CGHC010188942020 2026:CGHC:48608

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HIGH COURT OF CHHATTISGARH AT BILASPUR

THE DATE WHEN THE CASE IS RESERVED	THE DATE WHEN THE JUDGMENT IS PRONOUNCED	THE DATE WHEN THE JUDGMENT IS UPLOADED ON THE WEBSITE	
		Operative	**Full**
23.11.2026	27.11.2026		27.11.2026

MAC No. 1018 of 2020

Shiv Gopal Gupta S/o Mevalal Gupta Aged About 40 Years R/o Village Janakpur, Thana Janakpur, District Koriya Chhattisgarh - (Ex-Owner)

... Appellant

versus

1 - Amit Kumar Gupta S/o Ramkripal Gupta Aged About 30 Years R/o Villge Janakpur, District Koriya Chhattisgarh. - (Claimant)

2 - Rajesh @ Raju Kewat S/o Motilal Kewat Aged About 35 Years R/o Village Janakpur District Koriya Chhattisgarh - (Driver)

3 - Nanbai W/o Badri Prasad Kewat R/o Village Janakpur, Tahsil Bhatarpur, District Koriya Chhattisgarh - (Present Owner)

4 - United India Insurance Company Limited Registered And Head Office 24 White Road, Chennai 600014 Branch Office Through Branch Manager Near Hotel Kumkum Bramharoad, Ambikapur District Surguja Chhattisgarh - (Insurer)

... Respondents

For Appellant	**:**	Mr. Parag Kotecha and Ms. Bhavika Kotecha, Advocates
For Respondent No.4	**:**	Mr. Sudheer Agrawal, Advocate

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({Hon'ble Mr. Justice Santosh Sharma})

C A V Judgment

1. This appeal under Section 173 of the Motor Vehicles Act, 1988 (for short the "Act of 1988") has been preferred by the appellant/respondent No.2 challenging the impugned award dated 20.05.2020 passed by the learned First Additional Motor Accidents Claims Tribunal, Manendragarh, Distt. Koria in Claim Case No.03/2017, whereby the claim application preferred by the Amit Kumar Gupta, seeking compensation on account of the injuries sustained by him in a motor accident dated 18.04.2016, has been partly allowed by awarding a sum of Rs.2,00,898/- along with interest @ 9% per annum, while exonerating respondent No.3/Insurance Company from its liability to indemnify the insured and fastening the liability to pay compensation jointly and severally upon respondent Nos.1 and 2, namely, the driver and registered owner of the offending vehicle.

2. The facts of the case, in brief, are that on 18.04.2016, the claimant Amit Kumar Gupta was travelling in a Tata Mini Truck 407 bearing registration No. CG-16-A-1649 from Janakpur to Ramgarh Bazar. When the vehicle reached Village Baharasi, respondent No.1/driver, namely, Raju alias Rajesh Kevat, driving the vehicle rashly and negligently, overturned it, resulting in grievous injuries to the claimant. At the time of the accident, the claimant was aged about 30 years and was engaged in the

business of footwear under the name and style of New Prashant Boot House, earning Rs.25,000/- per month. On account of the injuries sustained, he suffered physical disability and loss of earning capacity. Accordingly, he filed a claim petition seeking compensation of Rs.27,41,493/- under various heads.

3. Respondent Nos.1 and 2, despite being afforded sufficient opportunity, did not file their written statements, whereas respondent No.3/Insurance Company contested the claim, primarily on the ground that the claimant was travelling as an unauthorised passenger in a goods vehicle, in violation of the terms and conditions of the insurance policy. It was further contended that the driver did not possess a valid driving licence and the vehicle lacked a valid fitness certificate. Respondent No.4, the purchaser and person in possession of the vehicle, contended that the accident occurred due to brake failure and that the claimant was travelling in the vehicle along with his footwear goods.

4. The claimant examined himself as AW-1 and produced the relevant police documents, including the FIR (Ex-A/2), final report (Ex-A/1), seizure memo (Ex-A/4) and vehicle inspection report (Ex-A/6), along with medical records, discharge summaries and medical bills (Ex-A/10 to A/19). The Insurance Company examined its administrative officer (DW-1), who proved the insurance policy. The Tribunal, upon appreciation of the oral and documentary evidence, held that the accident occurred due to

rash and negligent driving by respondent No.1 and that the claimant sustained injuries therein. The Tribunal assessed the claimant's age at 29–30 years and his monthly income notionally at Rs.6,000/-, as the claimed income of Rs.25,000/- was not supported by documentary evidence.

5. The Tribunal further held that although the Insurance Company failed to establish its allegations regarding the absence of a valid driving licence and fitness certificate, the claimant, along with 8–9 other persons, was travelling in the goods vehicle without any additional premium having been paid to cover the risk of passengers. Accordingly, the use of the vehicle was held to be in violation of the insurance policy, and the Insurance Company was exonerated from liability. The Tribunal also found that the respondent No.2 continued to be the registered owner of the vehicle on the date of the accident, notwithstanding its prior sale to respondent No.4, and accordingly fastened the liability upon respondent Nos.1(driver) and 2 (registered owner) jointly and severally.

6. Consequently, the Tribunal assessed the total compensation at Rs.2,00,898/- under various heads, including medical expenses, future medical expenses, pain and suffering, attendant charges, transportation, special diet and loss of income. The claim petition was accordingly partly allowed, awarding interest @ 9% per annum from the date of filing of the claim petition, i.e., 18.01.2017, till realization. The Insurance Company

and respondent No.4 were exonerated, and respondent Nos.1 and 2 were held jointly and severally liable to satisfy the award.

7. Learned counsel appearing for the appellant submits that the impugned award, to the extent it fastens liability upon the appellant for payment of compensation, is contrary to the evidence available on record and the settled principles of law. It is contended that the appellant had already sold the offending vehicle to respondent No.3 on 30.07.2015, much prior to the accident dated 18.04.2016, and had also handed over its possession along with the relevant documents. In support of the said contention, the appellant had produced the sale deed (Ex.D-1) and the receipt evidencing deposit of the requisite transfer fee before the Transport Department (Ex.D-2). Thus, the appellant had duly discharged his obligations towards transfer of the vehicle, and any subsequent failure to complete the formalities in the registration records could not be attributed to him.

8. It is further contended that respondent No.3 had herself admitted the purchase and possession of the offending vehicle, as also the fact that the vehicle was being operated under her instructions. The learned Tribunal, despite such admission and the documentary evidence available on record, erroneously fastened liability upon the appellant merely on the ground that his name continued to be reflected as the registered owner in the records of the Transport Department. According to learned counsel, the Tribunal failed to properly appreciate the evidence

and the legal effect of the sale transaction. Learned counsel further submits that the Tribunal committed an error in exonerating the Insurance Company from its liability on the ground that the offending vehicle, being a goods carriage, was carrying 8–9 passengers in violation of the terms and conditions of the insurance policy. It is argued that the offending vehicle was covered under a valid package insurance policy and the liability arising out of the accident ought to have been indemnified by the Insurance Company. Even otherwise, the claimant, being a third party, was entitled to claim compensation from the insurer. Therefore, the entire liability could not have been fastened upon the appellant.

9. It is also contended that the learned Tribunal failed to consider the aspect of contributory negligence on the part of the claimant while determining liability. Further, the amount of compensation awarded is excessive and has been assessed without proper appreciation of the evidence on record. It is, therefore, submitted that the impugned award deserves to be set aside to the extent it imposes liability upon the appellant, and the Insurance Company or, alternatively, respondent No.3, be directed to satisfy the award. In support of his submissions, learned counsel for the appellant placed reliance in the decisions of Hon'ble Apex Court in the matters of **Vaibhav Jain Vs. Hindustan Motors Pvt. Ltd. AIR 2024 SC 4219** and **Shawinder**

Pal Singh vs. Rajvir Kaur and Ors. 2025 SCC OnLine P & H 16507

10. On the other hand, learned counsel appearing for respondent No.4/Insurance Company, while supporting the impugned award, submits that the learned Tribunal, after considering the relevant pleadings and evidence available on record, has rightly exonerated the Insurance Company from liability. It is further submitted that the appellant continued to be the registered owner of the offending vehicle on the date of the accident and, therefore, the Tribunal has rightly fastened liability upon him. No interference with the impugned award is warranted.

11. Heard learned counsel for the parties and perused the material available on record.

12. Now, this Court shall examine as to whether the appellant, despite having sold the offending vehicle to respondent No.3 and having handed over its possession prior to the accident, can escape liability towards the claimant when his name continued to be reflected as the registered owner in the records of the Transport Department on the date of the accident?

13. From the pleadings and evidence available on record, it is not in dispute that the appellant was admittedly the registered owner of the offending vehicle bearing registration No. CG-16-A-1649. It is also not in dispute that the appellant had executed a sale deed in favour of respondent No.3 on 30.07.2015 and had

handed over possession of the vehicle to her. The appellant has also placed reliance upon the receipt (Ex.D-2) to demonstrate that the requisite transfer fee had been deposited before the Transport Department. However, the admitted position remains that, notwithstanding the aforesaid sale transaction, the registration certificate of the offending vehicle continued to stand in the name of the appellant on the date of the accident, i.e., 18.04.2016. The question, therefore, is whether a mere transfer of possession and execution of a sale deed, without the corresponding transfer being duly recorded in the registration particulars, would absolve the appellant of his statutory liability towards a third-party victim of a motor accident.

14. In order to appreciate the controversy, it would be appropriate to refer to Section 2(30) of the Act of 1988, which defines the expression "owner" as under:

> *"2(30) 'owner' means a person in whose name a motor vehicle stands registered, and where such person is a minor, the guardian of such minor, and in relation to a motor vehicle which is the subject of a hire-purchase agreement, or an agreement of lease or an agreement of hypothecation, the person in possession of the vehicle under that agreement."*

15. A plain reading of the aforesaid provision makes it clear that, for the purposes of the Act of 1988, the person in whose name the vehicle stands registered is ordinarily to be treated as its owner. The exceptions carved out in the provision relate to

cases where the registered owner is a minor or where the vehicle is subject to a hire-purchase agreement, lease or hypothecation arrangement.

16. The procedure governing the transfer of ownership of a motor vehicle is prescribed under Section 50 of the Act of 1988. The said provision casts statutory obligations upon both the transferor and the transferee to report the transfer of ownership to the registering authority and to take the requisite steps for recording the transfer in the registration particulars.

17. In the present case, even assuming that the appellant had executed the sale deed and deposited the requisite transfer fee, the material on record does not establish that the transfer of ownership was duly completed in the registration records before the date of the accident. The mere deposit of transfer fee cannot be equated with completion of the statutory process of transfer, particularly when the registration certificate continued to reflect the appellant as the owner of the offending vehicle.

18. The legal position in this regard stands authoritatively settled by the Hon'ble Supreme Court in ***Naveen Kumar v. Vijay Kumar and Others*****, (2018) 3 SCC 1**, wherein the Hon'ble Supreme Court considered the scope and ambit of the expression "owner" as defined under Section 2(30) of the Act of 1988.

19. In the aforesaid decision, the Supreme Court considered a situation where the registered owner had purportedly transferred

the vehicle to another person, but the transfer was not reflected in the records of the registering authority. The Court held that the person in whose name the vehicle continues to stand registered would remain the owner for the purposes of the Act of 1988 and would not stand absolved of liability merely because he had transferred the vehicle to another person.

20. The Supreme Court, after examining the legislative change brought about by Section 2(30) of the Act of 1988, observed that Parliament had consciously departed from the definition of "owner" contained in Section 2(19) of the Motor Vehicles Act, 1939. Under the present Act, the person in whose name the vehicle stands registered is treated as the owner, subject to the exceptions specifically incorporated in the definition. The Supreme Court further emphasised that the underlying object of Section 2(30) is to ensure that a victim of a motor accident, or the legal representatives of a deceased victim, is not left in a state of uncertainty regarding the person responsible for satisfying the claim for compensation. A claimant cannot be expected to trace successive private transactions or unregistered transfers of a motor vehicle to ascertain the person upon whom liability should be fastened.

21. The law laid down in **Naveen Kumar (supra)** squarely governs the controversy involved in the present case. The appellant admittedly continued to be the registered owner of the

offending vehicle on the date of the accident. The execution of the sale deed dated 30.07.2015 and the delivery of possession to respondent No.3 may establish the transaction between the appellant and respondent No.3. However, such a transaction, by itself, cannot defeat the statutory rights of the claimant, who is a third-party victim seeking compensation under the Act of 1988.

22. It is also pertinent to note that the Supreme Court in ***Naveen Kumar*** **(supra)** clarified that the failure to intimate the transfer of ownership may attract the consequences contemplated under Section 50(3) of the Act of 1988, but such failure cannot be permitted to defeat the statutory obligation of the registered owner towards a third-party victim. Therefore, even if the appellant had completed the sale transaction and handed over possession of the offending vehicle to respondent No.3, the appellant cannot escape his liability towards the claimant, particularly when the registration particulars continued to reflect his name as the owner of the offending vehicle on the date of the accident.

23. The contention of learned counsel for the appellant that respondent No.3 had admitted the purchase and possession of the offending vehicle also does not advance his case. Such an admission may establish the inter se relationship between the appellant and respondent No.3, but it cannot override the

statutory definition of ownership under Section 2(30) of the Act of 1988.

24. Learned counsel for the appellant has placed considerable reliance upon the judgment of the Supreme Court in ***Vaibhav Jain (supra)*** and ***Shawinder Pal Singh (supra)***. Upon consideration of the submissions advanced by learned counsel and a careful examination of the aforesaid decisions, this Court finds that the facts and circumstances of the said cases are distinguishable from that of the present case, which cannot override the binding law laid down by the Supreme Court in ***Naveen Kumar (supra)***. While ***Vaibhav Jain (sup****ra)* dealt with the liability of a vehicle dealer having custody of the vehicle under a dealership arrangement, and ***Shawinder Pal Singh (supra)*** considered the defence of a registered owner based on an alleged prior sale and transfer of possession, the present case is governed by the specific mandate of Section 2(30) read with Section 50 of the Motor Vehicles Act, 1988. Since the appellant continued to be reflected as the registered owner of the offending vehicle on the date of the accident, the alleged sale and delivery of possession, notwithstanding the supporting documentary evidence, cannot absolve him of statutory liability towards the third-party victim. Accordingly, neither of the aforesaid decisions affords any assistance to the appellant.

25. In view of the foregoing discussion, this Court is of the considered opinion that the learned Tribunal has committed no illegality in fastening the liability to satisfy the compensation award jointly and severally upon respondent Nos.1 and 2. The appellant continued to be the registered owner of the offending vehicle on the date of the accident. The execution of the sale deed and delivery of possession to respondent No.3, without the transfer being duly reflected in the registration records, cannot absolve the appellant of his statutory liability towards the claimant under the Act of 1988.

26. Accordingly, this Court finds no merit in the appeal. The appeal is hereby **dismissed**, and the impugned award dated 20.05.2020 passed by the learned First Additional Motor Accidents Claims Tribunal, Manendragarh, District Koriya, in Claim Case No.03/2017, is affirmed.

Sd/-

(Santosh Sharma)
Judge

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