

Company: Sol Infotech Pvt. Ltd.

Website: www.courtkutchehry.com

Printed For:

Date: 29/10/2025

United India Insurance Company Limited Vs Shakuntla Devi and Others

None

Court: High Court Of Punjab And Haryana At Chandigarh

Date of Decision: Jan. 20, 2006

Acts Referred:

Employees Compensation Act, 1923 â€" Section 3, 4A#Motor Vehicles Act, 1988 â€" Section

147

Citation: (2006) 4 ACC 461

Hon'ble Judges: Jasbir Singh, J

Bench: Single Bench

Judgement

Jasbir Singh, J.

In view of reasons given in this application, which is accompanied by an affidavits, it is allowed and 42 days delay in filing

the appeal stands condoned.

FAO No. 326 of 2006 (O&M)

2. Appellant - Insurance Company has filed this appeal against order passed by the Commissioner under Workmen's Compensation Act, 1923 (in

short the Act), awarding compensation to the tune of Rs. 3,98,800 along with interest @ 9% to the claimants (respondent Nos. 1 to 6). So far as

death of Ramesh Kumar deceased workman in accident arising out of and in the course of his employment with respondent No. 7 is concerned, it

stood established on record. Counsel for the appellant has failed to show any defect in the finding given by the Court below in that regard. It is

evident from the records that the Court below, by taking note of certificate issued by the SDM, Ex.Pl, Post-Mortem Report Ex. P2, death

certificate Ex.P3 and oral deposition made by an eye-witness AW/02, has rightly held that Shri Ramesh Kumar had died in accident in course of

his employment with respondent No. 7.

3. Mr. Mittal has assailed the order under challenge, primarily on the ground that the Court below was not justified to burden the appellant for

liability towards payment of interest. To say so, he has placed on reliance upon judgment of Supreme Court in P.J. Narayan Vs. Union of India

(UOI) and Others, .

- 4. After hearing Counsel for the appellant, this Court feels that the challenge to the order passed is not justified.
- 5. Their Lordships of Supreme Court in Ved Prakash Garg Vs. Premi Devi and others, , after discussing various provisions of the Workmen's

Compensation Act, 1923, Motor Vehicles Act, 1988 and various judgments on the subject, came to a conclusion that payment of interest on the

compensation awarded, on account of failure of the employer, to make payment within the stipulated period, is virtually a statutory liability of the

insurance company. The Court has observed thus:

14. On a conjoint operation of the relevant schemes of the aforesaid twin Acts, in our view, there is no escape from the conclusion that the

insurance companies will be liable to make good not only the principal amounts of compensation payable by insured employers but also interest

thereon, if ordered by the Commissioner to be paid by the insured employers. Reason for this conclusion is obvious. As we have noted earlier the

liability to pay compensation under the Workmen's Compensation Act gets foisted on the employer provided it is shown that the

concerned suffered from personal injury, fatal or otherwise, by any motor accident arising out of and in the course of his employment. Such an

accident is also covered by the statutory coverage contemplated by Section 147 of the Motor Vehicles Act read with the identical provisions

under the very contracts of insurance reflected by the policy which would make the insurance company liable to cover all such claims for

compensation for which statutory liability is imposed on the employer u/s 3 read with Section 4A of the Compensation Act. All these provisions

represent a well-knit scheme for computing the statuary liability of the employers in cases of such accidents to their workmen. As we have seen

earlier while discussing the scheme of Section 4A of the Compensation Act the legislative intent is clearly discernible that once compensation falls

due and within one month it is not paid by the employer then as per Section 4A(3)(a) interest at the permissible rate gets added to the said

principal amount of compensation as the claimants would stand deprived of their legally due compensation for a period beyond one month which is

statutorily granted to the employer concerned to make good his liability for the benefit of the claimants whose breadwinner might have either been

seriously injured or might have lost his life. Thus so far as interest is concerned it is almost automatic once default, on the part of the employer in

paying the compensation due, takes place beyond the permissible limit of one month. No element of penalty is involved therein. It is a statutory

elongation of the liability of the employer to make good the principal amount of compensation within permissible time-limit during which interest

may not run but otherwise liability of paying interest on delayed compensation will ipso facto follow. Even though the Commissioner under these

circumstances can impose a further liability on the employer under circumstances and within limits contemplated by Section 4A(3)(a) still the

liability to pay interest on the principal amount under the said provision remains a part and parcel of the statutory liability which is legal by liable to

be discharged by the insured employer. Consequently such imposition of interest on the principal amount would certainly partake the character of

the legal liability of the insured employer to pay the compensation amount with due interest as imposed upon him under the Compensation Act.

Thus the principal amount as well as the interest made payable thereon would remain part and parcel of the legal liability of the insured to be

discharged under the Compensation Act and not de hors it. It, therefore, cannot be said by the insurance company that when it is statutorily and

even contractually liable to reimburse the employer qua his statutory liability to pay compensation to the claimants in case of such motor accidents

to his workmen, the interest on the principal amount which almost automatically gets foisted upon him once the compensation amount is not paid

within one month from the date it fell due, would not be a part of the insured liability of the employer.

6. This Court feels that the controversy in the present case is squarely covered by the ratio of judgment in Ved Prakash Garg's case (supra). No

benefit of the judgment in P.J. Narayan"s case (supra) can be extended to the appellant, as in that case, controversy involved, was altogether

different and, furthermore, judgment in the case of Ved Prakash Garg"s case (supra), was not brought to the notice of the Court when above

mentioned judgment was rendered. Otherwise also, it was not argued in the present case that there existed any clause in the insurance policy,

which specifically provides that the Insurance Company shall not be liable to make payment of interest on the amount of compensation awarded.

7. In view of ratio of judgment in Ved Prakash Garg"s case (supra), no case is made out for interference.