



**FACULTY OF JURIDICAL SCIENCES**

**COURSE: LL.B. I st Semester**

**SUBJECT: LAW OF TORTS**

**SUBJECT CODE: LLB102**

**Name of Faculty: Ms. NEHA KHANNA**

## LECTURE 39

# TOPIC: MOTOR VEHICLE ACT, 1988- INSURANCE OF MOTOR VEHICLE AGAINST THIRD PARTY RISK, CLAIM TRIBUNALS, OFFENCES, PENALTIES AND PROCEDURE

### COMPENSATION UNDER MOTOR VEHICLES ACT – AMENDMENT IN SECTION

**163 A:** Third Party Motor Accident claims can be registered with Motor Accidents Claims Tribunal (MACT) under the following Sections of the Motor Vehicles Act.

**Section 140** – This is a **No-Fault Liability** claim under which the compensation payable is as under: Rs.50000/- For Death and Rs.25000/- For Permanent Disablement. This Is Fixed Amount. No Need to Prove Wrongful Act/Negligence/Default of The Owner Of The Vehicle.

**Section 166** – This is a **Fault Liability claim** – Victim/Legal Heirs of victim have to prove in the Court of Law the wrongful act/negligence/default of the owner causing injury/death. Compensation is based on age/income/dependency etc.

**Section 163 A** – Amendment was made in the MV Act in 1994 and introduced a new Section 163 A. This Also Is on **No Fault Liability** Basis. However, Payment Is On Structured Formula Basis. While Fixing the Compensation, The Following Parameters Are Taken into Account –

- Age and Income of The Victim.
- For Calculation of Compensation, The Maximum Annual Income Is Restricted To Rs.40000/-.

If Victim/Legal Heirs claim under Section 163 A, they cannot make a claim under Section 166.

- **Amendment in Section 163 A –**

- Now, vide Gazette Notification dated 22<sup>nd</sup> May, 2018, modification has been made by the Ministry of Road Transport & Highways in the provisions of Section 163 A. Compensation, on **No Fault Liability** basis, as per amended provisions, is as under:
  - (a) Fatal Accidents – Rs.5 Lacs (Fixed amount, irrespective of income and age)
  - (b) Permanent Disablement – Rs.500000/- X percentage disability as per Schedule I of the Employee's Compensation Act, 1923 (8 of 1923). However, minimum liability shall not be less than Rs.50000/-.
  - (c) Minor Injury – Fixed compensation of Rs.25000/-.

Net effect of Amendment under Section 163 A, which is beneficial to the victim/legal heirs, is as under:

- Earlier, The Death Compensation Ranged from Rs.50000/- To Rs.537000/-. Not It Is Fixed Rs.5 Lacs.
- For Permanent Disablement, Now The % Calculation Is Based on The Amount Of Rs.500000/- (Fixed). Earlier It Used to Be on The Basis of Yearly Income (Which Can Be Any Amount Less Than Rs.500000/-).
- For Injuries, The Minimum Amount of Compensation Was Rs.1000/- And Onwards. Not It Is Fixed Compensation of Rs.25000/-
- The government has amended the compensation amount payable for third-party fatal accidents and injury claims. According to the amendment made in Motor Vehicle Act, 1988 through notification dated May 22, 2018, the amount of compensation payable in case of death will be Rs five lakh.
- The minimum compensation in case of permanent disability of any kind shall not be less than Rs 50,000. However, for accidents resulting in minor injuries, the compensation amount is fixed at Rs 25,000.

**Exercise:**

1. Under Section 147 of 1988 Act, the damage may be caused under:
  - a) The use of the vehicle
  - b) In a public place
  - c) Both (a) and (b)
  - d) None of the above
  
2. When the vehicle is considered to be in use?
  - a) Running on road
  - b) Parked
  - c) Battery taken out
  - d) All of these
  
3. Which section of the Motor Vehicles Act deals with the liability without fault?
  - a) Section 130
  - b) Section 140
  - c) Section 150
  - d) Section 160
  
4. How much compensation does one get in case of death?
  - a) Rs. 30,000/-
  - b) Rs. 40,000/-
  - c) Rs. 50,000/-
  - d) Rs. 60,000/-

5. How much compensation does one get in case of Permanent Disablement?

- a) Rs. 20,000/-
- b) Rs. 25,000/-
- c) Rs. 30,000/-
- d) Rs. 35,000/-