

**New Labour Codes of India**  
**Professor K. D. Raju**  
**Rajiv Gandhi School of Intellectual Property Law**  
**Indian Institute of Technology, Kharagpur**  
**Lecture – 34**  
**Employees Compensation and Benefits**

Dear students, in this class we are going to discuss about employees' compensation and other benefits, the earlier Workmen Compensation Act of 1923 and the later on it become Employees Compensation Act. And now these provisions are added to the social security code. So, so we will see that, who is eligible for the benefit under this particular scheme.

(Refer Slide Time: 00:46)

**CONCEPTS COVERED**

- Employees' Compensation
- Benefit Schemes

©KDR/RGSOIPL/Labour Codes -2022

IIT Kharagpur NPTEL

**KEYWORDS**

- Compensation
- Employee
- Benefits
- Injury
- Occupational diseases
- Disability
- Dependant

©KDR/RGSOIPL/Labour Codes -2022

NPTEL

This slide features a list of keywords under a dark brown header. A circular video inset in the bottom right shows a man in a light orange shirt. The footer contains the copyright notice and the NPTEL logo.

And also the compensation when he is eligible for this particular compensation. What are the different benefits available under the particular scheme, and also these schemes available to certain special circumstances such as occupational diseases available to employees?

(Refer Slide Time: 01:07)

**Workmen Compensation Act, 1923 – Renamed as –**  
**The Employee's Compensation Act, 1923 – Repealed Under**  
**The Code on Social Security, 2020**

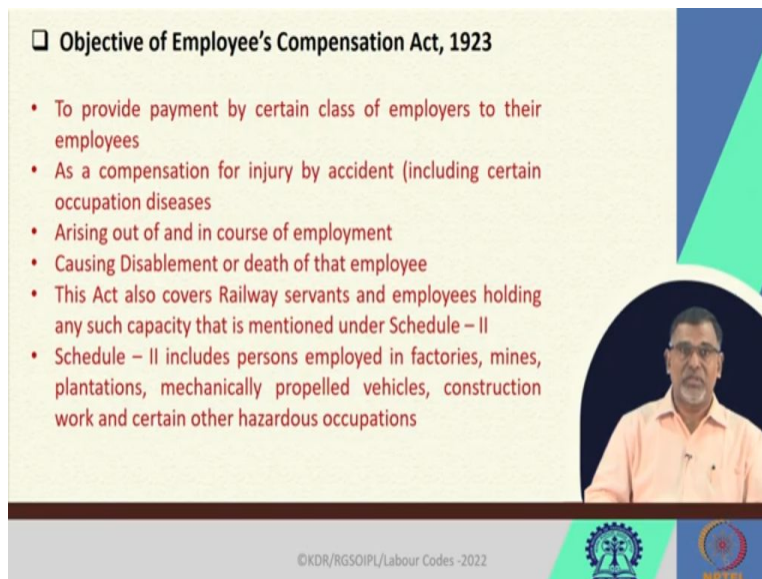
©KDR/RGSOIPL/Labour Codes -2022

NPTEL

This slide displays the text in a central, bold font. A circular video inset in the bottom right shows the same man in a light orange shirt. The footer contains the copyright notice and the NPTEL logo.

So, our discussion is confined to the employees compensation and various provisions.

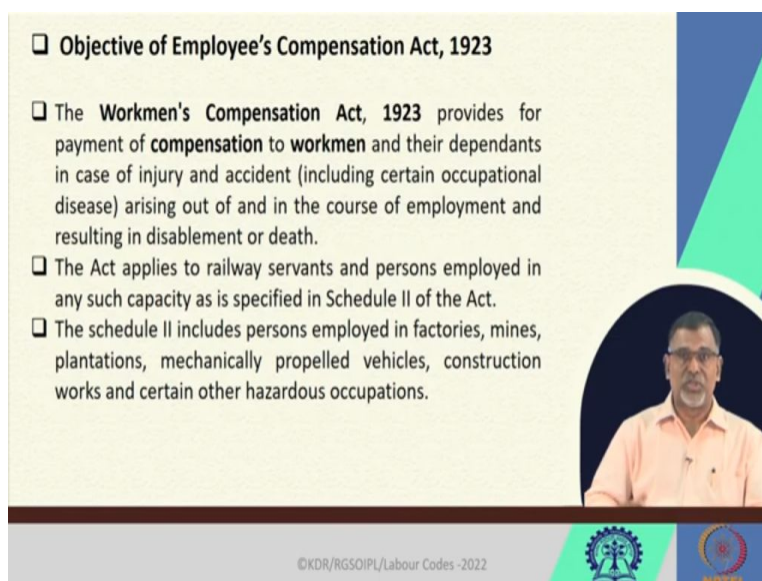

(Refer Slide Time: 01:13)



❑ **Objective of Employee's Compensation Act, 1923**

- To provide payment by certain class of employers to their employees
- As a compensation for injury by accident (including certain occupation diseases
- Arising out of and in course of employment
- Causing Disablement or death of that employee
- This Act also covers Railway servants and employees holding any such capacity that is mentioned under Schedule – II
- Schedule – II includes persons employed in factories, mines, plantations, mechanically propelled vehicles, construction work and certain other hazardous occupations


©KDR/RGSOIPL/Labour Codes -2022



❑ **Objective of Employee's Compensation Act, 1923**

- ❑ The **Workmen's Compensation Act, 1923** provides for payment of **compensation** to **workmen** and their dependants in case of injury and accident (including certain occupational disease) arising out of and in the course of employment and resulting in disablement or death.
- ❑ The Act applies to railway servants and persons employed in any such capacity as is specified in Schedule II of the Act.
- ❑ The schedule II includes persons employed in factories, mines, plantations, mechanically propelled vehicles, construction works and certain other hazardous occupations.

©KDR/RGSOIPL/Labour Codes -2022



Here we can see the objective of the Employees Compensation Act of 1923. It very clearly says to make payments to certain classes of employees and also the employers to their employees. So, basically, the payment is to be made by the employers to the employees in certain circumstances.

These circumstances include compensation for injury by accident; so, there must be an injury by accident. So, one of the case laws we saw is that whether it is personal injury, a person goes from the cooling room to the very hot room. So, if he contracted pneumonia, whether it was a personal injury; the court said yes, it was a personal injury.

So, he is eligible for compensation and also in certain cases for occupational diseases. So, we saw that the definition of occupational diseases; and most importantly, the last part it must be arising out of and in the course of employment. So, we will discuss the interpretation of this terminology arising out of the course of employment elaborately in the next class.

So, and also this Act is applicable to Railway servants and also employees holding any other capacity which is mentioned in schedule number 2. There are long categories of people are included under this particular Act. And also schedule two which includes persons employed in factories, mines, and plantations; so the mechanically propelled vehicles, construction work and all hazardous occupations as well.

So, that means the ambit of this particular legislation, these provisions are very bright. And also you can see that in most of the cases in case of death of the workmen, the dependents in case of injury due to this particular accident or occupational diseases. So, this person will get some kind of compensation.

(Refer Slide Time: 03:36)

□ **Sunita Devi v. Autar Singh, (2004) 104 FJR 1007 (Jhar)**

**Court Observation –**  
*“This Act is a piece of social security and welfare legislation. The intention of the Legislature was to protect the workman and to make the employer an insurer of the workman responsible against the loss caused by the injuries or death, which ought to have happened, while the workman was engaged in his work.”*

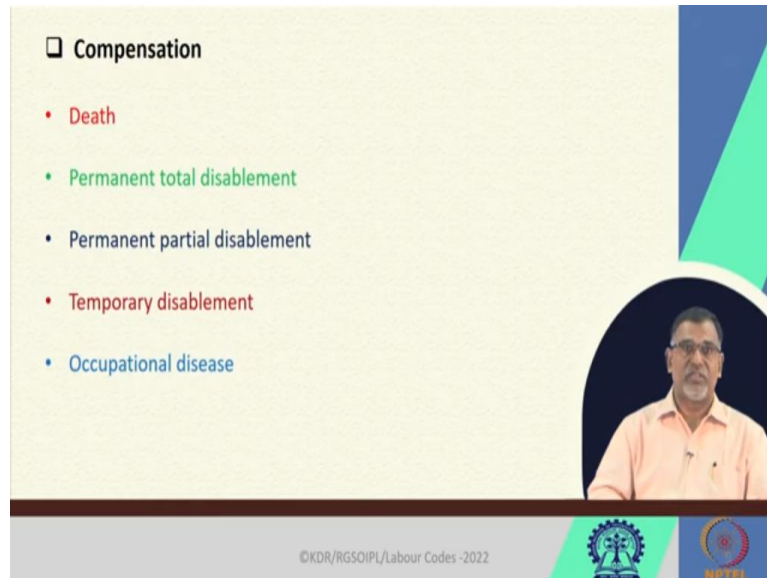
©KDR/RGSOIPL/Labour Codes -2022

The slide features a circular inset image of a man in a light orange shirt speaking. The background is light yellow with blue and green geometric shapes on the right side. Logos for KDR/RGSOIPL and NPTEL are visible at the bottom.

And so, we can see that some of the definitions are very clearly interpreted. So, what exactly is the objective of this particular Act? So, the Court interpreted the objective in Sunita Devi versus Autar Singh 2004. So, in this case, the court said that this Act is a piece of social security and welfare legislation; there is no doubt that this is social security legislation.

So, the intention of the legislature was to protect the workman and to make the employer and insurer of the workman responsible for the loss caused by the injuries or death, which ought to have happened while the workman was engaged in his work. So, there is no doubt that this is a piece of social security legislation; and the objective is to give some kind of compensation to the workmen by the employer.

(Refer Slide Time: 04:37)



So, the compensations in various cases will be paid. And first of all, it is the death of the employee. And secondly, there is permanent total disablement, then permanent partial disablement, temporary disablement and occupational diseases. So, we will see them one by one.

(Refer Slide Time: 05:04)

□ Amount of Compensation

- The amount of compensation to be paid depends on the nature of the injury and the average monthly wages and age of workmen.
- The minimum and maximum rates of compensation payable for death (in such cases it is paid to the dependents of workmen) and for disability have been fixed and is subject to revision from time to time.

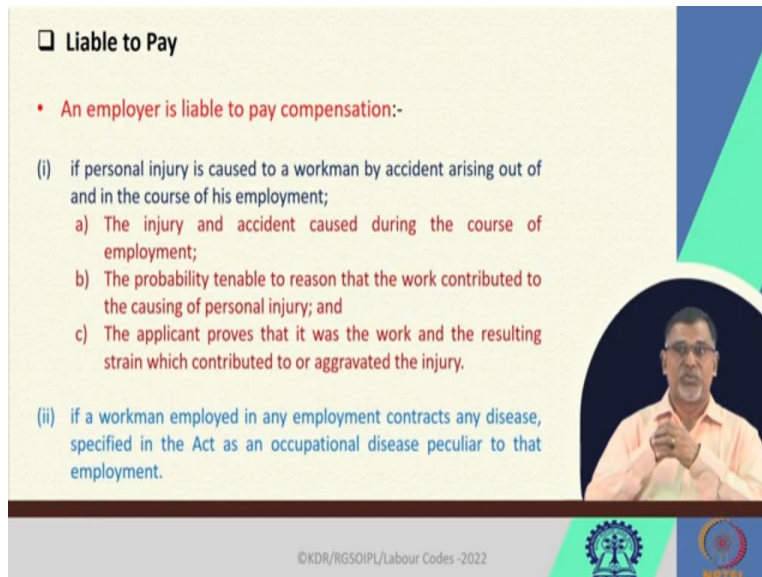
©KDR/RGSOIPL/Labour Codes -2022

The slide features a light yellow background with a blue and green geometric design on the right side. A circular inset in the bottom right corner shows a man in a light orange shirt speaking. At the bottom, there are logos for KDR/RGSOIPL and NPTL.

So, you can see that the amount of compensation paid depends upon the nature of the injury; and also the monthly wages and also the age of the workmen. So, there is a, we can see that there is a schedule which gives a calculator. So, that means if the age goes down, the compensation goes up; because the factor is to be published by the central government. So, from time to time the factor will be the amended change by the central government.

So, these factors are multiplied into we can say that the percentage of disability and the age, and also the factor to be multiplied; so, you get this compensation. And in case of death, the minimum and maximum rate of compensation; so, it is paid to the dependents of the workman and also the disability. So, what is the percentage of disability? So, these factors will be determined by the central government from time to time; and they will be published in the gazette.

(Refer Slide Time: 06:23)



**☐ Liable to Pay**

- An employer is liable to pay compensation:-
  - (i) if personal injury is caused to a workman by accident arising out of and in the course of his employment;
    - a) The injury and accident caused during the course of employment;
    - b) The probability tenable to reason that the work contributed to the causing of personal injury; and
    - c) The applicant proves that it was the work and the resulting strain which contributed to or aggravated the injury.
  - (ii) if a workman employed in any employment contracts any disease, specified in the Act as an occupational disease peculiar to that employment.

©KDR/RGSOIPL/Labour Codes -2022

NPTEL

So, in this set of cases, I would say that in all cases of workmen's compensation, the employer is liable to pay, except for the exceptions. So, the employer is liable to pay for personal injury. The interpretation of personal injury is wide enough to include all types of accidents, but the accidents must be arising out of the course of employment.

So, the injury must be in the course of employment; again the interpretation of the course of employment is wider enough. And we will see the jurisprudence with regard to the notional extension of this course of employment. So, the court has elaborated this the the the scope of the in the course of employment.

And also the work, the nature of the work contributed to this causing personal injury. That is one of the prime criteria in the case of occupational diseases. And the applicant has to prove that he was his work resulted in strain, which contributed to or aggravated the injury. So, whether the work is actually the cause of such injury will be determined by the medical boards.

So, here you can see that any workman or in the course of the employment contract. So, contracts any kind of disease specified in the occupational disease, the list of occupational diseases, very peculiar to that particular employment is also eligible for compensation under these particular provisions.

(Refer Slide Time: 08:16)

□ Occupational Diseases – EC Act, 1923

- If a workman employed in the employment specified in Schedule III of the Act contracts any occupational disease peculiar to that employment he becomes eligible for payment of compensation under the Act.
- The occupational diseases should be contracted while in the service of an employer in the specified employment.
- The Schedule III divides the occupational diseases in three parts, namely Part-A, Part-B and Part-C.

©KDR/RGSOIPL/Labour Codes -2022

The slide features a light yellow background with a blue and green geometric design on the right. A circular inset on the right shows a man in a light orange shirt speaking. At the bottom, there are logos for the Government of India and the Ministry of Labour and Employment.

And here, so occupational diseases are mentioned in the schedules. For example, asbestosis or silicosis is very specific to that particular industry; and such kind of employees are eligible for payment of compensation under the Act.

And these occupational diseases should be while in the contract of service; so, in the particular specified period of employment. So, we can see the schedules categorizes the Part-A, Part-B, and Part-C of the schedule categorizes different categories of occupational diseases. So, we can see the different occupational diseases; and in developed countries, I earlier also said that the lifestyle diseases are also increased in this particular list. But, in India, it is not included.



(Refer Slide Time: 09:30)

- **For diseases specified in Part-A –**  
There is no qualifying period of employment.
- **In case of diseases specified in Part-B –**  
A person should have been employed in the specified employment for a **continuous period of not less than six months** before the disease is contracted.
- **For the diseases specified in Part-C –**  
The qualifying period is specified by the Central Government for specific diseases:
  - a. Pneumoconiosis 7 years
  - b. Pagassosis 3 years
  - c. Byssinosis 7 yearsNo qualifying period is required to be specified.

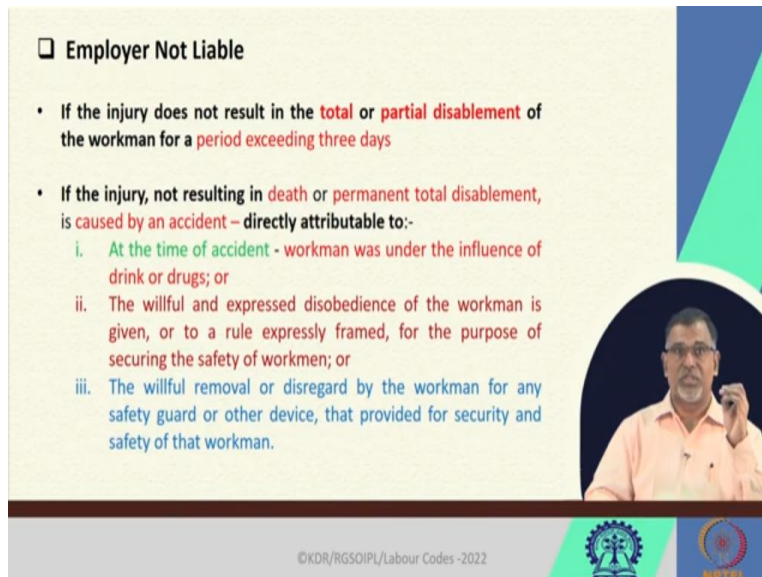
©KDR/RGSOIPL/Labour Codes -2022

And here we can see that there is an employment period with no qualifying period, where it is within one month or two months or within one year; it is not qualified. But, in certain cases, the particular period is mentioned. For example, the Part-B diseases; Part-B diseases is a specific employment period is required.

For example, in the case of Part B, it is a continuous period of not less than six months before the disease is contracted. So, and especially I said that in the case of occupational diseases, this is very much required; and also in Part-C also the qualifying period. For example, some of the diseases, whether it is Pagassosis 3 years, Byssinosis 7; years, and Pneumoconiosis 7 years.

So, a minimum of 7 years he will be should be in that particular industry; the disease-causing industry, then only you will be qualified to be. So and other cases, the qualifying period is not required. So, for only specific diseases, the qualifying period is required; and otherwise, the qualifying period is not required in employment.

(Refer Slide Time: 10:50)



**□ Employer Not Liable**

- If the injury does not result in the **total or partial disablement** of the workman for a **period exceeding three days**
- If the injury, not resulting in death or permanent total disablement, is **caused by an accident – directly attributable to:-**
  - i. **At the time of accident - workman was under the influence of drink or drugs; or**
  - ii. **The willful and expressed disobedience of the workman is given, or to a rule expressly framed, for the purpose of securing the safety of workmen; or**
  - iii. **The willful removal or disregard by the workman for any safety guard or other device, that provided for security and safety of that workman.**

©KDR/RGSOIPL/Labour Codes -2022

NPTEL

In certain cases, the employer is not liable. So, in the case of injuries not resulting in total or partial disablement of the workman for exceeding three days. So, if it is less than three days, it can be considered as negligible. So, if it is the minimum period prescribed in the Act is more than three days. So, the total or partial disablement whose period exceeds three days; then only it will be qualified for any kind of compensation under these particular provisions.

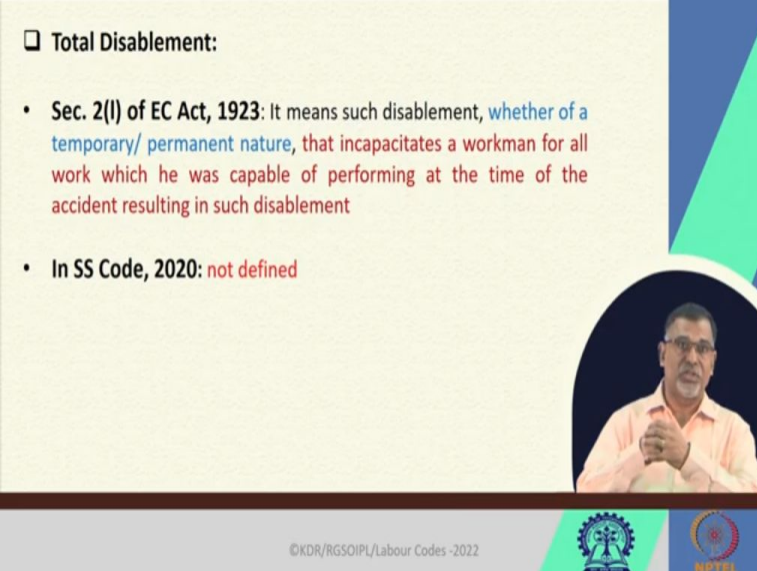
So, if the injury is not resulting in death or permanent total disablement is caused by an accident or directly attributable to that particular accident. So, if he is under the influence of drinks or drugs, then he is the employer is not liable to pay any compensation. And then, any kind of willful or express disobedience by the workman, so express instructions given by the employer.

So, the Express instruction given by the employer for the purposes of securing or safety of workmen is disobeyed. So, express disobedience by the workman, the rules framed for the safety of the workmen. If they disobeyed, also the employer is not liable to pay compensation. And also in the case of willful removal or disregard by the workman, any kind of safety measures, safety guards or any other devices.

So, if the employer if the employee is removing any kind of safety measures provided by the employer, specifically for the security and safety of the workman, then also the employer is not liable. So, the most important thing is, if the workman is under the influence of drinks or drugs

and also disregarding specific instructions of the employer with regard to safety and security; then the employer is not liable.

(Refer Slide Time: 13:21)



□ **Total Disablement:**

- **Sec. 2(l) of EC Act, 1923:** It means such disablement, *whether of a temporary/ permanent nature*, that incapacitates a workman for all work which he was capable of performing at the time of the accident resulting in such disablement
- **In SS Code, 2020:** *not defined*

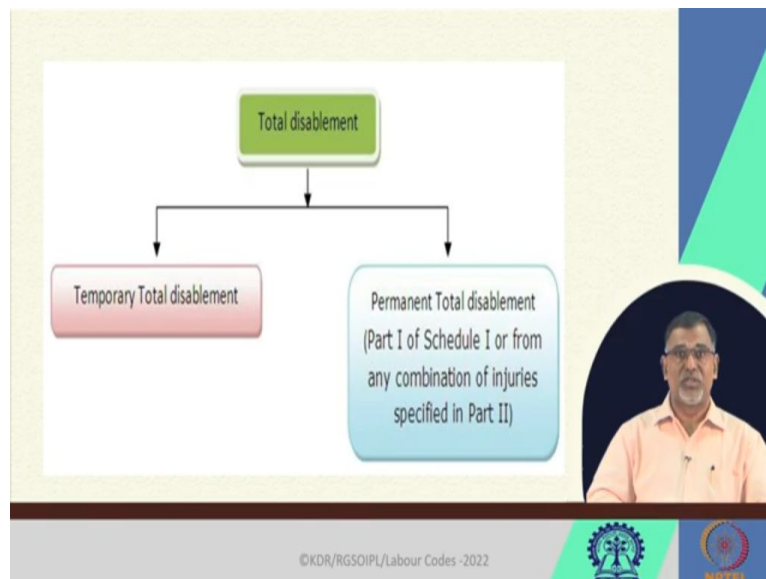
©KDR/RGSOIPL/Labour Codes -2022

The slide features a speaker in a circular inset on the right side, wearing a light-colored shirt and glasses, with his hands clasped. The background of the slide is light yellow with a blue and green geometric design on the right side. Logos for KDR and NITEL are visible at the bottom right.

And the total disablement is defined under Section 1923 Act. So, whether of a temporary or permanent nature, that incapacitates a workman for all work, which gives us capable of performing at the time of the accident resulting in such disablement.

So, if he is not able to do the work that he was doing at the time of the accident, it can be considered as temporary or permanent disablement; that is permanent or temporary or permanent nature. So, the Social Security Code is not defined what you mean by total disablement. So, the courts are going to, this going to discuss or going to relate this earlier definition of Section 2(1), under the Employees Compensation Act of 1923.

(Refer Slide Time: 14:14)



So, here as we already said that the total disablement is divided into temporary total disablement and permanent total disablement. So, you can see the schedules, schedules 1 and 2. So, the combination of injuries, what kind of combination of injuries can become under schedule 1. So, then it will be considered as total disablement and also temporary disablement.

(Refer Slide Time: 14:42)

❑ **Disablement: EC Act, 1923**

- **“Partial disablement”** refers to the **disablement of a temporary nature**, that **reduces the earning capacity of a workman in an employment in which he was engaged at the time of the accident resulting in the disablement**
- **“Permanent disablement”** refers to the **disablement of permanent nature**, that **reduces his earning capacity in every employment which he was capable of undertaking at that time**

**PROVIDED:** Every injury specified in Schedule I (Part II(1)) shall be deemed to result in permanent partial disablement;

©KDR/RGSOIPL/Labour Codes -2022

So, the disablement: you can see that partial disablement is discussed in the definition and in the 1923 Employees Compensation Act. So, partial disablement is disabled meant of a temporary

nature, purely of a temporary nature. So, that means if your earning capacity is reduced, so he was engaged at the time of that particular accident; so, that means his earning capacity is reduced after that particular incident or accident happened.

Then, it can be considered as partial disablement; so, the disablement of a temporary nature. In the case of permanent disablement, the disablement of permanent nature again reduces the earning capacity. In this very employment, when that is capable of undertaking at that point of time. So, every injury is specified in schedules 1 and 2 that is schedule 1 part 2, deemed to result in permanent partial disablement.

So, your disablement will come under this particular schedule 1. So, see, actually, where this disablement comes in the partial disablement or permanent disablement will decide the schedule 1. So, you have to look in the schedule, so where exactly your injury is fitting into. So, then only we can decide whether it is a partial disablement or the permanent disablement.

(Refer Slide Time: 16:17)

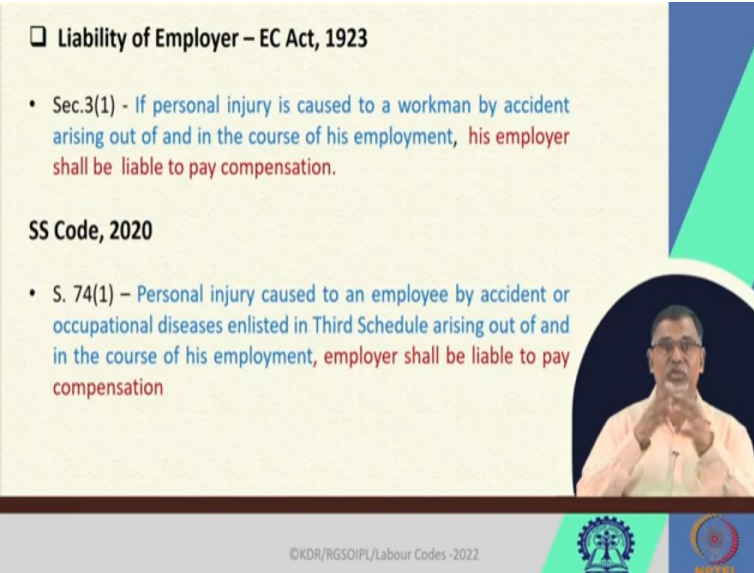
□ Who is Eligible: EC Act, 1923

- "workman"
- Means any person (other than a person whose employment is of a casual nature and who is employed otherwise than for the purposes of the employer's trade or business)

©KDR/RGSOIPL/Labour Codes -2022

And workman, so we saw the definition in the wages code as well. So, here it means any person, so other than a person who is employment is of a casual nature, and who is employed otherwise than for the purpose of the employer's trade or business. So, a very simple definition is given as a workman in the code, this Social Security Code.

(Refer Slide Time: 16:38)



□ **Liability of Employer – EC Act, 1923**

- Sec.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.

**SS Code, 2020**

- S. 74(1) – Personal injury caused to an employee by accident or occupational diseases enlisted in Third Schedule arising out of and in the course of his employment, employer shall be liable to pay compensation

©KDR/RGSOIPL/Labour Codes -2022

The slide features a circular inset image of a man in a white shirt speaking. The background is light yellow with blue and green geometric shapes on the right side. Logos for KDR/RGSOIPL and NPTEL are visible at the bottom.

And here if personal injury is caused to a workman by accident; so, again, we say the employer shall be liable to pay compensation in all cases of accident, which is happened during the course of employment. So, the Social Security Code also says section 74(1) says that; so it is almost the detail of the 1923 code.

So, but this includes occupational diseases enlisted in the third schedule, arising out of the course of employment. Expressly said that the occupational diseases must be from the schedule; so then the employer is liable to pay compensation.

(Refer Slide Time: 17:23)

□ Compensation in case of death or injury in plantation:  
S. 75 of SS Code, 2020

- If death or injury caused to any worker or his family member due to collapse of house that provided by Employer in plantation- Employer shall be liable under 6<sup>th</sup> Schedule

**PROVIDED** – That collapse is not the result of fault of occupant nor of natural calamity

©KDR/RGSOIPL/Labour Codes -2022

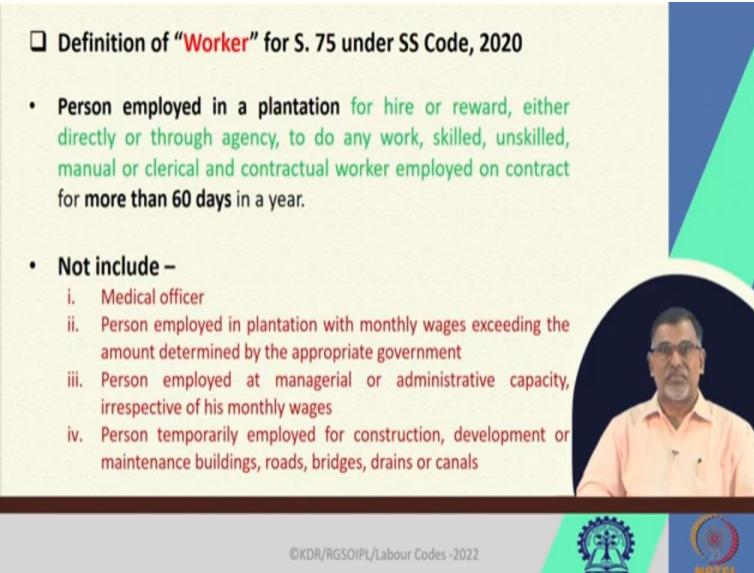
The slide features a speaker in a circular inset on the right side, wearing a light-colored shirt and glasses, gesturing with his hand. The slide has a light green background with a blue and green geometric design on the right side. At the bottom, there are logos for KDR/RGSOIPL and NPTEL.

And here in the case of compensation or death on the plantation, so, we already said that the earlier plantation Labour Act also covers this Employees Compensation Act. So, if any accident happened in a plantation during the course of employment, then the employee is eligible to get compensation from the employer. So, death or injuries are caused to the worker or his family member due to the collapse of a house that provided by the employer.

So, any family member also is eligible to get compensation under these particular specific provisions, in cases where plantations. In most of the plantations, the housing is provided by the employer within the plantation itself. So, in that case, the family members are also eligible to get compensation under this particular portion; and also the collapse of this particular house, maybe result from this particular occupant or a natural calamity.

Then, again they are not eligible. So, if the collapse happened due to a natural calamity, then the employer is not liable. So, if it is collapsed due to a lack of maintenance, then it can be attributable to the employer.

(Refer Slide Time: 18:44)



□ Definition of “Worker” for S. 75 under SS Code, 2020

- Person employed in a plantation for hire or reward, either directly or through agency, to do any work, skilled, unskilled, manual or clerical and contractual worker employed on contract for more than 60 days in a year.

• Not include –

- i. Medical officer
- ii. Person employed in plantation with monthly wages exceeding the amount determined by the appropriate government
- iii. Person employed at managerial or administrative capacity, irrespective of his monthly wages
- iv. Person temporarily employed for construction, development or maintenance buildings, roads, bridges, drains or canals

©KDR/RGSOIPL/Labour Codes -2022

Here again, we saw the definition of worker in the plantation, who is working in a person, who is working in the plantation for hire or reward directly or through an agency through, through to a contractor, to any work skilled; maybe skilled or unskilled, or maybe manual or clerical, or contractual worker; and employed for a contract more than 60 days.

So, if anybody is worked on a plantation for more than 60 days in a year is eligible to get compensation. So, if anybody is working on a plantation for more than 60 days, working any skilled work or unskilled work, or is in any other kind of work manual or clerical; they are eligible. But, a medical officer who is working in a hospital run by the plantation is not eligible.

So, a person employed in the plantation with monthly wages exceeding the amount; so, from time to time, the government put the ceiling, whether it is 15000 or 21000 or whatever it is. So, the above if anybody is getting; so, in the last class also we have mentioned that now, in most of the state governments, the minimum wages are going to be above 21000.

So, they are not eligible to get many of the Social Security benefits; so, the central government has to increase this to Rs.21000. So, the appropriate government, so the person employed monthly wages exceeding the ceiling; and also person those who are in a managerial or administrative capacity is not eligible. And person temporarily employed for construction, or



development, or maintenance of a particular building, road, bridge, drains or canals are not eligible.

But, we have case laws which very clearly say that even a person who is called for one day of work is eligible to get compensation under the Workman Compensation or Employees Compensation Act, 1923. So, I am very sure that the courts are going to take the same view under the Social Security Code as well. So, even though an employer called a person for one day of work, the employer is liable to pay compensation.

(Refer Slide Time: 21:09)

□ Amount of Compensation: S. 76 of SS Code, 2020

- Death caused from injury – Amount equal to 50% of monthly wages multiplied by relevant factor or Rs. 1,20,000/- whichever is more
- Permanent total disablement caused from injury – Amount equal to 60% of monthly wages multiplied by relevant factor or Rs. 1,40,000/- whichever is more

©KDR/RGSOIPL/Labour Codes -2022

The slide features a speaker in a circular inset on the right side. At the bottom, there are logos for the Ministry of Labour and Employment and the Government of India.


So, the amount of compensation is provided under Section 76 of the Social Security Code; so, in the case of death, so and also the amount is equal to 50 percent of the monthly wages. So, 50 percent of the monthly wages multiplied by a relevant factor; 50 percent of the monthly wages or minimum amount prescribed is 1,20,000 rupees, whichever is more.

So, it will depend upon what is your age at the time of death. So, if 50 percent of the monthly wages, I am very sure that will be multiplication in any case of, any minimum wages of any state, it is going to be more than 1,20,000 rupees. So, it is Rs 1,20,000 is the minimum which is given; or 50 percent of monthly wages multiplied by the factor, which is notified by the central government from time to time, or the state government from time to time.

And Permanent total disablement from the injury, 60 percent. So, in the case of death, you will get only 50 percent of the monthly wages. So, the legal heirs will get only 60, 50 percent of monthly wages into factors. But, in the case of permanent total disablement, 60 percent of monthly wages multiplied by the factor, or 1,40,000 rupees.

So, even though in the present-day context, these amounts look to be very less. It look like a very small amount, but you can see that it is multiplied by the factor; then, it is going to be a more amount which you are eligible to get.

(Refer Slide Time: 23:03)



- **Permanent partial disablement caused from injury –**
  - Injury specified in Fourth Schedule (Part II) – Amount = compensation payable for permanent total disablement as % of loss of earning capacity caused by injury**
  - Injury not specified in Fourth Schedule – Amount = % of compensation payable for permanent total disablement is proportionate to the loss of earning capacity permanently caused by injury**
- **Temporary disablement (Total/ Partial) caused from injury – half monthly payment = 25% of monthly wages of the employee**

©KDR/RGSOIPL/Labour Codes -2022

And permanent partial disablement, so injury. So, what is that in the case of the temporary permanent partial disablement or the temporary partial disablement, you have to look into the schedules. So, here the injury is specified in the Fourth Schedule part three, which talks about the amount of compensation payable for employment or total disablement as percentage of loss of earning capacity.

Loss of earning capacity caused by this particular injury. So, in the case of injury not specified in the Fourth Schedule, then the amount is equal to the percentage of compensation payable for permanent total disablement proportionate to the loss of earning capacity; proportional to the loss of earning capacity permanently caused by injury.

So, it means that in the case of temporary disablement, whether it is total or partial caused by a particular injury; half the monthly payment, is equal to 25 percent of the monthly wages of the employee. So, the calculation is very simple, in the case of permanent partial disablement or in temporary disablement.

(Refer Slide Time: 24:16)

□ Compensation for accident occurred outside India:

- In case of accident occurred outside India –

The competent authority shall fix the amount of compensation payable to an employee in accordance with the law of that country in which the accident is caused

©KDR/RGSOIPL/Labour Codes -2022

NPTL

The slide features a yellow background with a blue and green geometric design on the right side. A circular inset in the bottom right corner shows a man in a light orange shirt speaking. At the bottom, there are logos for KDR/RGSOIPL and NPTL.


So, in the case of accidents that occurred outside India; so, in the case of the competent authority shall fix the amount of compensation. So, in accordance with the law of the country in which the accident is caused. So, I am very sure that this is going to be it is fixing; this particular amount is going to be very difficult.

Because, first of all, the Indian courts or authorities are going to take notice of the law of another country; and what the calculation under the particular foreign country law is to be taken into consideration. So, which is always in the realm of private international law. So, this competent authority shall fix the amount of compensation in accordance with the law of the particular country, so, where the accident is caused. So, this may raise some practical problems in future with regard to the calculation of the compensation.


(Refer Slide Time: 25:21)

SCHEDULE I PART I LIST OF INJURIES DEEMED TO RESULT IN PERMANENT TOTAL DISABLEMENT		
Serial No.	Description of injury	% Percentage of loss of earning capacity
1	Loss of both hands or amputation at higher sites	100
2	Loss of a hand and foot	100
3	Double amputation through leg or thigh, or amputation through leg or thigh on one side and loss of other foot	100
4	Loss of sight to such an extent as to render the claimant unable to perform any work for which eye sight is essential	100
5	Very severe facial disfigurement	100
6	Absolute deafness	100

Schedule - I of EC Act, 1923



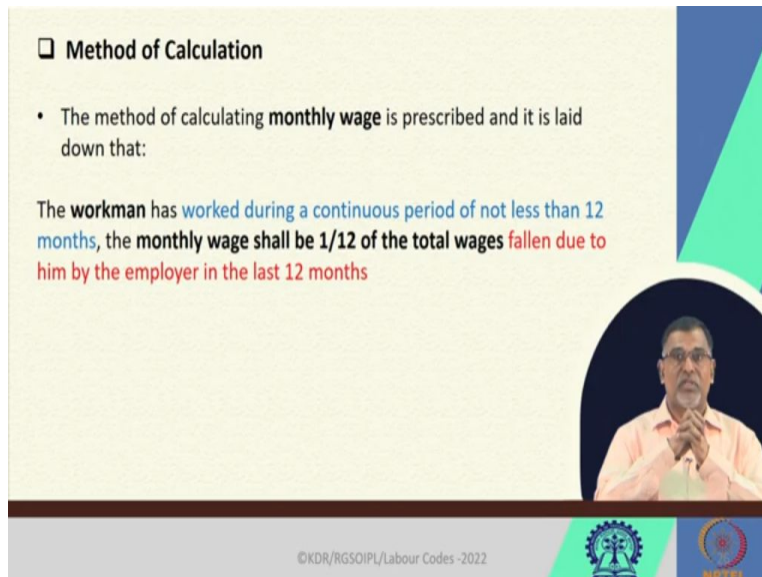
©KDR/RGSOIPL/Labour Codes -2022



So, you can see what is the percentage look like the schedule 1 of the Employees Compensation Act. So, the description of injury is given and the percentage of loss of earning capacity is also mentioned in this schedule. For example, the loss of a hand and foot is 100 percent. So, loss of eyesight to that such an extent renders the claim, unable to perform any work for which the eyesight is essential 100 percent.

So, very severe facial disfiguration 100 percent; absolute deafness, 100 percent loss of earning capacity. So, the schedule is very clear, schedule 1 part 1. So, you can go through schedule 1 part 1 to understand that what is the level of loss of earning capacity.

(Refer Slide Time: 26:15)



**Method of Calculation**

- The method of calculating **monthly wage** is prescribed and it is laid down that:

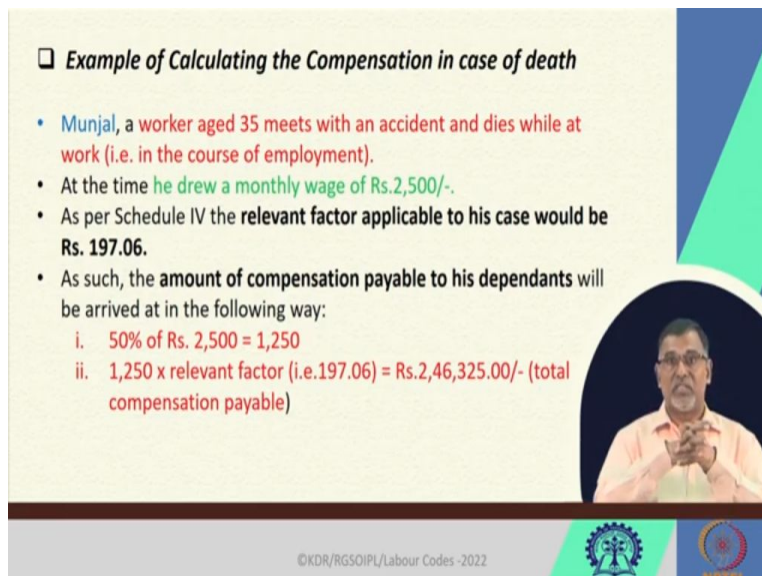
The **workman** has worked during a continuous period of not less than 12 months, the **monthly wage shall be 1/12 of the total wages fallen due to him by the employer in the last 12 months**

©KDR/RGSOIPL/Labour Codes -2022

NPTEL

And the method of calculation which we have already said; so, it is a monthly wage. And also the workman has a continuous period of 12 months is to be taken into consideration in the calculation of wages; so, the wages are to be considered for the last 12 months.

(Refer Slide Time: 26:35)



**Example of Calculating the Compensation in case of death**

- Munjal**, a worker aged 35 meets with an accident and dies while at work (i.e. in the course of employment).
- At the time he drew a monthly wage of Rs.2,500/-.
- As per Schedule IV the relevant factor applicable to his case would be **Rs. 197.06**.
- As such, the **amount of compensation payable to his dependants** will be arrived at in the following way:
  - 50% of Rs. 2,500 = 1,250
  - 1,250 x relevant factor (i.e.197.06) = Rs.2,46,325.00/- (total compensation payable)

©KDR/RGSOIPL/Labour Codes -2022

NPTEL

And the compensation in the case of death. So, for example, a worker aged 35 met with an accident, and in the course of employment, he dies. And in that case, he draws a salary of 2500 rupees; suppose, if he is drawing a salary of 2500. According to Schedule 4, the relevant factor

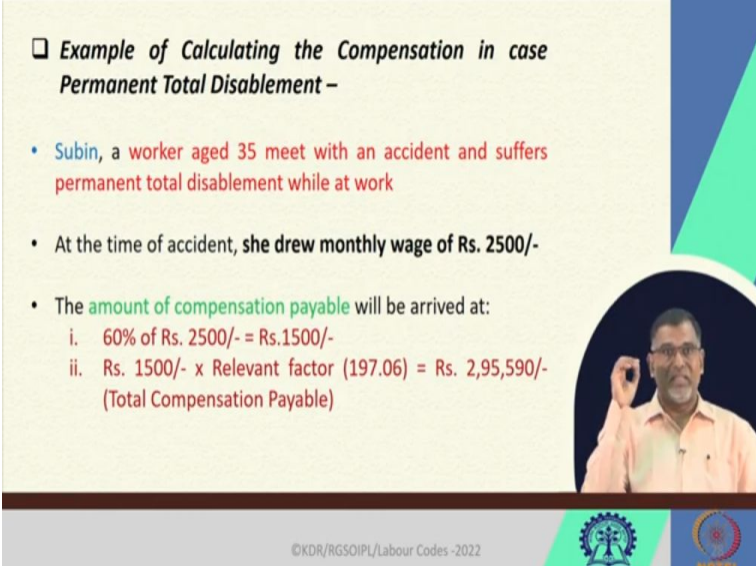
applicable in the particular case is Rs. 197; 197.06 paise; because his age is only 35, so one of the highest factors.

So, the calculation of the amount of compensation will arrive at a very simple formula; that is 50 percent of his monthly wages. That is 50 percent of 2500 rupees; that is 1250 rupees to be taken into consideration, in the case of death; into the relevant factor is 197 rupees 06 paise. So, it is going to his legal heirs are eligible to get two lakhs forty-six thousand and three hundred and twenty-five rupees.

Now, we know that even though you take your monthly wages to 2500 rupees is never going to happen; because it's minimum according to the minimum wages of the states, it is going to be Rs.12,002 and above. It can go up from Rs.12,000 to Rs.18,000 or even in some cases Rs.20,000.

So, in that case, the compensation is going to be a big amount, under these particular provisions; so, the calculation of compensation is very simple. So, it depends upon the age factor, the factor which is given in Schedule 4; so, the age goes up, so the factor goes down. So, that is the way the factor is fixed by the central government.

(Refer Slide Time: 28:36)



□ **Example of Calculating the Compensation in case Permanent Total Disablement -**

- Subin, a worker aged 35 meet with an accident and suffers permanent total disablement while at work
- At the time of accident, she drew monthly wage of Rs. 2500/-
- The amount of compensation payable will be arrived at:
  - i. 60% of Rs. 2500/- = Rs.1500/-
  - ii. Rs. 1500/- x Relevant factor (197.06) = Rs. 2,95,590/- (Total Compensation Payable)

©KDR/RGSOIPL/Labour Codes -2022

So, so we already said that in the case of permanent disablement, we said that it is 60 percent of the monthly wages. So, again here 50 percent of the monthly wages is, you can see that 60

percent. So, Rs1500 multiplied by relevant factor here 197.06; you can see that the amount goes up Rs.2,95,590.

So, it is 50 percent in the case of death, and 60 percent in the case of the government's compensation for permanent total disablement. So the amount will be high in the case of permanent total disablement.

(Refer Slide Time: 29:18)

□ Calculation of Compensation in case of Permanent Partial Disablement

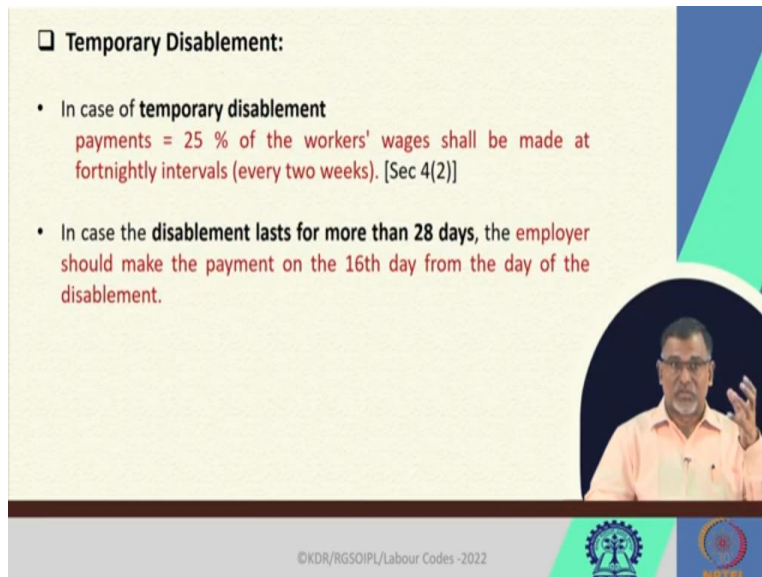
- Injury Specified under Schedule I (Part II)
  - Amputation to shoulder joint = 90%
  - Amputation to below shoulder = 80%
  - Loss of fingers at one hand = 50%
  - Loss of all toes of one foot = 20%
  - Part of some loss of bone = 3%

©KDR/RGSOIPL/Labour Codes -2022

The slide features a yellow background with a blue and green geometric design on the right side. A circular inset shows a man in a light orange shirt speaking. At the bottom, there are logos for the Government of Karnataka and the Labour Codes - 2022.

And, so you can say that the partial disablement; again partial disablement will depend upon your loss of earning capacity. Here, the injury specified under Schedule 1 part 2, they have given the percentage. So, with amputation to the shoulder joint 90 percent of earning capacity has gone; so, below the shoulder, 80 percent. So, loss of fingers at one hand, 50 percent; loss of all toes in one foot, 20 percent. So, part of some loss of bone 3 percent. So, your lending capacity depends upon this percentage of earning capacity; then the calculation of the relevant factors.

(Refer Slide Time: 30:03)



□ **Temporary Disablement:**

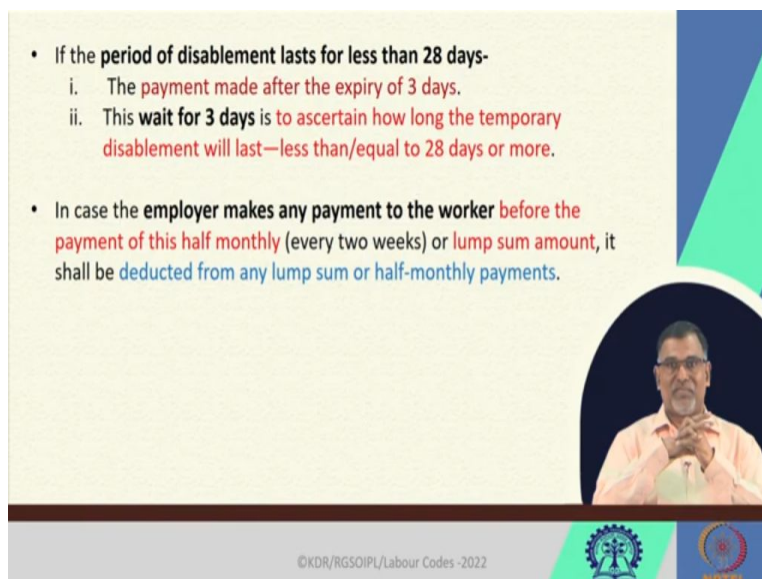
- In case of **temporary disablement** payments = 25 % of the workers' wages shall be made at fortnightly intervals (every two weeks). [Sec 4(2)]
- In case the **disablement lasts for more than 28 days**, the employer should make the payment on the 16th day from the day of the disablement.

©KDR/RGSOIPL/Labour Codes -2022

The slide features a speaker video inset in the bottom right corner showing a man in a light-colored shirt speaking. The slide background is light yellow with a blue and green geometric design on the right side.

So, here you can see these payments equal to 25 percent of workers' wages shall be made at fortnightly intervals, in case of temporary disablement. So, in case of disablement for more than 28 days, the employer should pay the payment on the 16th day from the day of disablement. So that the employee will get the benefit of this particular payment in between.

(Refer Slide Time: 30:34)



- If the **period of disablement lasts for less than 28 days-**
  - i. The **payment made after the expiry of 3 days.**
  - ii. This **wait for 3 days** is to ascertain how long the temporary disablement will last—less than/equal to 28 days or more.
- In case the **employer makes any payment to the worker before the payment of this half monthly** (every two weeks) or lump sum amount, it shall be **deducted from any lump sum or half-monthly payments.**

©KDR/RGSOIPL/Labour Codes -2022

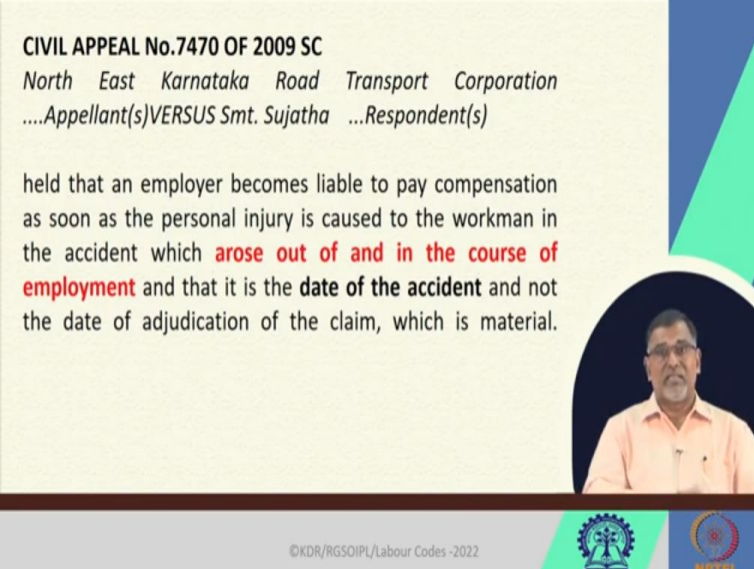
The slide features a speaker video inset in the bottom right corner showing the same man from the previous slide, now with his hands clasped. The slide background is light yellow with a blue and green geometric design on the right side.

And the period as I told you that less than the minimum period is 3 days. So, this scheme is for minimum payments, if any kind of payment is to be made in more than 3 days; and here less than



28 days. So, after three days, you have to wait to see how many days the temporary disablement goes. So, it is equal to 28 days; so, we saw the calculation for 28 days. So, as we said that the 16th day, the employer has to pay the payment.

(Refer Slide Time: 31:15)



**CIVIL APPEAL No.7470 OF 2009 SC**  
*North East Karnataka Road Transport Corporation*  
*....Appellant(s)VERSUS Smt. Sujatha ...Respondent(s)*

held that an employer becomes liable to pay compensation as soon as the personal injury is caused to the workman in the accident which **arose out of and in the course of employment** and that it is the **date of the accident** and not the date of adjudication of the claim, which is material.

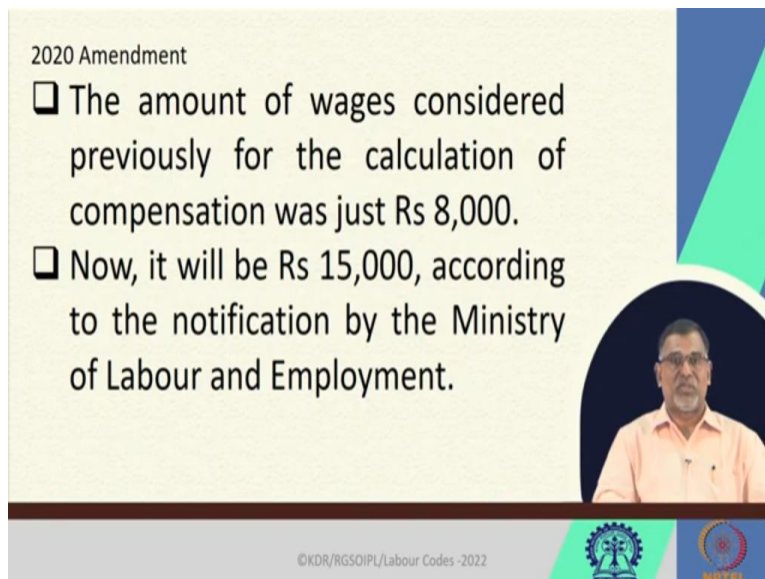
©KDR/RGSOIPL/Labour Codes -2022

The slide also features a video inset of a man in a light orange shirt speaking, and logos for KDR and NPTTEL at the bottom.

In some of the cases, the court was trying to interpret the provisions; for example, in the case of Northeast Karnataka Road Transport Corporation versus Srimati Sujatha. In this case, the Court held that the employer becomes liable to pay compensation as soon as the personal injury is caused to the workman in the accident, which arose out of and in the course of employment.

And it is the date of the accident and not the date of adjudication. It is not from the date of judgment or the decision; actually, it is the compensation to be paid from the date of the accident, that is very important. The date of the accident is important and the payment is to be paid from the date of the accident; not from the date of judgment or the award.

(Refer Slide Time: 32:08)



2020 Amendment

- ❑ The amount of wages considered previously for the calculation of compensation was just Rs 8,000.
- ❑ Now, it will be Rs 15,000, according to the notification by the Ministry of Labour and Employment.

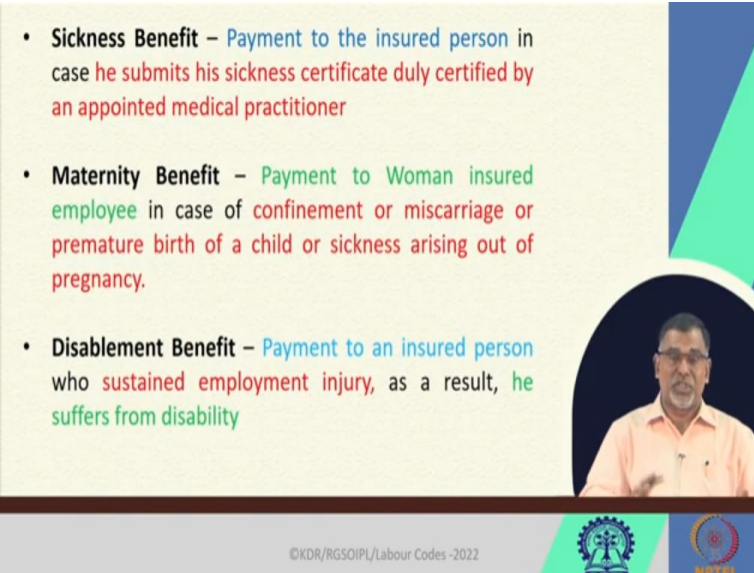
©KDR/RGSOIPL/Labour Codes -2022

NPTEL

Here we can see that, as I already said that the government have put ceilings from time to time; so, in 2020 only they have increased from Rs 8000 to Rs 15,000. So Rs15,000 also I feel that it is less in certain states. For example, in the case of Delhi, it is going to be more than 15,000 per month; even though you calculate the minimum wage.

But, the government has increased recently to 15,000 rupees ceiling for any kind of compensation for the benefit of employees compensation, under the Social Security Code. So, the government has increased to 15,000 rupees per month.

(Refer Slide Time: 32:51)



- **Sickness Benefit** – Payment to the insured person in case he submits his sickness certificate duly certified by an appointed medical practitioner
- **Maternity Benefit** – Payment to Woman insured employee in case of confinement or miscarriage or premature birth of a child or sickness arising out of pregnancy.
- **Disablement Benefit** – Payment to an insured person who sustained employment injury, as a result, he suffers from disability

©KDR/RGSOIPL/Labour Codes -2022

NPTEL

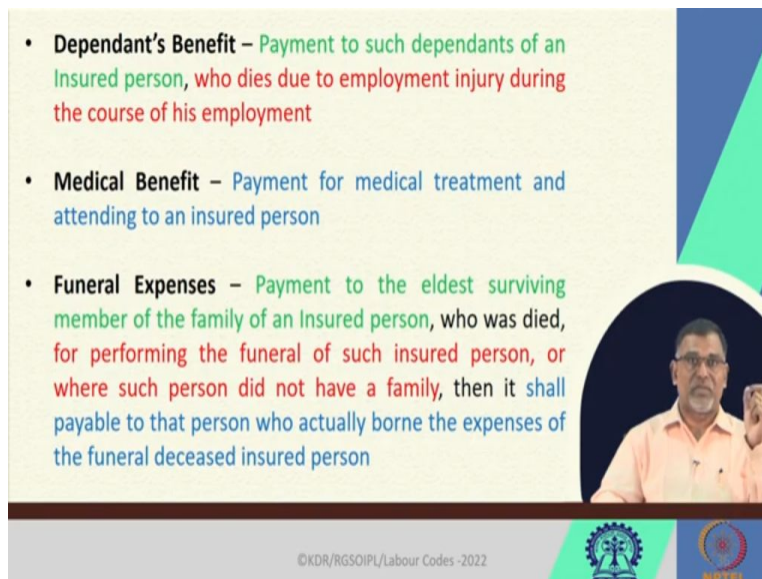
And the benefits are clearly mentioned, it is proportionate to or similar to that of the Employees Compensation Act, 1923. The Social Security Code 2020 also gives sickness benefit; if the payment to the insured person, sickness benefit is mostly is provided under the ESI scheme. In case he submits his sickness certificate, duly certified by the medical practitioner.

The maternity benefit – Payment to women insured employees in case of confinement or miscarriage or premature birth or child or sickness arising out of pregnancy. So, the maternity benefit can be claimed either under the ESI Act or under the Maternity Benefit Act.

Then, disablement benefit: the payment to an insured person again, sustained employment injury, as a result, he suffers from a disability.

So disablement benefits can be claimed either under ESI Act, or even under the Workman Compensation Act; or the payment under the provisions under the new Social Security Code as well.

(Refer Slide Time: 34:06)



- **Dependant's Benefit** – Payment to such dependants of an Insured person, who dies due to employment injury during the course of his employment
- **Medical Benefit** – Payment for medical treatment and attending to an insured person
- **Funeral Expenses** – Payment to the eldest surviving member of the family of an Insured person, who was died, for performing the funeral of such insured person, or where such person did not have a family, then it shall payable to that person who actually borne the expenses of the funeral deceased insured person

©KDR/RGSOIPL/Labour Codes -2022

Then dependants benefit, again the payment to dependants of insured persons. So, who dies due to employment injury during the course of employment? So we already said that the medical benefit is available in the ESI scheme for medical treatment and attending to an insured person. And under the ESI scheme, we can see the funeral expenses.

So, we can see these particular provisions elaborately when we are dealing with the ESI corporation. So, here are funeral expenses, so now the government fixed funeral expenses as 5000 rupees under the ESI scheme. So, those performing the funeral of that particular insured person, or such persons of the family; are getting funeral expenses.

(Refer Slide Time: 35:00)

**CONCLUSIONS**

- Employer shall be **strictly liable to pay compensation to his employee** who **sustained personal injury, arises out his course of employment** and that subsequently leads him to death or total or partial disablement

©KDR/RGSOIPL/Labour Codes -2022

**REFERENCES**

- The Code on Social Security, 2020
- The Employee's Compensation Act, 1923

©KDR/RGSOIPL/Labour Codes -2022

So, in conclusion, we can see that there are elaborate provisions are provided; and liability is imposed on the employer to pay compensation to his employee, who sustained a personal injury during the course of employment, and or arising out of the course of employment. So, it may lead to death or total or partial disablement; the employees are liable to pay compensation.

So, the courts already said that this is social security legislation. So, these provisions of this particular code should be interpreted to benefit of employees. So, these Social Security Code,

these provisions are going to help all employees with regard to in case of any personal injury during the course of employment. Thank you.