

**FAO-7774-2016 (O&M) and
other connected appeal**

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2026:PHHC:068578



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

Date of decision : 04.05.2026

FAO-7774-2016 (O&M)
RELIANCE GENERAL INSURANCE CO LTDAppellant

Versus

KAMLA & ORS ...Respondents

FAO-4624-2017 (O&M)
KAMLA & ORSAppellants

Versus

UDAYBIR SINGH AND ANOTHER ...Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present: Mr. Sanjeev Kodan, Advocate
for the appellant in FAO-7774-2016.

Mr. Ram Kumar Saini, Advocate and
Mr. Ankit Saini, Advocate
for the appellants in FAO-4624-2017 and
for respondents No.1 and 2 in FAO-7774-2016.

Ms. Ruby Gupta, Advocate for
Mr. Sandeep Suri, Advocate
for respondent No.3 in FAO-7774-2016.

PANKAJ JAIN, J. (ORAL)

CM-13808-CII-2017 in FAO-4624-2017

This is an application filed under Section 5 of Limitation Act
seeking condonation of delay of 84 days in filing the instant appeal.



For the reasons recorded in the application, this Court is satisfied that the applicants/appellants have made out a sufficient cause for condonation of delay.

Consequently, the present application is allowed. The delay of 84 days in filing the instant appeal is hereby condoned.

Main Appeal

By way of this common judgment, I intend to dispose off the afore-captioned two appeals.

2. FAO No.7774 of 2016 is at the behest of the Insurance Company. FAO No.4624 of 2017 is at the behest of the claimants.

3. Claim petition was filed by claimants seeking compensation on account of death of Sonu Kumar, who died in a motor-vehicular accident dated 05.11.2014 while driving insured vehicle bearing No. HR20AC/2141. Claimants thus seek compensation under Employee's Compensation Act, 1923 (hereinafter referred to as '1923 Act') claiming that the deceased died in an accident arising out of and during the course of employment, the employer is liable to pay compensation.

4. Commissioner allowed the application taking monthly salary of the deceased as Rs.6,500/- and held the insurance company liable to pay the same.

5. Insurance Company is in appeal aggrieved of the liability fastened upon the insurer to pay the compensation.



6. Claimants are in appeal seeking enhancement of the compensation awarded by the Commissioner.

7. Mr. Kodan, counsel for the insurance company has raised two-fold submission. He submits that the alleged employer namely Udaybir Singh being uncle of the deceased Sonu Kumar, Sonu Kumar cannot be held to be an employee. He further submits that the driving licence was not produced before the Commissioner, yet the Commissioner allowed the petition seeking compensation.

8. Per contra, Mr. Saini would submit that there was no plea raised in the written statement filed by the insurance company before the Commissioner disputing its liability alleging breach of insurance policy. The driving licence never being in issue, the Commissioner rightly allowed the claim petition.

9. Faced with the situation, Mr. Kodan submits that notice under Section 134(c) of the Motor Vehicles Act, 1988 was issued to the employer asking him to furnish a copy of the driving licence.

10. On being asked as to whether the document was on record before the Commissioner, Mr. Kodan has not been able to give any satisfactory answer.

11. Having heard counsel for the parties, this Court finds that the argument raised by Mr. Kodan sans merit and cannot be accepted.



12. There being no dispute that Sonu Kumar died while driving the insured vehicle which met with an accident. Merely for the reason that he was related to the owner of the vehicle, employer-employee relationship cannot be ruled out.

13. The precise issue w.r.t. employer-employee relationship wherein the employee was related to the employee by blood came up for consideration before this Court in FAO No.1353 of 1998 titled as **Kashmir Kaur widow of Shri Jasbir Singh and another vs. Oriental Insurance Company Limited and another**, *decided on* 15.01.2026. The same was answered as under:

“[12] In view thereof, this Court finds that the Commissioner erred in relying upon a suggestion admitted by AW1 who is stranger to the affairs between deceased and respond No.2 to hold that there was no employeeemployer relationship between the parties. Mere blood relation between deceased and employer cannot oust the possibility of there being employee employer relationship between the parties. This Court is supported by the following view taken by a Co-ordinate Bench of this Court in ‘**Smt. Simran and others**’ case (supra):-

“6. In the considered opinion of this Court, the arguments raised are not sustainable. Firstly, the wife of the deceased stepped into the witness-box and stated in affirmative qua the relationship of the employer-employee. Merely because the plea taken was that the father was the employer would not be a ground as such to come to any implied conclusion that the father cannot employ the son. It is not disputed that the death was on account of a road accident while coming back from Gorakhpur, U.P. where the deceased-Phool Singh had gone while driving his Omni vehicle while dropping a patient. It was a positive



case that he was employed as a driver in the said vehicle. The wife-Simran had given her affidavit and was duly crossexamined. She stated that she and her children were living separately independently on the first floor of the house whereas the father-in-law used to stay on the ground-floor. It has also come on record that the father-in-law had divorced his wife. It is thus apparent that the father-in-law was living alone and was not staying with his son and daughter-in-law on the first floor. The father also appeared in the witness-box and was duly cross-examined and denied any such suggestion that the son was not the employee.

7. Merely because there was relationship of father and son and employer-employee would not be a ground to hold adversely on the ground that there was no employment inter se. Reliance has been rightly placed upon the judgment of the Uttarakhand High Court in **United India Insurance Company Ltd. Vs. Baljeet Kaur & another 2008 (20) SCT 234** wherein also interference was not done while noting that the employer was the driver of the vehicle of the father.

8. Reliance can also be placed upon the judgment of the Karnataka High Court in **New India Assurance Company Ltd. Vs. Gajanan D. Dengi & another 2008 (4) SCT 505**, wherein it was noticed that it was not uncommon amongst the business family to engage their own kith and kin on employment for doing the business or commercial activity. Therefore, the legal relationship of employer-employee could always be a consideration in kind especially while referring to the rural life-style where a person employs family members for the purpose of running tractor-trailer etc. Similar view was also taken by the **Karnataka High Court in Oriental Insurance Company Ltd. Vs. Ramesh & another 2016 ACJ 519**. In such circumstances, this Court is of the considered opinion that the findings recorded by the Commissioner does not suffer from any infirmity on this account.”

14. Regarding driving licence, there is no plea raised in the entire written statement filed by the insurance company before the Commissioner claiming breach of term(s) of insurance policy by the employer. Even if the notice produced by Mr. Kodan during the course of arguments is taken on its face value, the same cannot be entertained as



there is no foundational pleading to dispute the liability alleging breach of any term of the contract of insurance.

15. In view of above, this Court finds that the appeal filed by the insurance company (FAO-7774-2016) merits dismissal. The same is order to be dismissed.

16. The claimants are seeking enhancement of compensation. The Commissioner has taken monthly salary of the deceased as Rs.6,500/- whereas on the date of accident i.e., 05.11.2014, as per the notification issued by the Central Government under Section 4(1B) of the 1923 Act, the notified wages were Rs.8,000/- per month. Accordingly, the compensation needs to be re-worked as under:

$$\text{Rs.8,000/-} \times 50/100 \times 225.22 = \text{Rs.9,00,880/-}$$

17. That apart, the Commissioner erred in awarding interest only from 60 days after the passing of the order which is in teeth of the mandate of Section 4A of 1923 Act. Accordingly, the claimants are held entitled to interest @ 8% per annum for the period commencing from 30 days after the date of accident, i.e., 30 days after 05.11.2014 till the date of actual realization.

18. With the aforesaid modification in the impugned award passed by the Commissioner, the appeal preferred by the claimant i.e., FAO-4624-2017, is disposed off.



- 19. Pending application, if any, shall also stand disposed off.
- 20. A copy of this order be kept on the file of other connected case.

May 04, 2026
Dpr

(Pankaj Jain)
Judge

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No