
granting more time to the defendant in both the cases to deposit the admitted rent or the monthly amount due. In these circumstances, the defendant would not be entitled to the exercise of discretion in his favour.

(25) For the reasons recorded above, finding no merit in these revisions, both the revisions are dismissed, but with no order as to costs.

S.C.K.

Before G.S. Singhvi & N.K. Sud, JJ.

M/S. UNITED INDIA INSURANCE CO. LTD.,—Appellant

versus

MANJIT KAUR & OTHERS,—Respondents

F.A.O. No. 310 of 2000

8th May, 2000

Motor Vehicles Act, 1988—S. 157—Owner selling vehicle with the policy of insurance—S. 157(2) requires that the purchaser shall apply for the transfer of the policy in his name within 14 days—Purchaser failed to apply for the transfer of the policy in his name—Whether insurer could deny its liability against the claim of a third party only on the ground that intimation envisaged u/s 157(2) had not been given to it—Held, no.

Held that a plain reading of sub section (1) of Section 157 shows that when a vehicle is sold with the insurance policy, the same is deemed to have been transferred to the purchaser. This deeming provision is not subject to any other limitation. It is true that sub section (2) provides that the purchaser shall apply for the transfer of the policy in his name within 14 days to the insurance company but it does not, in any manner, provide that failure to make such application would nullify either the deemed transfer as envisaged under sub-section (1) of Section 157 of the Act or the insurance policy.

(Para 4)

Further held that the appellant-Insurance Company cannot be allowed to deny its liability against the claim of a third party on the ground that intimation envisaged under Sub Section (2) of S. 157 of the Act had not been sent to it by the purchaser.

(Para 7)

R.K. Bashambo, Advocate for the appellant

G.S. Bawa, Advocate for the respondent

JUDGMENT

N.K. Sud, J

(1) This appeal has been filed by the appellant-insurance company against the award of the Motor Accident Claims Tribunal, Sirsa dated 1st October, 1999 awarded a sum of Rs. 1,64,000 as compensation to the heirs of the deceased-Satnam Singh, who had died in a motor accident on 18th September, 1997. The accident involved a Maruti car bearing registration No. KBE-6009 driven by the owner Yogesh Kumar which hit the deceased Satnam Singh who was riding on his bicycle. On a consideration of the oral and documentary evidence, the Tribunal found that the car was being driven at a very high speed in a rash and negligent manner and in an attempt to overtake a truck, it had struck the bicycle of the deceased on the left side of the road. This resulted in the death of Satnam Singh on the spot. The Tribunal awarded a sum of Rs. 1,64,000 as compensation to the legal heirs of the deceased.

(2) The only ground agitated before us by the Insurance Company is that the owner Yogesh Kumar Sharma had purchased the car from M/s Khem Chand Hem Raj along with the insurance policy. However, as required under the provisions of sub-section (2) of Section 157 of the Motor Vehicles Act, 1988 (for short "the Act"), he had not applied for the transfer of the certificate of insurance in his name within the stipulated period of 14 days. It was, therefore, contended that there was no privity of contract between him and the insurance company, and as such, the insurance company could not be held liable to indemnify him against the compensation awarded by the Tribunal.

(3) To resolve the matter, it is necessary to take note of the provisions of Section 157 of the Act which read as under :

"157. Transfer of certificate of insurance.—(1) Where a person in whose favour the certificate of insurance has been issued in accordance with the provision of this Chapter transfers to another person the ownership of the motor vehicle in respect of which such insurance was taken together with the policy of insurance relating thereto, the certificate of insurance and the policy described in the certificate shall be deemed to have been transferred in favour of the person to whom the motor vehicle is transferred with effect from the date of its transfer.

Explanation.—For the removal of doubts, it is hereby declared that such deemed transfer shall include transfer of rights and liabilities of the said certificate of insurance and policy of insurance.

(2) The transferee shall apply within fourteen days from the date of transfer in the prescribed form to the insurer for making necessary changes in regard to the fact of transfer in the certificate of insurance and the policy described in the certificate in his favour and the insurer shall make the necessary changes in the certificate and the policy of insurance in regard to the transfer of insurance."

(4) A plain reading of sub-section (1) of Section 157 shows that when a vehicle is sold with the insurance policy, the same is deemed to have been transferred to the purchaser. This deeming provision is not subject to any other limitation. It is true that sub section (2) provides that the purchaser shall apply for the transfer of the policy in his name within 14 days to the insurance company but it does not, in any manner, provide that failure to make such application would nullify either the deemed transfer as envisaged under sub-section (1) of Section 157 of the Act or the insurance policy.

(5) The appellant has placed reliance on the decision of this Court in *Ram Chander vs. Naresh Kumar* (1) to contend that if intimation as required under sub-section (2) of Section 157 of the Act is not given to the insurance company, it could not be presumed that the liability to indemnify the original owner stood transferred to the purchaser. On the other hand, the counsel for the respondents has invited our attention to the decision of the Supreme Court in *G.Govindan Vs. New India Assurance Co. Ltd. & Ors.*(2) in which it has been clearly held that the insurance company could not deny its liability to third party on the ground that the requisite intimation under sub-section (2) of Section 157 of the Act had not been given to it. The Apex Court has relied on its earlier decision in the case of *M/s. Complete Insulations (P) Ltd. vs. New India Insurance Co. Ltd.* (3) wherein the provisions of Section 157 of the Act had been examined at length.

(6) It is true that the decision of this Court in the case of *Ram Chander* (Supra) does support the case of the Insurance Company. However, it appears that the decision of the Supreme Court in the case of *M/s Complete Insulations Pvt. Ltd.* (Supra) had not been brought to the notice of the Bench. While explaining the said judgment, in case of *G. Govindan* (Supra), the Supreme Court has observed as under :—

"9. In *Complete Insulations (P) Ltd. v. New India Insurance Co. Ltd.*, (1996) 1 SCC 221) a three Judge Bench of this Court

- (1) 1999 (2) S.L.J. 1363
 (2) J.T. 1999(2) S.C. 622
 (3) 1996 (1) S.C.C. 221

had considered the scope of Section 103-A and Sections 94 and 95 of the 1939 Act and compared the same with Sections 157 & 146, 147 and 156 of the Motor Vehicle Act, 1988 contended inter alia that case the transferee of the vehicle contended inter alia that he was entitled to get the compensation for the damage caused to the vehicle in an accident that took place after the transfer notwithstanding the fact that the insurance policy was not transferred in his name. The Consumer Disputes Redressal Commission, Chandigarh directed the insurer to pay a sum of Rs. 83,000 i.e. the insured value of the vehicle. The insurer preferred an appeal to the National Consumer Disputes Redressal Commission which set aside the order of the Commission at Chandigarh and dismissed the claim of the transferee. The National Commission after referring to the full bench judgment in particular the separate concurring judgment of Kodandaramayya J. of Andhra Pradesh High Court applied the ratio in that judgment in support of its decision. The transferee preferred an appeal to this Court by Special Leave. This Court after referring to the separate judgment of Kodandaramayya J. approved the principle laid down therein, applied the same and upheld the decision of the National Commission.

10. This Court in the said judgment held that the provisions under the new Act and the old Act are substantially the same in relation to liability in regard to third party in the separate judgment in Kondaiah's case that the transferee-insured could not be said to be a third party qua the vehicle in question. In other words, a victim or the legal representatives of the victim cannot be denied the compensation by the insurer on the ground that the policy was not transferred in the name of the transferee.

11. This Court further held as follows :—

“Now, under the old Act although the insurer could refuse to transfer the certificate of insurance in certain circumstances and the transfer was not automatic as under the new Act, there was under the old law protection to third parties, that is victims of the accident. The protection was available by virtue of Sections 94 and 95 of the Old Act.

(Emphasis supplied)

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12. The same view was taken in *New India Assurance Co. Ltd. v. Sheela Rani (smt.) & Ors.* (JT 1998 (6) SC 388).
13. The heading of Chapter VIII of the old Act reads as "Insurance of Motor Vehicles against Third Party Risks". A perusal of the provisions under Chapter VIII makes it clear that the Legislature made insurance of motor vehicles compulsory against third party (victims) risks. This Court in *New Asiatic Insurance Co. Ltd. v. Pessumal Dhanamal Aswani & Ors.* (AIR 1964 SC 1736 after noticing the compulsory nature of insurance against third-party observed that once the company had undertaken liability to third parties incurred by the persons specified in the policy. The Third parties' right to recover any amount under or by virtue of the provisions of the Act is not affected by any condition in the policy.
14. In our opinion that both under the old Act and under the new Act the Legislature was anxious to protect the third party (victim) interest. It appears that what was implicit in the provisions of the old Act is now made explicit, presumably in view of the conflicting decisions on this aspect among the various High Courts."

(7) From the above observations of the Apex Court it is evident that the law laid down by this Court in case of *Ram Chander (Supra)* does not hold good any longer. The present case being a claim of the third party is squarely covered by the law laid down by the Apex Court in *M/s *Complete Insulations (P) Ltd. (Supra)* and *G. Govindan (Supra)*. We, therefore, hold that the appellant Insurance Company cannot be allowed to deny its liability against the claim of a third party on the ground that intimation envisaged under sub-section (2) of Section 157 of the Act had not been sent to it by *Yogesh Kumar Sharma*.

(8) In view of the above discussion, we find no merit in this appeal which is hereby dismissed.

R.N.R.

Before M.L. Singhal, J

BALBIR SINGH WASU,—Petitioner / Plaintiff

versus

**PARBANDHAK COMMITTEE GURDWARA SAHIB &
ANOTHER,—Respondents / Defendants**

C.R. No.1465 of 2000

26th July, 2000