IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 20.02.2018

CORAM

THE HON'BLE MR. JUSTICE M.GOVINDARAJ

C.M.A.No.3138 of 2013

1. R.Allirani
2. R.Manikandan
3. R.Sabarinathan
(2nd and 3rd appellants are minors
Rep.by their mother, the 1st appellant
herein)

4. P.Mangalam ...Appellants

vs.

1. Saravanan
2. National Insurance Company Limited,
   Umbarson Street,
   G.T.Branch, "Zenith House",
   Broadway,
   Chennai - 600 108.

3. The Deputy Commissioner of Labour-1,
   Teynampet, Chennai - 600 006. ... Respondents

Civil Miscellaneous Appeal filed under Order 30(1) of the Workmen's Compensation Act, 1923, against the order passed by the 3rd respondent in W.C.No.221 of 2010 on 08.02.2013.

For Appellants : Mr.K.Ethirajalu

For Respondents : M/s.S.Vadivel for R2

J U D G M E N T

Aggrieved over the order passed by the 3rd respondent in W.C.No.221 of 2010 on 08.02.2013 the appellants have come before this Court with this Civil Miscellaneous Appeal.

2. The claimants preferred the appeal on the following questions of law:-

"The Substantial question of law is that the Deputy

Commissioner of Labour-I, Chennai ought to have ordered under Section 4-A (3) of the Workmen Compensation Act 1923 that the awarded compensation amount has to be deposited along with 12% interest calculating from the 30 days from the date of accident".

3. The authorities under Workmen Compensation Act while passing orders in W.C.No.221 of 2010 dated 08.02.2013 has directed the second respondent Insurance Company to deposit a sum of Rs.3,86,790/- as compensation within 30 days failing which the claimants are entitled to interest @ 12% p.a.

4. According to the learned counsel for the appellants as per Section 4(A)(3) of the Employee's Compensation Act 1923 the appellants are entitled to interest after 30 days from the date of accident.

5. I have considered the materials on records placed before this Court.

6. The issue involved in this appeal is settled by a decision of the Larger Bench of the Hon'ble Supreme Court in Pratap Narain Singh Deo vs Shrinivas Sabata and another reported in 1976 A.C.J.141, wherein, the Hon'ble Supreme Court has held that if the word “falls due” as specified under Section 4-A of the Employee's Compensation Act, 1923, denotes the date of accident and not the date of order passed by the authority, the claimant is entitled for interest after 30 days from the date of accident.

7. It is well settled that Section 4(A)(3)(a) reads as under:-

(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 per cent 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

Therefore on adjudication the authority should have awarded interest @ 12% per annum from the date it fell due.

8. A Division Bench of this Court in N.Ganesan Vs. Thilagavathi and another reported in 2010 (2) TN MAC 80 (DB) has also followed the above-mentioned judgment and has held as follows :-

"27. (i) The word "falls due"

> occurring under Section 4-A of the Workmen's Compensation Act, 1923 in the light of the ratio laid down in the Larger Bench decision of the Hon'ble Supreme Court of India reported in Pratap Narain Singh Deo v. Srinivas Sabata and another, 1976 (1) SCC 289 and Kerala State Electricity Board v. Valsala, K., 2000 ACJ 5 (SC), means that interest for compensation amount would accrue 30 days after the date of the accident and not from the date of quantification / orders passed by the Commissioner for Workmen's Compensation."

9. The principle is well settled by the Hon'ble Supreme Court and the authority should have ordered interest from the date the amount falls due (i.e) 30 days after the accident. But, in the impugned order, the authority has awarded interest, in default of deposit of award amount within a period of 30 days from the date of order. The impugned order is contrary to the statute and the judgment of the Supreme Court and High Courts. The claimants are entitled to interest after the lapse of 30 days from the date of accident. Accordingly, the second respondent Insurance Company is directed to deposit interest on the compensation awarded at the rate of 12% p.a. from the 31st day of the accident till the date of deposit within a period of four weeks from the date of receipt of a copy of this order.

10. With the above directions, this Civil Miscellaneous Appeal is allowed. No costs.

Sd/-
Assistant Registrar(Audit)

//True copy//

Sub Assistant Registrar

dpq

To

1.The Deputy Commissioner of Labour-1,
Teynampet,
Chennai - 600 006.

2.National Insurance Company Limited,
Umbarson Street,
G.T.Branch, "Zenith House",
Broadway,
Chennai - 600 108.

Copy TO

The Section Officer,
VR Section, High Court,
Madras-104

+1cc to Mr.S.Vadivel, Advocate SR.No.12855
+1cc to Mr.K.Ethirajalu, Advocate SR.No.12838

C.M.A.No.3138 of 2013

NRL(CO)
GN(23/04/2018)