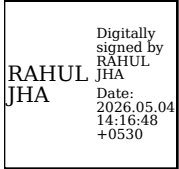




2026:CGHC:20075

AFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

MAC No. 1368 of 2019

1 - Meera Devi W/o Late Satyendra Singh Aged About 32 Years R/o Village- Dumari, Kharwaniya, Police Station- Lar, Tahsil Salempur, District- Devariya, Uttar Pradesh. At Present R/o Parpa Naka, Jagdalpur, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

2 - Abhimanyu Singh S/o Late Satyendra Singh Aged About 10 Years Minor, Through Natural Guardian Mother Meera Devi, R/o Village- Dumari, Kharwaniya, Police Station- Lar, Tahsil Salempur, District- Devariya, Uttar Pradesh. At Present R/o Parpa Naka, Jagdalpur, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

3 - Aman Singh S/o Late Satyendra Singh Aged About 7 Years Minor, Through Natural Guardian Mother Meera Devi, R/o Village- Dumari, Kharwaniya, Police Station- Lar, Tahsil Salempur, District- Devariya, Uttar Pradesh. At Present R/o Parpa Naka, Jagdalpur, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

4 - Sheela Devi W/o Late Harinandan Singh Aged About 67 Years R/o Village- Dumari, Kharwaniya, Police Station- Lar, Tahsil Salempur, District- Devariya, Uttar Pradesh. At Present R/o Parpa Naka, Jagdalpur, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

--- Appellant

versus

1 - Bankelal Yadav S/o Late Haribanch Yadav Aged About 48 Years R/o Mother Teresa Ward, Near Ganesh Mandire, Jagdalpur, District- Bastar, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

2 - The Oriental Insurance Company Limited Through Branch Manager, Branch Office, Hotel Laxman Avenue, Medical College Road, Jagdalpur, District- Bastar, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

--- Respondent(s)

MAC No. 1308 of 2019

The Oriental Insurance Company Limited Through Its Divisional Manager, Divisional Office, Having Office At Hotel Laxman Avenue Medical College Road, Jagdalpur, District Bastar Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

---Appellant

Versus

1 - Meera Devi Wd/o Late Satyendra Singh Aged About 32 Years R/o Village Dumri Kharvaniya, Police Station - Laar Tehsil - Salempur, District Devariya (Uttar Pradesh), Presently R/at Parpa Naka, Jagdalpur, District Jagdalpur, District Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

2 - Abhimanyu Singh Wd/o Late Satyendra Singh Aged About 10 Years Through His Guardian And Mother Meera Devi, R/o Village Dumri Kharvaniya, Police Station - Laar Tehsil - Salempur, District Devariya (Uttar Pradesh), Presently R/at Parpa Naka, Jagdalpur, District Jagdalpur, District Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

3 - Aman Singh S/o Late Satyendra Singh Aged About 7 Years Through His Guardian And Mother Meera Devi, R/o Village Dumri Kharvaniya, Police Station - Laar Tehsil - Salempur, District Devariya (Uttar Pradesh), Presently R/at Parpa Naka, Jagdalpur, District Jagdalpur, District Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

4 - Sheela Devi Wd/o Late Harinandan Singh Aged About 67 Years R/o Village Dumri Kharvaniya, Police Station - Laar Tehsil - Salempur, District Devariya (Uttar Pradesh), Presently R/at Parpa Naka, Jagdalpur, District Jagdalpur, District Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

5 - Bankelal Yadav S/o Late Harivansh Yadav Aged About 48 Years R/o Mother Teresa Ward Near Ganesh Temple, Jagdalpur, District Baster, Chhattisgarh., District : Bastar(Jagdalpur), Chhattisgarh

--- Respondent(s)

(Cause title taken from CIS)

For Appellant in MAC: Shri Purnendra Khichariya, Advocate appears No. 1368/2019 and on behalf of Shri Praveen Dhurandhar, Respondent in MAC No. Advocate 1308/2019

For Appellant in: Shri Abhishek Vinod Deshmukh, Advocate 1308/2019 and respondent in MAC No. 1368

Respondent No. 1 in: None though served. MAC No. 1368/2019 and Respondent No. 5 in MAC No. 1308/2019

Hon'ble Shri Bibhu Datta Guru, Judge

Judgment on Board

30.04.2026

1. Since both the appeals arising out of same judgment passed by the learned Commissioner, Employees Compensation Act and involves similar facts, they are being considered and decided by this common judgment.
2. The appeal under Section 30 of the Employees' Compensation Act, 1923, i.e., MAC No. 1368/2019 filed by the claimants and MAC No. 1308/2019 filed by the Insurance Company, arise out of the judgment dated 29.03.2019 passed by the Commissioner for Employees' Compensation (Labour Court), Jagdalpur (C.G.) in Case No. 01/2018/E.C. Act/Fatal. The claimants have preferred the appeal seeking

enhancement of compensation along with grant of statutory interest and penalty, whereas the Insurance Company has filed the appeal seeking setting aside of the impugned award.

3. (a) **MAC No. 1368/2019** was admitted by this Court on 08.09.2023 on the following substantial question of law:

“Whether the learned Commissioner committed an error of law in awarding conditional interest contrary to the provisions contained in clause (a) of Sub-Section 3 of Section 4-A of the Employee’s Compensation Act, 1923?”

- (b) **MAC No. 1308/2019** was admitted by this Court on 19.07.2019 on the following substantial question of law:

“Whether finding of the Commissioner for Employee's Compensation Act, Labour Court, Jagdalpur assessing the monthly wages of the deceased as Rs.9,880/-, instead of Rs.8,000/-, by ignoring the Notification issued by the Central Government in exercise of the powers enumerated under sub-section (1B) of Section 4 (1) of the Employee's Compensation Act, 1923 and thereby awarded total amount of compensation to the tune of Rs.9,49,171.6/-, is perverse?”

FACTS OF THE CASE:

4. (A) The applicants/claimants, who are the wife, children and mother of Satyendra Singh (since deceased) filed a claim application stating that the deceased was employed as a driver on the truck bearing Registration No. CG-17 H 1444 owned by Non-applicant No. 1. On 15.12.2017,

while the deceased was driving the said truck loaded with iron grit from Jagdalpur to Raipur and proceeding cautiously on the left side of the road, another truck bearing Registration No. CG-04 J 6005, driven rashly and negligently from the opposite direction, collided with the vehicle of the deceased near Village Dahikonga. As a result of the said accident, the deceased sustained grievous and fatal injuries and died on the spot.

(B) It was further stated that at the time of death, the deceased was aged about 37 years and was earning a monthly salary of ₹10,000/-. The claimants claimed compensation of ₹9,60,700/-. On the date of the accident, the offending vehicle was validly insured with Non-applicant No. 2.

(C) Non-applicant No. 1, in his written statement before the learned Commissioner, admitted that the deceased was employed as a driver on his truck bearing Registration No. CG-17 H 1444 and was being paid a monthly salary of ₹10,000/-. It was further contended that since the said vehicle was validly insured with Non-applicant No. 2, the liability to pay compensation rests upon Non-applicant No. 2.

(D) The Insurance Company, in its written statement, denied the averments made by the claimants and contended that the deceased was not employed under Non-applicant No. 1. It was further pleaded that the driver (deceased) did not possess a valid and effective driving license

and that the vehicle was being used in violation of the terms and conditions of the insurance policy. On these grounds, dismissal of the claim petition was sought.

(E) The learned Commissioner, after recording evidence led by the parties and upon hearing them, vide judgment dated 29.03.2019, allowed the claim petition holding that the deceased died in the course of and arising out of his employment as a driver under Non-applicant No. 1 due to the accident dated 15.12.2017. The Commissioner assessed the age of the deceased as about 37 years and, in absence of strict proof of income, determined his monthly wages as ₹9,880/- on the basis of Collector rates applicable to a skilled worker. It was further held that the offending vehicle was validly insured with the Insurance Company, thereby fastening liability upon it. Consequently, compensation of ₹9,49,171.60 was awarded in favour of the claimants, payable within 45 days, failing which the same shall carry interest @ 12% per annum from the date of accident; however, no penalty was imposed.

5. Being aggrieved by the aforesaid judgment dated 29.03.2019, the claimants preferred MAC No. 1368/2019 seeking enhancement of compensation along with grant of statutory interest and penalty, whereas the Insurance Company preferred MAC No. 1308/2019 seeking setting aside of the impugned award.
6. (a) Learned counsel for the claimants (MAC No. 1368/2019) submits that although the Central Government notification dated 31.05.2010

prescribed ₹8,000/- as monthly wages, the same had become outdated by the time of the accident in the year 2017. It is contended that the Collector, District Bastar, vide order dated 07.10.2017, had quantified the monthly wages of a light motor vehicle driver at ₹9,880/-, which reflects the prevailing wage structure. It is further submitted that the Central Government itself, by subsequent gazette notification dated 03.01.2020, enhanced the wage ceiling to ₹15,000/-, thereby acknowledging the increase in wages. Hence, the learned Commissioner has rightly relied upon the Collector rates for assessing the income of the deceased, and the same does not suffer from any illegality or infirmity.

(b) He would further submit that as per Section 4A(3) of the Act, 1923, interest is payable on the amount of compensation when it is fell due i.e. from the date of accident, but in the instant case, the Commissioner has granted conditional interest @ 12%, that aforesaid interest shall be payable, if amount of compensation is not paid within a period of 45 days from the date of award, hence imposing such condition is against the provision of Section 4A(3) of the Act, 1923.

7. (i) Learned counsel for the appellant/Insurance company (MAC No. 1308/2019) placing reliance upon Section 4(1B) of the Employee's Compensation Act, 1923, submits the Central Government may, by notification in the Official Gazette, specify, for the purposes of sub-section (1), such monthly wages in relation to an employee as it may consider necessary. It is contended that compensation is required to be calculated as 50% of the monthly wages of the deceased employee

multiplied by the relevant factor. Learned counsel further submits that the Central Government, in exercise of its powers under Section 4(1B), vide notification dated 31.05.2010, prescribed ₹8,000/- as the maximum monthly wages. It is argued that although the accident occurred on 15.12.2017, the learned Commissioner erroneously relied upon the Collector, District Bastar's order dated 07.10.2017, which fixed the monthly wages of a light motor vehicle driver at ₹9,880/-, instead of adhering to the statutory limit prescribed by the Central Government. It is further submitted that the subsequent notification dated 03.01.2020, enhancing the wage ceiling to ₹15,000/-, cannot be applied retrospectively, and in the absence of any intervening notification, the adoption of Collector rates is contrary to the provisions of the Act and renders the impugned award unsustainable.

(ii) Learned counsel for the Insurance Company further submits that prior to filing of the present appeal, the entire award amount has already been deposited before the learned Commissioner in compliance with the statutory provisions of the Employee's Compensation Act, 1923. It is further prayed that the amount so deposited be duly adjusted towards the final compensation payable in terms of the present judgment.

8. I have heard learned counsel for the parties and perused the records with utmost circumspection.
9. It is noteworthy to quote Section 4(1B) of the Employee's Compensation Act 1923:

Section 4(1B) of the Employees Compensation Act 1923

The Central Government may, by notification in the Official Gazette, specify, for the purposes of sub-section (1), such monthly wages in relation to an employee as it may consider necessary

10. The principal challenge raised by the Insurance Company relates to the determination of monthly wages of the deceased. It is contended that in view of Section 4(1B) of the Employees' Compensation Act, 1923 and the notification dated 31.05.2010 issued by the Central Government, the maximum wage ceiling of ₹8,000/- ought to have been strictly applied, and reliance on Collector's rate of ₹9,880/- is impermissible in law.
11. At the outset, it is necessary to note that the Employees' Compensation Act is a beneficial social welfare legislation enacted with the object of ensuring just and reasonable compensation to dependents of deceased employees. The provisions of the Act, therefore, cannot be interpreted in a narrow or pedantic manner so as to defeat its beneficial intent.
12. It is true that the notification dated 31.05.2010 prescribed ₹8,000/- as notional monthly wages. However, the determination of wages in a given case is not a mechanical exercise restricted only to statutory ceiling, particularly where the evidence on record indicates a higher and more realistic wage structure prevailing at the relevant time.
13. In the present case, the learned Commissioner has not acted arbitrarily. In absence of strict documentary proof of salary, the Commissioner has rightly taken recourse to the contemporaneous governmental material, namely the order of the District Collector, Bastar dated 07.10.2017,

which fixed wages of a skilled driver at ₹9,880/-. This determination reflects the prevailing economic conditions and actual wage structure existing at the time of accident in December 2017.

14. This Court is of the considered view that such an approach cannot be termed as either illegal or perverse. On the contrary, it aligns with the settled principle that in welfare legislations, strict technical rules of evidence cannot override substantive justice. The purpose of wage determination under the Act is to arrive at a realistic and fair compensation and not to confine it artificially to outdated ceilings, particularly when contemporaneous material indicates higher prevailing wages.
15. It is also significant that the Central Government itself, by subsequent notification dated 03.01.2020, enhanced the wage ceiling to ₹15,000/-. Though such enhancement is not retrospective in operation, it nevertheless demonstrates legislative recognition that the earlier ceiling of ₹8,000/- had become unrealistic in the changed economic context. This reinforces the reasonableness of the approach adopted by the learned Commissioner.
16. Further, the Insurance Company has not been able to produce any cogent or reliable evidence to dislodge the finding that the deceased was employed as a driver under Non-applicant No. 1 or that there was any breach of policy conditions. On the contrary, the employer himself has admitted the employment and wage structure. Once the factum of

employment and validity of insurance is established, the liability has been rightly fastened upon the Insurance Company.

17. In view of the aforesaid discussion, this Court finds no merit in MAC No. 1308/2019 filed by the Insurance Company. The findings recorded by the learned Commissioner on negligence, employment relationship, and quantum of compensation are based on proper appreciation of evidence and do not warrant interference.
18. The only surviving issue in MAC No. 1368/2019 filed by the claimants relates to the legality of the direction of the learned Commissioner whereby interest was made conditional upon non-payment of compensation within 45 days. The claimants contend that such conditional grant of interest is contrary to the statutory mandate under Section 4A(3) of the Employees' Compensation Act, 1923.
19. Section 4A(3) of the Act casts a mandatory obligation upon the employer to pay interest at the prescribed rate which reads thus:-

“ 4A(3) where any employer is in default in paying the compensation due under this Act within one month from the date it fell due, the commissioner shall:-

(a) direct that the employer shall, in addition to the amount of the arrears, pay simple interest thereon at the rate of twelve percent per annum or at such higher rate not exceeding the maximum of the lending rates of any scheduled bank as may be specified by

the Central Government by notification in the Official Gazette, on the amount due; and

(b) if, in his opinion, there is no justification for the delay, direct that the employer shall, in addition to the amount of the arrears and interest thereon, pay a further sum not exceeding fifty per cent of such amount by way of penalty:

Provided that an order for the payment of penalty shall not be passed under clause (b) without giving a reasonable opportunity to the employer to show cause why it should not be passed.

20. In the case of **Shobha Vs. The Chairman, Vitthal Rao Shinde** in Civil Appeal No.1860 of 2022 decided by Hon'ble Apex Court on 11-03-2022, it has been held that:-

21. *“Therefore, on the death of the employee/ deceased immediately, the amount of compensation can be said to be falling due. Therefore, the liability to pay the compensation would arise immediately on the death of the deceased. Even as per Section 4A(2), in cases, where the employer does not accept the liability for compensation to the extent claimed, he shall be bound to make provisional payment based on the extent of liability which he accepts, and,*

such payment shall be deposited with the Commissioner or made to the employee, as the case may be, without prejudice to the right of the employee to make any further claim. Therefore, the liability to pay the compensation would arise from the date on which the deceased died for which he is entitled to the compensation and therefore, the liability to pay the interest on the amount of arrears/compensation shall be from the date of accident and not from the date of the order passed by the Commissioner. ...”

22. This issue is no more *res integra* as the Supreme Court in case of **Ajay Kumar Das Vs. Divisional Manager (2022 SCC OnLine SC 93)** has reiterated the law that compensation is payable within one month from the date when it fell due. Paras 5 & 6 of the said judgment read as under:

“5.....To set the record straight, the High Court has erred on merits as well. Section 4A of the Workmen’s Compensation Act 1923 stipulates that the Commissioner shall direct the employer to pay interest of 12% or at a higher rate, not exceeding the lending rates of any scheduled banks specified, if the employer does not pay the compensation within one

month from the date it fell due. In Saberabibi Yakubhai Shaikh v. National Insurance Co. Ltd. [(2014) (2) SCC 298], this Court held that interest shall be paid on the compensation awarded from the date of the accident and not the date of adjudication of the claim in view of the decision of this Court in Oriental Insurance Co. Ltd. v. Siby George [(2012) SCC 540] where it was held that compensation would fall due from the date of the accident. Further, in the recent decision in P. Meenaraj v. P. Adigurusamy & Anr. (Civil Appeal No. 209/2022 decided on 6-1-2022), this Court reiterated that the applicant is entitled to interest from the date of accident while rejecting the submission that the award of interest should be after the expiry of 30 days from the date of accident. Thus, there was no legal basis for the High Court to delete the order of payment of interest.

6. For the above reasons, we set aside the direction contained in the order of the High Court dated 11 April 2018 by which the order for the payment of interest was deleted. The order for the payment of interest which was issued by the Additional Labour Commissioner-cum-Commissioner, Workmen Compensation shall together with the award of compensation stand restored.”

23. The rationale behind awarding interest is rooted in the principle that the rightful dues of the dependents of a deceased employee cannot be delayed without consequence. Any delay in payment results in financial hardship, and therefore, statutory interest operates as a safeguard against such deprivation. The Commissioner, therefore, cannot impose conditions that dilute this statutory entitlement.
24. In the present case, the learned Commissioner erred in directing that interest would be payable only if compensation was not deposited within 45 days. Such a condition is contrary to the express mandate of Section 4A(3) and the settled law laid down by the Supreme Court. The claimants are, therefore, entitled to statutory interest from the date of accident itself.
25. In view of the settled legal position laid down by the Hon'ble Supreme Court in *Shobha (Supra)* and *Ajay Kumar Das (Supra)*, and upon an overall appreciation of the pleadings, evidence, and statutory scheme under Section 4A of the Employees' Compensation Act, 1923, this Court is of the considered opinion that the learned Commissioner has rightly determined the compensation on the basis of available material and prevailing wage structure, which does not suffer from any perversity or jurisdictional error warranting interference. The direction imposing conditional interest is contrary to the mandatory scheme of Section 4A(3) of the Act, as judicially interpreted by the Hon'ble Supreme Court, which clearly mandates that compensation becomes due on the date of accident itself and carries statutory interest from that date till realization. Accordingly, while affirming the award of compensation and

dismissal of the appeal preferred by the Insurance Company, this Court modifies the award only to the extent of interest, holding that the claimants are entitled to statutory interest @ 12% per annum from the date of accident i.e. 15.12.2017 till actual payment, in accordance with law.

26. In view of the foregoing discussion, MAC No. 1308/2019 filed by the Insurance Company fails and is hereby **dismissed**. The findings of the learned Commissioner on compensation and liability are upheld in toto.
27. Accordingly, the substantial question of law framed in MAC No. 1308/2019 is answered against the appellant/Insurance Company and in favour of the claimants by holding that the learned Commissioner committed no perversity or legal error in assessing the monthly wages of the deceased at ₹9,880/- on the basis of contemporaneous prevailing wage structure. Likewise, the substantial question of law framed in MAC No. 1368/2019 is answered in favour of the claimants and against the Insurance Company by holding that the learned Commissioner committed an error of law in awarding conditional interest, inasmuch as under Section 4A(3) of the Employees' Compensation Act, 1923, interest becomes payable on the compensation from the date it fell due, namely, the date of accident itself.
28. MAC No. 1368/2019 filed by the claimants **allowed in part to the extent** that the condition restricting grant of interest is set aside. It is directed that the awarded compensation shall carry interest @ 12% per

annum from the date of accident i.e. 15.12.2017 till the date of actual realization of payment of compensation.

29. Before parting with this judgment, it is made clear that the amount already so deposited by the Insurance Company shall be duly adjusted towards the compensation payable. The balance amount, if any, shall be deposited within a period of 45 days from today. It is also made clear that the claimants are entitled to interest @ 12% per annum, on the entire amount of compensation, as awarded by the learned Commissioner, from the date of accident till the date of actual payment. The Court of learned Commissioner is requested to ensure that entire amount of compensation as also the interest be properly disbursed to the claimants.
30. The record of the learned Labour Court/Commissioner be transmitted back along with a copy of this judgment

Sd/-

(Bibhu Datta Guru)
Judge

HEAD NOTE

In a claim case filed under the Employee's Compensation Act, 1923, the purpose of wage determination under the said Act is to arrive at a realistic and fair compensation and not to confine it artificially to outdated ceilings, particularly when contemporaneous material indicates higher prevailing wages.