(2006) 01 P&H CK 0207

High Court Of Punjab And Haryana At Chandigarh

Case No: None

United India Insurance Company Limited		APPELLANT
	Vs	
Shakuntla Devi and Others		RESPONDENT

Date of Decision: Jan. 20, 2006

Acts Referred:

- Employees Compensation Act, 1923 - Section 3, 4A
- Motor Vehicles Act, 1988 - 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 workman 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.