability suffered by the appellant-claimant, having regard to the nature

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of brain injury and its consequences, was in effect 100%, as the cognitive deficits and neurological damage had rendered the appellant-claimant totally incapable of resuming his previous avocation or engaging in any gainful employment, resulting in a complete loss of earning capacity.

- D. That the appellant-claimant placed reliance upon several precedents of this Court to contend that in appropriate cases this Court has enhanced compensation by taking into consideration the educational background, and socio-economic status of the victim, so as to ensure that just compensation is awarded to the victim. It was further urged that this Court has consistently restricted untenable legal defences raised by insurance companies and has emphasized that the burden lies upon them to establish any limited statutory defence. It was specifically contended that the respondent-insurer had failed to place any material on record to demonstrate that the functional disability suffered by the appellant-claimant was lesser than the percentage determined by the MACT, and in the absence of any *contra* evidence, the reduction of compensation effected by the High Court was wholly unjustified. In the light of the settled principles governing award of just compensation under the Motor Vehicles Act, 1988, it was submitted that the appellant-claimant is entitled to enhancement of compensation over and above what was awarded by the MACT.

On the aforesaid grounds, learned senior counsel urged that the impugned judgment of the High Court does not withstand judicial scrutiny, being founded on an erroneous appreciation of the evidence and a misapplication of the settled principles governing assessment of disability and loss of earning capacity. It was submitted that the judgment, having disregarded material and unimpeachable documentary evidence available on record, deserves to be set aside. It was further prayed that this Court may be pleased to enhance the compensation appropriately by holding that the functional disability suffered by the appellant-claimant is 100%, and by recalculating the loss of future earning capacity and other consequential heads in accordance with law.

Submissions on behalf respondent-insurer: -

17. Ms. Perna Mehta, learned counsel appearing on behalf of respondent-insurer, supported the impugned judgment to the hilt and urged that

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the same calls for no interference by this Court, *inter alia*, on the following grounds: -

- A. That the High Court has rightly and justly exercised its appellate jurisdiction upon a proper reappreciation of the evidence on record, and the impugned judgment is well-reasoned, balanced and in consonance with the settled principles governing assessment of compensation under the Motor Vehicles Act, 1988. It was submitted that no perversity or patent illegality has been demonstrated in the High Court's reasoning warranting interference by this Court.
- B. That the High Court correctly held that physical disability assessed by the Medical Board cannot *ipso facto* be equated with functional disability for the purpose of determining loss of earning capacity. It was contended that the High Court, upon considering the nature of employment of the appellant-claimant and the material placed on record, justifiably concluded that though the physical disability was assessed at 63%, the functional disability suffered by the appellant-claimant ought to be taken at 30% for the purpose of computation of compensation.
- C. That the evidence on record does not establish that the disability suffered by the appellant-claimant has resulted in a complete loss of income or total incapacity to earn. It was urged that the injuries sustained by the appellant-claimant were treated, and the disability certificate itself indicates disability to the extent of 63%. In the absence of cogent evidence demonstrating total incapacitation or inability to undertake any form of gainful employment, it cannot be contended that the appellant-claimant has suffered 100% functional disability or has lost his entire earning capacity.

On these grounds, learned counsel submitted that the impugned judgment of the High Court is legally sound and does not warrant interference, and accordingly prayed that the present appeal be dismissed.

Analysis and Discussion: -

- 18. We have heard and considered the submissions advanced by learned counsel for the parties and have carefully gone through the impugned judgment as well as the material placed on record.

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19. At the outset, it must be noted that insofar as the determination of monthly income and the addition towards future prospects are concerned, there is no serious dispute before us. The controversy in the present appeal lies within a narrow compass. The principal issue which falls for our consideration is with regard to the assessment of extent of disability for the purpose of computing loss of earning capacity, and more particularly, the soundness of the High Court's determination of functional disability at 30% as against 63% assessed by the Medical Board and affirmed by the MACT. The consequential effect of the above exercise would be to determine whether the appellant-claimant is entitled to any further enhancement of compensation over and above the amount awarded by the MACT.
20. At the first instance, the MACT, upon appreciation of the oral and documentary evidence including the disability certificate (Exh.C-1), the neuropsychological assessment report, and the nature of avocation of the appellant-claimant as a Manager in a private concern, accepted the permanent physical disability assessed by the Medical Board at 63% and proceeded to compute the loss of future earning capacity by applying the multiplier method established by a long line of binding precedents. The MACT took note of the fact that the injuries included a head injury resulting in cognitive impairment, partial blindness, and restriction of movement and stability of the left knee, and recorded a finding that such disability had a direct bearing on the appellant-claimant's earning capacity.
21. However, the High Court, while observing that physical disability cannot be mechanically equated with functional disability, reduced the functional disability suffered by the appellant-claimant from 63% to 30% without advertting in detail to the medical evidence on record, particularly the findings of the Medical Board and the neuropsychological report evidencing cognitive deficits suffered by the appellant-claimant as a consequence of the injuries suffered in the accident. No independent *contra* material was placed on record by the respondent-insurer to displace the evidentiary value of the disability certificate. In our considered view, such reduction of the functional disability, in the absence of convincing evidence impeaching the credibility of the medical certificates placed on record by the appellant-claimant and without assigning cogent reasons, was not at all justified. For ready reference, the relevant extract from the impugned judgment is reproduced hereinbelow: -

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“10. According to the claimant he was earning a sum of Rs.29,108/- per month by working as a Manager in a private concern, which has been proved through Exs.21 to 25. Thus, the Tribunal has arrived the amount under the head of loss of earning power, by multiplying the disability as 63%. It appears to be on the higher side. **Though the Medical Board has assessed the physical disability of the claimant as 63%, after going through the records, we have come to the conclusion that the functional disability suffered by the claimant would be 30%.** After adding 40% towards future prospectus, the total income of the claimant is arrived at Rs.40,751/-, rounded off to Rs.40,000/-. Thereby, the claimant is entitled for an amount of Rs.24,48,000/- (Rs.40,000/- x 12 x 30% x 17); Rs.1,00,000/- for Loss of amenities; Rs.2,00,000/- under Pain and sufferings; since the claimant was unmarried at the time of accident and sustained grievous injuries in the accident, an amount of Rs.2,00,000/- is granted towards loss of marital prospectus; The amounts awarded under the heads of Medical expenses, Transportation to hospital, Extra nourishment and Damage to clothing and articles are confirmed.”

[Emphasis supplied]

22. A careful reading of the aforesaid extract indicates that the High Court merely adverted to the general principles governing assessment of disability and, without undertaking any independent analysis of the evidence on record, abruptly concluded that the functional disability suffered by the appellant-claimant would be 30%. There is no discussion as to why the medical findings, the disability certificate issued by the competent Medical Board, or the neuropsychological report were doubtful or insufficient to sustain the conclusion reached by the MACT. Equally, while reducing the quantum of compensation, no specific or cogent reasons have been assigned for curtailing the amounts awarded under the heads of “Loss of Amenities” and “Pain and Suffering,” which were based on the nature and gravity of the injuries sustained by the appellant-claimant. In our considered opinion, such conclusions, abruptly arrived at without proper reappraisal of the evidence and without recording adequate reasons, are in the nature of presumptions and assumptions and cannot be sustained in the eyes of law.

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23. Ordinarily, where a Court exercising appellate jurisdiction reverses or modifies a finding of fact recorded by the Court of first instance without a proper reappreciation of the evidence or without assigning cogent reasons, this Court would be justified in setting aside the impugned judgment and remitting the matter for fresh consideration on merits and in accordance with law. In the present case, the assessment of functional disability, which had a direct bearing on the determination of just compensation, necessarily required a careful scrutiny of the medical evidence and its impact on the avocation of the injured. The failure to undertake such an exercise would, in the normal course, warrant a remand.
24. However, we cannot be oblivious of the fact that the accident occurred in the year 2016 and that the appellant-claimant has been engaged in litigation for nearly a decade, first before the MACT, thereafter before the High Court and now before this Court. A remand at this stage would only prolong the proceedings and compound the agony already suffered by the appellant-claimant. In these circumstances, in order to do complete justice between the parties, we deem it appropriate to examine the issue on merits and determine the issue of functional disability on the basis of the material available on record.
25. In order to determine the functional disability suffered by the appellant-claimant, it is necessary to advert to the findings recorded by the Medical Board with respect to the permanent physical disability, as well as the neuropsychological assessment report placed on record. Both these documents remained uncontroverted and hence, they provide credible expert evidence so as to assess the extent and nature of disability. The true nature and extent of the injuries, and their impact on the cognitive and functional abilities of the appellant-claimant, can be properly appreciated only upon a careful consideration of these materials. For ready reference, the relevant extracts from the said documents are reproduced hereinbelow: -

“Neuropsychological Assessment Report: *Interpretation & Conclusion*

- **Memory Scale shows that his verbal and Visual memory is impaired severely.**
- **On tests for frontal lobe functioning-impairment.**
- **On the test for parietal lobe functioning, normal performance shows that the lobe function is intact.**

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- The IQ range of 65, fall into the category of Mild Intellectual Disability.

Report of the Medical Board

Case of Head injury treated conservatively, facial injury x left femur fracture treated by surgical intervention. **Above injury has resulted in partial blindness, cognitive impairment and partial lom of Rom and stability of left knee.**

His disability due to above injuries sixty three percent (63%).”

[Emphasis supplied]

26. Having bestowed our anxious consideration to the material placed on record, we find that the disability certificate issued by the Medical Board clearly records that the appellant-claimant had suffered a head injury treated conservatively, facial injury, and left femur fracture treated by surgical intervention. These injuries progressively resulted in partial blindness, cognitive impairment and partial loss of range of motion and stability of the left knee. The neuropsychological assessment further evidences severe impairment in verbal and visual memory, impairment of frontal lobe functions and an IQ score of 65, placing the appellant-claimant in the category of Mild Intellectual Disability. These findings, read conjointly, demonstrate that the injuries suffered by the appellant-claimant were not merely orthopedic in nature, but had significant neurological sequelae directly impacting his functional and cognitive abilities.
27. This Court, in ***Raj Kumar v. Ajay Kumar***⁹, has authoritatively laid down the principles governing assessment of permanent and functional disability for the purpose of awarding compensation. It has been held that the percentage of permanent disability assessed by a medical expert cannot be mechanically equated with the percentage of loss of earning capacity. What is required to be determined is the actual impact of such disability on the earning capacity of the injured, having regard to his avocation, age and the nature of work performed. The Tribunal is required to undertake a structured analysis to ascertain the

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activities the claimant can or cannot perform post-injury, the nature of his profession prior to the accident, and whether the disability has resulted in total incapacity or merely restricted or reduced earning capacity. For ready reference, the relevant extracts from the said judgment are reproduced hereinbelow: -

“9. The percentage of permanent disability is expressed by the doctors with reference to the whole body, or more often than not, with reference to a particular limb. When a disability certificate states that the injured has suffered permanent disability to an extent of 45% of the left lower limb, it is not the same as 45% permanent disability with reference to the whole body. The extent of disability of a limb (or part of the body) expressed in terms of a percentage of the total functions of that limb, obviously cannot be assumed to be the extent of disability of the whole body. If there is 60% permanent disability of the right hand and 80% permanent disability of left leg, it does not mean that the extent of permanent disability with reference to the whole body is 140% (that is 80% plus 60%). If different parts of the body have suffered different percentages of disabilities, the sum total thereof expressed in terms of the permanent disability with reference to the whole body cannot obviously exceed 100%.

10. Where the claimant suffers a permanent disability as a result of injuries, the assessment of compensation under the head of loss of future earnings would depend upon the effect and impact of such permanent disability on his earning capacity. The Tribunal should not mechanically apply the percentage of permanent disability as the percentage of economic loss or loss of earning capacity. In most of the cases, the percentage of economic loss, that is, the percentage of loss of earning capacity, arising from a permanent disability will be different from the percentage of permanent disability. Some Tribunals wrongly assume that in all cases, a particular extent (percentage) of permanent disability would result in a corresponding loss of earning capacity, and consequently, if the evidence produced show 45% as the permanent disability, will

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hold that there is 45% loss of future earning capacity. In most of the cases, equating the extent (percentage) of loss of earning capacity to the extent (percentage) of permanent disability will result in award of either too low or too high a compensation.

11. What requires to be assessed by the Tribunal is the effect of the permanent disability on the earning capacity of the injured; and after assessing the loss of earning capacity in terms of a percentage of the income, it has to be quantified in terms of money, to arrive at the future loss of earnings (by applying the standard multiplier method used to determine loss of dependency). We may however note that in some cases, on appreciation of evidence and assessment, the Tribunal may find that the percentage of loss of earning capacity as a result of the permanent disability, is approximately the same as the percentage of permanent disability in which case, of course, the Tribunal will adopt the said percentage for determination of compensation. (See for example, the decisions of this Court in Arvind Kumar Mishra v. New India Assurance Co. Ltd. [(2010) 10 SCC 254 : (2010) 3 SCC (Cri) 1258: (2010) 10 Scale 298] and Yadava Kumar v. National Insurance Co. Ltd. [(2010) 10 SCC 341 : (2010) 3 SCC (Cri) 1285 : (2010) 8 Scale 567])

[.....]

13. Ascertainment of the effect of the permanent disability on the actual earning capacity involves three steps. The Tribunal has to first ascertain what activities the claimant could carry on in spite of the permanent disability and what he could not do as a result of the permanent disability (this is also relevant for awarding compensation under the head of loss of amenities of life). The second step is to ascertain his avocation, profession and nature of work before the accident, as also his age. The third step is to find out whether (i) the claimant is totally disabled from earning any kind of livelihood, or (ii) whether in spite of the permanent disability, the claimant could still effectively

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carry on the activities and functions, which he was earlier carrying on, or (iii) whether he was prevented or restricted from discharging his previous activities and functions, but could carry on some other or lesser scale of activities and functions so that he continues to earn or can continue to earn his livelihood.”

[Emphasis supplied]

28. In view of the principles laid down by this Court in ***Raj Kumar (supra)***, as consistently affirmed thereafter, the assessment of functional disability must be grounded in a realistic appraisal of the impact of the injury on the claimant's capacity to earn. The inquiry is not confined to the numerical percentage of physical impairment certified by the Medical Board, but extends to evaluating whether the claimant, in light of his educational background, skill set and nature of employment, is capable of meaningfully pursue his avocation.
29. Reverting to the facts of the present case, the appellant-claimant was admittedly employed as a Manager in a private concern, a role inherently dependent upon sustained cognitive functioning, including memory retention, analytical ability, executive decision-making, coordination and effective communication. The neuropsychological report on record evidences severe impairment in verbal and visual memory, frontal lobe dysfunction, and an IQ score of 65 placing him within the category of Mild Intellectual Disability.
30. Further, the Medical Board has recorded that the injuries resulted not only in cognitive impairment but also in partial blindness and orthopedic limitations affecting mobility and stability. When these physical and neurological impairments are cumulatively evaluated, it becomes manifest that the appellant-claimant's ability to effectively discharge his pre-accident duties stands substantially and irreversibly impaired. The evidence does not indicate a mere diminution in efficiency, rather, it demonstrates a profound erosion of the faculties essential for gainful employment in his chosen field. These impairments strike at the core competencies indispensable for the effective discharge of managerial responsibilities and substantially undermine the appellant-claimant's ability to perform the essential functions inherent in such a position. In such circumstances, and bearing in mind the settled principle that functional disability must reflect the actual loss of earning capacity, we are persuaded to hold

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that the disability in the present case, for the purpose of computation of compensation, deserves to be reckoned at 100%. It is beyond the pale of doubt that, having suffered such grave medical and neurological impairments, the appellant-claimant would neither be considered suitable for the managerial post nor would he be capable of effectively discharging the onerous responsibilities attached to the said post, particularly in light of his present condition, which is likely to deteriorate progressively over time.

31. Consequently, in light of the foregoing discussion and considering that the functional disability suffered by the appellant-claimant is to be assessed at 100% for the purpose of computing loss of earning capacity, the compensation payable to the appellant-claimant warrants re-determination so as to ensure the award of just and fair compensation in accordance with law. Accordingly, the compensation payable to the appellant-claimant is recalculated as per the computation set out hereunder: -

<u>Head</u>	<u>Amount Awarded</u>
Future loss of earning power	Rs.40,000/- x 12 x 100% (Disability) x 17 = Rs.81,60,000/-
Medical expenses	Rs.5,88,011/-
Loss of amenities	Rs.3,00,000/-
Pain and Sufferings	Rs.5,00,000/-
Transportation to Hospital	Rs.10,000/-
Extra Nourishment	Rs.10,000/-
Damage to Clothing and Articles	Rs.5,000/-
Loss of marital prospectus	Rs.2,00,000/-
Total	Rs.97,73,011/-

32. Thus, the total compensation payable to the appellant-claimant works out to Rs.97,73,011/- (Rupees Ninety-Seven Lakh Seventy-Three Thousand and Eleven only). The appellant-claimant shall be entitled to interest at the rate of 7.5% per annum from the date of filing of the claim petition till the date of realization, as awarded by the MACT. The amount, if any, already paid shall be duly adjusted towards the aforesaid sum. The award shall be satisfied by the respondent-insurer. However, as directed by the MACT, the respondent-insurer shall be at

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liberty to recover the said amount from the driver-cum-owner of the offending vehicle, namely, R. Chinnadurai, in accordance with law.

33. The respondent-insurer is directed to deposit the balance amount of compensation along with accrued interest within a period of six weeks from the date of receipt of this judgment before the Motor Accidents Claims Tribunal, Special Subordinate Judge, Coimbatore, which shall disburse the same to the appellant-claimant in accordance with law.
34. The impugned judgment dated 11th January, 2022 passed by the High Court and the award dated 22nd January, 2020 passed by the MACT are modified in terms of this judgment.
35. Before parting with the matter, we deem it appropriate to reiterate that when an appellate court interferes with findings of fact duly recorded by the Motor Accidents Claims Tribunal, particularly on issues such as assessment of disability and loss of earning capacity, it is incumbent upon it to undertake a thorough reappraisal of the evidence and to assign cogent, clear and convincing reasons for departing from the conclusions arrived at by the Motor Accidents Claims Tribunal. Such an obligation is heightened in proceedings under the Motor Vehicles Act, 1988, which is a beneficial and welfare-oriented legislation enacted with the object of ensuring expeditious relief and just compensation to victims of motor accidents and their families. The statutory framework is designed to advance social justice and to provide solace and financial security to those who suffer on account of road accidents. Any interference with a reasoned award of the Motor Accidents Claims Tribunal must, therefore, be consistent with the spirit and object of the enactment and supported by sound judicial reasoning.
36. The appeal is allowed accordingly.
37. There shall be no order as to costs.
38. Pending application(s), if any, shall stand disposed of.

Result of the case: Appeal allowed.