

IN THE SUPREME COURT OF INDIA

APPELLATE JURISDICTION / LANDMARK PRECEDENT

Sarla Verma v. Delhi Transport Corporation

Registry Status : REPORTED PRECEDENT -- OFFICIAL RECORD

1. EXECUTIVE SUMMARY & KEY HIGHLIGHTS

In this seminal ruling, the Supreme Court of India overhauled motor accident claims jurisprudence by introducing mathematical precision and uniform standards into fatal accident compensation. The Court standardized the Davies multiplier system into a definitive 10-tier age matrix (multipliers 18 to 5), formulated standardized deductions for personal and living expenses of the deceased based on the size of the dependent family, and settled that the age of the deceased, rather than that of the claimants, governs multiplier selection. This framework eradicated decades of erratic judicial discretion across High Courts and remains the cornerstone of MACT compensation in India.

- * Canonical 10-Tier Multiplier Table: Codified the binding multiplier scale linked to age: 15-25 yrs (18), 26-30 yrs (17), 31-35 yrs (16), 36-40 yrs (15), 41-45 yrs (14), 46-50 yrs (13), 51-55 yrs (11), 56-60 yrs (9), 61-65 yrs (7), and above 65 yrs (5).
- * Standardized Living Expense Deductions: Fixed deductions at 50% (1/2) for bachelors, 1/3rd for 2 to 3 dependents, 1/4th for 4 to 6 dependents, and 1/5th for more than 6 dependent family members.
- * Age of Deceased Dictates Multiplier: Authoritatively ruled that the age of the deceased -- and not that of the surviving claimants -- determines the applicable multiplier in fatal injury claims.
- * Take-Home Tax-Deducted Multiplicand Base: Multiplicand calculation must start with actual salary minus statutory income tax, excluding non-beneficial reimbursement allowances.
- * Future Prospects for Permanent Salaried Decedents: Sanctioned addition of 50% actual salary for victims below 40 years with permanent employment and 30% for those aged 40 to 50 years.
- * Judicial Uniformity as Rule of Law: Overruled divergent state High Court formulas, establishing that identical claims must receive uniform compensation across all Indian courtrooms.

2. FACTUAL MATRIX & IMPUGNED PROCEEDINGS

On 18.04.1988, Rajinder Pal Verma, aged 38 years, was travelling on his two-wheeler in New Delhi when a Delhi Transport Corporation (DTC) bus driven at high speed in a rash and negligent manner collided with him, inflicting fatal injuries.

The deceased was working as a permanent scientist with the Indian Council of Medical Research (ICMR), drawing a gross monthly pay of Rs. 3,402 (net take-home Rs. 3,142) with established prospects of progressive career promotions.

He was survived by his 34-year-old widow, three minor children aged 12, 8, and 5 years, his dependent mother aged 65 years, and his father. The legal heirs instituted an application under Section 166 of the Motor Vehicles Act, 1988 claiming compensation.

The MACT awarded Rs. 5,75,000 using a multiplier of 16. On appeal, the Delhi High Court enhanced the base salary for future promotions but reduced the multiplier to 13, computing total compensation at Rs. 7,19,624. The claimants appealed to the Supreme Court seeking authoritative resolution of multiplier and deduction standards.

3. RATIO DECIDENDI (VERBATIM COURTROOM HOLDING)

Operative Multiplier and Deduction Formulations (Paragraphs 40-42):

In fatal accident claims under Section 166 of the Motor Vehicles Act, 1988, the multiplier method involves ascertainment of the loss of dependency (the multiplicand) having regard to the capitalised value of the income of the deceased and the capitalization period.

1. Standard Multiplier Table: Having regard to the principles laid down in *Susamma Thomas* and *Trilok Chandra*, we hold that the multiplier to be used should be chosen from the following standardized table:

- * Age 15 to 20 years:Multiplier 18
- * Age 21 to 25 years:Multiplier 18
- * Age 26 to 30 years:Multiplier 17
- * Age 31 to 35 years:Multiplier 16
- * Age 36 to 40 years:Multiplier 15
- * Age 41 to 45 years:Multiplier 14
- * Age 46 to 50 years:Multiplier 13
- * Age 51 to 55 years:Multiplier 11
- * Age 56 to 60 years:Multiplier 9
- * Age 61 to 65 years:Multiplier 7
- * Age above 65 years:Multiplier 5

2. Deductions Towards Personal & Living Expenses:

- * Bachelors:Where the deceased was a bachelor and the claimants are the parents, the deduction towards personal and living expenses should normally be50% (1/2), as the bachelor would have married in future and maintained his own independent family.
- * 2 to 3 Dependent Family Members:Deduction of1/3rdof the income towards personal expenses.
- * 4 to 6 Dependent Family Members:Deduction of1/4thof the income towards personal expenses.
- * More than 6 Dependent Family Members:Deduction of1/5thof the income towards personal expenses.

3. Multiplier Governed by Age of Deceased:Where the deceased leaves behind a surviving spouse and children, the multiplier is governed strictly by the age of the deceased, and not by the age of the surviving dependents or claimants.

4. OBITER DICTA & JUDICIAL OBSERVATIONS

The Division Bench penned critical observations on the administration of tort justice in Indian tribunals:

The Court highlighted that unfettered judicial discretion in assessing compensation had led to unacceptable disparities. A claimant in one state was receiving three times the compensation awarded to an identical victim in an adjoining state for the same loss of life. Such variance undermined public trust in the rule of law. A standardized table does not eliminate justice; it secures equal justice under law.

The multiplier is not a mere arithmetic tally of the years remaining until retirement. It inherently accounts for the advantage of receiving a lump-sum payment upfront, the acceleration of inheritance, the future earning capacity of capital invested in safe interest-bearing deposits, and life's unforeseen contingencies (such as premature natural death, debilitating illness, or involuntary unemployment).

The Court emphasized that only genuine financial dependents can be factored into the dependency deduction count. Gainfully employed adult sons, married daughters residing in their matrimonial homes, and financially independent fathers cannot be included merely to reduce the personal living expense deduction.

5. POINTS OF LAW FRAMED & ANSWERED

Legal Issue Framed	Supreme Court's Holding
What is the authoritative multiplier matrix to be adopted in motor accident death claims?	The 10-tier multiplier scale formulated in Sarla Verma, ranging from multiplier 18 (for ages 15-25) down to multiplier 5 (for age >65), as affirmed by the Constitution Bench in Pranay Sethi.
How are personal living expenses deducted from the income of the deceased?	Standardized deductions: 50% for bachelors; 1/3rd for 2-3 dependents; 1/4th for 4-6 dependents; and 1/5th for more than 6 dependents.
Whose age determines the multiplier in claims filed by a widow and minor children?	The age of the deceased governs the multiplier selection. The age of the claimants is irrelevant when the deceased is married.

Can benefits like Provident Fund, Gratuity, or Life Insurance be deducted from MACT compensation?	No. Statutory benefits like PF, pension, gratuity, and life insurance proceeds are contractual entitlements earned by the deceased and cannot be set off to mitigate the tortfeasor's liability.
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6. STATUTORY FRAMEWORK & MODERN LEGISLATIVE ALIGNMENT

Precedent Reference / Former Statute	Modern Act (BNSS / BNS / BSA / CPA)	Doctrinal & Procedural Analysis
Section 166, Motor Vehicles Act, 1988	Section 166, MV Act (post-2019 Amendment)	Core provision for filing claim petitions before the Claims Tribunal; Sarla Verma standardized the method of calculating dependency under this section.
Second Schedule, Motor Vehicles Act, 1988	Section 164, MV Act, 2019	Old Second Schedule contained severe mathematical glitches and illogical multipliers; Sarla Verma rectified the table, which has now been replaced by fixed no-fault compensation under Section 164.
Fatal Accidents Act, 1855 (Section 1A)	Motor Vehicles Act, 1988 & Common Law Tort	Sarla Verma absorbed the historic English Davies doctrine under the Fatal Accidents Act into modern Indian statutory motor compensation jurisprudence.
Sections 101-103, Indian Evidence Act, 1872	Sections 104-106, Bharatiya Sakshya Adhiniyam, 2023 (BSA)	Evidentiary burden on claimants to establish the legal relationship of dependency and authentic income through salary certificates.

7. SUBSEQUENT JUDICIAL TREATMENT & LINEAGE

- * Reshma Kumari v. Madan Mohan (2013) 9 SCC 65:A three-Judge Bench held that the multiplier table in Sarla Verma admits of no deviation and must be adhered to by all tribunals.
- * National Insurance Co. Ltd. v. Pranay Sethi (2017) 16 SCC 680:Five-Judge Constitution Bench unanimously affirmed the Sarla Verma multiplier scale and personal expense deduction ratios as binding law.
- * N. Jayasree v. Cholamandalam MS General Ins. Co. (2021) SCC OnLine SC 967:Clarified that a widowed mother-in-law living with and dependent upon her deceased son-in-law qualifies as a dependent under Sarla Verma principles.
- * K. Ramya v. National Insurance Co. Ltd. (2022) SCC OnLine SC 1338:Reaffirmed that tax deductions must be made strictly from the proven salary before applying the Sarla Verma multiplier.

8. PRACTICAL LITIGATION PLAYBOOK & STRATEGIC CHECKLIST

- * Establish Exact Number of Dependent Family Members:File ration cards, family registers, and dependency affidavits to substantiate 4+ dependents to lock in the lower 1/4th (or 1/5th) personal expense deduction.
- * Prove Fixed Salary with Incremental Service Rules:If the deceased was a government or corporate employee, produce official service books and service rules to secure the full 50% future prospects.
- * Defend Against Set-Off of Insurance / Gratuity:Object to insurance company attempts to deduct LIC payouts, family pension, or compassionate appointment benefits from the compensation.
- * Lock In the Upper Multiplier Tier:Verify whether the deceased was in the younger boundary of the five-year age interval (e.g. exactly 35 years) to secure the higher multiplier.
- * Scrutinize Claimed Dependents to Force Higher Deduction:Cross-examine on whether the father is an income-tax assessee or pensioner, and whether adult brothers are employed, to elevate personal deduction to 1/3rd or 1/2.

- * **Enforce Income Tax Deductions:** Calculate net taxable income by deducting income tax and professional tax from gross salary slips before computing the annual multiplicand.
- * **Challenge Unsupported Promotion Prospects:** Verify whether the claimed employer is an unlisted private entity without structured service conditions, restricting future prospects to self-employed limits.
- * **Check Deceased Age at Upper Boundary:** Cross-verify the matriculation certificate to prove the deceased had crossed the age threshold (e.g. 40 years and 1 day) to reduce the multiplier.