

HC 01, MBA –III Semester,
Unit: 2
Topic: Amount of Compensation (WCA, 1923)
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Amount of Compensation [Section 4]

Section 4 of the Act prescribes the amount of compensation payable under the provisions of the Act.

The amount of compensation payable to a workman depends on:

- 1) The nature of the injury caused by accident.
- 2) The monthly wages of the workman concerned, and
- 3) The relevant factor for working out lump-sum equivalent of compensation amount as specified in Schedule IV (as substituted by Amendment Act of 1984).

There is no distinction between an adult and a minor worker with respect to the amount of compensation.

New Section 4 (as substituted by the Amendment Act of 1984) provides for compensation for:

- 1) Death;
- 2) Permanent total disablement;
- 3) Permanent partial disablement; and
- 4) Temporary disablement – total or partial.

1) Compensation for Death: Where death results from an injury, the amount of compensation shall be equal to 50 percent of the monthly wages of the deceased workman multiplied by the relevant factor, or Rs. 85,000 whichever is more.

The formula for calculating the amount of compensation in case of death resulting from an injury will be as follows: or 80,000 100 50 Monthly wages Relevant factor ` whichever is more.

2) Compensation for Permanent Total Disablement: Where permanent total disablement results from an injury, the amount of compensation payable shall be equal to 60 percent of the monthly wages of the injured workman multiplied by the relevant factor, or Rs. 90,000, whichever is more.

3) Compensation for Permanent Partial Disablement:

- i) In the case of an injury specified in Part II of Schedule I, such percentage of the compensation which would have been payable in the case of permanent total disablement as is specified therein as being the percentage of the loss of earning capacity caused by the injury; and in other words, the percentage of compensation payable is proportionate to the loss of earning capacity permanently caused by the scheduled injury. Thus, if the loss of earning capacity caused by an injury specified in Part II of Schedule I is 30 percent, the amount of compensation shall be 30 percent of compensation payable in case of permanent total disablement.
- ii) In the case of an injury not specified in Schedule I such percentage of the compensation payable in the case of permanent total disablement as is proportionate to the loss of earning capacity (as assessed by the qualified medical practitioner) permanently caused by the injury.

4) Compensation for Temporary Disablement: A half monthly payment of the sum whether total or partial results equivalent to 25% of monthly wages of the workmen from the injury workman to be paid in the manner prescribed.

5) Compensation to be Paid when due and Penalty for Default: Section 4A provides for the payment of compensation and the penalty for default. It provides that compensation shall be paid as soon as it falls due.

Section 4 mandates employer to pay compensation amount as soon as it falls due to victim or his or her legal heirs. However, where the employer does not accept the liability for compensation to the extent claimed, he shall be bound to make provisional payment based on the extent of liability which he accepts, and such payment shall be deposited with the Commissioner or made to the workman, as the case may be, without prejudice to the right of workman to make any further claim.