235

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

FAO-3063-2007
Date of decision : 19.01.2026

KULDEEP SINGH ....Appellant

Versus

JAGDISH NARAYANJI GADHAVI AND ANR. ...Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present : Mr. Vipul Sharma, Advocate for
Mr. Ashwani Arora, Advocate
for the appellant.

Mr. Lalit Garg, Advocate
for respondent No.2/Insurance Co.

PANKAJ JAIN, J. (ORAL)

Claimant is in appeal aggrieved of the order dated 26.04.2007 passed by Commissioner under Workmen's Compensation Act, 1923 (now known as the Employee's Compensation Act, 1923 and hereinafter referred to as the '1923 Act').

2. The only grievance raised is w.r.t. interest granted by the Commissioner which is not in consonance with the statutory mandate.

3. Para 15 of the impugned order reads as under:

> 15. Based on above discussion, the claim application succeeds. The respondents are found to pay an amount of Rs.5,31,288/- to the claimant-applicant within 30 days from the date of this order, failing which they would also be liable to pay interest @ 12 per annum from the date of accident till actual payment.

5. Section 4A of 1923 Act, 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.]

6. In view of the mandate of the statute, Para 15 of the award passed by the Commissioner is modified to the extent that claimant shall also be entitled for interest @ 12% per annum on the amount of compensation awarded by the Commissioner, for the period commencing from 30 days after the accident till the date of actual realization.

6.1. Rest of the award is maintained.

7. Mr. Garg however, submits that the appellant has not pleaded so in his grounds of appeal.

8. The argument is misconceived in view of Para 5 of the grounds of appeal.

9. In view of thereof, the appeal is allowed and the order passed by the Commissioner is modified to the aforesaid extent.

January 19, 2026 **(Pankaj Jain)**
Dpr **Judge**

Whether speaking/reasoned : Yes/No

Whether reportable : Yes/No