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**IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION**

K. VINOD CHANDRAN; J., N.V. ANJARIA; J.

Civil Appeal Nos. 6338-6339 of 2024; August 08, 2025

Brij Bihari Gupta versus Manmet & Ors.

Motor Vehicles Act, 1988 – Held, insurer of registered owner liable to compensate third-party losses arising out of vehicle, if vehicle’s registration was not changed after transfer - Agreement between the registered owner and the appellant clearly indicated that registration would only be transferred after full sale consideration was paid, which had not occurred - The registered owner remained the owner and thus liable to compensate the victims, a liability to be indemnified by the insurer - The insurer was not absolved of its liability- Appeal dismissed. [Relied on *Naveen Kumar v. Vijay Kumar & Ors. (2018) 3 SCC 1; Paras 7-11*]

with Civil Appeal No. 6341 of 2024 Civil Appeal No.6340 of 2024 and Civil Appeal No.6342 of 2024

For Appellant(s): Mr. Kaustubh Shukla, AOR Ms. Pushpanjali Singh, Adv. Mr. Praveen Singh, Adv.

For Respondent(s): Mr. Shubhranshu Padhi, AOR Mr. Jay Nirupam, Adv. Mr. D.girish Kumar, Adv. Mr. Pranav Giri, Adv. Mr. Ekansh Sisodia, Adv. Mr. Vikrant Singh Bais, AOR Mr. Rahul Agarwal, Adv. Mr. Utkarsh Singh, Adv. Ms. Neema, Adv. Mr. Rajesh Kumar Gupta, AOR Ms. Jyoti Kaushik, Adv.

J U D G M E N T

K. VINOD CHANDRAN, J.

The appeals arise from the orders of the High Court of Chhattisgarh at Bilaspur, wherein the order of the Motor Accidents Claims Tribunal granting compensation with respect to the death/injuries suffered in a motor vehicle accident was challenged by both the insurance company and the claimants. There were a total of 11 claim petitions before the Tribunal out of which the insurance company choose to challenge the award in only three such claim petitions. The challenge was on the ground of there being no liability to indemnify, since the injured were gratuitous passengers in the goods vehicle and the driver was in possession and ownership of the vehicle on the strength of an agreement with the registered owner, while the policy was in the name of the registered owner. Before the Tribunal, though these contentions were taken, compensation was awarded and the registered owner, the driver alleged to be the ostensible owner and the insurance company were made jointly and severally liable.

2. The claimants and the insurance company filed appeals before the High Court in which the company’s appeals were allowed finding the insurer absolved of its liability. In the claimant’s appeals, in two cases, the compensation was enhanced, and the other appeal was dismissed, affirming the Tribunal’s award insofar as the compensation is concerned. The present appeals are filed by the ostensible owner who also was the driver of the vehicle, who had also unsuccessfully sought a review insofar as the liability cast on him personally, to satisfy the award; which order in review also is challenged in two appeals captioned above.

3. That the vehicle had a valid insurance policy in the name of the registered owner and that the driver had a valid driving license are admitted. Insurer claimed no liability to indemnify the registered owner because at the time of the accident, even according to the registered owner, by an agreement the possession and ownership of the vehicle was handed over to the appellant who was also driving the vehicle. The appellant did not

transfer the registration, nor did he take out a policy in his name. It is also argued before the High Court that the injured claimants and the deceased were gratuitous passengers.

4. Sh. Kaustubh Shukla learned counsel for the appellants would first point out that the issue as to the passengers being gratuitous has to be considered in the context of the village setting where the goods vehicle was plying. The injured /deceased were petty hawkers who had been transporting their goods in the goods vehicle and their presence in the vehicle was in their capacity of the owner of the goods. It is also argued that at the time of accident, the ownership had not been transferred in the name of the appellant. The appellant assails the order of the High Court mulcting the entire liability for the satisfaction of the awards on him. It is also argued that there were eleven claim petitions in which awards were passed, and the insurer employed a pick and choose method to challenge only three awards. The learned counsel also relied on a decision of this Court in **Naveen Kumar vs. Vijay Kumar & Ors.**¹ to further his claim for indemnification by the insurer, determining the liability on the registered owner.

5. Sh. Subhranshu Padhi, learned Amicus Curiae for the claimants supported the appellant and also provided a chart dealing with the facts of the case, award of compensation as also the enhancement made by the High Court. The learned counsel for the insurance company Sh. Rajesh Kumar Gupta resisted the claim pointing out that on both the grounds urged, the insurer has no liability. Insofar as the eleven claim petitions filed, the learned counsel sought time to appraise this Court about the fate of the other eight claim petitions and verify whether there were appeals filed.

6. We are not concerned with the compensation as awarded by the Tribunal and enhanced in two cases by the High Court in these appeals, which seek determination of liability and its indemnification. It has to be first noticed, as submitted by learned Amicus Curiae, that in Civil Appeal Nos.6341 and 6342 there has been a settlement arrived at in the Lok Adalat. The documents relating to the Lok Adalat have been filed along with I.A. No.190313/2022, produced as Annexure R7. The entire claim has been settled by the appellant in a Lok Adalat by payment of part amount and issuance of a cheque for the balance amount and nothing survives in the said appeals, which stand dismissed.

7. Insofar as the contention regarding the passengers in the goods vehicle being gratuitous, we have to notice the evidence as produced by the second respondent along with I.A. No.190303/2022 in C.A. Nos. 6338-6339/2024. The deposition of the claimant injured in the said appeal clearly indicates that he was a fish monger and the basket with fish for sale, was being carried in the goods vehicle, in which the claimant was also accompanying the goods. Likewise in C.A. No.6340/2024, the deceased passenger was a vegetable hawker, who too accompanied the goods carried in the vehicle. We see from the cross-examination by the learned counsel for the insurer that the said fact was challenged by way of a suggestion. In the examination-in-chief of the witness for the insurer produced as Annexure-R/13, the Administrative Officer asserted that the passengers were gratuitous. But, in cross-examination he categorically stated that he did not have any knowledge regarding the status of the deceased / injured in the accident and he does not have any information as to whether they were accompanying the goods in the vehicle or not. The suggestion made to the claimant hence has to be ignored. It is pertinent that in the reply to the claim filed, produced as Annexure-R/11, the insurer had raised a contention that if there were goods in the vehicle then the seizure of such goods would have been recorded in the mahazar prepared in the criminal case. However, the insurance

¹ (2018) 3 SCC 1

company did not take any effort to produce any such mahazar. The claimant while being cross-examined was also not confronted with the records of the criminal case which were produced and marked by the claimants in their evidence.

8. We also find that the Tribunal had specifically found so with respect to the issue of gratuitous passengers:

“बीमा कं पनी का के वल एक ही बचाव है कक, आवेकिका िर्घटनाग्रस्त वाहन, जो कक माल वाहक यान है, में अनुग्रह यात्री थी और उसे तृतीय पक्ष नहीं माना जा सकता है परंतु प्रकरण में उपलब्ध तथ्यों एवं साक्ष्यों से स्पष्ट होता है कक आवेकिका िर्घटनाग्रस्त वाहन में अपने सामान की सुरक्षा के कलए बैठी हुई थी और मोटर यान अकिंकनयम के प्राविनों के अनुसार माल वाहक यान में अपनी सामान की सुरक्षा के कलए बैठे व्यक्ति को अनुग्रह याकत्र नहीं माना जा सकता।”

The High Court has interfered with the said finding of fact without any material and in a perfunctory manner. We hence find that the contention raised by the insurer that the deceased/injured in the accident were gratuitous passengers in the vehicle remains in the realm of mere assertion without substantiation. Section 147 which has the nominal heading “*Requirements of policies and limits of liability*” by sub-section (1)(b)(i) enables indemnification by the insurer, any liability with respect to the death or bodily injury to third parties and any person including owner of the goods or his authorized representative carried in the motor vehicle.

9. The next contention is with respect to the transfer of ownership to the appellant herein which even the registered owner asserts. To substantiate, the agreement is produced as Annexure-R/1 again in IA No.190313/2022 in the appeals we have dismissed herein above for having settled the matter in the Lok Adalat. The agreement only indicates that the sale consideration was fixed at Rs.90,000/- and on payment of Rs.80,000/- there was a transfer of possession. The recital in the agreement clearly indicates that the balance of Rs.10,000/- shall be paid within two months and only after the balance is paid the registration of the vehicle would be transferred. The recitals clearly indicate that there has been no transfer of ownership of the vehicle and the appellant merely had possession of the same.

10. There is considerable reliance placed by the insurer on the fact that the appellant had received the vehicle from the Magistrate’s Court, asserting his ownership. The order directing handing over the vehicle to the appellant is produced as Annexure-R/4, in IA No.190313/2022, where it is indicated that even at that point the registered owner’s name was not changed. The registered owner was present before the Magistrate as we see from the order and while ordering handing over of the vehicle, the applicant/appellant was directed to change the ownership within 30 days. Hence obviously the balance consideration of Rs.10,000/- had not been paid till that date. The transfer of the registration as per Section 50 of the Motor Vehicle Act, 1988² requires the transferee to report the fact of transfer in the prescribed form to the Registering Authority within whose jurisdiction the transfer is affected within 14 days of the transfer. There is no contention raised by the registered owner that he made such a report as required under Section 50(1)(a)(i) of the Act. Hence the ownership was with the registered owner even at the time of the accident and it is his liability to compensate the victims in the accident, which also has to be indemnified by the insurer. We also notice that in **Naveen Kumar**¹, the definition of owner in the Act of 1988 was interpreted to facilitate fulfilment of the object of the law, which was not to burden the claimant to follow the trail of successive transfers. The liability to pay

² “the Act”

falls squarely on the registered owner, even if there has been successive transfers which has to be indemnified by the insurer.

11. We also notice that the contention raised of eight claim petitions having not been challenged has not been repelled by the insurer. We were not inclined to grant any time to the learned counsel for the insurer to verify as to what occurred in the eight other claim petitions, since the judgment of the High Court clearly records the contention of the claimants, that there was a pick and choose employed. The High Court has failed to consider the same and it was for the insurer to have refuted the same with documentary proof in the present appeals. In any event, the said issue does not assume relevance since we have negated the grounds raised by the insurer to absolve itself of the liability. We hence allow C.A. No.6338-6339/2024 and C.A. No.6340/2024. For completeness we notice that the Tribunal had granted 12% interest from the date of the claim petition and for the enhanced amount, the High Court has granted 6% interest, again from the date of filing of the claim petition. Awards impugned in the appeals, other than that dismissed shall be satisfied by the insurer. Ordered accordingly.

12. Pending applications, if any, shall stand disposed of.

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