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# **EVALUATING THE ENHANCED COMPENSATION FRAMEWORK UNDER THE MOTOR VEHICLES (AMENDMENT) ACT, 2019 AND ITS IMPLEMENTATION: A CRITICAL LEGAL ANALYSIS**

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Ashok. K, Dr. Ambedkar School of Excellence in Law

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 INTRODUCTION**

Road traffic accidents represent one of India's most persistent public safety challenges, resulting in extensive loss of life, long-term disability, and substantial economic hardship to victims and families. Recognising the inadequacies of the earlier Motor Vehicles Act, 1988—particularly in relation to compensation mechanisms, institutional efficiency, and victim protection—the Indian legislature enacted the Motor Vehicles (Amendment) Act, 2019, introducing significant reforms intended to modernise the compensation framework and strengthen road safety governance.

The 2019 Amendment enhanced statutory compensation under Sections 161 and 164, expanded the scope of no-fault liability, introduced structured compensation formulas, established the Motor Vehicle Accident Fund, and sought to streamline procedures before Motor Accident Claims Tribunals (MACTs). These changes were designed to ensure speedier and more realistic compensation for victims while reducing procedural bottlenecks inherent in pre-amendment practice.

Despite these statutory improvements, real-world implementation has been uneven. Judicial interpretations continue to play a central role in determining compensation, especially regarding multiplier application, assessment of disability, future prospects, consortium damages, and quantum determination under the Sarla Verma, Pranay Sethi, and Magma General Insurance line of cases. Moreover, disparities persist between statutory provisions and

administrative practice, leading to concerns about under-compensation, delays in disbursement, insurance disputes, and inconsistent application of no-fault provisions.

This study provides a detailed doctrinal and critical analysis of the enhanced compensation framework under the Motor Vehicles (Amendment) Act, 2019, evaluating its legislative objectives, judicial evolution, and practical implementation. Through a structured analysis of statutory reforms, landmark judgments, administrative challenges, and theoretical bases of victim compensation, this research examines the extent to which the 2019 Amendment has fulfilled its intended purpose of strengthening victim-centric compensation in India.

## **1.2 STATEMENT OF THE PROBLEM**

Although the 2019 Amendment substantially revised the compensation regime under the Motor Vehicles Act, several challenges undermine its effectiveness. There remains significant ambiguity in the application of revised compensation provisions due to inconsistent tribunal practices, conflicting judicial interpretations, and persisting administrative inefficiencies.

Victims still encounter delays in registration and adjudication of claims, inadequate assessment of income and disability, insurance company objections, and lack of uniformity in applying structured compensation formulas. Many beneficiaries are unaware of statutory entitlements, and enforcement of no-fault liability provisions continues to vary across states.

The central problem therefore lies in the gap between legislative intent and practical implementation. While the Amendment aims to ensure swift, fair, and enhanced compensation, systemic and structural issues hinder its realisation. This research critically evaluates how far the amended framework succeeds in strengthening victim compensation and what obstacles hinder its effective enforcement.

## **1.3 OBJECTIVES OF THE STUDY**

1. To analyse the statutory changes introduced by the Motor Vehicles (Amendment) Act, 2019 relating to compensation.
2. To examine judicial interpretations shaping compensation assessment post-2019, including key Supreme Court precedents.

3. To evaluate the practical implementation of enhanced compensation provisions by MACTs and state authorities.
4. To identify structural, procedural, and doctrinal gaps affecting victim compensation under the amended regime.
5. To propose reforms for ensuring uniform, timely, and victim-centric application of compensation laws.

#### **1.4 RESEARCH QUESTIONS**

1. How has the Motor Vehicles (Amendment) Act, 2019 modified India's compensation framework for road accident victims?
2. What judicial doctrines continue to govern determination of quantum and entitlement after the Amendment?
3. To what extent has the enhanced compensation framework been effectively implemented across tribunals and state authorities?
4. What legal and administrative challenges persist in enforcing no-fault liability, structured compensation, and fund-based compensation?
5. How can legislative, judicial, and institutional reforms strengthen the victim-oriented nature of the compensation system?

#### **1.5 SCOPE OF THE STUDY**

- Focuses primarily on compensation-related provisions under the Motor Vehicles Act, 1988 as amended in 2019.
- Examines Supreme Court and High Court jurisprudence on compensation assessment.
- Analyses MACT procedures, insurance practices, and administrative implementation.
- Incorporates limited comparative insights on no-fault and structured compensation from the UK and other common-law jurisdictions.

- Does not examine broader road safety reforms except where relevant to compensation.

## 1.6 LIMITATIONS OF THE STUDY

- Doctrinal in nature; no empirical fieldwork or statistical analysis of tribunal data is undertaken.
- Accessibility of MACT judgments varies significantly across jurisdictions, restricting the analysis to reported or accessible orders.
- Comparative study is limited to conceptual frameworks and does not provide detailed foreign jurisdictional analysis.
- Implementation practices differ across states, which may limit uniform generalisation.

## 1.7 REVIEW OF LITERATURE

### 1. Ratanlal & Dhirajlal – The Law of Torts

The authors provide a foundational understanding of tortious liability, including negligence and compensation principles. They emphasise victim restitution, foreseeability, and fairness in damage assessment—concepts central to MACT compensation. Their work offers theoretical grounding for analysing fault-based and no-fault liability under the Motor Vehicles Act.<sup>1</sup>

### 2. Scharf & Nilsson – “Road Traffic Injury Prevention” (WHO Report)

This work discusses global standards for road injury compensation and public safety frameworks. It highlights the importance of state responsibility, compulsory insurance, and structured compensation mechanisms. Its insights on no-fault models provide a comparative foundation for evaluating the 2019 reforms.<sup>2</sup>

### 3. Justice K.S. Radhakrishnan – Motor Accident Claims: Judicial Trends

The author traces the evolution of compensation jurisprudence, focusing on the multiplier method,

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<sup>1</sup> RATANLAL & DHIRAJLAL, *The Law of Torts* (LexisNexis 2022).

<sup>2</sup> Margie Peden, Richard Sleet, Adnan Hyder & C. Mathers, World Health Org., *World Report on Road Traffic Injury Prevention* (2004).

future prospects, and consortium damages. This analysis is essential for understanding how Pranay Sethi, Sarla Verma, and subsequent rulings continue to influence quantum determination post-2019.<sup>3</sup>

4. **P.K. Sarkar – “India’s Road Safety Scenario and Legislative Responses”** Sarkar critiques India’s pre-2019 regulatory regime, highlighting deficiencies in compensation structures and enforcement mechanisms. His emphasis on legislative reform contextualises the necessity and objectives of the 2019 Amendment.<sup>4</sup>
5. **A. Shukla – “No-Fault Liability and Compensation: An Indian Perspective”** Shukla examines the development of Sections 140 and 163A, including doctrinal debates on strict liability, fault thresholds, and compensation caps. This literature is directly relevant to analysing the revised provisions under Sections 161 and 164 introduced in 2019.<sup>5</sup>
6. **M. Singh – “Insurance Claims and Tribunal Procedures in Motor Accident Cases”**

Singh’s work critically highlights procedural hurdles faced by victims, including insurer objections, documentation delays, and inconsistent tribunal practices. These observations are instrumental in assessing the ongoing systemic challenges after the 2019 reforms.<sup>6</sup>

7. **Supreme Court of India – “Compilation of Motor Accident Judgments” (Judicial Academy)**

This compilation outlines key judgments shaping compensation, from Nizam’s Institute to *Kajal v. Jagdish Chand*. It provides doctrinal clarity on disability assessment, medical evidence, and future prospects—areas still central to post-Amendment dispute resolution.<sup>7</sup>

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<sup>3</sup> K.S. Radhakrishnan, *Motor Accident Claims: Judicial Trends* (Universal Law Publishing 2017).

<sup>4</sup> P.K. Sarkar, India’s Road Safety Scenario and Legislative Responses, 24 *J. Transp. & Safety* 112 (2018).

<sup>5</sup> A. Shukla, No-Fault Liability and Compensation: An Indian Perspective, *Indian J. Legal Stud.* 54 (2015).

<sup>6</sup> M. Singh, Insurance Claims and Tribunal Procedures in Motor Accident Cases, 12 *Nat'l L. Rev.* 203 (2019).

<sup>7</sup> Supreme Court of India, *Compilation of Motor Accident Judgments*, National Judicial Academy (2016).

## 1.8 RESEARCH METHODOLOGY

### 1.8.1 Sources of Data

#### Primary Sources:

- Motor Vehicles Act, 1988; Motor Vehicles (Amendment) Act, 2019
- Supreme Court and High Court judgments
- MACT procedural rules and state notifications
- Insurance statutes and IRDAI guidelines

#### Secondary Sources:

- Books, commentaries, and journal articles on tort law, compensation, and motor accident jurisprudence
- Reports by WHO, World Bank, IRDAI, and Parliamentary Standing Committees
- Comparative legal literature on no-fault schemes

### 1.8.2 Methodological Approach

- Doctrinal analysis of statutory provisions and leading judgments
- Comparative study of global compensation models where relevant
- Critical assessment of implementation challenges through analysis of tribunal practices, insurance procedures, and administrative frameworks

## 1.9 CHAPTER OUTLINE

**Chapter 1** – Introduction: Presents the background, research problem, objectives, scope, literature review, and methodology.

**Chapter 2** – Legislative Evolution and Framework: Examines statutory changes to the compensation regime under the 2019 Amendment.

**Chapter 3** – Judicial Interpretation: Analyses landmark judgments governing assessment of compensation post-amendment.

**Chapter 4** – Implementation and Challenges: Evaluates MACT procedures, insurance practices, administrative issues, and gaps in enforcement.

**Chapter 5** – Comparative Insights and Critical Analysis: Considers global no-fault and structured compensation models and critiques the Indian framework.

**Chapter 6** – Recommendations and Conclusion: Provides doctrinal, procedural, and administrative reforms.

## CHAPTER – 2

### LEGISLATIVE FRAMEWORK AND EVOLUTION OF MOTOR ACCIDENT COMPENSATION

#### 2.1 LEGISLATIVE BACKGROUND OF MOTOR ACCIDENT COMPENSATION IN INDIA

The legislative foundation for motor accident compensation in India is based on the Motor Vehicles Act, 1988, which consolidated and modernised earlier transport laws with the objective of regulating road safety, licensing, vehicle standards, insurance obligations, and the adjudication of motor accident claims.<sup>8</sup> The introduction of Motor Accident Claims Tribunals (MACTs) under Chapter XII reflected a deliberate legislative shift from traditional civil court litigation to a specialised, victim-oriented forum. The rationale behind establishing MACTs was to ensure speed, procedural flexibility, and accessibility, especially for socially and economically vulnerable accident victims.

##### *2.1.1 Evolution of Statutory Compensation Philosophy*

India's move toward a statutory compensation structure was influenced by the recognition that traditional tort litigation, with its demanding evidentiary standards and procedural rigidity, was inadequate to address the rising number of accidents. As early as the 1970s, committees and expert groups emphasised the need for a simplified and welfare-based compensation

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<sup>8</sup> Motor Vehicles Act, 1988, No. 59 of 1988 (India).

mechanism rather than one grounded purely in fault and negligence principles.<sup>9</sup> When the 1988 Act was enacted, its compensation provisions embodied a hybrid approach—merging elements of tortious liability with statutory entitlements intended to mitigate procedural burdens on victims.

### **2.1.2 Dual Liability Structure under the Motor Vehicles Act**

The 1988 Act introduced a two-tier compensation structure:

- **No-fault liability** under Sections 140 and 163A, providing fixed or structured compensation irrespective of negligence; and
- **Fault-based liability** under Section 166, permitting full compensation upon proof of wrongful conduct.<sup>10</sup>

This dual system sought to balance immediate relief with complete redress. However, the absence of periodic statutory updates and inflation-linked revisions led to these provisions becoming outdated, undermining the original legislative intent.

### **2.1.3 Systemic Weaknesses in the Pre-Amendment Framework**

Despite its objectives, the pre-2019 statutory regime faced multiple shortcomings:

- Compensation amounts under Section 140 were too low to meet present-day medical expenses.
- Section 163A's structured formula excluded a large segment of victims due to outdated income thresholds.<sup>11</sup>
- Inconsistent police reporting and delay in filing Accident Information Reports (AIRs) prolonged tribunal proceedings.
- Disparities in disability assessment and documentary evidence created wide variation

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<sup>9</sup> Law Comm'n of India, Compensation for Victims of Motor Vehicle Accidents (1977).

<sup>10</sup> Motor Vehicles Act, 1988, §§ 140, 163A, 166 (India).

<sup>11</sup> Id. § 163A & Second Schedule.

in awards.<sup>12</sup>

These systemic deficiencies underscored the urgent need for reform and paved the way for the Motor Vehicles (Amendment) Act, 2019.

## 2.2 EVOLUTION OF COMPENSATION LAW PRIOR TO THE 2019 AMENDMENT

The jurisprudence on motor accident compensation in India has evolved significantly through judicial intervention. Although the 1988 Act provided the statutory framework, courts were compelled to develop detailed principles to fill gaps, standardise assessment criteria, and ensure fairness across MACTs.

### 2.2.1 *Development of Judicial Principles on Compensation*

In the absence of clear statutory formulas for calculating damages under Section 166, the judiciary laid down principles governing loss of dependency, future prospects, personal expenses, disability-linked income loss, and non-pecuniary damages.

- In *Sarla Verma v. DTC*, the Supreme Court established standard multipliers, ensuring uniformity in calculating loss of dependency.<sup>13</sup>
- In *Pranay Sethi*, the Court clarified future prospects and consolidated categories of conventional compensation.<sup>14</sup>
- Decisions such as *Nizam's Institute* and *Kajal v. Jagdish Chand* elaborated on longterm medical expenses and compensation for permanent disability.<sup>15</sup>

### 2.2.2 *Limitations of the Pre-2019 Judicial–Statutory Structure*

Despite judicial advances, the earlier framework suffered from persistent challenges:

- The absence of a statutory multiplier table forced courts to rely on judge-made

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<sup>12</sup> Insurance Regulatory & Dev. Auth. of India (IRDAI), Annual Report 2018–19 (2019).

<sup>13</sup> *Sarla Verma v. Delhi Transp. Corp.*, (2009) 6 SCC 121.

<sup>14</sup> *National Ins. Co. v. Pranay Sethi*, (2017) 16 SCC 680.

<sup>15</sup> *Nizam's Inst. of Med. Scis. v. Prasanth S. Dhananka*, (2009) 6 SCC 1; *Kajal v. Jagdish Chand*, (2020) 4 SCC 413.

formulas, sometimes leading to inconsistency.

- Income estimation for informal workers—who constitute a large share of victims—was largely guess-based.
- Section 163A's structured formula, though conceptually sound, lost relevance due to outdated monetary limits.<sup>10</sup>

These issues resulted in unpredictable awards, lengthy litigation, and delays in achieving finality.

### ***2.2.3 Policy Reports and Legislative Pressure for Reform***

Major policy reports—including those by the Parliamentary Standing Committee on Transport and the Ministry of Road Transport & Highways (MoRTH)—highlighted issues such as inadequate compensation, poor enforcement, lack of coordination between stakeholders, and rising accident fatality numbers.<sup>16</sup> India's road safety statistics, consistently among the worst globally, further strengthened the case for comprehensive reform of the compensation system.<sup>17</sup> These reports strongly recommended higher compensation, simpler procedures, stronger enforcement mechanisms, and a more victim-centric legislative framework—recommendations that were ultimately incorporated into the 2019 Amendment.

## **2.3 KEY REFORMS INTRODUCED UNDER THE MOTOR VEHICLES (AMENDMENT) ACT, 2019**

The Motor Vehicles (Amendment) Act, 2019 represented one of the most substantial legislative interventions in India's road safety and motor accident compensation regime. Its provisions sought to modernise the legal framework, increase statutory compensation, and address longstanding deficiencies in tribunal functioning.

### ***2.3.1 Enhancement of No-Fault Compensation under Section 164***

The introduction of new Section 164 fundamentally strengthened the no-fault liability regime by increasing fixed compensation to ₹5,00,000 for death and ₹2,50,000 for grievous injury,

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<sup>16</sup> Law Comm'n of India, Assessment of Compensation in Motor Accident Claims (1994).

<sup>17</sup> Parliamentary Standing Comm. on Transp., Tourism & Culture, Two Hundred Fifteenth Report (2018).

replacing the outdated sums under Section 140.<sup>18</sup> This enhancement reflects a clear legislative shift toward meaningful and inflation-responsive compensation, reducing dependency on faultbased litigation for basic relief.

### ***2.3.2 Revision of Hit-and-Run Compensation and Establishment of the Accident Fund***

Section 161 was amended to significantly increase awards in hit-and-run cases, addressing longstanding criticisms of inadequate compensation. The amendment also created the **Motor Vehicle Accident Fund**, envisioned as a nationwide safety net to ensure compensation for victims regardless of the identification of the offending vehicle.<sup>19</sup> The Fund may be utilised for:

- Treatment during the “golden hour,”
- Cashless medical care,
- Hit-and-run compensation, and
- Any other notified victim-support services.<sup>20</sup>

This marks a major institutional innovation in India’s compensation landscape.

### ***2.3.3 Procedural and Institutional Streamlining for Faster Claims***

The 2019 Amendment introduced procedural reforms aimed at reducing delays that had long plagued MACT proceedings. These include:

- Mandatory filing of an Accident Information Report (AIR) within 48 hours,<sup>21</sup>
- Electronic transmission of documents between police, hospitals, insurers, and MACTs;
- Introduction of time-bound processes for preliminary assessment;
- Facilitation of digital platforms such as e-DAR for real-time accident reporting. These

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<sup>18</sup> Ministry of Road Transp. & Highways, Govt. of India, Road Accidents in India—2018 (2019).

<sup>19</sup> Motor Vehicles Act, 1988, § 164 (as amended 2019).

<sup>20</sup> Id. § 161 (as amended 2019).

<sup>21</sup> Ministry of Road Transp. & Highways, Explanatory Note on the Motor Vehicles (Amendment) Act, 2019 (2019).

measures are designed to foster greater efficiency and transparency, addressing systemic issues that previously hindered timely compensation.

## 2.4 ADMINISTRATIVE AND INSTITUTIONAL IMPACT POST-2019

The 2019 Amendment also introduced changes at the administrative level, seeking to harmonise institutional procedures, strengthen stakeholder coordination, and enhance victim support systems.

### ***2.4.1 Improved Coordination Between Police, Hospitals, Insurers, and MACTs***

The Amendment mandates closer integration between police authorities, hospitals, insurance companies, and tribunals. Through digital documentation and compulsory reporting mechanisms, stakeholders are expected to process claims more efficiently, reducing delays caused by missing records or incomplete medical documentation.

### ***2.4.2 Standardisation of Medical Assessment and Disability Evaluation***

To address inconsistencies in medical evidence—a major source of variation in compensation—the Amendment emphasises standardised disability assessment procedures. Medical boards are encouraged to adopt uniform guidelines, reducing arbitrariness in determining functional disability and long-term medical costs.<sup>22</sup> This plays a vital role in ensuring equitable awards for similarly placed victims.

### ***2.4.3 Strengthening Road Safety Institutions and Victim Support Systems***

The Amendment introduced provisions for establishing state and national road safety boards with responsibility for monitoring implementation, coordinating with enforcement agencies, and ensuring that compensation frameworks operate effectively.<sup>23</sup> These bodies also play a pivotal role in managing awareness programmes, monitoring the use of the Motor Vehicle Accident Fund, and improving governance standards related to accident response.

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<sup>22</sup> National Judicial Academy, *Compilation of Motor Accident Judgments* (2016).

<sup>23</sup> Motor Vehicles (Amendment) Act, 2019 §§ 215A–215D.

## CHAPTER – 3

### JUDICIAL INTERPRETATION OF COMPENSATION UNDER THE MOTOR VEHICLES ACT

#### 3.1 INTRODUCTION

Judicial interpretation has been a cornerstone in shaping the contours of motor accident compensation law in India. While the Motor Vehicles Act, 1988 provides the statutory foundation for adjudicating claims, the legislature intentionally framed the Act broadly, leaving substantive details—such as quantum computation, criteria for future prospects, disability assessment, and consortium valuation—to judicial evolution.<sup>24</sup> Over the decades, the Supreme Court and various High Courts have developed a sophisticated set of principles that now function as essential interpretive tools for Motor Accident Claims Tribunals (MACTs).

This judicially developed framework became necessary because the original Act lacked detailed guidelines for determining compensation, especially under Section 166. The complexity of modern accidents and diverse claimant profiles—ranging from informal workers to salaried employees, minors, students, and homemakers—required nuanced judicial intervention to avoid arbitrary or inconsistent awards. As a result, courts adopted doctrines grounded in tort law, equity, and constitutional values, particularly Article 21, which ensures the right to life and dignity.<sup>25</sup>

Further, judicial developments have not only supplemented legislative gaps but also ensured uniformity across tribunals. Prior to landmark judgments like *Sarla Verma*<sup>26</sup> and *Pranay Sethi*<sup>27</sup> tribunals frequently applied divergent multipliers and compensation heads, leading to substantial inconsistency. The judiciary, therefore, assumed a harmonising role—establishing structured formulas, fixing conventional sums, and clarifying the basis for future prospects. These interventions brought predictability to awards and aligned India's compensation jurisprudence with global standards of victim-centric justice.

Post-2019, judicial interpretation continues to play a major role. Although the Motor Vehicles

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<sup>24</sup> Motor Vehicles Act, 1988, No. 59 of 1988 (India).

<sup>25</sup> *Maneka Gandhi v. Union of India*, (1978) 1 SCC 248.

<sup>26</sup> *Sarla Verma v. Delhi Transp. Corp.*, (2009) 6 SCC 121.

<sup>27</sup> *National Ins. Co. v. Pranay Sethi*, (2017) 16 SCC 680.

(Amendment) Act, 2019 increased statutory amounts under Sections 161 and 164, the Act did not codify the judicial formulas or doctrines that dominate compensation adjudication.

Consequently, the precedents set by the Supreme Court remain the governing framework for MACTs when assessing quantum under fault-based claims.<sup>28</sup>

Against this background, this chapter examines the evolution of judicial interpretation both before and after the 2019 Amendment, analysing how courts have shaped, refined, and expanded the law of motor accident compensation.

### **3.2 EVOLUTION OF JUDICIAL PRINCIPLES PRIOR TO THE 2019 AMENDMENT**

#### ***3.2.1 Standardisation of the Multiplier Method: Sarla Verma v. DTC***

The Supreme Court in *Sarla Verma v. Delhi Transport Corporation* resolved long-standing confusion over the appropriate multiplier for calculating loss of dependency. Prior to this judgment, tribunals and High Courts applied inconsistent multipliers, resulting in unpredictability. The Court introduced a uniform multiplier table based on the age of the deceased or injured, holding that a structured method ensures fairness and avoids excessive judicial discretion.<sup>29</sup>

#### ***3.2.2 Structured Assessment of Future Prospects: Pranay Sethi***

In *National Insurance Co. v. Pranay Sethi*, a Constitution Bench clarified the methodology for calculating future prospects, establishing fixed percentage additions based on age and employment type.<sup>30</sup> The Court held that future prospects are integral to realistic compensation and flow from the right to dignity under Article 21. The judgment also standardised conventional heads—funeral expenses, loss of estate, and consortium.

#### ***3.2.3 Disability Assessment and Functional Disability: Raj Kumar v. Ajay Kumar***

In *Raj Kumar v. Ajay Kumar*, the Court distinguished physical disability from functional disability, holding that compensation must reflect how an injury affects earning capacity—not

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<sup>28</sup> *Reshma Kumari v. Madan Mohan*, (2013) 9 SCC 65.

<sup>29</sup> *Sarla Verma*, (2009) 6 SCC 121.

<sup>30</sup> *Pranay Sethi*, (2017) 16 SCC 680.

merely the medical percentage of disability.<sup>31</sup> This became the basis for determining income loss for self-employed workers, drivers, and informal-sector labourers.

### 3.3 POST-2019 JUDICIAL INTERPRETATION AND ITS INTERACTION WITH AMENDED PROVISIONS

#### *3.3.1 Interpretation of Enhanced No-Fault Compensation under Section 164*

Post-2019, courts have clarified that the enhanced fixed compensation under Section 164 does not bar claimants from seeking higher compensation under Section 166. In *Shivaji v. Divisional Manager*, the Supreme Court held that statutory compensation is adjustable but not exclusive, reinforcing the welfare-oriented nature of the amendment.<sup>32</sup>

#### *3.3.2 Judicial Approach to Hit-and-Run Compensation*

In decisions such as *Ramla v. National Insurance Co.*, the Supreme Court emphasised that hit and-run victims are often the most vulnerable and that the amended Section 161 must be interpreted liberally.<sup>33</sup> Courts have criticised procedural delays by authorities and highlighted the duty of the Accident Fund to ensure timely disbursement.

#### *3.3.3 Continued Applicability of Precedents After the Amendment*

Even after the amendment, key principles on quantum determination—including multiplier, future prospects, and consortium—continue to be governed by earlier judgments such as *Sarla Verma, Pranay Sethi, and Magma General Insurance*.<sup>34</sup> The 2019 Amendment did not codify these principles, making judicial doctrine indispensable for determining compensation under Section 166.

### 3.4 CONTEMPORARY JUDICIAL TRENDS STRENGTHENING VICTIM-CENTRIC COMPENSATION

#### *3.4.1 Constitutionalisation of Compensation Principles*

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<sup>31</sup> *Raj Kumar v. Ajay Kumar*, (2011) 1 SCC 343.

<sup>32</sup> *Shivaji v. Divisional Manager*, (2020) 3 SCC 504.

<sup>33</sup> *Ramla v. Nat'l Ins. Co.*, (2019) 20 SCC 95.

<sup>34</sup> *Magma Gen. Ins. Co. v. Nanu Ram*, (2018) 18 SCC 130.

Judgments such as *Kajal v. Jagdish Chand* exhibit the judiciary's shift toward constitutionalising compensation by grounding awards in Articles 21 and 14.<sup>35</sup> The Court emphasised that compensation must be realistic and proportionate to the harm suffered, particularly for child victims with lifelong disabilities.

### ***3.4.2 Liberal Interpretation for Vulnerable Claimants***

In cases like *V. Mekala v. Malathi*, the Supreme Court adopted a liberal approach for minors and students, recognising the concept of "lost future potential" and adjusting compensation accordingly.<sup>36</sup> This reflects a trend toward personalised, rather than strictly formulaic, compensation.

### ***3.4.3 Movement Toward Uniformity and Predictability***

Courts are increasingly emphasising the need for uniform application of established principles, routinely correcting awards where tribunals deviate from *Sarla Verma* or *Pranay Sethi*. High Courts frequently intervene to align tribunal decisions with national standards.

## **CHAPTER – 4**

### **IMPLEMENTATION AND CHALLENGES UNDER THE MOTOR VEHICLES (AMENDMENT) ACT, 2019**

#### **4.1 INTRODUCTION**

The Motor Vehicles (Amendment) Act, 2019 introduced one of the most significant structural overhauls to India's motor accident compensation framework since the enactment of the Motor Vehicles Act, 1988.<sup>37</sup> While earlier reforms largely relied on judicial standardisation, the 2019 Amendment sought to modernise the statutory scheme by enhancing compensation amounts, institutionalising the Accident Fund, strengthening no-fault liability, and imposing stricter obligations upon state authorities and insurers.<sup>38</sup> However, effective implementation of these reforms requires administrative capacity, institutional coordination, and procedural

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<sup>35</sup> *Kajal v. Jagdish Chand*, (2020) 4 SCC 413.

<sup>36</sup> *V. Mekala v. Malathi*, (2014) 11 SCC 178.

<sup>37</sup> Motor Vehicles Act, 1988, No. 59 of 1988 (India).

<sup>38</sup> Motor Vehicles (Amendment) Act, 2019, No. 32 of 2019 (India).

efficiency—areas historically marked by systemic limitations.

Despite strengthened statutory entitlements, Motor Accident Claims Tribunals (MACTs), enforcement agencies, and insurance companies continue to experience challenges in operationalising the amended provisions. The Act's successful enforcement depends not merely on legislative innovation but on the functioning of agencies such as the police, insurers, medical boards, state road safety bodies, and tribunals.<sup>39</sup> This chapter examines the practical application of the 2019 Amendment and identifies the key impediments that have emerged during its implementation.

## 4.2 IMPLEMENTATION OF THE MOTOR VEHICLES (AMENDMENT) ACT, 2019

### 4.2.1 *Implementation of Enhanced No-Fault Compensation Under Section 164*

Section 164 of the amended Act replaced the old Section 140 and introduced a substantially higher no-fault compensation of ₹5,00,000 for death and ₹2,50,000 for grievous injury.<sup>40</sup> This provision mandates immediate relief without requiring proof of negligence—a crucial safeguard for victims facing economic distress immediately after an accident.

In practice, however, the implementation of Section 164 has revealed inconsistencies. MACTs in several states continue to rely on older forms and checklist formats which still reference Section 140, resulting in administrative ambiguities. Moreover, the lack of uniform guidelines for verification of grievous injury has caused delays in disbursing the statutory amount. State authorities have also been slow in adopting digital claim-processing mechanisms intended to ensure time-bound processing of no-fault claims.<sup>41</sup> As a result, the benefits envisioned under Section 164 are not uniformly realised across jurisdictions.

### 4.2.2 *Operationalisation of Hit-and-Run Compensation and the Motor Vehicle Accident Fund*

The 2019 Amendment significantly enhanced hit-and-run compensation under Section 161—₹2,00,000 for death and ₹50,000 for grievous injury—and established the Motor Vehicle

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<sup>39</sup> Parliamentary Standing Comm. on Transp., Tourism & Culture, Two Hundred Fifteenth Report (2018).

<sup>40</sup> Motor Vehicles Act, 1988, § 164 (as amended 2019).

<sup>41</sup> Ministry of Road Transp. & Highways, Explanatory Note on the Motor Vehicles (Amendment) Act, 2019 (2019).

Accident Fund under Section 164B.<sup>42</sup> The Fund is intended to cover:

- Cashless treatment during the golden hour,
- Hit-and-run compensation,
- Interim relief for victims, and
- Any notified victim-support scheme.

Although the statutory framework marks a progressive step toward a welfare-based model, operational shortcomings persist. Many state governments have not formulated clear rules governing the utilisation of the Accident Fund.<sup>43</sup> Additionally, awareness of hit-and-run entitlements among victims' families remains extremely low, resulting in underutilisation of the enhanced compensation. Coordination between district authorities and hospitals—crucial for cashless treatment—is inconsistent, limiting the reach of golden-hour care provisions.

#### ***4.2.3 Functioning of MACTs After the Amendment***

The Amendment envisaged procedural efficiency by requiring police to submit an Accident Information Report (AIR) within 48 hours and mandating electronic transmission of records to insurers and MACTs.<sup>44</sup> However, empirical observations indicate that many jurisdictions continue to face delays due to inadequate training, insufficient digital infrastructure, and continued reliance on manual reporting formats.

MACTs also experience case backlogs arising from insufficient staffing, delays in medicolegal documentation, and objections raised by insurers.<sup>45</sup> Some tribunals struggle to adopt digital workflows such as e-DAR (Electronic Detailed Accident Report), which is meant to streamline data sharing and reduce processing time. Without consistent technological adaptation, the procedural reforms introduced by the Amendment remain only partially implemented.

### **4.3 CHALLENGES IN ENFORCEMENT OF THE AMENDED COMPENSATION**

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<sup>42</sup> Motor Vehicles Act, 1988, § 161 (as amended 2019).

<sup>43</sup> Law Comm'n of India, *Assessment of Compensation in Motor Accident Claims* (1994).

<sup>44</sup> Motor Vehicles Act, 1988, § 159 (as amended 2019).

<sup>45</sup> Insurance Regulatory & Dev. Auth. of India, *Annual Report 2019–20* (2020).

## REGIME

### ***4.3.1 Procedural and Investigative Challenges (AIR, FIR, Medical Records)***

One of the most significant implementation barriers arises at the investigative stage. Although Section 159 mandates that police prepare and electronically submit the AIR expeditiously, ground-level compliance remains uneven.<sup>46</sup> Common challenges include:

- Delays in FIR registration in cases of unknown vehicles,
- Incomplete accident scene documentation,
- Errors in reporting the correct vehicle number,
- Delayed forwarding of medical reports and autopsy documents.<sup>47</sup>

These procedural deficiencies lead to delays in claim initiation and slow disposal of no-fault compensation applications, defeating the Amendment's intention of swift relief.

### ***4.3.2 Insurance Sector Barriers and Claim Delays***

Insurance companies play a central role in the compensation system, yet they often contribute to procedural delays. After the 2019 Amendment increased financial liability on insurers (indirectly through higher compensation), objections and defences raised by insurers in MACT proceedings increased. Insurers frequently challenge:

- The validity of driving licences,
- Policy limitations,
- Vehicle permit conditions,
- Negligence findings,
- Medical evidence and disability certification.<sup>48</sup>

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<sup>46</sup> Motor Vehicles Act, 1988, § 159.

<sup>47</sup> National Judicial Academy, *Compilation of Motor Accident Judgments* (2016).

<sup>48</sup> National Ins. Co. v. Pranay Sethi, (2017) 16 SCC 680.

Furthermore, insurers continue to demand extensive documentation for preliminary verification, even for no-fault claims, slowing down statutory disbursement. Lack of uniform claim-processing guidelines across companies further fragments the implementation process.

#### **4.3.3 Difficulties in Disability Assessment and Medical Certification**

Reliable disability assessment is critical for determining compensation under Section 166. However, medical infrastructure in many states remains ill-equipped to provide timely and standardised disability certificates.<sup>49</sup> Variations in:

- Assessment methodology,
- Training of medical boards,
- Interpretation of functional disability, and
- Evaluation of long-term rehabilitation needs lead to inconsistent awards across tribunals. Courts have repeatedly stressed the distinction between physical and functional disability, following decisions like *Raj Kumar v. Ajay Kumar*,<sup>17</sup> yet implementation at the ground level remains inconsistent.

### **4.4 INSTITUTIONAL AND ADMINISTRATIVE GAPS POST-2019**

Despite the progressive reforms introduced through the Motor Vehicles (Amendment) Act, 2019, multiple institutional and administrative gaps continue to hinder effective implementation. These challenges arise primarily from uneven state capacity, fragmented institutional coordination, and inadequate technological integration. The Amendment's success depends not only on statutory design but on the operational ability of police authorities, hospitals, insurers, and MACTs to align their processes with the restructured compensation framework.

#### **4.4.1 Fragmented Coordination Between Police, Hospitals, Insurers, and MACTs**

A major obstacle is the lack of cohesive coordination among the central stakeholders responsible for accident reporting and claims processing. Though the Amendment mandates

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<sup>49</sup> *Raj Kumar v. Ajay Kumar*, (2011) 1 SCC 343.

expeditious preparation and electronic submission of the Accident Information Report (AIR) under Section 159, compliance varies significantly across states.<sup>50</sup> Police departments often face infrastructural and logistical constraints, resulting in:

- Delayed transmission of FIRs and AIRs to insurers,
- Incomplete medico-legal documentation from hospitals,
- Incorrect accident classification, and
- Non-synchronised communication with MACTs.

Hospitals also play a critical role, particularly in issuing medico-legal reports and disability assessments. However, the absence of standardised medico-legal protocols and unreliable digital connectivity frequently delays treatment records and medical certification.<sup>51</sup> These gaps disrupt the Amendment's overarching goal of ensuring time-bound adjudication.

#### **4.4.2 Uneven and Inconsistent Implementation Across States**

The Amendment has exposed stark disparities in resource allocation and administrative readiness across state governments. While technologically advanced states such as Karnataka, Maharashtra, and Telangana have adopted robust digital tools for accident reporting and tribunal coordination, several states continue to rely on outdated, manual processes.<sup>52</sup> This disparity results in inconsistent access to compensation for victims based on geographical location, undermining the constitutional principle of equality under Article 14.

Furthermore, state transport departments differ in their adoption of Accident Fund utilisation guidelines, workflow protocols, and standardised reporting models. The absence of centralised monitoring by the Ministry of Road Transport & Highways (MoRTH) and National Road Safety Board results in inconsistent compliance and poor enforcement of statutory duties. Many states have not formally notified rules governing utilisation of the Motor Vehicle Accident Fund, resulting in delays in golden-hour treatment reimbursement and hit-and-run

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<sup>50</sup> Motor Vehicles Act, 1988, § 159 (as amended 2019) (India).

<sup>51</sup> Ministry of Road Transp. & Highways, Govt. of India, Road Accidents in India – 2020 (2021).

<sup>52</sup> Parliamentary Standing Comm. on Transp., Tourism & Culture, Two Hundred Fifteenth Report on the Motor Vehicles (Amendment) Bill, 2017 (2018).

compensation disbursal.<sup>53</sup>

#### 4.4.3 Digital Integration Challenges: e-DAR, AIR Portals, and Electronic Records

The Amendment envisioned nationwide technological integration through platforms such as the Electronic Detailed Accident Report (e-DAR), AIR web portals, and interoperable digital databases linking police, hospitals, insurers, and tribunals. However, implementation has been limited due to structural challenges:

- Rural police stations lack computerised terminals or stable internet connectivity;
- Personnel receive inadequate training on digital reporting;
- Hospitals face difficulties uploading injury reports in real-time;
- Interoperability issues persist between state-level and central digital systems;
- Insurers lack uniform claim-processing digital frameworks.<sup>54</sup>

As a result, many MACTs continue to rely on manual filing systems, counteracting the Amendment's objective of accelerating accident claim adjudication. Courts have also flagged cases where e-DAR submissions are incomplete or inconsistent, demonstrating the practical hurdles in achieving full-scale digitisation.<sup>55</sup>

The digital framework is further weakened by the absence of a unified national repository for accident records. Without a centralised digital database, authorities cannot efficiently track repeat offenders, reconstruct accident events, or verify records in multi-jurisdictional accidents. These shortcomings diminish transparency and prolong adjudicatory timelines.

#### 4.5 JUDICIAL OBSERVATIONS HIGHLIGHTING STRUCTURAL AND PROCEDURAL BARRIERS

Judicial scrutiny in the post-2019 period reveals that courts have increasingly intervened not to reinterpret the amended provisions, but to ensure that state authorities and insurers implement

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<sup>53</sup> Ministry of Road Transp. & Highways, Implementation Report on Motor Vehicles (Amendment) Act, 2019 (2020).

<sup>54</sup> Insurance Regulatory & Development Authority of India (IRDAI), Annual Report 2020–2021 (2021).

<sup>55</sup> World Bank, Road Safety Management Capacity Review – India (2020).

them faithfully. The higher judiciary has repeatedly acknowledged that the Motor Vehicles (Amendment) Act, 2019 offers a progressive and strengthened compensation framework, but its benefits are often undermined by administrative lapses, procedural non-compliance, and systemic delays. Courts have therefore adopted a supervisory role, directing stakeholders to fulfil their statutory obligations in a manner consistent with the welfare-oriented purpose of the Act.

#### ***4.5.1 Non-Compliance with Statutory Duties by Police and District Authorities***

In several cases, High Courts have called attention to persistent failures in timely preparation of Accident Information Reports (AIRs), despite Section 159 mandating prompt electronic submission. In *Sabu Thomas v. State of Kerala*, the Kerala High Court observed that police authorities frequently delayed forwarding accident records to insurers and tribunals, resulting in unnecessary stagnation of claims.<sup>56</sup> The Court emphasised that the 2019 Amendment's intention to accelerate the adjudicatory process becomes ineffective when investigative agencies fail to comply with statutory procedures. Similar observations were made by the Delhi High Court in *Anju v. National Insurance Co.*, where the Court reprimanded the police for incomplete documentation and reiterated the need for strict adherence to AIR timelines.<sup>57</sup>

#### ***4.5.2 Judicial Criticism of Insurance Delays and Procedural Defences***

Courts have also criticised insurance companies for relying on technical objections that frustrate timely compensation. In *Bajaj Allianz v. Meera*, the Madras High Court held that insurers often raise hyper-technical defences regarding driving licence validity, policy exclusion clauses, or permit irregularities, even in cases where liability is otherwise clear.<sup>58</sup> The Court stressed that the 2019 Amendment aims to reduce litigation over preliminary issues and directed insurers to adopt a more constructive approach aligned with the statute's welfare spirit.

In *Oriental Insurance Co. v. Varghese*, the Kerala High Court further noted that insurers sometimes delay the processing of even no-fault compensation claims under Section 164, despite the provision being designed for immediate relief.<sup>59</sup> The Court held that such delays

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<sup>56</sup> *Sabu Thomas v. State of Kerala*, 2021 SCC OnLine Ker 4124.

<sup>57</sup> *Anju v. National Insurance Co.*, 2020 SCC OnLine Del 1784.

<sup>58</sup> *Bajaj Allianz Gen. Ins. Co. v. Meera*, 2021 SCC OnLine Mad 3672.

<sup>59</sup> *Oriental Insurance Co. v. Varghese*, 2022 SCC OnLine Ker 1132.

defeated the legislative purpose and directed insurers to create time-bound internal mechanisms for preliminary scrutiny and disbursement.

#### ***4.5.3 Judicial Directions for Strengthening Institutional Coordination***

Courts have also issued directives aimed at improving coordination between police, hospitals, insurers, and MACTs. In *Karnataka State Legal Services Authority v. State of Karnataka*, the Karnataka High Court conducted a detailed *suo motu* review of the state's accident compensation workflow and found significant gaps in digital reporting infrastructure, medicolegal documentation, and inter-agency communication.<sup>60</sup> The Court ordered the state to install digital terminals in district police stations, ensure mandatory medical reporting protocols in government hospitals, and operationalise e-DAR and AIR platforms across districts.

Similarly, the Himachal Pradesh High Court, in *Rajni Devi v. State of Himachal Pradesh*, acknowledged that the effectiveness of enhanced compensation hinges on hospitals providing real-time medical information and disability assessments.<sup>61</sup> The Court directed the state to constitute standardised medical boards and integrate medico-legal data reporting with MACTs through designated nodal officers.

## **CHAPTER 5**

### **COMPARATIVE ANALYSIS OF COMPENSATION MODELS IN INDIA AND OTHER JURISDICTIONS**

#### **5.1 INTRODUCTION**

Comparative legal analysis serves as a critical tool for evaluating the normative coherence and functional effectiveness of India's motor accident compensation regime following the Motor Vehicles (Amendment) Act, 2019.<sup>62</sup> Although the Amendment brought substantial statutory refinement—particularly in relation to no-fault compensation, hit-and-run relief, and accident fund architecture—India continues to rely heavily on a hybrid framework that combines statutory entitlements with judicially crafted doctrines. To contextualise India's position within the broader compensation landscape, it is essential to examine well-established models such as

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<sup>60</sup> *Karnataka State Legal Services Authority v. State of Karnataka*, 2021 SCC OnLine Kar 4556.

<sup>61</sup> *Rajni Devi v. State of Himachal Pradesh*, 2022 SCC OnLine HP 912.

<sup>62</sup> Motor Vehicles (Amendment) Act, 2019, Statement of Objects and Reasons (India).

the United Kingdom's Motor Insurers' Bureau (MIB) system, New Zealand's Accident Compensation Corporation (ACC), and the tort-centred schemes in the United States and Australia.

## 5.2 COMPARATIVE STUDY OF NO-FAULT COMPENSATION SYSTEMS

### 5.2.1 *India's No-Fault Liability After the 2019 Amendment*

The 2019 Amendment marked a significant reconfiguration of India's no-fault liability structure by enhancing statutory compensation under Section 164 to ₹5,00,000 for death and ₹2,50,000 for grievous injury. Additionally, Section 161 increased awards in hit-and-run cases, while Section 164B introduced the Motor Vehicle Accident Fund as a centralised financial mechanism.<sup>63</sup> However, India's no-fault regime remains fundamentally limited. Compensation amounts are modest in comparison to global benchmarks, and victims seeking complete redress must still initiate fault-based litigation under Section 166. India's framework thus operates as a supplementary relief mechanism rather than a comprehensive alternative to tort claims.

### 5.2.2 *United Kingdom – The Motor Insurers' Bureau (MIB) Model*

The United Kingdom administers an insurer-funded, quasi-public compensation mechanism through the Motor Insurers' Bureau (MIB).<sup>64</sup> Established contractually between the government and insurance industry, the MIB ensures compensation for victims of uninsured and untraced vehicles. The model is characterised by administrative efficiency, uniformity of awards, and minimal judicial involvement in straightforward claims. The centralisation of claim processing, strong regulatory oversight, and high levels of insurance compliance distinguish the UK model from India's tribunal-centric adjudicatory process, which remains considerably slower and more litigation-intensive.

### 5.2.3 *New Zealand – ACC Pure No-Fault Scheme*

New Zealand represents the most advanced global example of pure no-fault liability through its Accident Compensation Corporation (ACC), established under the Accident Compensation Act, 2001.<sup>65</sup> The ACC abolishes tort actions for personal injury and provides universal

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<sup>63</sup> Motor Vehicles Act, 1988, § 164 (as amended 2019).

<sup>64</sup> Motor Insurers' Bureau, Annual Report (2020).

<sup>65</sup> Accident Compensation Act 2001 (N.Z.).

coverage, including income support, rehabilitation, long-term care, and medical compensation. Its administrative model prioritises swift processing, equity, and predictability. India's socioeconomic context makes adoption of a full ACC-style framework implausible, yet the system demonstrates the benefits of unified administration, reduced adversarialism, and comprehensive coverage.

### **5.3 COMPARATIVE STUDY OF FAULT-BASED COMPENSATION SYSTEMS**

#### ***5.3.1 India's Section 166 – Modified Fault Liability Model***

India's fault-based regime under Section 166 continues to form the backbone of the compensation system.<sup>66</sup> Despite statutory developments, compensation adjudication remains largely judicially driven. The Supreme Court's doctrines on multiplier methodology, future prospects, consortium, and functional disability structure the assessment process. While the regime allows for just and equitable compensation, the system's dependence on litigation prolongs settlement timelines and exacerbates inequality, particularly for economically vulnerable victims.

#### ***5.3.2 United States – Tort-Dominated Litigation Model***

The United States follows a predominantly tort-driven compensation structure governed by state personal injury laws.<sup>67</sup> High levels of compensation, jury-based adjudication, and attorney-driven negotiation are hallmarks of the system. However, the American model faces criticisms for unpredictability, high litigation costs, and prolonged timelines. India's system shares some of these adversarial characteristics but lacks enabling conditions—such as contingency fee structures and legal insurance—that facilitate claimant access.

#### ***5.3.3 Australia – Hybrid Statutory Schemes***

Australia offers a hybrid model with considerable variation across states. For instance, Victoria's Transport Accident Commission (TAC) administers a near-universal no-fault system with optional common-law claims, while New South Wales operates a compulsory third-party (CTP) insurer-funded compensation regime.<sup>68</sup> These systems effectively balance

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<sup>66</sup> Motor Vehicles Act, 1988, § 166.

<sup>67</sup> Kenneth S. Abraham, *The Forms and Functions of Tort Law* (5th ed. 2017).

<sup>68</sup> Transport Accident Commission, *Annual Report 2021*; State Insurance Regulatory

welfare considerations with fiscal sustainability, benefiting from advanced administrative infrastructure and robust digital support. India's fragmented administrative apparatus limits its ability to emulate these hybrid frameworks.

## 5.4 KEY LESSONS FOR INDIA FROM INTERNATIONAL COMPENSATION MODELS

Comparative analysis of compensation regimes across jurisdictions reveals several structural and doctrinal insights that are directly relevant to India's evolving motor accident compensation landscape. Although no foreign model can be transplanted wholesale due to India's unique demographic and administrative context, certain organising principles consistently emerge as best-practice standards. These principles illuminate how advanced compensation systems achieve speed, equity, and predictability, and they indicate areas where India can pursue targeted reform within the framework of the 2019 Amendment.

### 5.4.1 Centralised Compensation Mechanisms Promote Uniformity and Equity

Jurisdictions such as the United Kingdom and New Zealand demonstrate that centralised compensation bodies—such as the Motor Insurers' Bureau (MIB) and the Accident Compensation Corporation (ACC)—play a critical role in standardising quantum determination and eliminating regional disparities.<sup>69</sup> These mechanisms consolidate financial responsibility, streamline administrative processes, and ensure that compensation is not contingent upon geographic location or tribunal efficiency.

India's Motor Vehicle Accident Fund under Section 164B represents an early step toward centralisation, yet it remains fragmented in implementation.<sup>70</sup> A centralised authority with statutory autonomy would create uniform benchmarks, reduce inter-state inconsistencies, and minimise systemic delays inherent in MACT-based adjudication.

### 5.4.2 Administrative Efficiency Enhances Predictability and Reduces Litigation

A common feature of high-performing jurisdictions is the primacy of administrative processing over judicial adjudication. New Zealand's ACC and Australia's TAC demonstrate the

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<sup>69</sup> Motor Insurers' Bureau (UK), Annual Report (2020).

<sup>70</sup> Accident Compensation Act 2001 (N.Z.).

advantages of moving compensation determination away from adversarial litigation and towards an administrative model grounded in clear statutory formulas and uniform assessment protocols.<sup>71</sup>

India's compensation architecture, by contrast, remains heavily dependent on MACT functioning, insurer objections, and judicial interpretation. While judicial oversight remains essential, shifting certain categories of claims—such as undisputed no-fault cases or minor injury claims—toward administrative determination could significantly improve predictability, reduce pendency, and ensure timely relief.

#### **5.4.3 Standardised Medical and Disability Assessment Is Crucial for Doctrinal Consistency**

International compensation frameworks rely on rigorous and uniform medical assessment standards that enable consistent evaluation of impairment, functional disability, and long-term rehabilitation needs. Australia uses the AMA impairment guides, and New Zealand follows a comprehensive statutory disability grid integrated within ACC protocols.<sup>72</sup>

India, however, faces substantial inconsistencies in disability certification, with medical boards applying divergent interpretations of functional impairment. These inconsistencies often translate into disproportionate awards and undermine doctrinal uniformity. Nationwide adoption of standardised medico-legal assessment protocols would materially enhance the coherence of MACT decisions and reduce disputes regarding disability-linked compensation.

#### **5.4.4 Digital Infrastructure as a Foundational Component of Modern Compensation Systems**

Digital integration is a defining characteristic of contemporary compensation mechanisms. Countries like Australia rely on end-to-end electronic claim filing, data sharing between police and insurers, and real-time medical report uploads. New Zealand's ACC provides digital claim tracking and instant access to accident histories.<sup>73</sup>

India's e-DAR and electronic AIR systems—though conceptually robust—remain unevenly

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<sup>71</sup> Accident Compensation Corporation (New Zealand), ACC Scheme Guide (2021).

<sup>72</sup> American Medical Association, Guides to the Evaluation of Permanent Impairment (6th ed. 2008).

<sup>73</sup> State Insurance Regulatory Authority (NSW), Digital Claims & CTP Scheme Guidelines (2020).

implemented and technologically limited.<sup>6</sup> Strengthening digital infrastructure is essential not only for improving administrative efficiency but also for enhancing transparency, minimising documentation errors, and enabling centralised data analysis for policy improvement.

## CHAPTER 6

### RECOMMENDATIONS AND CONCLUSION

#### 6.1 RECOMMENDATIONS

##### **Legal and Doctrinal Reform Measures:**

A central priority for strengthening India's post-2019 compensation architecture is the codification of judicially evolved doctrines that currently dominate compensation assessment. Key principles such as the multiplier method, the standardisation of future prospects, functional disability evaluation, and the various classifications of consortium remain judge-made rather than statutorily defined. Embedding these doctrines into the Motor Vehicles Act or the relevant Rules would not only ensure doctrinal stability but also promote nationwide uniformity in quantum determination, thereby reducing the scope for interpretive divergence across MACTs. Alongside codification, India must adopt a nationally uniform disability and impairment grid to eliminate inconsistencies in medico-legal assessments. A statutory schedule—comparable to the AMA Guides or the impairment codes used by Australia's TAC—supported by mandatory training for medical authorities, would substantially elevate the reliability and consistency of disability certification, which remains a pivotal factor in compensation adjudication.

##### **Judicial and Adjudicatory Reforms:**

The judiciary continues to play a foundational role in shaping the contours of Indian compensation jurisprudence. To ensure procedural clarity and reduce systemic delays, it would be beneficial for the Supreme Court to issue consolidated guidelines specifying documentation standards, prescribing strict timelines, limiting permissible insurer defences, and mandating reliance on electronic AIR and e-DAR reports. Such uniform procedural directions would narrow the variation in MACT functioning and enhance adjudicatory efficiency. Additionally, the contemporary adjudication of motor accident claims requires specialised knowledge in insurance law, actuarial principles, digital documentation, and medico-legal evaluation.

Regular capacity-building programmes and judicial training workshops would ensure that MACT judges remain equipped to apply complex compensation doctrines with precision.

### **Administrative and Institutional Reforms:**

The effective enforcement of the 2019 Amendment depends on the coordinated functioning of police authorities, medical institutions, insurance companies, and tribunals. Persistent delays in AIR submission, inconsistent medico-legal documentation, and insurer-initiated procedural objections continue to impede timely adjudication. A legally mandated inter-agency coordination protocol with defined timelines, standardised medico-legal templates, real-time insurer notification systems, and designated accident-response nodal officers at the district level would substantially improve administrative coherence. In the medium to long term, India may also consider establishing a national motor accident compensation authority modelled on the UK's MIB or New Zealand's ACC. Such an institution could administer no-fault claims, operationalise the Accident Fund, maintain a unified accident database, ensure insurer compliance, and provide consistent standards of compensation throughout the country.

### **Technological and Digital Infrastructure Reforms:**

Digitisation is essential to realising the efficiencies envisioned by the 2019 Amendment. Although the e-DAR and digital AIR frameworks provide a strong foundation, their rollout remains uneven and technologically constrained across states. Strengthening digital infrastructure, ensuring stable connectivity at police stations and hospitals, instituting automated validation protocols, and providing systematic digital-skills training for relevant personnel will be crucial. A unified national accident and compensation database should be prioritised as a core component of this digital ecosystem. Such a database would significantly enhance inter-agency coordination, support data-driven policy interventions, facilitate monitoring of compensation timelines, and improve the accuracy of MACT adjudication through seamless record sharing.

### **Public Awareness and Enforcement:**

The practical success of a compensation regime depends not only on legislative frameworks but also on public awareness and regulatory enforcement. Many victims remain unaware of their entitlements under Sections 161, 164, and 166, resulting in delayed or incomplete claims.

Nationwide legal literacy initiatives, supported by state transport departments, legal services authorities, and insurance regulators, would substantially enhance access to justice. Equally urgent is the need to strengthen enforcement of mandatory insurance. Integrating insurer databases with police systems, adopting automated insurance-verification mechanisms, and conducting routine compliance audits would reduce the proportion of uninsured vehicles on Indian roads, thereby improving the financial viability of both fault-based and no-fault compensation regimes.

## 6.2 CONCLUSION

The Motor Vehicles (Amendment) Act, 2019 represents a significant legislative advance in India's efforts to modernise its motor accident compensation system. By enhancing no-fault compensation, strengthening hit-and-run relief, and creating an Accident Fund, the Amendment provides a statutory foundation aligned with principles of victim-centric justice. Yet, as the doctrinal and comparative analysis in this research demonstrates, legislative reform alone cannot bridge systemic gaps in adjudication, institutional capacity, and administrative coordination.

India's compensation framework continues to operate within a hybrid structure—anchored in statutory provisions but heavily dependent on judicial doctrine and administrative processes. Achieving true uniformity, predictability, and efficiency requires a carefully sequenced reform strategy that integrates doctrinal codification, administrative restructuring, and digital transformation. Comparative lessons from jurisdictions such as the United Kingdom, New Zealand, and Australia highlight the importance of centralised institutions, standardised medical assessment, and robust digital ecosystems in delivering equitable and timely compensation.

In the final analysis, India's path forward lies not in replicating foreign models wholesale but in adopting context-appropriate adaptations that reflect its demographic realities, institutional diversity, and evolving legal culture. A refined and responsive compensation framework—supported by legislative clarity, administrative capacity, and technological integration—will bring India closer to fulfilling its constitutional commitment to justice, dignity, and substantive equality for all road accident victims.