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Effectiveness of No-Fault Liability and Compensation under the Motor Vehicles Act

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ABSTRACT: Road accidents are a major public safety and legal concern in India. The rapid increase in motor vehicles and expansion of road networks have significantly contributed to the rise in traffic accidents, resulting in injuries, fatalities, and economic losses. Victims of such accidents often suffer not only physical injuries but also psychological distress and financial difficulties due to medical expenses and loss of income. Traditionally, compensation for accident victims was governed by the principle of fault liability, where the claimant was required to prove negligence on the part of the driver or vehicle owner. However, this process often involved lengthy litigation and procedural complexities, delaying financial relief for victims.

To address these challenges, the Motor Vehicles Act introduced the principle of **no-fault liability**, which allows accident victims to claim compensation without proving negligence. Provisions such as Sections 140, 163A, and 164 aim to provide immediate financial support and simplify the compensation process. This research paper examines the effectiveness of the no-fault liability framework under the Motor Vehicles Act and evaluates whether it successfully provides timely and adequate compensation to accident victims.

The study adopts a doctrinal research approach based on statutory provisions, judicial decisions, and academic literature. The findings suggest that the introduction of no-fault liability has improved access to compensation and simplified legal procedures. However, delays in claim processing, lack of awareness among victims, and administrative limitations within claim tribunals continue to affect the efficiency of the system. The study concludes that while the legal framework is progressive and victim-oriented, improvements in institutional capacity and implementation mechanisms are necessary to enhance its effectiveness.

I. INTRODUCTION

Transportation plays an essential role in economic development and social mobility. Efficient transport systems facilitate trade, movement of goods, and communication between regions. In India, the development of road infrastructure and increased use of motor vehicles have greatly improved connectivity across urban and rural areas. However, this growth has also led to a rise in road accidents, making road safety a significant public concern.

Road accidents often cause severe injuries, permanent disabilities, and fatalities. Apart from physical harm, victims frequently face psychological trauma and financial hardship due to medical expenses and loss of income. In many cases, families of accident victims experience economic instability when the injured person is the primary earner.

Historically, compensation for motor accident victims was governed by the doctrine of negligence under tort law. Victims were required to prove that the accident occurred due to the negligence of the driver or vehicle owner. Although this system ensured accountability, it often involved complex legal procedures and prolonged litigation.

To address these challenges, the Motor Vehicles Act introduced the concept of **no-fault liability**, which allows victims to receive compensation without proving negligence. This system focuses on providing immediate financial assistance and reducing procedural burdens on accident victims. The Act also established **Motor Accident Claims Tribunals (MACT)** to provide a specialized forum for resolving accident compensation claims efficiently.

The purpose of this research is to examine the effectiveness of the no-fault liability framework under the Motor Vehicles Act and evaluate whether it fulfills its objective of providing prompt and adequate compensation to accident victims.

II. LITERATURE REVIEW

Motor accident compensation law has been widely discussed by legal scholars and policymakers, particularly in relation to the shift from fault-based liability to welfare-oriented compensation systems. Scholars have examined the limitations of negligence-based claims and emphasized the simplified mechanisms to provide timely relief to accident victims. Avtar Singh highlights that the traditional negligence system often places a heavy burden on victims because they must gather substantial evidence and undergo lengthy legal proceedings. This process can delay compensation and cause additional hardship to victims who require immediate financial assistance.

Similarly, R.K. Bangia argues that the introduction of no-fault liability provisions under the Motor Vehicles Act reflects a shift toward a welfare-oriented approach. According to him, these provisions reduce the burden on victims and promote quicker settlement of claims.

Legal literature also emphasizes the role of **Motor Accident Claims Tribunals** in improving access to justice. These tribunals were established to provide specialized adjudication of accident claims and reduce delays associated with ordinary civil courts. However, scholars have observed that issues such as case backlog and administrative inefficiencies may affect the functioning of these tribunals.

Judicial decisions have further shaped the development of accident compensation law. Courts have repeatedly emphasized that the Motor Vehicles Act is a social welfare legislation and should be interpreted in a manner that promotes justice for accident victims.

Despite these developments, existing literature identifies challenges such as delays in claim processing, lack of awareness among victims, and inconsistencies in compensation awards. These issues highlight the need for continuous reforms to improve the effectiveness of the compensation system.

III. RESEARCH METHODOLOGY

Research methodology refers to the systematic approach used to conduct research and analyze information related to a particular topic. The present study adopts a **doctrinal and analytical research method** to examine the effectiveness of the no-fault liability framework under the Motor Vehicles Act.

Doctrinal research involves the study and interpretation of legal rules, statutory provisions, and judicial precedents. In this study, relevant provisions of the Motor Vehicles Act and landmark judicial decisions have been analyzed to understand the scope and functioning of the no-fault liability system.

The research is primarily based on **secondary sources of data**, including legal textbooks, academic journals, and online legal databases. Primary legal materials such as statutes and court judgments have also been examined to provide authoritative support for the analysis.

The study adopts a qualitative analytical approach to evaluate how the legal provisions relating to no-fault liability operate in practice and whether they achieve their intended objectives of providing prompt compensation to accident victims.

IV. RESULTS AND DISCUSSION

The analysis of statutory provisions and judicial interpretations reveals that the introduction of no-fault liability has significantly simplified the process of claiming compensation for road accident victims. By removing the requirement of proving negligence, the law enables victims to obtain financial assistance more quickly.

Sections **140, 163A, and 164 of the Motor Vehicles Act** play a crucial role in implementing the no-fault liability framework. These provisions allow victims or their legal representatives to claim compensation based solely on the occurrence of an accident involving a motor vehicle.

Section 140 provides compensation in cases of death or permanent disability without requiring proof of fault. Section 163A introduces a structured formula for calculating compensation based on factors such as the age and income of the victim. The Motor Vehicles (Amendment) Act, 2019 further strengthened the compensation framework by increasing

the compensation amounts payable to victims.

Judicial decisions have also contributed to the interpretation of these provisions. Courts have consistently recognized the Motor Vehicles Act as a welfare legislation and have emphasized that compensation provisions should be applied in a manner that benefits accident victims. Despite these improvements, several challenges continue to affect the effectiveness of the compensation system. Delays in claim settlement remain a major concern due to the large number of cases handled by Motor Accident Claims Tribunals. Additionally, lack of awareness among accident victims regarding their legal rights often prevents them from seeking compensation.

Administrative limitations and coordination issues between tribunals, insurance companies, and other authorities may also affect the efficiency of the compensation process. Addressing these challenges is essential for ensuring that accident victims receive timely and adequate financial relief.

V. CONCLUSION

The introduction of no-fault liability under the Motor Vehicles Act represents a significant reform in motor accident compensation law. By eliminating the requirement of proving negligence, the law simplifies the claim process and provides quicker financial relief to accident victims.

The establishment of Motor Accident Claims Tribunals and the introduction of structured compensation provisions have improved access to justice and strengthened the compensation framework. Judicial interpretations have further reinforced the welfare-oriented nature of the legislation.

However, the effectiveness of the system depends largely on its implementation. Delays in claim processing, lack of public awareness, and administrative challenges continue to affect the functioning of the compensation mechanism.

Strengthening institutional infrastructure, increasing awareness about compensation rights, and adopting digital claim processing systems can significantly improve the efficiency of the compensation system. Continuous legal reforms and policy measures are necessary to ensure that the objectives of the no-fault liability framework are fully achieved and that accident victims receive timely and fair compensation.

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