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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

FAO-1185-2000

Date of decision : 18.11.2025

KRISHAN CHAND CHHABRA

....Appellant

Versus

JUMMA AND ANOTHER

...Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present : Mr. Ashish Gupta, Advocate for
Mr. Sandeep Jasuja, Advocate
for the appellant.

Mr. D.K. Dogra, Advocate
for respondent No.2.

PANKAJ JAIN, J. (ORAL)

The only grievance raised by the appellant is *qua* liability to pay interest on the awarded compensation.

2. Counsel the respondent/Insurance Co. however submits that the employer remained *ex parte* before the Commissioner and thus, he has been rightly saddled with the liability to pay interest.

3. Having heard counsel for the parties and after carefully perusing the records of the case, this Court finds that the plea raised by owner/appellant is squarely covered by ratio of law laid down by Supreme Court in the case of **Ved Parkash Garg vs. Premi Devi (1997) 8 SCC 1**, observing as under:



“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 under Section 3 read with Section 4-A of the Compensation Act. All these provisions represent a well-knit scheme for computing the statutory liability of the employers in cases of such accidents to their workmen.

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So far as this penalty amount is concerned it cannot be said that it automatically flows from the main liability incurred by the insured employer under the Workmen's Compensation Act. To that extent such penalty amount as imposed upon the insured employer would get out of the sweep of the term 'liability incurred' by the insured employer as contemplated by the proviso to Section 147(1)(b) of the Motor Vehicles Act as well as by the terms of the Insurance Policy found in provisos (b) and (c) to sub-section (1) of Section II thereof. On the aforesaid interpretation of these two statutory schemes, therefore, the conclusion becomes inevitable that when an employee suffers from a motor accident injury while on duty on

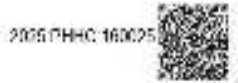


the motor vehicle belonging to the insured employer, the claim for compensation payable under the Compensation Act along with interest thereon, if any, as imposed by the Commissioner Sections 3 and 4-A(3) (a) of the Compensation Act will have to be made good by the insurance company jointly with the insured employer. But so far as the amount of penalty imposed on the insured employer under contingencies contemplated by Section 4-A(3) (b) is concerned as that is on account of personal fault of the insured not backed up by any justifiable cause, the insurance company cannot be made liable to reimburse that part of the penalty amount imposed on the employer. The latter because of his own fault and negligence will have to bear the entire burden of the said penalty amount with proportionate interest thereon if imposed by the Workmen's Commissioner.”

4. The Commissioner saddled the employer with the liability to pay interest observing as under:

“I also award a simple interest @ 12% P.A. on the said awarded amount of compensation from the date of filing the petitioner i.e. 16/7/98 till the date of order. The respondent No. 1 is liable to pay the said awarded amount of interest.”

5. As per dictum of law laid down in **Ved Parkash Garg’s case (supra)**, the observation made by Commissioner saddling the employer with liability to pay interest, cannot be sustained. The same is modified to the extent that the liability to pay interest shall be borne by the Insurance Company/respondent No.2 and not by the appellant.



6. With the aforesaid modification, the appeal is disposed off.

November 18, 2025					(Pankaj Jain)
Dpr					Judge
	Whether speaking/reasoned	:		Yes/No	
	Whether reportable	:		Yes/No	