IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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FAO-569-1999 (O&M) with XOBJC-121-CII-2013
Date of decision : 07.08.2025

United India Insurance Co. Ltd. ..... Appellant

versus

Nachhater Singh and another ..... Respondents

CORAM : HON'BLE MR. JUSTICE PANKAJ JAIN

Present: Mr. Ravinder Arora, Advocate
for the appellant.

Mr. J.C. Malik, Advocate
for respondent No.1/Cross-objectors.

Mr. Anupam Singla, Advocate
for respondent No.2.

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PANKAJ JAIN, J. (Oral)

1. Insurance company is in appeal. Claimant has filed cross objections.

2. Challenge is to the order passed by Commissioner under Workmen's Compensation Act dated 31.08.1998, whereby the claimant has been awarded compensation of Rs.49,085/- alongwith interest from the date of institution of the claim application alongwith penalty which is 25% of the amount of compensation.

3. Insurance company disputes its liability to pay the compensation while relying upon judgment passed by this Court in RSA No.1138 of 1998 dated 25.02.2019, whereby termination of the contract of insurance has been held to be valid. It is also not disputed that the

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said judgment was challenged before Supreme Court in Special Leave to Appeal No.12273 of 2019, which stands dismissed vide order dated 20.05.2025.

4. In view of the aforesaid circumstances, counsel for employer is not in a position to dispute that so far as liability of insurance is concerned, the same does not exist any more as the contract of insurance stands validity terminated. The appeal, i.e. FAO-569-1999 is accordingly allowed.

5. The cross-objections are at the behest of the claimant, who seeks enhancement of compensation. Counsel for the claimant claims that the permanent disability suffered by the claimant ought to have been converted into functional disability of 100% and compensation should have been paid accordingly. However, counsel for the claimant does not dispute that even after suffering injuries and disability in the present accident, the claimant continued to be in employment of Pepsu Roadways Transport Corporation.

6. In view thereof, ratio of law laid down by Supreme Court in ***Pratap Narain Singh Deo vs. Srinivas Sabata (1976) 1 SCC 289,*** is not applicable to the present case. However, this Court finds that the Commissioner erred in granting interest to the claimant only @ 6% per annum which in terms of Section 4-A ought to have been 12% per annum and should have been paid for the period commencing from 30 days after the accident till the date of actual realization. The interest rate is accordingly enhanced from 6% to 12% on the amount of compensation of Rs.49,085/-. Penalty of 25% has been rightly awarded which needs no enhancement.

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7. In view of above, cross-objections i.e. XOBJC-121-CII-2013 stands disposed off.

(PANKAJ JAIN)
JUDGE

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Whether speaking/reasoned : Yes

Whether Reportable : No

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