



2025:CGHC:15159

AFR

HIGH COURT OF CHHATTISGARH AT BILASPUR
MAC No. 732 of 2016

- 1** - Smt. Archana Yadav W/o Late Rajesh Kumar Yadav, Aged About 30 Years R/o Baigapara, Near Shitla Mandir, Durg, P.S.- City Kotwali, Durg, Tahsil And District- Durg, Chhattisgarh
- 2** - Ku. Manyata Yadav D/o Late Rajesh Kumar Yadav, Aged About 1 Years Minor Through Natural Guardian Mother Smt. Archana Yadav, R/o Baigapara, Near Shitla Mandir, Durg, P.S.- City Kotwali, Durg, Tahsil And District- Durg, Chhattisgarh
- 3** - Smt. Radha Bai Yadav W/o Late Shatruhan Yadav, Aged About 55 Years R/o Baigapara, Near Shitla Mandir, Durg, P.S.- City Kotwali, Durg, Tahsil And District- Durg, ChhattisgarhClaimants

--- Appellants

versus

- 1** - Anil Yadav S/o Ganesh Yadav, R/o Shitla Mandir, Ward No.06, Thetwar Para, Durg, P.S.- Durg, Tahsil And District- Durg, Chhattisgarh
- 2** - National Insurance Company Ltd., Through- Divisional Manager, Address Station Road Gil Complex, Near Gurudwara, Durg, Tahsil And District- Durg, Chhattisgarh

--- Respondents

For appellants	:	Mr. P.R. Patankar, Adv.
For Respondent No. 1	:	Mr. Kunal Das, Adv.
For respondent No. 2	:	Mr. B.N. Nande, Adv.

MAC No. 958 of 2016

- 1** - The National Insurance Company Limited Through Divisional Manager National Insurance Company Limited, Station Road, Gil Complex, Near Gurudwara, Durg, District Durg, Chhattisgarh, Through Authorised Signatory National Insurance Company Limited, Divisional Office B-1, Taha Complex, Ring Road li, Priydarshani Nagar, Bilaspur, Chhattisgarh.....Insurer / N. A. No. 2

---Appellant

Versus

- 1** - Smt. Archana Yadav Wd/o Late Rajesh Yadav, Aged About 30 Years R/o Baigapara Near Shitala Mandir Durg, P. S. City Kotwali Durg, Tehsil And District Durg, Chhattisgarh
- 2** - Kumari Manyata Yadav, D/o Late Rajesh Yadav, R/o Baigapara Near Shitala Mandir Durg, P. S. City Kotwali Durg, Tehsil And District Durg, Chhattisgarh



3 - Smt. Radha Bai Yadav, Wd/o Late Satrugan Yadav, R/o Baigapara Near Shitala Mandir Durg, P. S. City Kotwali Durg, Tehsil And District Durg, Chhattisgarh.....Claimants

4 - Anil Yadav S/o Ganesh Yadav, R/o Shitla Mandir Ward No. 06, Thethvar Para Durg, Tehsil And District Durg, Chhattisgarh....Owner

--- Respondents

For appellants	:	Mr. B.N. Nande, Adv.
For Respondents No. 1 to 3	:	Mr. P.R. Patankar, Adv.
For respondent No. 4	:	Mr. Kunal Das, Adv.

(Hon'ble Mr. Naresh Kumar Chandravanshi, J)
Judgment on Board
28/03/2025

1. Since both the above MACs arise out of same award (Annexure A-1) dated 05-03-2016 passed by the Commissioner for Workmen's Compensation, Labour Court, Durg (CG) (henceforth, referred to as 'Labour Court'), they are heard analogously and being decided by this common judgment.

(Hereinafter, parties shall be referred as per their status like Claimants, owner and Insurance Company)

2. MAC No. 732/2016 has been filed by the Claimants for grant of interest at the rate of 12% per annum from the date of accident on the amount of compensation granted by the Labour Court.
3. MAC No. 958/2016 has been filed by the Insurance company seeking relief of exonerating it to indemnify the impugned award.
4. Brief facts of the case are that, claimants filed an application for grant of compensation under Section 10 of the Workmen Compensation Act, 1923 (henceforth, referred to as 'Act of 1923'), stating inter alia that, Rajesh Yadav was husband of claimant No. 1



Smt. Archana Yadav, father of claimant No. 2 Kumari Manyata Yadav and son of Claimant No. 3 Smt. Radha Bai. He was working as driver of vehicle Mahindra Scorpio bearing registration No. CG 07 M 6109, owned by Anil Yadav. On 16-01-2012 at about 9.45 pm, when he was coming from Rajnandgaon to Durg, driving aforesaid vehicle, at that time, since steering of the vehicle got jammed, therefore, the vehicle fell in the Shivrath river, as such, driver Rajesh Yadav died because of drowning. It is further pleaded by the claimants that, Anil Yadav, owner of the vehicle was employer of the deceased and aforesaid vehicle was insured by the National Insurance Company Limited at the relevant time. At the time of accident, the deceased was aged about 36 years and receiving salary of Rs. 6,000/- per month. Claimants are his wife, daughter and mother, therefore, they sought compensation to the tune of Rs. 5,83,920/- from non-applicants, by filing application before the Labour Court.

5. Anil Yadav, owner of offending vehicle, filed his reply, in which, he has admitted the accident and almost all the facts narrated by the claimants in their application.
6. The Insurance Company also filed its reply and has admitted that, the offending vehicle was insured with it, but it has denied that the deceased was employee of Anil Yadav, owner. It has further been contended that, the accident occurred due to own negligence of deceased, therefore, it has been prayed that, claimants are not entitled to get any compensation from the Insurance Company.



7. On the basis of pleading of the parties, learned Labour Court framed as many as 6 issues, recorded evidence of both the parties and vide impugned award, awarded compensation amount of Rs. 5,06,064/- against non-applicants and directed non-applicant No. 2/Insurance Company to pay aforesaid amount within a period of 45 days to the claimants, else it shall carry interest of 12% per annum till its final payment.

MAC No. 958/2016

8. Now I shall first deal with MAC No. 958/2016, which has been filed by the National Insurance Company for exonerating it from indemnifying payment of amount of compensation.

9. Aforesaid appeal was admitted by this Court on the following substantial question of law :-

“Whether the finding recorded by the Commissioner, Employees Compensation Act, 1923 that the deceased was an employee of Resp. No. 4, owner of the vehicle, is perverse to the evidence available on record.”

10. Learned counsel for the appellant/Insurance company referring to deposition adduced by the claimants would submit that deceased was brother-in-law (*Sala*) of Anil Yadav (owner of offending vehicle) and while filling Motor Claim Form (Ex. D-2C), owner Anil Yadav had not disclosed that deceased was his paid driver. He further submits that, even in his police statement (Ex. D-1) dated 17-1-





2012 and statement (D-5) dated 28-6-2012 made before the investigator, Anil Yadav, owner, has not disclosed that deceased was his paid driver, rather in aforesaid statements, he had stated that, the deceased was his brother-in-law (*Sala*). In view of these statements, it cannot be held proved that deceased was paid driver of owner Anil Yadav and there was employer-employee relationship between them, but learned Labour Court has not considered aforesaid evidence and only relying on the statement of Anil Yadav (P.W. 2) made under Order 18 Rule 4 of the CPC, has held that, there was employer-employee relation between owner Anil Yadav and the deceased, whereas, that finding is against the evidence available on the record, as such, it is perverse. In this regard, he relied on the decision of Hon'ble Apex in the case of **Shantabai Ananda Jagtap & Anr. Vs. Jayram Ganpati Jagtap & anr. [2023] 10 S.C.R. 9**], in which, owner was brother of the driver of the offending vehicle, therefore, Hon'ble Apex Court has held that, in case of such direct relationship, relationship of employee-employer cannot be held proved.

11. Learned counsel for the Claimants supports the impugned award and submits that the claimants have proved that there was employer-employee relation between the owner Anil Yadav and deceased. He has distinguished the case of **Shantabai Ananda Jagtap** (supra) from the facts of this case, as in aforesaid case, only claimant was examined and owner of the vehicle was not examined. But in the instant case, owner of vehicle Anil Yadav has

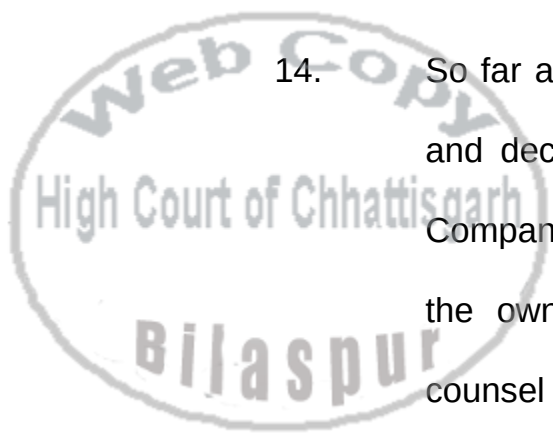


examined himself and he has clearly stated that deceased was working as his driver and he was being paid salary of Rs. 6,000/- per month. He further submits that Anil Yadav has specifically stated in cross-examination that deceased was his neighbor only and they don't have any direct relation.

12. Learned counsel for the owner supports the finding of the Labour Court that, the deceased was his employee.

13. I have heard learned counsel for the parties and perused the record of the case as well as record of the Labour Court.

14. So far as employer -employee relation between owner Anil Yadav and deceased is concerned, in written statement, the Insurance Company has not pleaded that, the deceased was brother-in-law of the owner. Though in various documents referred by learned counsel for the Insurance Company i.e. statement of owner Anil Yadav Ex. D-1 and Ex. D-5, it has been stated that deceased was his brother-in-law (*Sala*), but in substantive evidence i.e. in cross-examination of owner Anil Yadav, recorded in instant case, he has clearly denied that, deceased was his brother-in-law. Rather, he has stated that, deceased was his neighbour and driver and he used to pay him monthly wage of Rs. 6,000/-. Claimant Archana Yadav (P.W. 1) has also stated that, she has no relation with owner of the vehicle. It is also pertinent to mention here that, in villages, it is normal practice that villagers address each other by some relations, but only because of such slang relation, actual





relationship of जीजा-साला cannot be held proved without cogent evidence and such cogent evidence has not been brought by the Insurance Company to hold proved that, deceased was actual brother-in-law of Anil Yadav, owner of offending vehicle. Rather, from the deposition of Archana Yadav, (P.W. 1) and Anil Yadav (P.W. 2), it is proved that, deceased was working as driver of offending vehicle of Anil Yadav and was being paid monthly salary. As such, it is held that, there was employer – employee relationship between Anil Yadav, owner of the offending vehicle and the deceased. In view of above, it is found that learned trial Court has not erred in holding that there was employer-employee relation between owner Anil Yadav and the deceased.

15. As argued by learned counsel for the Claimants, facts of the case of **Shantabai Ananda Jagtap** (supra) relied upon by the Insurance Company is not similar to that of present case. In that case, the owner of the vehicle was not examined. Hence, that case does not help the Insurance Company in the facts-situation of instant case.

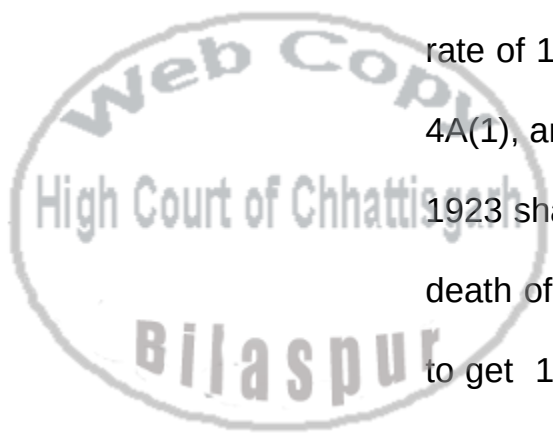
16. In view of above discussion, the finding of the Labour Court that, there was relation between Anil Yadav, owner of offending vehicle and the deceased as 'employer and employee', does not suffer from any perversity and the same is affirmed and the substantial question framed in this regard is answered in 'negative' i.e. in favour of Claimants and against the Insurance Company.



17. Now I shall deal with MAC No. 732/2016 filed by the claimants.
18. Aforesaid appeal was admitted for hearing on the following substantial question of law :-

“Whether learned Commissioner, Employees Compensation Act, 1923 erred in not awarding interest from the date when the compensation fell due in favour of appellants in terms of Section 4A(3) (a) of the Employees Compensation Act, 1923 ?”

19. Learned counsel for the claimants would submit that, Section 4A(3) of the Act of 1923 specifically provides for grant of interest at the rate of 12% per annum in the amount of award and as per Section 4A(1), amount of compensation payable under Section 4 of the Act, 1923 shall be paid as soon as it falls due and it became due after death of deceased employee, therefore, the claimants are entitled to get 12 % interest on the amount of compensation from the date of accident i.e. 16-1-2012.
20. Learned counsel for the owner also conceded that interest is payable from the date of accident, which has also not been controverted by learned counsel for Insurance company.
21. Learned counsel for the Insurance company relying on the decision of Supreme Court in **New India Issu. Company Limited Vs. Harshadbhai Amrutbhai Modhiya [(2006) 5 SCC 192]** and decisions of High Court of Jammu and Kashmir and Ladakh in case of **Mohd. Abdulla Vs. Manager, Tramboo Cement Industry**





Limited and anr. passed in **MA No. 155/2007** and other connected cases order dated 10-7-2023, would submit that the Insurance Company cannot be held liable to pay the interest on the amount of compensation.

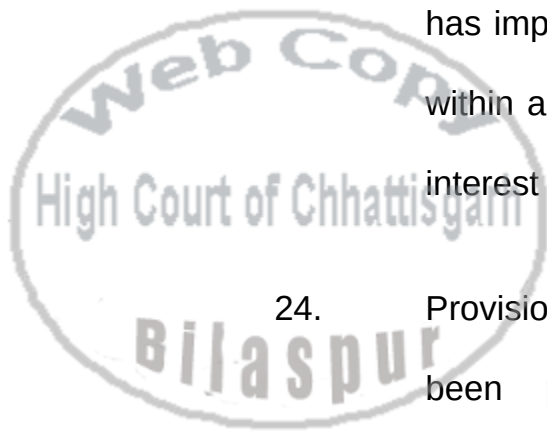
22. I have heard learned counsel for the parties and perused the material available on record as well as the record of the Labour Court.

23. Perusal of impugned award shows that, though Labour Court has granted interest at the rate of 12% from the date of accident, but has imposed condition that, if amount of compensation is not paid within a period of 45 days from the date of award, then aforesaid interest shall be payable.

24. Provision for payment of interest on amount of compensation has been provided in Section 4A(3)(a) of the Employee's Compensation Act 1923. Section 4A(3) of the Act of 2023 runs as under:-

"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."

25. Rate of interest payable in the amount of compensation has been already provided in Section 4A(3)(a) of the Act of 1923. So far as starting point for payment of interest is concerned, this issue has further been considered by Hon'ble Apex Court 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, in which, it has been held that:-

"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. ..."

26. This issue is no more res integra as Hon'ble 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. Hon'ble the Supreme Court in paragraph 5 & 6 has held 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) 12 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 [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."

27. In view of the aforesaid law laid down by Apex court, it is abundantly clear that, award of compensation falls due on the date of occurrence/ accident and computation of interest begins from the date, it fell due i.e. the date of accident and not the date of award till its realization. In the instant case, learned Labour Court has granted interest from the date of accident, if amount of compensation is not paid within 45 days. Such condition cannot be imposed by the Labour Court, as claimants have statutory right to



get interest on the amount of compensation at the rate of 12 % per annum from the date of occurrence of accident till its final payment. As such, the claimants are entitled to get interest at the rate of 12 % per annum from the date of accident i.e. 16-1-2012 till final payment of award amount.

28. So far as contention of learned counsel for the Insurance Company that, the insurance company cannot be made liable to pay the interest is concerned, it is also not sustainable, as interest is awarded under Section 4A(3) of the Act of 1923. Hon'ble supreme Court in the case of **Kamla Chaturved Vs. National Insurance Company** [(2009) 1 SCC 487], has held in para 7 as under :-



“7. In *Ved Prakash Garg v. Premi Devi* [*Ved Prakash Garg v. Premi Devi*, (1997) 8 SCC 1] this Court observed that the insurance company is liable to pay not only the principal amount of compensation payable by the insurer employer but also interest thereon if ordered by the Commissioner to be paid to the insured employee. The insurance company is liable to meet the claim for compensation along with interest as imposed on the insurer employer by the Act on conjoint operation of Sections 3 and 4-A(3)(a) of the Act. It was, however, held that it was the liability of the insured employer alone in respect of additional amount of compensation by way of penalty under Section 4-A(3)(b) of the Act.”

29. In view of above settled legal position, in case of accident out of use of motor vehicle causing death or injuries to employee, the



employer/ insurer of vehicle can't escape liability to pay the interest on principal award. In instant case, penalty has not been imposed by the Labour Court therefore, Insurance company is liable to pay the interest on the amount of compensation awarded in favour of the Claimants from the date of accident without any implication. As such, the condition imposed by the Labour Court that, interest of 12% per annum shall be payable, if amount of compensation is not paid within 45 days from the date of award, is set aside.

30. In view of above discussion, the substantive question of law framed in this regard is answered as 'affirmative'.

31. In the result, MAC No. 732/2016 is allowed and the impugned award is modified to the extent of payment of simple interest @ 12% per annum from the date of accident i.e. 16-1-2012 till the date of actual payment on the original award of Rs. 5,06,064/-.

32. The National Insurance Company is directed to deposit the aforesaid amount of interest within one month from the date of this order before the learned Labour Court, failing which, the said amount shall be realized through process of Court. After deposit of said amount, it shall be disbursed in favour of claimant.

33. MAC No. 958/2016 filed by the Insurance Company is dismissed.

Sd/-

(Naresh Kumar Chandravanshi)

JUDGE