

SUPREME COURT OF INDIA

Jaya Biswal & Ors.

Vs.

IFFCO Tokio General Insurance Company Ltd. & Anr.

C.A.No.869 of 2016

(V.Gopala Gowda and Uday Umesh Lalit,JJ.)

04.02.2016

JUDGMENT

V.Gopala Gowda,J.

(Arising out of S.L.P. (C) No. 1903 of 2015)

1. Leave granted.

2. The present appeal arises out of the impugned judgment and order dated 13.08.2014 passed in F.A.O. No. 472 of 2013 by the High Court of Orissa at Cuttack, wherein the learned single Judge reduced the amount of compensation awarded to the appellants by the learned Commissioner for Employees' Compensation from Rs.10,75,253/- to Rs.6,00,000/- and also waived the award of 50% penalty with interest.

3. The brief facts of the case required to appreciate the rival legal contentions advanced on behalf of the parties are stated here under:

“The elder son of appellant Nos. 1 and 2 worked as a truck driver with one Bikram Keshari Patnaik (respondent no. 2 herein). On 19.07.2011, he met with an accident while on his way to deliver wheat bags in the truck from Berhampur, Orissa to Paralakhemundi, Andhra Pradesh. He sustained severe injuries on the back of his head and died on the spot. The cleaner of the truck, who was present at the time of the accident, gave information regarding the accident to the Mandasa Police Station, Srikakulam, whose personnel reached the spot and conducted the inquest, prepared the panchnama and sent the body of the deceased for post mortem. The cleaner also informed the father of the deceased (Appellant No.1 herein), who made arrangements for taking the dead body of his son back to the native village for cremation. On 03.11.2011, the appellants, being the father, mother and younger brother of the deceased, filed claim petition W.C. Case No. 61 of 2011 before the Court of the Commissioner for Workmen's Compensation, Berhampur, Ganjam District. The claim of the appellants was that the deceased was aged around 26 years at the time of death

and had died while he was in and during the course of employment of respondent no. 2 herein. They claimed that he was getting monthly wages at Rs.4,000/- per month, daily bhatta (allowance) at Rs.200/- which comes to Rs.6,000/- per month, along with additional trip benefit amounting to Rs.3,000/-, the total amounting to Rs.13,000/- per month. On this basis, they claimed a lump sum of Rs.18, 00, 000/- as pecuniary damages towards loss of past and future wages and loss of earning. They claimed additional amount of Rs.20,000/- towards funeral expenses, Rs.30,000/- towards mental agony, physical shock and pain, and Rs.50,000/- towards expectation of life and Rs.1,00,000/- towards loss of estate, inconvenience and hardships caused to the family members of the deceased on account of the death of deceased.”

4. In response, the owner of the truck, respondent no.2 herein filed a Written Statement and denied his liability. He claimed that he was not liable to compensate the deceased as he had died on the spot due to his own negligence, as he had tried to enter the vehicle while it was in motion. Respondent no. 2 also contended that in any case he is not liable to pay the amount as claimed by the appellants. He submitted in the Written Statement that he has been paying only Rs. 100/- per day as wages, and Rs. 50/- per day as bhatta. Further, he had already given financial assistance to the father of the deceased for the cremation. The learned Employees Compensation - cum- Assistant Labour Commissioner considered the above aspect of the matter at length and arrived at the conclusion that the deceased was working in the employment of Respondent no.2 at the time of his death and that he had lost his life in an accident caused during and in the course of his employment with Respondent no.2. The learned Commissioner relied upon the testimony of the witnesses to construct the following chain of events leading up to the accident:

"The deceased was working as a driver in truck No. OR 15J-1047 owned by the O.P.I On 19-07-2011 at about 4.30 A.M., the deceased received personal back head injury near Sandhigam village by vehicular accident arising out of and in course of his employment as a driver of the truck No. OR 15J-1047 which was loaded with wheat bags. He along with the cleaner Sarada Prasana Patnaik loaded the said wheat bags on 18-07-2011 at about 11.30 P.M. at godown. On the way, they stopped and kept the vehicle and took the rest and slept there on 18-07-2011. Another truck bearing No. OR 07B-8791 which was also followed with the offending vehicle had also halted and stopped there along with them. They all had taken rest and slept there and got up early morning at about 4.30 A.M. on 19.07.2011 and started to proceed to Paralakhemundi for unloading the goods. While to proceed, the deceased had started the vehicle but the vehicle did not start. Hence, the deceased and the cleaner got down from the vehicle and checked the battery box and removed the wooden log piece kept for obstructing the right wheel of the said truck. After removal of the wooden log piece, the vehicle moved to run down. The deceased saw that the vehicle was moving ahead, he immediately climbed into the vehicle through the iron stepping of the truck, but unfortunately, he fell down from the truck and sustained severe and grievous bleeding injuries on the back side of the head and died at the spot. The vehicle proceeded few distance on the public road and capsized in the field. Thereafter, he and the cleaner of the vehicle saw the condition of the deceased and had consulted with the village

Revenue Officer of Sandigam village and told the fact. They immediately reported the matter to the police, Mandasa Police Station and informed the same to the O.P.I as well as to the father of the deceased."

5. Further, Respondent no.2 had also admitted before the learned Commissioner that the death of the deceased had occurred due to an accident arising out of and during the course of the employment for which a compromise was sought to be reached by Respondent no.2 with the appellants, to the amount of Rs.3,50,000/-. Accordingly, the learned Commissioner came to the conclusion that the deceased was an 'employee' within the meaning of the Employee's Compensation Act, 1923 (hereinafter referred to as the "E.C. Act") and had died in an accident arising out of and in the course of his employment under Respondent no.2. The learned Commissioner, relying on the date of birth of the deceased as 01.07.1984, as mentioned in the driver's license and Transfer Certificate, came to the conclusion that the age of the deceased was 27 years at the time of the accident. On the question of the monthly wages being earned by the deceased at the time of his death, the learned Commissioner concluded that the contentions advanced by Respondent no.2 that he was being paid wages of Rs. 100/- per day and bhatta of Rs. 50/- per day cannot be believed. The vehicle in which the accident had occurred possessed a National Route Permit, and the deceased often drove the vehicle to destinations outside the state. He was also a highly skilled workman. In the light of the said fact stated by the appellants, the wages of Rs.4, 000/- per month and bhatta of Rs.200/- per day and trip charges of Rs.3,000/- per month (i.e.Rs.13,000/- per month) seemed genuine. Accordingly, the learned Commissioner calculated the compensation as under:

Rs.8, 000/- (wage limited to) x 50% x 213.57 (27 years of age factor) = Rs.8,54,280/- The learned Commissioner further awarded an interest @ 12% per annum to the appellants from the date of accident, as well as Rs.20,000/- as the cost of proceedings, the total amount of compensation thus coming to Rs. 10, 75, 253/-.

6. Aggrieved by the same, the Insurance Company filed an appeal under Section 30 of the E.C. Act before the High Court of Orissa at Cuttack. The learned single Judge allowed the appeal and set aside the award passed by the learned Commissioner. The learned single Judge of the High Court held as under:

"Considering the submissions made by the learned counsel for the parties and keeping in view the findings of the Commissioner as given in the impugned award with regard to the quantum of compensation amount awarded and the basis on which the same has been arrived at, I feel, the interest of justice would be best served, if the awarded compensation amount of Rs.10,75,253/- is modified and reduced to Rs.6,00,000/- However the award of 50% penalty with interest @12% per annum is not proper and justified and the same is accordingly waived. Accordingly, the claimants are entitled to modified compensation amount of Rs.6,00,000/- on which no penalty or interest is payable. The impugned award is modified to the said extent only."

7. The present appeal has been filed by the appellants challenging the correctness of impugned judgment and order passed by the High Court.

8. Mr. Alakh Alok Srivastava, the learned counsel appearing on behalf of the appellants contends that the High Court committed a grave error in entertaining an appeal under Section 30(1) of the E.C. Act, which reads as under:

”30. Appeals (1) An appeal shall lie to the High Court from the following orders of a Commissioner namely:-

(a) an order as awarding as compensation a lump sum whether by way of redemption of a half-

monthly payment or otherwise or disallowing a claim in full or in part for a lump sum;”

The proviso to the Section reads as under:

”Provided that no appeal shall lie against any order unless a substantial question of law is involved in the appeal and in the case of an order other than an order such is referred to in clause (b) unless the amount in dispute in the appeal is not less than three hundred rupees...”

(emphasis laid by this Court)

9. The learned counsel contends that the High Court could not have entertained the appeal under Section 30(1) of the E.C. Act in the light of the fact that no substantial question of law was involved in the appeal. The learned counsel places reliance on a decision of this Court in the case of *T.S. Shylaja v. Oriental Insurance Co. & Anr.*¹, wherein this Court held that the High Court committed an error in entertaining an appeal against the decision of the Compensation Commissioner without answering or framing any substantial question of law. In that case, this Court held as under:

”10. The only reason which the High Court has given to upset the above finding of the Commissioner is that the Commissioner could not blindly accept the oral evidence without analyzing the documentary evidence on record. We fail to appreciate as to what was the documentary evidence which the High Court had failed to appreciate and what was the contradiction, if any, between such documents and the version given by the witnesses examined before the Commissioner. The High Court could not have, without advertng to the documents vaguely referred to by it have upset the finding of fact which the Commissioner was entitled to record. Suffice it to say that apart from appreciation of evidence adduced before the Commissioner the High Court has neither referred to nor determined any question of law much less a substantial

question of law existence whereof was a condition precedent for the maintainability of any appeal under Section 30. Inasmuch as the High court remained oblivious of the basic requirement of law for the maintainability of an appeal before it and inasmuch as it treated the appeal to be one on facts it committed an error which needs to be corrected."

10. The learned counsel further places reliance on the decision of this Court in the case of *National Insurance Co. Ltd. v. Mastan & Anr*², wherein it was held that an appeal under Section 30 of the E.C. Act would be maintainable subject to the limitations placed under Section 30 itself.

11. The learned counsel further contends that the High Court patently erred in waiving off the 50% penalty alongwith the 12% interest payable by Respondent No.1 in case of default without assigning the cogent reason. The learned counsel places reliance on a Four Judge Bench decision of this Court in the case of *Pratap Narain Singh Deo v. Srinivas Sabata*³, wherein this Court held that the amount of compensation is payable from the date of accident and not from the date of award. The same was reiterated by a Division Bench of this Court in the case of *Oriental Insurance Company Ltd.v. Siby George & Ors*⁴, wherein after referring to several decisions of the Court, it was held that:

"In the light of the decisions in *Pratap Narain Singh Deo* and *Valsala K.*, it is not open to contend that the payment of compensation would fall due only after the Commissioner's order or with reference to the date on which the claim application is made."

12. The learned counsel further contends that the High Court committed an error in reducing the amount of compensation awarded by the learned Commissioner without assigning any cogent reasons. Further, there Was no discussion in the impugned judgment as to whether there was any connection between the death of the deceased and the use of the offending vehicle. The learned counsel places reliance on the decision of this Court in the case of *Harijan Mangri Siddakka & Ors. v. Oriental Insurance Co. Ltd. & Anr*⁵, wherein it was held as under:

"We find that there is practically no discussion on the factual scenario as to whether there was any connection between the death and the use of the vehicle. It would depend upon the factual scenario in each case and there cannot be any strait jacket formula to be applied."

13. The learned counsel further contends that the deceased had died as a result of an injury sustained in an accident arising out of and in the course of employment. He placed reliance on the decision of this Court in *Mackinnon Mackenzie & Co. (P) Ltd. v. Ibrahim Mohd. Issak*⁶, wherein it was held as under:

"To come within the Act the injury by accident must arise both out of and in the course of employment. The words "in the course of the employment" mean "in the

course of the work which the workman is employed to do and which is incidental to it." The words "arising out of employment" are understood to mean that during the course of the employment, injury has resulted from some risk incidental to the duties of the service, when, unless engaged in the duty owing to the master, it is reasonable to believe the workman would not otherwise have suffered. In other words, there must be a causal relationship between the accident and the employment. The expression "arising out of employment" is again not confined to the mere nature of the employment. The expression applies to employment as such-- to its nature, its conditions, its obligations and its incidents. If by reason of any of those factors the workman is brought within the zone of special danger, the injury would be one which arises "out of employment." To put it differently, if the accident had occurred or account of a risk which is an incident of the employment, the claim for compensation must succeed, unless of course the workman has exposed himself to an added peril by his own imprudent act."

14. The learned counsel contends that the judgment of the High Court thus being wholly and patently erroneous is liable to be set aside and the order of award of compensation passed by the learned Commissioner be restored.

15. On the other hand, Mr. K.K. Bhat, the learned counsel appearing on behalf of the respondent Insurance Company contends that the High Court has been compassionate and reasonable in allowing even the amount of compensation it did award, considering the fact situation of the case on hand. In fact, the appellants are not entitled to any compensation whatsoever when the deceased himself was solely negligent and responsible for the accident which resulted in his death. The learned counsel places reliance on the three judge Bench decision of this Court in the case of *Khenyei v. New India Assurance Co. Ltd.*⁷, wherein it was held as under:

"In the case of contributory negligence, a person who has himself contributed to the extent cannot claim compensation for the injuries sustained by him in the accident to the extent of his own negligence "

16. The learned counsel further contends that the Insurance Company is not liable to pay the penalty in any case. He places reliance on the decision of this Court in the case of *Ved Prakash v. Premi Devi & Ors.*⁸, wherein this Court held as under:

"In other words the insurance company will be liable to meet the claim for compensation along with interest as imposed on the insured employer by the Workmen's Commissioner under the Compensation Act on the conjoint operation of Section 3 and Section 4-A Sub-section (3)(a) of the Compensation Act. So far as additional amount of compensation by way of penalty imposed on the insured employer by the Workmen's Commissioner under Section 4A(3)(b) is concerned, however, the insurance company would not remain liable to reimburse the said claim and it would be the liability of the insured employer alone."

17. We have heard the learned counsel appearing on behalf of both the parties. We are unable to agree with the contentions advanced by the learned counsel appearing on behalf of the respondent Insurance Company.

18. The E.C. Act is a welfare legislation enacted to secure compensation to the poor workmen who suffer from injuries at their place of work. This becomes clear from a perusal of the preamble of the Act which reads as under:

"An Act to provide for the payment by certain classes of employers to their workmen of compensation for injury by accident."

This further becomes clear from a perusal of the Statement of Objects and Reasons, which reads as under:

"..The growing complexity of industry in this country, with the increasing use of machinery and consequent danger to workmen, alongwith the comparative poverty of the workmen themselves, renders it advisable that they should be protected, as far as possible, from hardship arising from accidents. An additional advantage of legislation of this type is that by increasing the importance for the employer of adequate safety devices, it reduces the number of accidents to workmen in a manner that cannot be achieved by official inspection. Further, the encouragement given to employers to provide adequate medical treatment for their workmen should mitigate the effects to such accidents as do occur. The benefits so conferred on the workman added to the increased sense of security which he will enjoy , should render industrial life more attractive and thus increase the available supply of labour . At the same time, a corresponding increase in the efficiency of the average workman may be expected."

(emphasis laid by this Court)

Thus, the E.C. Act is a social welfare legislation meant to benefit the workers and their dependents in case of death of workman due to accident caused during and in the course of employment should be construed as such. Section 3 of the E.C. Act provides for employer's liability for compensation and reads as:

" 3 (1) If personal injury is caused to a workman by accident arising out of and in the course of his employment his employer shall be liable to pay compensation in accordance with the provisions of this Chapter"

(emphasis laid by this Court)

19. The liability of the employer, thus, arises, when the workman sustains injuries in an accident which arises out of and in the course of his employment. In the case of Regional

Director, *E.S.I. Corporation & Anr. v. Francis De Costa & Anr.*⁹, a Three Judge Bench of this Court held as under:

"In the case of *Dover Navigation Company Limited v. Isabella Craig* 1940 A.C. 190, it was observed by Lord Wright that- Nothing could be simpler than the words "arising out of and in the course of the employment." It is clear that there are two conditions to be fulfilled. What arises "in the course of the employment is to be distinguished from what arises "out of the employment." The former words relate to time conditioned by reference to the man's service, the latter to causality. Not every accident which occurs to a man during the time when he is on his employment, that is directly or indirectly engaged on what he is employed to do, gives a claim to compensation unless it also arises out of the employment. Hence the section imports a distinction which it does not define. The language is simple and unqualified. Although the facts of this case are quite dissimilar, the principles laid down in this case, are instructive and should be borne in mind. In order to succeed, it has to be proved by the employee that (1) there was an accident, (2) the accident had a causal connection with the employment and (3) the accident must have been suffered in course of employment."

20. The learned counsel appearing on behalf of the appellants has also rightly placed reliance on the decision of this Court in the case of *Mackinnon Mackenzie* (supra). In the facts of the instant case, the deceased was on his way to deliver goods during the course of employment when he met with the accident. The act to get back onto the moving truck was just an attempt to regain control of the truck, which given the situation, any reasonable person would have tried to do so. The accident, thus, fairly and squarely arose out of and in the course of his employment.

21. The next contention which needs to be dispelled is that the appellants are not entitled to any compensation because the deceased died as a result of his own negligence. We are unable to agree with the same. Section 3 of the E.C. Act does not create any exception of the kind, which permits the employer to avoid his liability if there was negligence on part of the workman. The reliance placed on the decisions of this Court on Contributory negligence like the Three Judge Bench decision in the case of *Mastaan* (supra) is wholly misplaced as the same have been passed in relation to the Motor Vehicles Act, 1988, and have no bearing on the facts of the case on hand. The E.C. Act does not envisage a situation where the compensation payable to an injured or deceased workman can be reduced on account of contributory negligence. It has been held by various High Courts that mere negligence does not disentitle a workman to compensation. Lord Atkin in the case of *Harris v. Associated Portland Cement Manufacturers Ltd*¹⁰. observed as under:

"Once you have found the work which he is seeking to be within his employment the question of negligence, great or small, is irrelevant and no amount of negligence in doing an employment job can change the workman's action into a non-employment job ... In my opinion if a workman is doing an act which is within the scope of his

employment in a way which is negligent in any degree and is injured by a risk incurred only by that way of doing it he is entitled to compensation."

The above reasoning has been subsequently adopted by several High Courts. In the case of *Janaki Ammal v. Divisional Engineer*¹¹, the High Court of Madras held as under:

"Men who are employed to work in factories and elsewhere are human beings, not machines. They are subject to human imperfections. No man can be expected to work without ever allowing his attention to wander, without ever making a mistake, or slip, without at some period in his career being momentarily careless. Imperfections of this and the like nature form the ordinary hazards of employment and bring a case of this kind within the meaning of the Act."

While no negligence on part of the deceased has been made out from the facts of the instant case as he was merely trying his best to stop the truck from moving unmanned, even if there were negligence on his part, it would not disentitle his dependents from claiming compensation under the Act.

22. Thus, what becomes clear from the preceding discussion is that the deceased died in an accident which arose in and during the course of employment. The learned counsel for the appellants has rightly placed reliance on the decision of this Court in the case of T.S. Shylaja (supra), wherein referring to proviso of Section 30 of the E.C. Act, this Court held as under:

"What is important is that in terms of the 1st proviso, no appeal is maintainable against any order passed by the Commissioner unless a substantial question of law is involved. This necessarily implies that the High Court would in the ordinary course formulate such a question or at least address the same in the judgment especially when the High Court takes a view contrary to the view taken by the Commissioner."

In the light of the well reasoned and elaborate order of award of compensation, the High Court could not have reduced the compensation amount by more than half by merely mentioning that it is in the 'interest of justice'. It was upon the High Court to explain how exactly depriving the poor appellants, who have already lost their elder son, of the rightful compensation would serve the ends of justice.

23. Since neither of the parties produced any document on record to prove the exact amount of wages being earned by the deceased at the time of the accident, to arrive at the amount of wages, the learned Commissioner took into consideration the fact that the deceased was a highly skilled workman and would often be required to undertake long journeys outside the state in the line of duty, especially considering the fact that the vehicle in question had a registered National Route Permit. The wages of the deceased were accepted as Rs.4,000/- per month + daily bhatta of Rs.6,000/- per month, which amounts to a total of Rs.10,000/-. The High Court did not give any reason on which basis it interfered with the finding recorded by the Commissioner on the aspect of monthly wages earned by the deceased. The impugned judgment does not even mention what according to the High Court, the wages of the

deceased were at the time of the accident. Such an unnecessary interference on part of the High Court was absolutely uncalled for, especially in light of the fact that the appellants Nos.1 and 2 are old and have lost their elder son and they have become destitutes. Further, under the Payment of Wages Act, 1936, the onus is on the employer to maintain the register and records of wages, Section 13A of which reads as under:

"13-A. Maintenance of registers and records-

(1) Every employer shall maintain such registers and records giving such particulars of persons employed by him, the work performed by them, the wages paid to them, the deductions made from their wages, the receipts given by them and such other particulars and in such form as may be prescribed.

(2) Every register and record required to be maintained under this section shall, for the purposes of this Act, be preserved for a period of three years after the date of the last entry made therein."

From a perusal of the aforementioned section it becomes clear that the onus to maintain the wage roll was on the employer, i.e. Respondent No.2. Since in the instant case, the employer has failed in his duty to maintain the proper records of wages of the deceased, the appellants cannot be made to suffer for it.

24. In view of the foregoing, the judgment and order of the High Court suffers from gross infirmity as it has been passed not only in ignorance of the decisions of this Court referred to supra, but also the provisions of the E.C. Act and therefore, the same is liable to be set aside and accordingly set aside.

25. The monthly wage of the deceased arrived at by the learned Commissioner was Rs.10,000/-. The date of birth of the deceased according to the Driver's License produced on record is 01.07.1984. The date of death of the deceased is 19.07.2011. Thus, according to Schedule IV of the E.C. Act, the 'completed years of age on the last birthday of the employee immediately preceding the date on which the compensation fell due', is 27 years, the factor for which is 213.57. Hence, the amount of compensation payable to the appellants is calculated as under:

$\text{Rs.10,000/-} \times 50\% \times \text{Rs.213.57} = \text{Rs.10,67,850/-}$. Funeral expenses to the tune of Rs.25,000/- are also awarded.

The total amount of compensation payable thus comes to Rs.10,92,850/-.

26. Further, an interest at the rate of 12% per annum from the date of accident, that is 19.07.2011, is also payable to the appellants over the above awarded amount. In light of the unnecessary litigation and the hardship of the appellants in spending litigation to get the compensation which was rightly due to them under the Act, we deem it fit to award the appellants costs as Rs. 25,000/-.

27. Appeal is accordingly allowed. The respondent- Insurance Company is directed to deposit the amount within six weeks from today with the Employees Compensation Commissioner. On such deposit, he shall disperse the same to the appellants.

Judgment Referred.

¹(2014) 2 SCC 0587

²(2006) 2 SCC 0641

³(1976) 1 SCC 0289

⁴(2012) 12 SCC 0540

⁵(2008) 16 SCC 0115

⁶(1969) 2 SCC 0607

⁷(2015) 9 SCC 0273

⁸(1997) 8 SCC 0001

⁹(1996) 6 SCC 0001

¹⁰1939 AC 0071

¹¹(1956) 2 LLJ 0233