



## An overview of the Employees' Compensation (Amendment) Act, 2017

### Introduction

The Employees<sup>1</sup> Compensation Act, 1923 ('Act') was enacted to provide the payment by certain classes of employers to their workmen the compensation for injury by accident. It is based on the theory that "the cost of product should bear the blood of the workmen."

*The cost of product should bear the blood of the workmen ☺*

The Employees' Compensation (Amendment) Act, 2017("Amendment"), was introduced in the Lok Sabha on August 05, 2016 and received the Presidential assent on April 12, 2017.

### The key highlights of the Amendment are:

- i. **Duty to inform the employee:** The Amendment casts a duty on the employer to inform the employee of his/her rights to compensation under the Act, at the time of employment. The information is to be given in writing and through electronic means in English, Hindi or the official language of the area of employment. (Section 17A).
- ii. **Change in Penalties:** Section 18 A of the Act, providing for penalties, has included failure to inform the employee of his/ her rights under the Act, to be subject to penalty under the Section. Further, the minimum penalty payable under Section 18A has been enhanced to Rs. 50,000 and extends up to Rs. 1, 00,000.
 

*If Employees' Compensation Act, 1923 is applicable to your company, ensure you inform employee that he has rights to compensation.*

*If not informed, employer is subject to a minimum penalty of Rs.1 Lakh !*
- iii. **Appeal Procedure:** Section 30 of the Act, provides for appeal to the High Court from the orders of the Commissioner. The proviso to the section specifies that an appeal against an order of the Commissioner shall lie only if it involves a substantial question of law and if the amount in dispute is at least Rs. 300. This proviso has been amended to enhance the minimum amount in dispute to Rs. 10,000, in order for an appeal to lie to the High Court.
- iv. **Deletion of Section 30 A:** Section 30 A of the Act provides for withholding of amounts payable to the employee through the Commissioner's order, if the employer has appealed against such order in the High Court. The Amendment has omitted this provision.

<sup>1</sup> Workmen's was replaced with Employees' w. e. f January 18, 2010.