



2026:CGHC:20150

**NAFR****HIGH COURT OF CHHATTISGARH AT BILASPUR****MAC No. 834 of 2020**

Manager, New India Insurance Company Limited, Branch Parakh Bhavan, Station Road, Durg, District Durg, Chhattisgarh

**... Appellant****versus**

**1** - Smt. Mangal Bati Banjare, W/o. Sonshri Banjare, Aged About 54 Years, R/o. Village Kherdha, Thana Jamul, District Durg, Chhattisgarh.

**2** - Sonshri Banjare, S/o. Late Sonu Banjare, Aged About 57 Years, R/o. Village Kherdha, Thana Jamul, District Durg, Chhattisgarh.

**3** - Papinder Singh, S/o. Late Nirmal Singh, Aged About 35 Years, R/o. Infront Of Gurudwara, Santrabadi, Station Road Durg, District Durg, Chhattisgarh, (Driver Of Truck No. C.G.10C/0595)

**4** - Mahendra Singh, S/o. Bachhan Singh, R/o. Gayatri Mandir Ward, Santrabadi Durg, District Durg, Chhattisgarh, (Owner Of Truck No. C.G.10C/0595)

**... Respondents**



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For Appellant : Mr. Sudhir Agrawal, Advocate

For Respondent No.3 & 4 : Mr. A.L.Singroul, Advocate

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**(Single Bench)**

**Hon'ble Shri Justice Sanjay K. Agrawal**

**Judgment on Board**

**30.04.2026**

1. The appellant/insurance company has preferred this appeal under Section 173 of the Motor Vehicles Act, 1988 calling in question the legality, validity and correctness of the impugned award dated 31.01.2020 passed by learned First Additional Motor Accident Claims Tribunal, Durg in Claim Case No.90/2019 by which the claim application of the claimants is allowed and liability has been fastened upon the insurance company to pay the amount of compensation.
2. Mr. Sudhir Agrawal, learned counsel for the appellant/insurance company, would submit that in this case the driver of the offending vehicle did have valid & effective driving licence to drive the transport vehicle i.e. heavy goods vehicle from 31.08.2015 to 30.08.2018 and thereafter, the licence was only renewed on 15.01.2019 and in the meanwhile, the accident occurred on 14.01.2019; therefore, the insurance company is not responsible in light of the decision rendered by the Supreme Court in the matter of



**Ram Babu Tiwari v. United India Insurance Co. Ltd. & Others**<sup>1</sup>

and also in the matter of **Rama Bai v. M/s. Amit Minerals Through Incharge Officer/Competent Officer & Another**<sup>2</sup>.

3. Mr. A.L.Singroul, learned counsel for the respondent No. 3 & 4 i.e. owner & driver would submit that the driver has experience to drive the heavy goods vehicle and mainly the licence had expired and renewed immediately after the accident, that was not a sole cause for accident. As such, the breach being technical, the insurance company cannot be exonerated from its liability to pay the compensation.
4. I have heard learned counsel appearing for the parties, considered their rival submissions made herein-above and went through the records with utmost circumspection.
5. This case is prior to amendment in Section 15 on 01.09.2015. In this regard, the law is very clear and the Supreme Court has laid down the principles in **Ram Babu Tiwari** (supra) at para 17 & 18, which have been subsequently followed in **Rama Bai** (supra) and which state as under :-

**17.** It is beyond any doubt or dispute that only in the event an application for renewal of licence is filed within a period of 30 days from the date of expiry thereof, the same

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1 2008(8) SCC 165

2 2025 SCC OnLine SC 2067



would be renewed automatically which means that even if an accident had taken place within the aforementioned period, the driver may be held to be possessing a valid licence. The proviso appended to sub-section (1) of Section 15, however, clearly states that the driving licence shall be renewed with effect from the date of its renewal in the event the application for renewal of a licence is made more than 30 days after the date of its expiry. It is, therefore, evident that as on renewal of the licence on such terms the driver of the vehicle cannot be said to be holding a valid licence, the insurer would not be liable to indemnify the insured.

The second proviso appended to sub-section (4) of Section 15 is of no assistance to the appellant. It merely enables the licensing authority to take a further test of competent driving and passing thereof to its satisfaction within the meaning of sub-section (3) of Section 9. It does not say that the renewal would be automatic. It is, therefore, a case where a breach of the contract of insurance is established. This aspect of the matter has been considered by this Court in *National Insurance Co. Ltd. v. Kusum Rai & Ors.* [(2006) 4 SCC 250 : holding:

“11. It has not been disputed before us that the vehicle was being used as a taxi. It was, therefore, a commercial vehicle. The driver of the said vehicle, thus, was required to hold an appropriate licence therefor. Ram Lal who allegedly was driving the said vehicle at the relevant time, as noticed hereinbefore, was holder of a licence to drive a light motor vehicle only. He did not possess any licence to drive a commercial vehicle. Evidently, therefore, there was a breach of condition of the contract of insurance. The appellant, therefore, could raise the said defence.”

It was furthermore held:

“14. This Court in *Swaran Singh* [(2004) 3 SCC 297 : 2004 SCC (Cri) 733 : AIR 2004 SC 1531] clearly laid down that the liability of the insurance company vis-à-vis the owner would depend upon several factors. The owner would be liable for payment of compensation in a case where the driver



was not having a licence at all. It was the obligation on the part of the owner to take adequate care to see that the driver had an appropriate licence to drive the vehicle.”

It was opined:

“16. In a case of this nature, therefore, the owner of a vehicle cannot contend that he has no liability to verify the fact as to whether the driver of the vehicle possessed a valid licence or not.”

18. The principle laid down in *Kusum Rai* [(2006) 4 SCC 250 : (2006) 2 SCC (Cri) 214] has been reiterated in *Ishwar Chandra v. Oriental Insurance Co. Ltd.* [(2007) 10 SCC 650 : (2008) 1 SCC (Cri) 591], referring to sub-section (1) of Section 15 of the Act, this Court stated the law, thus:

“9. From a bare perusal of the said provision, it would appear that the licence is renewed in terms of the said Act and the rules framed thereunder. The proviso appended to Section 15(1) of the Act in no uncertain terms states that whereas the original licence granted despite expiry remains valid for a period of 30 days from the date of expiry, if any application for renewal thereof is filed thereafter, the same would be renewed from the date of its renewal. The accident took place 28-4-1995. As on the said date, the renewal application had not been filed, the driver did not have a valid licence on the date when the vehicle met with the accident.”

6. In the instant case, admittedly, the driver of the offending vehicle had licence to drive the heavy goods vehicle from 31.08.2015 to 30.08.2018 and thereafter driver Papinder Singh did not apply for renewal within one month from the date of expiry of licence and the accident occurred on 14.01.2019 and he ultimately applied for renewal of licence on 15.01.2019 and granted on 15.01.2019 itself. As such, he did not have a valid & effective driving licence to drive



the offending vehicle on 14.01.2019 and, therefore, the learned Claims Tribunal has committed an illegality in fastening liability upon the insurance company. As such, the impugned award is partly modified, and it is directed that the appellant/insurance company shall first pay the amount of compensation and thereafter, recover from the same from the owner of the vehicle, in light of the decision of the Supreme Court in the matter of **National Insurance Company Limited v. Swaran Singh & Others**<sup>3</sup>

7. Accordingly, the appeal is partly allowed to the extent indicated herein above.

Ashok

Sd/-  
**(Sanjay K. Agrawal)**  
**Judge**

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<sup>3</sup> (2004) 3 SCC 297