IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

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FAO No.1130 of 2015 (O&M)
Date of Decision: 07.07.2026

THE DIVISIONAL MANAGER, NORTHERN RAILWAY, DRM COMPLEX, AMBALA CANTT. AND ANR. ......Appellant

Vs

JASBIR KAUR ....Respondent(s)

CORAM: *HON'BLE MR. JUSTICE HARKESH MANUJA*

Present: Mr. Akashdeep Singh, Advocate
for the appellants.

Mr. Ishan Cooner, Advocate
for the respondent.

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HARKESH MANUJA, J. (Oral)

1. By way of present appeal, challenge has been laid to the order dated 29.09.2014 passed by the learned Commissioner under the Employees' Compensation Act, 1923, whereby the appellants have been directed to pay interest @12% per annum on the delayed payment of enhanced compensation amounting to Rs.2,85,360/- for the period from 09.10.2010 to 02.07.2012.

2. The undisputed facts are that deceased Gurbax Singh, while working as a Trackman/Gangman with the appellant-Railway Administration, suffered a fatal accident during the course of his employment on 08.09.2010. Compensation was initially computed by taking the statutory wage ceiling at Rs.4,000/- per month and was released accordingly. Subsequently, on the basis of the amendment notified by the Central Government enhancing the wage ceiling from Rs.4,000/- to Rs.8,000/- with effect from 31.05.2010, the balance compensation of Rs.2,85,360/- was paid to the respondent.

3. The respondent thereafter filed an application seeking statutory interest on the delayed payment of the enhanced compensation. The learned Commissioner allowed the said application and directed payment of interest at the rate of 12% per annum. Aggrieved thereof, the present appeal has been preferred.

4. Learned counsel appearing for the appellants contends that the learned Commissioner travelled beyond his jurisdiction in entertaining a separate application for grant of interest. It is further argued that there was no intentional delay on the part of the Railway Administration since the revised wage ceiling was implemented only after receipt of instructions from the Railway Board, and immediately thereafter the enhanced compensation was calculated and released. It is thus submitted that no liability to pay interest could have been fastened upon the appellants.

5. Per contra, learned counsel for the respondent submits that the amendment enhancing the wage ceiling came into force on 31.05.2010, much prior to the death of the deceased on 08.09.2010. Consequently, the compensation became payable on the basis of the amended provisions immediately upon the occurrence of the accident and the employer could not escape statutory liability by pleading administrative delay or internal correspondence.

6. I have heard learned counsel for the parties and perused the paper-book.

7. The controversy involved in the present appeal is no longer *res integra*. Section 4-A of the Employees' Compensation Act casts a statutory obligation upon the employer to pay compensation as soon as it falls due. The expression "falls due" has been authoritatively interpreted by the Hon'ble Supreme

Court in ***Pratap Narain Singh Deo v. Srinivas Sabata*** reported as ***1976 (1) SCC 289,*** to mean that the liability to pay compensation arises immediately on the occurrence of the accident resulting in injury or death and not upon its determination by the Commissioner. The aforesaid principle has been consistently reiterated by the Hon'ble Supreme Court in ***Kerala State Electricity Board v. Valsala K.,*** reported as ***1999 (8) SCC 254*** wherein it was held that the rights and liabilities of the parties are governed by the law in force on the date of the accident.

8. In the present case, the amendment enhancing the wage ceiling to Rs.8,000/- per month was brought into force with effect from 31.05.2010. Admittedly, the accident resulting in the death of the employee occurred subsequently on 08.09.2010. Therefore, the compensation payable was necessarily required to be computed in accordance with the amended statutory provisions. The appellants cannot be permitted to contend that the benefit of the amendment became payable only upon receipt of internal administrative instructions from the Railway Board. Executive communications or departmental circulars cannot postpone the operation of a statutory notification already brought into force by the Central Government. The contention that there was no delay because the departmental authorities received the clarification subsequently deserves outright rejection. Delay attributable to administrative procedure cannot dilute or postpone the statutory liability imposed under Section 4A of the Act.

9. The learned Commissioner has rightly recorded that the amended provisions had already come into effect before the death of the employee and, therefore, the appellants were under a statutory obligation to pay compensation calculated on the amended wage ceiling within the prescribed period.

10. Furthermore, the contention that the Commissioner lacked jurisdiction to entertain a separate application seeking interest is equally devoid of merits.

11. Interest under Section 4-A(3) is not discretionary but statutory in nature. The learned Commissioner, being the authority entrusted with adjudication under the Act, possesses complete jurisdiction to determine the employer's liability arising out of delayed payment of compensation. Merely because the principal amount of compensation had already been paid would not extinguish the statutory right of the claimant to seek interest on the delayed payment thereof. The application filed by the respondent was only for enforcement of a statutory consequence flowing from delayed payment and was, therefore, perfectly maintainable. The Hon'ble Supreme Court in ***Ved Prakash Garg v. Premi Devi 1997 INSC 671,*** has categorically held that interest payable under Section 4A is a statutory liability arising on account of delayed payment of compensation. Once delay beyond the prescribed period is established, the consequence contemplated by the statute necessarily follows.

12. The submission that the enhanced amount was released after departmental clarification also does not assist the appellants. The liability to pay interest is founded not upon the conduct of the employer but upon the factum of delayed payment of compensation which had already become due under law. The learned Commissioner has appreciated the evidence in its correct perspective and has rightly concluded that the enhanced compensation ought to have been paid within one month from the date it became due. Since admittedly the enhanced compensation was paid much later, the respondent became entitled to statutory interest. No perversity, illegality or jurisdictional error has been pointed out in the impugned order warranting interference under Section 30 of the Employees'

Compensation Act. The findings recorded by the learned Commissioner are based upon undisputed facts and correct application of the statutory provisions.

13. Consequently, the present appeal being devoid of merit is hereby dismissed. The order dated 29.09.2014 passed by the learned Commissioner directing the appellants to pay interest @12% per annum on the delayed payment of enhanced compensation is affirmed. Pending miscellaneous application(s), if any, shall also stand disposed of.

(HARKESH MANUJA)
JUDGE

July 07, 2026
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Whether speaking/reasoned Yes/No
Whether reportable Yes/No