(1993) 10 AP CK 0020

In the Andhra Pradesh High Court

Case No : A.A.O. No. 911 of 1991

Oriental Insurance Co. Ltd. — APPELLANT

Vs

Talla Shankar and Another — RESPONDENT

Date of Decision : 01-10-1993

Acts Referred:
Workmens Compensation Act, 1923 — Section 4A(1)

Citation : (1999) 3 LLJ 390

Hon'ble Judges : G. Radhakrishna Rao, J

Bench : Single Bench

Advocate : Kota Subba Rao, for the Appellant; Syed Noushad Hussain, for the Respondent

Final Decision : Allowed

Judgement

Radhakrishna Rao, J.—The main contention of the appellant insurance company, which preferred this appeal against the order of the learned Commissioner in W.C. Case No. C/9518/89, is that for the laches on the part of the employer by not paying the compensation amount within the stipulated time the insurance company cannot be made liable to pay interest on such delayed payment of compensation, and that the indemnity of the appellant-insurance company will only be to the extent of the statutory liability that was incurred as per law, and therefore, the interest of Rs. 2,817/- awarded by the learned Commissioner has to be excluded from the liability of the insurance company.

2. A reading of Sub-section (1) of Section 4A of the Workmen''s Compensation Act shows that the owner will pay the compensation to the workmen soon after the accident. Sub-section (3) provides that where the employer is in default in paying the compensation within one month from the date it fell due, the Commissioner may direct payment of simple interest at 6% per annum on the amount due in addition to the amount of arrears. Thus, it is clear that the above provisions imposed a statutory obligation on the employer to pay compensation soon after the accident.

3. In this case, the employer did not pay the compensation as soon as it fell due. Thus as per law, it is employer that has to face the consequence, if any, that may arise on account of such non-payment, and as the liability of the insurance company does not exceed more than the statutory liability, the insurance company cannot be burdened with the liability to pay interest on the amount, the payment of which was delayed due to the laches on the part of the owner. Thus, the insurance company is not liable to pay the interest awarded by the learned Commissioner. The same view was expressed in National Insurance Co. Ltd. Vs. Mohd. Mujataba Khan and Another, .

4. Therefore, the order of the learned Commissioner is modified by directing payment of compensation of Rs. 53,820/- to the workmen. The employer is liable to pay interest at the rate of 6% per annum thereon from the date of accident till deposit. But the insurance company is not liable to pay interest.

5. The C.M.A. is allowed to the extent indicated above. No costs.