



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

FAO-1198-1995

Date of decision : 22.01.2026

STATE OF HARYANA AND ANR

...Appellant

Versus

JAGROSIAN

...Respondent

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present : Mr. Paramjeet Singh, DAG, Haryana.

PANKAJ JAIN, J. (ORAL)

State of Haryana is in appeal.

2. The only argument raised by counsel for the appellant is w.r.t. rate of interest and penalty awarded by the Commissioner.
3. Both the issues are governed by Section 4A of the Employee's Compensation Act, 1923 which reads as under:

4A. Compensation to be paid when due and penalty for default.—(1) Compensation under section 4 shall be paid as soon as it falls due.

(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.

[(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

(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.

Explanation.—For the purposes of this sub-section, “scheduled bank” means a bank for the time being included in the Second Schedule to the Reserve Bank of India Act, 1934.

[(3A) The interest and the penalty payable under sub-section (3) shall be paid to the [employee] or his dependant, as the case may be.]

4. Keeping in view the mandate of statute, this Court finds no reason to interfere in the quantum of compensation, interest and penalty as ordered by the Commissioner.
5. Finding no merit in the present appeal, the same is ordered to be dismissed.

January 22, 2026

Dpr

(Pankaj Jain)

Judge

Whether speaking/reasoned

:

Yes/No

Whether reportable

:

Yes/No