Institute of Actuaries of India

Homemaker Compensation in Motor TP Claims: Hon'ble Supreme Court Judgement

Developments and Implications

Key judicial developments concerning **assessment of compensation, multiplier, notional income and jurisprudence on compensation in homemaker claims**, along with their implications for Motor Third Party claims

MOTOR VEHICLE ACT

Section 168. Award of the Claims Tribunal. (1) On receipt of an application ----------, the Claims Tribunal---- may make an award determining the amount of **compensation which appears to it to be just** ----------,

Section 150. Duty of insurers to satisfy judgments and award ---------- any sum payable in respect of **interest on that sum** by virtue of any enactment relating to interest on judgments.

Section 171. Award of interest where any claim is allowed -------- **simple interest** shall also be paid at such rate and from such date not earlier than the date of making the claim as it may specify in this behalf.

What is Just Compensation? - There can't be "fortune out of misfortune"

Hon'ble Supreme Court in: -

- ***K. Suresh v. New India Assurance Co. Ltd.* (2012) stated: -**

  "Just compensation" is **neither a bonanza nor a windfall, and simultaneously, should not be a pittance.**

- ***National Insurance Co. Ltd. v. Neeru Devi (2025) stated: -***

  Legal representatives **"cannot expect a windfall from a tragedy"**,

JUST COMPENSATION: -

- **Davies & Another v. Powell Duffryn Associated Collieries Ltd. - House of Lords, 27 April 1942**

The Davies multiplier method.

Annual dependency (multiplicand) × an appropriate **capitalisation factor/multiplier**

- **Nance v. British Columbia Electric Railway Co. Ltd. - Privy Council, 20 June 1951**

Annual dependency × **probable remaining useful life** minus discounts for future uncertainties

- **Kerala State Road Transport Corporation v. Susamma Thomas - Supreme Court of India, 6 January 1993**

Upheld the Davies method - Annual dependency (multiplicand) x an appropriate **capitalisation factor/multiplier**.

The multiplier is chosen with reference to what capital sum, if invested at an appropriate rate of interest, would produce the annual dependency, while ensuring that the capital itself is ultimately consumed during the dependency period. - It further explains that the multiplier is **considerably less than the actual number of years of expected dependency**, because the dependants receive the future loss immediately as a lump sum and can earn investment returns on that capital.

JUST COMPENSATION: -

- **U.P. State Road Transport Corporation v. Trilok Chandra - Supreme Court of India, 7 May 1996, Three-Judge Bench**

This judgment importantly revisited the historical development from Davies/Nance and addressed that **Davies as the preferable method.**

Claim Application can be filed under: -

1. Sec. 140. No fault Liability - Omitted After 2019 amendment
2. Earlier Sec. **163 (A) - Second Schedule**. After amendment Sec. **164** – **Fixed Compensation**
3. 166. Application for compensation. – Unlimited Liability

Second Schedule before 2018: -

Notional income for compensation to those who had no income prior to accident: —

Fatal and disability in non-fatal accidents: —		
(a)	Non-earning persons	Rs. 15,000 p.a.
(b)	Spouse	Rs. 1/3rd of income of the earning/surviving spouse.

COMPENSATION IN HOMEMAKER CLAIMS

Institute of Actuaries of India

Lata Wadhwa v. State of Bihar, (2001) - Three-Judge Bench, - Dt. 16-08-2001

Supreme Court

Not a Motor TP claim - Fire at Jamshedpur on 3 March 1989 - 150th birth anniversary of Sir Jamshedji Tata.

SC took principles of MV Act compensation and Susamma Thomas for determining compensation, held that: -

- ✓ **Not earning an income - household had a real economic value**.
- ✓ Considered **"diversified services rendered by the housewives for managing the entire family."**

Age	Estimated Value of homemaker's services
15/16–33 years	Not specified
34–59 years	Rs. 3,000 month = Rs. 36,000 year
60–61 years	Not specified
62–72 years	Rs. 20,000 year
Above 72 years	Not expressly specified in the SC judgment

COMPENSATION IN HOMEMAKER CLAIMS

Arun Kumar Agrawal v. National Insurance: Two-Judge Bench – Dt. 22-07-2010

Supreme Court

- Recognised methods like **Opportunity Cost, Partnership & Replacement Cost**.
- **Homemaker's unpaid work has economic value.**
- **Cannot be equated with a maid/housekeeper.**
- Value includes **household management, childcare, care & support.**
- **Financial dependency is not the sole test.**
- **Second Schedule - 1/3rd spouse income** can guide valuation.

Conclusion: Compensation must meaningfully recognise the **economic and personal value of a homemaker's multifaceted contribution to the family**, rather than mechanically treating her as a non-earner.

COMPENSATION IN HOMEMAKER CLAIMS

Kirti v. Oriental Insurance Co. Ltd. (2021): Three-Judge Bench – Dt. 05-01-2021

Supreme Court

- ✓ **Economic contribution recognised:** Homemakers make a **real and substantial economic contribution** to the family despite having no direct income.

- ✓ **No fixed formula for notional income - Different valuation methods are permissible - Must be case-specific:**

  - **Minimum-wage approach**: Minimum wage as a practical benchmark for fixing notional income
  - **1/3rd of the earning spouse's income** under the erstwhile Second Schedule;
  - **Opportunity-cost method**, based on what the homemaker could otherwise have earned;
  - **Partnership method**, treating marriage as an equal economic partnership;
  - **Replacement-cost method**, based on the cost of replacing the homemaker's services with paid workers.

- ✓ **Just and realistic compensation:** Compensation should be **neither unduly conservative nor so liberal. Lata Wadhwa referred:** Rs. 3,000 per month as the value of homemaker services **in the circumstances of that case**.

- ❑ **Core principle:** Homemaker's economic contribution is settled law, but its **valuation must follow a rational, case-specific methodology rather than a universally fixed amount**.

COMPENSATION IN HOMEMAKER CLAIMS

Arvind Kumar Pandey v. Girish Pandey. (2024): Two-Judge Bench – Dt. 1602-2024

Supreme Court

- **Deceased:** 50-year-old homemaker.
- **Dependency:** Student children held dependent on the mother.
- **Homemaker's value:** Contribution **invaluable and comparable to an earning member**.
- **Income benchmark:** Cannot be less than **applicable minimum wages**.
- **Notional income:** Rs. **4,000 p.m.** for the 2006 accident.
- **Compensation:** Rs. **6 lakh lump sum** awarded.

❑ **Key principle:** Homemaker's income **cannot be treated as nil or merely nominal**.

COMPENSATION IN HOMEMAKER CLAIMS

Shishupal @ Shish Ram v. Surjeet (2026): Two-Judge Bench – Dt. 11-06-2026

Homemaker as an Economic Entity

- Homemaker is **not merely a dependent** but an economic contributor to the family.
- Household functioning and the productivity of earning members depend significantly on **unpaid domestic and caregiving work**.

We notice that as far back as **1920,** a hundred-and-four-years ago, the noted economist Sir Cecil Pigou, in his work **The Economics of Welfare** observed:–

"… the services rendered by women enter into the dividend when they are rendered in exchange for wages, whether in the factory or in the home, but do not enter into it when they are rendered by mothers and wives gratuitously to their own families. Thus, if a man marries his housekeeper or his cook, the national dividend is diminished."

COMPENSATION IN HOMEMAKER CLAIMS

Shishupal @ Shish Ram v. Surjeet (2026): Two-Judge Bench – Dt. 11-06-2026

Homemaker as an Economic Entity

- Contribution includes:
  - Household management, Cooking & cleaning
  - Childcare & Care of elderly family members
  - Children's education & supervision
  - Emotional and family support
- Such unpaid work has **real economic value**, despite not being reflected in conventional measures of income.

Time Use Survey conducted in 2019

- Women aged **15–59 spend over 7 hours daily** on domestic & caregiving work, **less than 3 hours by men**.
- Women undertake nearly **2.6 times more unpaid care/domestic work**, even when economically employed.
- This unequal burden contributes to India's relatively low **female labour-force participation of 31.7%**.
- Women's unpaid care work is estimated at **15–17% of India's GDP**, yet largely remains **unpaid and unrecognised**.

COMPENSATION IN HOMEMAKER CLAIMS

Shishupal @ Shish Ram v. Surjeet (2026): Two-Judge Bench – Dt. 11-06-2026

Homemaker as a "Nation Builder"

- **First & lifelong teacher:** Shapes a child's values, skills and development.
- **Builds human capital:** Nurtures future productive members of society.
- **Enables economic productivity:** Household management allows earning members to focus on livelihood.
- **Emotional & managerial anchor:** Provides care, stability and support to the entire family.
- **Contribution beyond the home:** Domestic work ultimately supports societal and national development.
- **Invisible but invaluable:** Homemaker is the **"potter" who shapes the home and future generations**.
- **From recognition to compensation:** Economic + emotional + managerial contribution led to recognition of

"Loss of Domestic Care."

"Homemakers… actually are the 'nation builders' and they ought to be recognised as such."

COMPENSATION IN HOMEMAKER CLAIMS

Shishupal @ Shish Ram v. Surjeet (2026): Two-Judge Bench – Dt. 11-06-2026

Introduction of a New Head: "Loss of Domestic Care"

Existing heads like **consortium are inadequate** to compensate for the homemaker's contribution.

- Recognises:
  - ✓ Household management and domestic contribution
  - ✓ Maternal care and guidance to children
  - ✓ Spousal and family support
- **Rs. 30,000 per month** as basic minimum income where no independent monetary income is proved.
- **10% increase every three years.**
- If the homemaker has **independent income, Loss of Domestic Care is additional** to such income.

Court	Compensation Awarded
MACT (2003)	Rs. 2.42 lakh
High Court (2024)	Rs. 8.43 lakh
Supreme Court (2026)	Rs. 62.78 lakh

DEVELOPMENTS POST SC JUDGEMENT IN SHISHUPAL

Santosh Patel v. National Insurance Co. Ltd. – Dt. 02-07-2026

Allahabad High Court:

Deceased: Homemaker aged **27 years**; **sole claimant/dependant was her husband.**
MACT too 3000 pm. High Court upheld the MACT findings and rejected Shishupal.

- **No objective criteria or uniform method** prescribed for ₹30,000 p.m.
- **Age, education, residence and circumstances** may differ across cases.
- Almost every individual contributes towards the family as well as society in different ways
- Intangible family/societal contribution is **not objectively measurable**.
- The law does not require the Tribunal to assess the intangible contribution
- Separate valuation without objective standards creates **uncertainty and subjectivity**.
- **No statutory or settled principle** for adding a fixed homemaker contribution.
- **Rs. 30,000 p.m. rejected; Tribunal award upheld.**

DEVELOPMENTS POST SC JUDGEMENT IN SHISHUPAL

H.S. Nagaraj v. Sandeep Soppina & Tata AIG, – Dt. 16-07-2026

Karnataka High Court:

Deceased: 55-year-old homemaker.
Dependants: Major sons and married daughter; **no minor dependent children**.

The Court expressly held:

"They cannot claim compensation either under the head loss of dependency or under the head loss of domestic care. But they are entitled for compensation only under the head loss towards estate."

- Compensation restricted to **loss of estate**.
- **Notional income:** Rs. 13,750 p.m. as per **2020 KSLSA Notional Income Chart**.
- **Future prospects:** 10%.

❑ **Key takeaway:** *Shishu Pal* does **not automatically apply to every homemaker death. Dependency and the factual circumstances of the surviving family remain relevant.**

DEVELOPMENTS POST SC JUDGEMENT IN SHISHUPAL

Malliga v. Tata AIG General Insurance Co. Ltd., – Dt. 30-06-2026

Madras High Court:

The Court specifically noted:

- *Recently, the Hon'ble Apex Court had fixed the notional monthly income at Rs.30,000/- per month for a house wife.*
- ***Considering the fact that the accident had taken place in the year 2019, this Court is inclined to fix the notional monthly income at Rs.20,000/-***

Dependants Were

- Husband & three married daughters.

The Insurance Company specifically argued:

✓ "The daughters were all married and they were not dependents on the deceased."

The Court accepted 50% deduction for personal expenses and held:

➢ "The Tribunal was perfectly right in deducting 1/2 towards personal expenditure."

DEVELOPMENTS POST SC JUDGEMENT IN SHISHUPAL

Ram Kishor v. Paramjeet Singh, – Dt. 20-07-2026

Punjab & Haryana High Court:

Deceased: 37-year-old homemaker; husband + 3 minor children.
Claimed income: Rs. **50,000 p.m.** from tailoring/labour, but **no documentary proof**.

- Tribunal's Rs. **10,000 p.m. notional income upheld.**
- Considered deceased's social status and surrounding circumstances.
- **Shishupal not treated as a fixed benchmark** for every homemaker.
- Following **Kirti (2021):** no fixed formula; valuation must be **fact-specific and just**.

The Court expressly held:

- *"Considering the social status and surrounding circumstance, in my opinion, learned Tribunal rightly considered the income of deceased victim as Rs.10,000/- per month."*

DEVELOPMENTS POST SC JUDGEMENT IN SHISHUPAL

Karanjeet v. Niraj Kant, - 05-08-2026

Delhi High Court

Facts:-

- Deceased was a 50-year-old homemaker.
- Husband had predeceased her.
- Survived by two major children aged 20 and 21 years.

Key Findings:-

- Claimants sought compensation towards Loss of Domestic Care relying on *Shishupal*.
- Court held that *Shishupal* is not automatically applicable in every homemaker case.
- No dependent spouse, minor child or dependent parent existed in the present case.
- **Dependency and actual loss of care/support must be established for such a claim.**

Outcome

- No separate compensation awarded towards **Loss of Domestic Care/Home-maker Services**.
- Reinforces that entitlement under *Shishupal* remains **fact and dependency specific**, and is not available as a matter of course.

DEVELOPMENTS POST SC JUDGEMENT IN SHISHUPAL

United India vs. Shree Pandu, - Dt. 11-8-2026

Karnataka High Court, Dharwad bench.

Facts:-

- Deceased: 40-year-old homemaker.
- Dependants: Husband alone; married for about 20 years; no children.

Key Findings:-

- **Kirti (3-Judge Bench) preferred over Shishupal (2-Judge Bench).**
- **Rs. 30,000 p.m. is not a universal benchmark** for all homemaker cases.
- Homemaker income must be assessed **fact-wise, based on dependency and just compensation principles**.
- **Kirti recognises multiple methods for valuing homemaker services and does not prescribe a fixed notional income.**
- *Shishupal* distinguished on facts as there were **no minor children and only the husband was dependent**.
- **KSLSA Notional Income (Rs. 8,000 p.m.) adopted instead of Rs. 30,000 p.m.**

Outcome: *Rs. 30,000 p.m. rejected; KSLSA notional income adopted and compensation reassessed accordingly.*

DEVELOPMENTS BEFORE SC JUDGEMENT IN SHISHUPAL

Thomas Poulose v. Albin Mathew, – Dt. 04-06-2026 – Before Shishupal

Kerala High Court:

Deceased: 58-year-old woman, employed as a **school sweeper**, earning Rs. **10,788 per month**.

- Claimants sought an additional Rs. **15,000 per month** for her contribution as a homemaker.
- **Kerala HC rejected the addition** contribution as a homemaker.
- **Key reason:** the deceased here was a salaried employee, and the claimants produced **no oral evidence to establish or quantify her additional contribution as a homemaker**.

Findings:

Deceased was already a salaried employee and no evidence was led to substantiate the claimed additional homemaker contribution.

INDUSTRY APPROACH & WAY FORWARD

- **Recognise homemaker contribution** as having real economic value.
- **Just & fair compensation** remains the guiding principle.
- **Kirti to guide assessment**: no rigid or fixed formula.
- *Shishupal* to be read **harmoniously with the larger-Bench ruling in Kirti**.
- **Case-specific determination** based on facts and evidence.
- Consider **age, education, skills, dependants and household responsibilities**.
- Consider **accident year, prevailing wages and socio-economic background**.
- Consider methods like **Replacement Cost**.
- Avoid **standardised awards detached from individual circumstances**.
- Industry to adopt a **uniform litigation position across MACTs/High Courts**.

SOCIAL-SECURITY BENEFITS CANCEL FUTURE PROSPECTS ?

Sebastiani Lakra v. National Insurance, Three-Judge Bench Dt. 12-10-2018 –

Supreme Court:

- **Income after tax** Rs. 56,000 minus **Personal expenses:** 1/3 = Rs. 18,667/month.
- **Dependency:** Rs. 37,333/month = Rs. **4,47,996/year X Multiplier: 11** for age 52.
- **Loss of dependency:** Rs. **49,27,956 + Conventional heads:** Rs. 70,000.
- **Total compensation:** rounded to Rs. 50 lakh. + **Interest: 9% p.a.**

- Claimants had deposited Rs. **27,43,991** of gratuity/other death benefits with the employer.
- Receiving Rs. **50,082 pm** under the Employees Family Benefit Scheme until the deceased's retirement date.
- **Supreme Court refused to deduct this Rs. 50,082 from compensation.**
- However, it also **did not add 15% future prospects**,
- Holding that the benefit under the EFB Scheme **"more than offsets the loss of future prospects."**

Findings:

EFB benefit was not deducted from compensation, but its economic benefit was considered sufficient to deny the otherwise applicable 15% future-prospect addition.

Indian Application of Actuarial Principles

Mortality, present value, inflation and uniform multipliers

INDIAN PRECEDENTS

Bhagwandas supplied the scientific basis.
Rattan Lal Mehta used the statutory table to rationalise and standardise awards.

Bhagwandas v. Mohd. Arif | AP High Court | 20.07.1987

- **Actuarial multiplier preferred** based on mortality, survival and present value.
- It covers **life uncertainties and lump-sum payment**, requiring no further deduction.
- **4% real rate adopted** based on **Indian pension rates, inflation and economic data**.
- Inflation is built into the multiplier, so **no separate enhancement is required**.
- Relevant age is **age at trial in injury cases** and **age at death in fatal cases**, subject to dependency

Rattan Lal Mehta v. Rajinder Kapoor | Delhi High Court | 19.01.1996

- **Statutory multiplier table preferred** for uniform and consistent assessment.
- Multiplier covers **mortality, present value, inflation and lump-sum payment**.
- It is **not equal to the remaining lifespan** of the deceased or claimant.
- The 1994 multiplier table can guide **earlier accident cases** to avoid ad hoc assessment.

Both judgments support transparent, actuarial evidence-based multipliers instead of ad hoc judicial assumptions.

EXPECTATIONS FROM THE INSTITUTE

Move the compensation framework from judicial assumptions to evidence-based actuarial calibration

The precedent already exists

Davies • Nance • Mallett • Cookson = developed dependency, years' purchase, present value and the real-rate approach.
Bhagwandas • Rattan Lal Mehta = applied mortality, actuarial multipliers and a % real rate in the Indian context.

Current gap:

- Modern compensation rules rely heavily on **standard multipliers, future-prospect percentages** and notional income benchmarks.
- In Sarla Verma, Pranay Sethi and Shishu Pal, the judgments do not set out a **fresh actuarial derivation** of these inputs.
- Result: limited visibility on mortality, inflation, real returns, unpaid-care valuation and regional socio-economic change.

Actuarial agenda:

- Publish an India-specific actuarial study on mortality, work-life expectancy, dependency duration and real discount rates.
- Model future earnings and notional income, wage, consumption and regional data.
- Stress-test multipliers and future prospects across age, occupation, gender-neutral household roles and economic scenarios.
- Recommend a transparent review cycle and reproducible methodology.

Expected outcome:

- A proactive technical paper from IAI, not merely a reactive commentary on individual judgments.
- Evidence that assists courts, tribunals, claimants and insurers in reaching consistent outcomes.
- A framework that is transparent, periodically updated and capable of independent validation.
- The common objective: compensation that is adequate, equitable and truly "just".

India-specific actuarial framework for motor accident compensation, combining law, economics, demography, labour data and valuation of notional income.

Institute of Actuaries of India

Thank You