

The Employee's Compensation Act, 1923 ('Act')

The Object of the Act is to provide for the payment of compensation by certain employers to their employees for personal injury caused to them by accident arising out of and in the course of the employment. If an employee contracts an occupational disease while in employment, it is also treated under the Act as injury caused by accident.

In this context, it is important to know the definition of the term 'Dependant' is defined under section 2(1)(d) the Act as under:

"Dependant" means any of the following relatives of a deceased employee:

- (i) a widow, a minor legitimate or adopted son, and unmarried legitimate or adopted daughter, or a widowed mother;
- (ii) if wholly dependent on the earnings of the workman at the time of his death, a son or a daughter who has attained the age of 18 years and who is infirm;
- (iii) if wholly or in part dependent on the earnings of the workman at the time of his death,-
 - (a) a widower, (b) a parent other than widowed mother, (c) a minor illegitimate son, an unmarried illegitimate daughter or a daughter legitimate or illegitimate or adopted if married and a minor or if widowed and a minor, (d) a minored brother or an unmarried sister or a widowed sister, if a minor, (e) a widowed daughter-in-law, (f) a minor child of a pre-deceased son, (g) a minor child of a pre-deceased daughter where no parent of the child is alive, or (h) a paternal grandparent if no parent of the workman is alive.

1. SCENARIOS UNDER WHICH COMPENSATION IS CONTEMPLATED UNDER THE Act:

Under the Act, compensation is payable, if during the course of employment, the injury if any occurred to employee results into:-

- i. Death,
- ii. Permanent Total Disablement,
- iii. Permanent partial disablement,
- iv. Temporary disablement whether total or partial and
- v. Contracted an occupational disease as stated in Schedule III.

The Act provides for different scales of compensation for different kinds of injuries.

I. IN CASE OF DEATH:

For accidents resulting in death, an amount equal to **fifty per cent of the monthly wages** of deceased employee multiplied by the relevant factor based on the age of employee; or an amount of **one lakh twenty thousand rupees, whichever is more** is paid to a dependant of such employee.

II. IN CASE OF PERMANENT TOTAL DISABILITY:

For permanent total disablement, an amount equal to **sixty per cent of the monthly wages** of the injured employee multiplied by the relevant factor based on the age of employee (Refer Schedule IV); or an amount of **Rupees One Lakh Forty Thousand**, whichever is more.

III. IN CASE OF PERMANENT PARTIAL DISABILITY

In case of an injury specified in Part II of Schedule I, such percentage of compensation payable in case of PERMANENT TOTAL DISABILITY as is specified therein as being the percentage of loss of earning capacity caused by the

In case of an injury not specified in Schedule I, such percentage of compensation payable in case of PERMANENT TOTAL DISABILITY as is proportionate to the loss of earning capacity (as assessed by Citi's empanelled doctor) permanently caused by the injury.

IV. IN CASE OF TEMPORARY DISABILITY

A half monthly payment equals to 25% of the monthly wages, for the period of disablement or 5 years, whichever is shorter.

2. REIMBURSEMENT OF ACTUAL MEDICAL EXPENDITURE:

The employee shall be reimbursed the actual medical expenditure incurred by him for treatment of injuries caused during the course of employment.

3. PAYMENT IF ANY AFTER CEASING DISABLEMENT:

On the ceasing of disablement before the date on which half monthly payment falls due, a proportionate payment will be made for the duration of disablement in that half month.

4. FUNERAL EXPENSE:

If the injury results in death, a sum of Rs. 5000/- will be deposited with the Commissioner for the payment of the same to the eldest surviving dependant of the employee or to the person who actually incurred towards funeral expenses.

5. Calculation of Compensation:

For the purpose of calculation of compensation:

- Monthly wage is subjected to ceiling of Rs. 8000/-;
- Monthly wage is average of last 12 months wages.

6. CIRCUMSTANCES IN WHICH EMPLOYER IS NOT LIABLE TO PAY COMPENSATION FOR INJURY:

- a) If the disease/injury is not arising out of and in the course of employment
- b) If the injury does not result in total or partial disablement for a period exceeding three days.
- c) If the injury does not result in death and is caused by an accident which is directly attributed to:-
 - (i) If an employee have been at the time thereof under the influence of drink or drugs;
 - (ii) Wilful disobedience of employee to an order expressly given, or to a rule expressly framed, for the purpose of securing the safety of employee; or
 - (iii) Wilful removal or disregard by employee of any safety guard or other device which he knew to have been provided for the purpose of securing safety of employee.

7. ESI CORPORATION AND EMPLOYEE COMPENSATION:

The liability of payment of compensation shifted from the employer to the Employees State Insurance Corporation in case employee is covered under ESI.

8. CONTRACTING OUT:

Employee is prohibited from giving up his right to receive compensation from his employer under the Act. Any contract or agreement made by him relinquishing such right is null and void in so far as it removes or reduces the liability of any person to pay compensation under the Act.

I acknowledge that I have read & understood the above and keep myself abreast of the provisions of Employee Compensation Act.

NAME:

PLACE:

DATE: