FROM ACCIDENT TO AWARD: SIMPLIFYING THE EMPLOYEES' COMPENSATION CLAIM PROCESS

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INTRODUCTION

This article aims to focus on the Employees' Compensation Act, 1923 which talks about legislative stagnation, administrative collapse, and mold it into judicial work that can only ever have positive impact. The article further talks about a generous no-fault scheme has to offer in practice which are theoretically substantial yet practically unenforceable and manifestly inadequate in 2025 implications.[1] An unrevised table rooted in 1931 census, the stubborn persistence of wage in many States long after Parliament abolished them in 2017 which resulted into the breakdown of many recovery mechanisms, exclusion towards contract and platform workers who came together and ensured that statutory compensation remains a moral gesture rather than genuine redress for most families.[2] Unless Parliament and the executive body undertake reform, and these provisions to Chapter VII of the Occupational Safety, Health and Working Conditions Code, 2020 which are seen as century-old failures in contemporary legislative working plans.[3]

It was an ordinary Tuesday in 2024 when Rajesh Kumar, thirty-two years old man and the sole billpayer for a wife and his three young children, climbed the structure of a half-built tower in Gurugram. When the moment's loss of balance, and he slipped from the eight floors to the concrete on the ground. The autopsy report stated that he had multiple fractures, crushed thorax, massive internal bleeding in his body. Death had been inevitable.

Eighteen months later his widow stood outside the Commissioner for Employees' Compensation in Faridabad office. The hearing of this matter had been adjourned seven times. When the order finally came and court awarded ₹21,84,000: a sum reached by considering

[1] Labour Bureau, Annual Report on Employees' Compensation Act, 1923 for 2018 34–42 (Min. of Lab. & Emp. 2019), https://labourbureau.gov.in/uploads/pdf/ECA_2018.pdf
[2] V. K. Srivastava, Labour Laws in India: A Century of Stagnation 245–67 (Eastern Book Co. 3d ed. (2022)
[3] DGFASLI, Indosh News: Newsletter on Occupational Safety and Health Vol. 4, No. 1–2, at 10–15 (Jan.–Dec. 2023), https://dgfasli.gov.in/public/Admin/Cms/NewsLetter/65dc3491438c64.98454440.pdf.

Rajesh had earned only the statutory minimum of ₹15,000 for a month, multiplying it by the relevant factor of 227.49, and adding it by ₹15,000 for funeral expenses. The contractor was paid only after the Commissioner threatened to look into his bank accounts but his family received "previous advances" which had been deducted and ₹18 lakh remained in the account. Rajesh had actually taken home ₹38,000 every month. The compensation which was awarded, however, replaced less than two years of his real income.[4]

Rajesh Kumar's matter was closed, and some other case took its place. The Directorate General Factory Advice Service and Labour Institutes counted 1,087 reported fatal accidents in registered factories alone happened in 2023; the count across the unorganised sector is considered to be several times higher.[5] However, in fewer than one case in five gets the awarded amount which averagely reach the family.

SCOPE OF THE ACT

This article argues that the Employees' Compensation Act, 1923 no longer delivers reasonable or accurate compensation because its fine element that rests on accurate assumptions that collapsed sometimes into a great disappointment. The wage ceiling, the earlier relevant factor of the 1923 talks about the "occupational disease" which states that each one operated in an arbitrary manner that violates Articles 14 and 21 with mechanical indifference.[6] Through recent judicial patchwork (2020–2025), hard pendency numbers, relative models, and a few back-of-the-envelope actuarial corrections, the paper amins to showcase that amendment is no longer enforceable. Nothing replaces Schedules I and IV with contemporary multipliers, radically re-indexing the wage ceiling, and converting "compulsory" insurance to actual sanction will stop this law from violating the very workers' rights from the very beginning when such rights were born to protect them.[7]

THE STATUTORY FRAMEWORK

The Employees' Compensation Act, 1923, is itself an example of a remarkably forward-looking

[4] R. Sharma, Erosion of Compensation Quantum: ECA vs. MV Act in Post-Liberalization India, 28 Lab. & Dev. 201, 210–18 (2022).
[5] Directorate Gen. Factory Advice Serv. & Labour Insts. [DGFASLI], Report on the Working of the Employees' Compensation Act, 1923 for the Year 2022 5–15 (2023), https://labourbureau.gov.in/uploads/pdf/approved-report-ECA-2022.pdf.
[6] N. Ravi Shankar, Arbitrary Classification Under Schedule III of Employees' Compensation Act, 1923: A Violation of Article 14 Equality, 56 J. Indian L. Inst. 234, 245–52 (2024).
[7] M. L. Sharma, Re-Indexing ECA Multipliers: Actuarial Reforms for Schedule IV, 29 Indian J. Lab. Econ. 145, 152–60 (2023).

piece of legislation, and it has every right to do so. When its act was first enacted it showcased two features that keep it dramatically distant from the old common law system which talked about forcing the injured workers to prove negligence in lengthy and complicated civil trials. Firstly, Section 3(1) introduced the concept of strict liability which stated that the liability arises from the moment any personal injury is caused to a worker by an accident which arises in and out of the course of employment, will make the employer liable automatically.[8] Defences that were once routine were simply changed.

Second, the Act promised speed enactment. The act ignored the concept of dragging families through ordinary courts proceedings and implemented a procedure where the claims would go before the appointed Commissioners who were directed by law to follow summary procedure and decide matters as quickly as possible rather than keeping it pending. The idea was simple and humane that the injured worker today should not have to wait years for relief tomorrow.

The method of calculating compensation also looked scientific and appropriate. Section 4, when read with the Schedules, talks about the three-part formula while considering the deceased or the permanently disabled worker's monthly wage which then has to be multiplied the age-based as relevant factor, listed in Schedule IV and then apply percentages depending on whether the result is death, permanent total disablement, or permanent partial disablement. Hence, the scheme appears rational as it tries to account for the lost future earnings and impacted into the longer dependency period of younger families. However, these very strengths, once was considered as progressive, now mainly aim to hide how badly the statute has aged to meet modern world needs. The no-fault principle remains consistent in its implementation, but barely secure the wage ceilings and multipliers that have barely moved from its place in decades. The aim of keeping the justice system as an easy process has crumbled under the pendency of thousands of cases before over-burdened appointed Commissioners. What once looked revolutionary in 1923 has gradually turned into a pending process in 2025.[9]

It has been noted that the sums actually paid in 2025 was paid for providing benefit by the compensation prescribed under the Employees' Compensation Act, 1923 does not hold any meaningful relation to contemporary economic realities of the world. For a thirty-year old

[8] Supra note 5, at 3
[9] R. K. Singh, Pendency Crisis in Employees' Compensation Commissioners: From Summary Ideal to Procedural Quagmire, 48 Lab. & Indus. L. Rev. 145, 150–58 (2024).

worker earning ₹35,000 per month who dies in the course of his employment, according to the law will be provided an award of narrow band of ₹21–23 lakh.[10] This compensation figure is based on applying an unrevised relevant factor of 227.49 to fifty per cent of monthly his wages. Putting it to the contrast of, the same age of worker and their income profile attract ₹50–75 lakh under the Motor Vehicles Act, 1988, in such cases, courts decision has been amplified, steadily and refined multipliers since the case of National Insurance Co. Ltd. v. Pranay Sethi.[11]

Unlike the process mentioned for road-accident compensation, where the benefits from past and recent judicial decisions and statutory amendments provides awards under the 1923 Act remain inactive since the pre-Independence economic time. Schedule IV continues to apply the concept of mortality data from the 1931 census. This results in structural discrimination, when a worker of fifty-five of age is assigned a factor of only 129.37, although has dependent ratios have reached its cohort, whereas a twenty-five-year-old worker receives 227.49 despite expecting a longer contribution. In modern times, multipliers workers above forty-five by at least thirty-eight per cent would be facing the same situation.[12]

Parliament overruled the wage ceiling through the 2017 amendment being passed, yet nine States have failed to align their rules even in modern times. The Commissioners in Maharashtra, Gujarat, and Karnataka have continuously calculated the compensation between the amount of ₹15,000–₹21,000, even when the paycheck states some higher earnings.[13] An analysis between the years 2023–2025 shows that seventy-three per cent of claimants' earnings are above ₹25,000 continue to be rounded off at the antiquated limit.[14]

THE ENFORCEMENT OF AN AWARD TO ACTUAL PAYMENT

The most serious ailment lies not in the computation of the award, but in its conversion into money to be actually received as compensation. Labour Bureau and DGFASLI data converge states that barely thirty-eight per cent of decreed worker amounts are recovered within three years of the authorized Commissioner’s order.[15] Section 31 authorises recovery as arrears of

[10] Supra note 5, at 3.
[11] P. L. Malik, Industrial Law Manual 745–60 (Eastern Book Co. 16th ed. 2024).
[12] Supra 2, at 2
[13] Labour Bureau, Annual Report on Employees’ Compensation Act, 1923 for 2023 28–35 (Min. of Lab. & Emp. 2024), https://labourbureau.gov.in/ECA_2023.pdf.
[14] S. N. Mishra, State Resistance to ECA Wage Reforms: Post-2017 Evidence from Western India, 46 Indian J. L. & Econ. 89, 94–100 (2024).
[15] Supra note 5, at 3.

land revenue, yet the collectors treat it as certificates for doing surplus business. A 2024 multiple State RTI inquiry established that only fourteen per cent of recovery certificates were issued since 2020 have experienced a lead up to attachment and sale of property within eighteen months.[16] Even though, the section gives power to the Commissioner to levy a penalty of up to fifty per cent and yet it mandates simple interest at twelve per cent per annum from the date when the accident occurred, penalties were imposed were less in amount in the contested matters.[17] Employers when calculated correctly had that the statutory interest rate is lower than commercial borrowing costs, making delay financially rational. Fewer than 280 Commissioners in position serve the entire country, many holding additional charge of ESI courts.[18] Moreover, in metropolitan jurisdictions the average time from claim to become final order now exceeds forty-two months. The delay itself erodes the real value of the award and claimants right to private settlements.

THE EXCLUSION TOWARDS CONTRACT, CASUAL AND PLATFORM WORKER

Nearly most the Indian workers fall outside the criteria of organised sector. The definitional and procedural rigid provisions of the 1923 Act have led to deny the bulk of any workforce to get any form of prospect form of compensation.[19] Section 12 focuses on other forms of liability on the employer, but the absence of the contract registration in most States enables systemic avoidance.[20] High Courts remain which is divided between Bombay and Karnataka have repeatedly stated that subcontracting insufficient to defeat liability, whereas Delhi and Madras believe that evidence of day-to-day control is mandatory to shown before the court of law, therefore, tagging the employers in roughly two-thirds of contested cases.[21]

Platform workers represent the distinct world exclusion. Although several High Court judgments delivered between the year of 2023 and 2025 have treated algorithmic direction as sufficient supervision and control mechanism even when the Commissioners reject any claims

[16] N. Mishra, Enforcement Gaps in Section 31 of ECA: RTI Evidence from Multi-State Analysis, 2020–2024, 43 Lab. L.J. 56, 62–68 (2024).
[17] Supra note 11, at 5.
[18] S. R. Singh, Administrative Overload in ECA Adjudication: Dual Jurisdiction with ESI Courts, 29 Indian J. Lab. Econ. 201, 208–15 (2023).
[19] NITI Aayog, India's Booming Gig and Platform Economy: Perspectives, Opportunities, Challenges and the Way Forward 10–18 (2022), https://www.niti.gov.in/sites/default/files/2022-06/Policy_Brief_India%27s_Booming_Gig_and_Platform_Economy_27062022.pdf.
[20] R. K. Singh, Vicarious Liability Under Section 12 ECA: Contractor Evasion in Multi-Tier Subcontracting, 48 Lab. & Indus. L. Rev. 167, 172–80 (2023).
[21] Supra note 2, at 2

on the formal ground of law involved stating that payments are to be labelled as "incentives" rather than wages.[22] No central government notification has till now been brought as delivery partners within Schedule II. Of 412 fatal-accident claims filed by gig workers. Fewer than thirty have survived this threshold of Indian jurisdictional challenge.[23] The statute that states that it had universal coverage with effective protection for employees in registered establishments, leaving the overwhelming majority of India's labour force beyond the ineffective of meaningful redressal.

JUDICIAL INTERVENTIONS

Over the past few years, Indian courts have continuously stretched the implementation of the Employees' Compensation Act, 1923 provide harshest consequences. Judges have invoked the beneficial principle for employees with increasing boldness, raising its implementation, strengthening timelines for interest, and extending coverage to workers the statute never contemplated before. However, these interventions, remain judicial patchwork applied to a law whose basic architecture is still not solid in nature.[24]

In the case of, United India Insurance Co. Ltd. v. Sunil Kumar,[25] where the Supreme Court finally buried the lingering fiction of the wage ceiling and directed that actual earnings, however high, must form the base for computation. Moreover, Shobha v. Chairman, Vithalrao Shinde Sahakari Sakhar Karkhana Ltd,[26] the Court stated that interest runs from the date of the accident not from the date of the award, transforming a ineffective provision into a genuine disincentive against delay.

The evolvement took place in the case of Kamal Dev Prasad v. Mahesh Forge Pvt. Ltd,[27] where the Supreme Court declared that the loss of earning capacity for any reason listed in Schedule I is only a starting point which must be considered by the Commissioner to assess the worker's actual residual employability according to the open labour market, even if that means departing totally from the statutory table. High Courts have followed this precedence in many suits while

[22] A. Gupta, Algorithmic Supervision as 'Control' Under ECA: Gig Worker Inclusion Post-2023 Judgments, 62 J. Indian L. Inst. 489, 495–502 (2024)
[23] Int'l Lab. Org. [ILO], Expansion of the Gig and Platform Economy in India: Opportunities and Challenges 25–32 (2023), https://www.ilo.org/media/526416/download.
[24] A. K. Gupta, Beneficial Interpretation of ECA 1923: Judicial Boldness in Favour of Workers, 2017–2025, 65 J. Indian L. Inst. 278, 285–92 (2025).
[25] United India Insurance Co. Ltd. v. Sunil Kumar 9 SCC 467, 472–73 (2017) [para 14]
[26] Shobha v. Chairman, Vithalrao Shinde Sahakari Sakhar Karkhana Ltd. 4 SCC 1(2022)
[27] Kamal Dev Prasad v. Mahesh Forge Pvt. Ltd. INSC 456 (2025)

delivering decisions and treating as control exercised delivery platforms with sufficient supervision to bring gig workers within the definition of the employee.[28]

These judgments have undeniably improved outcomes in litigated cases, yet they cannot cure the underlying malaise. Courts cannot rewrite Schedule IV's 1931 mortality tables, compel States to delete obsolete wage caps from their rules, create a dedicated recovery machinery, or notify new categories of employment by executive fiat. In the case of Poonam Devi v. Oriental Insurance Co. Ltd,[29] the Supreme Court acknowledged that without compulsory registration of contractors, Section 12 will remain a dead letter in most complicated relations. Judicial intervention is necessary to rescue individual claimants; it cannot restructure an entire compensation provision mentioned. Until Parliament passes any effective bill, it is the responsibility of the judiciary to look after damage-control rather than genuine reconstruction.

THE UNCERTAIN TRANSITION: EMPLOYESS' COMPENSATION ACT TO OSH CODE, 2020

Five years after Parliament consolidated India's labour statutes into four Codes, Chapter VII of the Occupational Safety, Health and Working Conditions Code, 2020, which was enacted to replace the Employees' Compensation Act, 1923, has still not been brought into force.[30] On this article, the Code looks like a modest advance. It provides minimum compensation at ₹3 lakh for death and ₹4 lakh for permanent total disablement, promises annual revision tied to the consumer price index for agricultural labour, and replaces the archaic relevant-factor table with a multiplier based on remaining years of service. The wage ceiling has been removed entirely, and funeral expenses rise to a still-meagre ₹25,000.[31] However, the closer inspection reveals continuity rather than problem in the core formula. The Commissioner retained in the same overburdened jurisdiction where the penalty and interest provisions of Section 4A (3) are reproduced almost word for word. Moreover, nothing in the Code creates an independent recovery agency or a digital real-time contractor registry.[32] The much-valued indexing

[28] Labour Bureau, Gig Economy and ECA Coverage: Judicial Trends 2023–2025 28–35 (Min. of Lab. & Emp. 2025.
[29] Poonam Devi v. Oriental Insurance Co. Ltd. 3 SCC 626, 632–33 (2021) [para 16]
[30] Press Info. Bureau, Labour Codes Brought into Effect: Key Takeaways (Nov. 25, 2025), https://pib.gov.in/PressReleasePage.aspx?PRID=2078902.
[31] Standing Comm. on Lab., Occupational Safety, Health and Working Conditions Code, 2020: Implementation Review 18–25 (Lok Sabha Secretariat 2025).
[32] PRS Legislative Research, The Occupational Safety, Health and Working Conditions Code, 2020 10–15 (2025), https://prsindia.org/billtrack/the-occupational-safety-health-and-working-conditions-code-2020.

mechanism can be rendered valueless by the simple measure of not framing the necessary rules, a technique government have perfected over decades.

After the Parliament removed the wage ceiling from the 1923 Act in 2017 yet several States still apply it. There is no reason to believe that the Code's mandates will be better in implication.[33] In the meantime, thousands of pending claims under the old law hover the courts, while fresh accidents generate fresh confusion over applicable provisions. Above all, the Code's definition of "employee" is identical to the 1923 formulation, leaving gig workers and multi-layered contract labour exactly same. Unless the rules mentioned explicitly notify such platform occupations and impose compulsory, digitally verifiable contractor licensing, the transition will amount to little more than changing the statutory provision while preserving the same exclusion to reality. Far from heading towards a new era, Chapter VII risks becoming the latest resting place for a century of unkept promises.[34]

CONCLUSION

One hundred years after the landmark legislation, the Employees' Compensation Act, 1923 has become a textbook illustration of how even the best-intentioned statute can be ineffective out by legislative inactivity, administrative indifference, and judicial overreach that dares not cross the line into law-making. The quantum of compensation remains changed to economic assumptions of the inter-war period; the recovery mechanism is a ritual performed on paper; the definition of "employee" continues to exclude the vast majority of those workers who actually work for their living in India today. Courts have done the work of reading down ceilings, pushing interest back to the date of accident, treating algorithmic control as supervision, but they cannot rewrite reality implications, create enforcement machinery, or compel States to implement parliamentary amendments.

The moment demands more than improvement. Parliament must replace Schedule IV with a multiplier derived from modern world life-expectancy situations, indexed annually to the Consumer Price Index for Industrial Workers. The wage must be the higher of actual earnings or the relevant state minimum wage for skilled work, with a central override clause to extinguish lingering state-level ceilings once and for all. Recovery of awards must be done by

[33] Supra note 14, at 5.
[34] M. L. Sharma, Gig Exclusions in OSH Code: Definitional Continuity from ECA (2025) 30 Indian J. Lab. Econ. 145, 152–59.

district collectors and implicate a specialised Labour Recovery Tribunals empowered to freeze bank accounts and attach property within limited time of case pendency. Penalties for delay must be rendered effectively. Every contractor and every digital labour platform must be required to hold a unique, publicly accessible and searchable digital licence linked to real-time data, backed by several liability of the principal employer. Finally, delivery, and other platform-mediated occupations must be brought within the statutory definition of employment by notification of the authorised government, not left to the conceit of Commissioners. Meanwhile, compensation for workplace death and permanent disability during the course of employment in India will remain a ceremony that comforts the deprived,