Labour Law-II

KSLU LL.B. — New Syllabus (Labour Codes) — Complete Exam-Ready Study Bundle

KSLU LL.B. Study Bundle

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Medha-Academy.in · KSLU LL.B. · Complete Notes for All Five Units (New Labour Codes)

> ***Read this first page, then go to your unit.*** *This single file holds the whole subject: how to use the notes, the rules that win marks, and all five units of content. Everything is in plain English, every Latin maxim is translated in [brackets], and every topic is built backwards from the real exam questions. Labour Law-II is taught on the* ***new syllabus****: the* ***Code on Social Security, 2020*** *(employees' compensation, ESI, provident fund, gratuity, maternity, building/construction, unorganised/gig/platform workers) and the* ***Occupational Safety, Health and Working Conditions Code, 2020*** *(health, safety, welfare, hours, contract labour, inter-state migrant workers). These two Codes have subsumed the older Acts, and the notes teach the law as the Codes state it, noting enforcement/notification status where it matters.*

How to Use These Notes

What this is. A complete, exam-focused bundle covering all five units of KSLU Labour Law-II. Every topic is built from one question: *what will the examiner ask, and how do I score full marks?* High-frequency questions get the most space; the years listed under each question tell you where to spend revision time.

A word on the new Codes. Your previous-year papers were set under the old multi-Act scheme (Workmen's Compensation Act, ESI Act, EPF Act, Maternity Benefit Act, Payment of Gratuity Act, Factories Act, Contract Labour Act, Inter-State Migrant Workmen Act, Unorganised Workers Act). The new syllabus consolidates all of these into the **two 2020 Codes**. So a question phrased in the old Act's language (e.g. "under the Factories Act" or "under the ESI Act, 1948") is answered under the **corresponding Code provision**, which carries the same substance forward. The notes always give the Code chapter and section, and flag where the Code changed the old position or where a provision awaits notification.

Who it is for. The first-time learner (understand before memorising), the revision student (fast high-yield recall), and the last-week crammer (which questions repeat and how to answer them).

What is inside every topic — the same blocks, in the same order:

Block	Its job	The mark it earns
Previous Year Questions	Real questions + years asked	What to prepare and how often it repeats

Block	Its job	The mark it earns
The Hook	A true story / landmark-case opener	Memorable; a strong opening line
The Concept + Statutory Quotes	Plain-English teaching + exact sections	Understanding, and the precise authority examiners reward
In Simple Terms	Plain-English translation	Ensures you *understand*
The Visual (chart)	Maps the topic structure	Recall and structure at a glance
Case Laws	Landmark judgments + ratio	Case names with years are pure marks

Each unit closes with a **Quick Revision & Case Law Table** for the final hour.

These notes **teach** the subject. The **Question Bank** is the companion volume that turns that knowledge into marks — it carries a model answer for every past question, each opening with a ▤ **Answer Outline** (the skeleton to reproduce under time pressure) and, where two questions are easily confused, a ⚠ **Don’t Confuse** box.

The 4-step study plan. (1) Read the PYQ box first. (2) Understand, then memorise. (3) Trace the chart from memory. (4) Rehearse the matching answers in the Question Bank.

The 10 Rules That Win Marks

1. **Lead with a definition + roadmap.**
2. **Cite the Code, not just the old Act** — e.g. “employer’s liability under Section 74 of the Code on Social Security, 2020 (formerly the Workmen’s Compensation Act, 1923)”.
3. **Name the case AND the year** every time.
4. **Quote the exact section / jurist** where given.
5. **Translate every Latin maxim in [brackets].**
6. **Use the four IRAC headings** for problems; spot the decoy fact (intoxication, “only two children”, the below-threshold headcount).
7. **Always give a definite verdict.**
8. **Use the chart’s structure** to organise the body.
9. **Close with a short, confident conclusion.**
10. **Manage time** so no high-mark question is left unwritten.

> ***Disclaimer.*** *A study aid, not a substitute for the bare Codes and prescribed texts. The 2020 Labour Codes are being brought into force in stages; cross-check section numbers and the current notification status against the official text. © Medha-Academy.in · KSLU LL.B. · For personal academic use.*

UNIT I — Labour Welfare & Employee’s Compensation

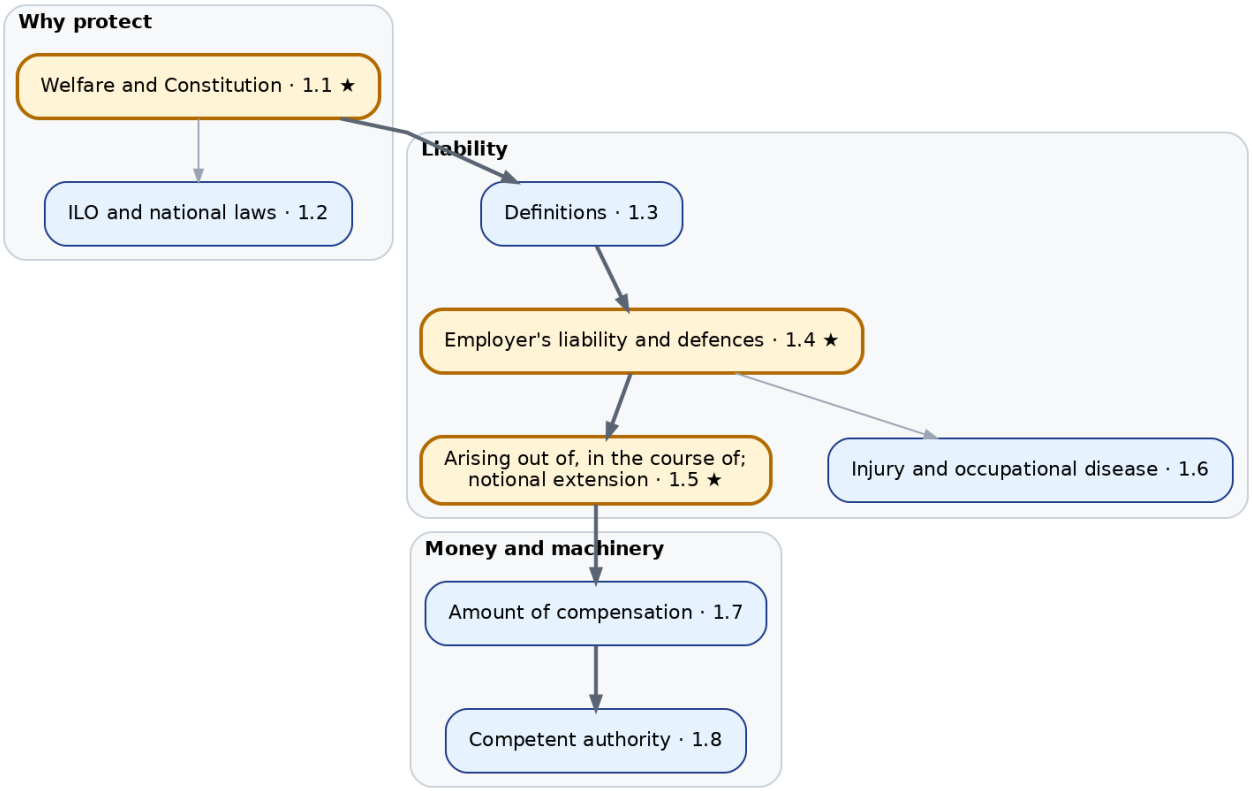
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In this unit.

This unit has two halves that fit together. The first is the *why* of the whole subject — labour welfare, social security, the way the Constitution and the ILO push the State to protect workers. The second is the oldest social-security law we have: **Employee’s Compensation** (now Chapter VII of the Code on Social Security, 2020), which makes an employer pay when a worker is hurt at work, whether or not anyone was careless. Almost everything here turns on two phrases — “arising out of and in the course of employment” — and on one big idea: the law shifted the risk of workplace injury from the injured worker onto the business that profits from the work. Get those, and the essays and the “is the employer liable?” problems both fall into place.

The Big Picture

The unit in two lines. Why does the State protect workers, and when must an employer pay a worker hurt at work? Eight topics, but really two questions: *why protect?* and *when, how much and through whom does the employer pay?*



Read top to bottom: why the law exists (1.1–1.2), whether the employer pays (1.3–1.6), how much and through whom (1.7–1.8). Thick arrows = main route; ★ = most-asked topics.

Hold on to these

- **Value and remedy:** the labour Directives are not enforceable alone, but Article 21 read with them is → 1.1, 1.2.
- **No-fault liability:** the employer pays because the work caused the injury, not because anyone was careless → 1.3, 1.4.
- **Two phrases, both needed:** “arising out of” (cause) and “in the course of” (time and place) → 1.4, 1.5, 1.6.
- **Defences die with death:** drink, disobedience or a removed safety guard never defeat a claim for death or permanent total disablement → 1.4.
- **Money through the authority:** on a death, deposit with the competent authority; direct payment does not count → 1.8.

Tests and distinctions

- **Liable?** Employee + accident (or listed disease) + arising out of and in the course of employment + no exception → 1.3, 1.4, 1.6.
- **Act of God** arises out of employment only if the work added to the risk → 1.5.

- **Commuting** is covered if its nexus with the work is shown (s.74(4)); otherwise notional extension covers a reasonable route and travel the job requires, not a public journey → 1.5.
- **Total or partial:** earning capacity in his work lost, or only reduced → 1.5, 1.7.

Cases to name

- *Olga Tellis v Bombay Municipal Corporation (1985)* — life includes livelihood → 1.1.
- *Bandhua Mukti Morcha v Union of India (1984)* — Directives give Article 21 its content → 1.1.
- *Vishaka v State of Rajasthan (1997)* — a convention can fill a gap in Indian law → 1.2.
- *Mackinnon Mackenzie v Ibrahim Mahmmed Issak (1969)* — claimant must prove the causal link → 1.4, 1.5.
- *Saurashtra Salt v Bai Valu Raja (1958)* — notional extension stops at a public route (pre-Code) → 1.5.
- *B.E.S.T. Undertaking v Agnes (1963)* — travel the job requires is covered → 1.5.
- *Pratap Narain Singh Deo v Srinivas Sabata (1976)* — compensation is due from the accident date → 1.7, 1.8.

Where the marks are

The three-star topics are 1.1, 1.4 and 1.5 — essays, plus the lightning and drunk-worker problems. The competent authority (1.8) comes next, with the “cash handed to the widow” problem; the amount (1.7) has never been set alone.

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10. Quick Revision & Case Law Table

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1. Labour Welfare, Social Security and Constitutional Dimensions

In short: Labour welfare improves the conditions of working life; social security protects a worker's income against risks such as accident, sickness and old age. The Constitution directs the State to provide both, and the courts read those directions into the enforceable right to life.

> **Previous Year Questions**
>
> - **[16M / 10M]** Define 'Labour Welfare Legislation' and explain the Indian constitutional provisions relating to labour welfare with the help of decided cases. *(Jan 2026, Jul 2025, Jan 2025, Aug 2024, Mar 2024)* ★★★
> - **[16M / 10M]** 'The Fundamental Rights and Directive Principles of State Policy are the backbone of Industrial Jurisprudence in India.' Elucidate. *(Jul 2026, Jul 2025, Jan 2025, Oct 2023, Mar 2023)* ★★★

The Hook

In the early 1980s pavement-dwellers in Bombay, threatened with eviction, argued that losing their homes meant losing their livelihood, and losing their livelihood meant losing their life. In *Olga Tellis v Bombay Municipal Corporation (1985)* the Supreme Court agreed: the right to life in Article 21 includes the right to livelihood. That single move turned the "non-binding" Directive Principles about workers into something with real constitutional bite — and that is what this topic is about.

What "labour welfare" and "social security" mean

Start with the everyday picture. A factory worker earns a wage, but the wage alone does not keep him safe when things go wrong — an accident, an illness, old age, the birth of a child, or simply unsafe and inhuman working conditions.

Labour welfare is everything the law and the employer do to improve the *conditions* of working life beyond the bare wage: safety, health, cleanliness, rest, canteens, housing, recreation. **Social security** is the narrower, legally guaranteed core — protection of *income* against the standard risks of working life (accident, sickness, maternity, disablement, old age, death). One looks after the *conditions* of work; the other insures against *loss of income*.

Why does the State bother? Because a worker bargaining alone is weak, and a market left alone will not provide these things. So the Constitution *directs* the State to provide them.

The **constitutional dimensions** sit in two places:

- **The Directive Principles of State Policy (Part IV)** — the main source. Article 39(e)–(f) (the State must protect the health and strength of workers and see that children are

not abused); **Article 41** (right to work, education and public assistance in old age, sickness and disablement); **Article 42** (just and humane conditions of work, and maternity relief); **Article 43** (a living wage and a decent standard of life); and **Article 43A** (workers' participation in management).

- **The Fundamental Rights (Part III)** — read to *support* the Directives. Article 21 (life and personal liberty, expanded to include livelihood and humane conditions), Article 23 (no forced labour), Article 24 (no child in a hazardous factory), and Article 14 (equality, behind "equal pay for equal work").

The Directives are *not* directly enforceable in a court (Article 37), but the courts use them to read the Fundamental Rights generously — that is the whole meaning of the exam line "FR and DPSP are the backbone of industrial jurisprudence." Every statute in this subject (the Codes of 2020) is Parliament turning these Directives into enforceable law.

> ***Article 41, Constitution of India:*** *"The State shall, within the limits of its economic capacity and development, make effective provision for securing the right to work, to education and to public assistance in cases of unemployment, old age, sickness and disablement …"*
>
> ***Article 42:*** *"The State shall make provision for securing just and humane conditions of work and for maternity relief."*
>
> ***Article 43:*** *"The State shall endeavour to secure … to all workers … work, a living wage, conditions of work ensuring a decent standard of life …"*
>
> ***Article 43A:*** *"The State shall take steps, by suitable legislation or in any other way, to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry."*
>
> ***Article 39, clauses (d) to (f):*** *"The State shall, in particular, direct its policy towards securing— … (d) that there is equal pay for equal work for both men and women; (e) that the health and strength of workers, men and women, and the tender age of children are not abused and that citizens are not forced by economic necessity to enter avocations unsuited to their age or strength; (f) that children are given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth are protected against exploitation and against moral and material abandonment."*
>
> ***Article 37:*** *"The provisions contained in this Part shall not be enforceable by any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws."*

In Simple Terms: The Constitution cannot itself run a hospital or pay compensation, but it *orders* the State to make laws that do. Article 42 is the constitutional parent of the Factories/OSH welfare rules and of maternity benefit; Articles 41 and 43 are the parents of ESI, provident fund and the unorganised-workers schemes.

The Fundamental Rights the courts pair with these Directives read:

> ***Article 14:*** *"The State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India."*
>
> ***Article 16(1):*** *"There shall be equality of opportunity for all citizens in matters relating to employment or appointment to any office under the State."*
>
> ***Article 21:*** *"No person shall be deprived of his life or personal liberty except according to procedure established by law."*
>
> ***Article 23(1):*** *"Traffic in human beings and begar and other similar forms of forced labour are prohibited and any contravention of this provision shall be an offence punishable in accordance with law."*
>
> ***Article 24:*** *"No child below the age of fourteen years shall be employed to work in any factory or mine or engaged in any other hazardous employment."*

In Simple Terms: Unlike the Directives, these rights can be enforced in court. Article 21 is the one the courts stretch to cover livelihood and dignity; Article 23 catches work paid below the minimum wage; Article 24 keeps children out of hazardous work; and Articles 14 and 16 stand behind "equal pay for equal work".

> **◈ WORKED EXAMPLE — turning a Directive into a right**
>
> **Facts.** A daily-wage road worker is dismissed and argues the State denied him the "right to work" in Article 41.
>
> **Rule.** Article 41 is a Directive Principle — not directly enforceable (Article 37). But Article 21 (right to life) *is* enforceable, and since *Olga Tellis v Bombay Municipal Corporation (1985)* it includes livelihood.
>
> **Apply.** He cannot sue on Article 41 alone. He can, however, argue that arbitrary deprivation of his livelihood violates Article 21 read with the Directive in Article 41.
>
> **Conclusion.** The Directive supplies the *value*; the Fundamental Right supplies the *remedy*. That is the "backbone" relationship in one example.

Case Laws

- **[C-1] *Olga Tellis v Bombay Municipal Corporation (1985)***
  - **Facts:** In 1981 the Maharashtra Government and the Bombay Municipal Corporation decided to evict pavement-dwellers and slum-dwellers from the city's streets. They, joined by journalists including Olga Tellis, went to the Supreme Court, arguing that eviction would destroy their livelihood, since they lived close to where they earned it.
  - **Held:** The right to life in Article 21 includes the right to livelihood, because no one can live without the means of living. The Court did not forbid the evictions outright, but held that they had to follow a fair and reasonable procedure.
  - **Why it matters here:** It is the bridge that lets the work-related Directive Principles act through an enforceable Fundamental Right.

- **[C-2]** ***Bandhua Mukti Morcha v Union of India (1984)***
  - **Facts:** Bandhua Mukti Morcha, an organisation working for the release of bonded labourers, wrote to the Supreme Court that many workers in the stone quarries of Faridabad district, near Delhi, were held in bondage and lived without clean water, shelter or fair wages. The Court treated the letter as a writ petition.
  - **Held:** The right to live with human dignity under Article 21 draws its content from the Directive Principles, particularly Article 39(e) and (f), Article 41 and Article 42; the State must identify, release and rehabilitate bonded labourers and enforce the labour laws.
  - **Why it matters here:** It shows the Directives giving content to Article 21 — the "backbone" idea in action.
- ***Randhir Singh v Union of India (1982)***
  - **Facts:** Randhir Singh, a driver-constable in the Delhi Police, was paid on a lower scale than drivers doing the same work in other government departments, and challenged the difference.
  - **Held:** "Equal pay for equal work" is not spelt out as a Fundamental Right, but it is a constitutional goal under Articles 14 and 16 read with Article 39(d); he was entitled to the higher scale.
  - **Why it matters here:** A Directive (Article 39(d)) enforced through Fundamental Rights (Articles 14 and 16).
- ***People's Union for Democratic Rights v Union of India (1982)***
  - **Facts:** Workers building the stadiums and other projects for the 1982 Asian Games in Delhi were hired through contractors and paid less than the minimum wage. A civil-rights group, PUDR, wrote to the Supreme Court about their conditions.
  - **Held:** Labour for less than the minimum wage is "forced labour" under Article 23; Articles 23 and 24 can be enforced against private contractors as well as the State; and construction work is hazardous, so children may not be employed in it.
  - **Why it matters here:** It turned a wage question into a Fundamental Right — the strongest example of the Rights and the Directives working together for workers.

---

2. Impact of the ILO on National Laws

In short: The International Labour Organisation brings governments, employers and workers together to set world labour standards. India meets them mainly by passing its own laws, and where Indian law is silent the courts may also read an international standard into the Fundamental Rights.

Previous Year Questions

- **[10M]** Explain the Constitutional Mandate and the influence of the ILO in the formation of social-security legislation (e.g. the Unorganised Workers' Social Security Act). *(Oct 2023)* ★

The Hook

After
the First World War the peace-makers at Versailles decided that lasting peace needed *social justice*, not just borders. So in 1919 they created the **International Labour Organisation** — and India was a founder member, in the room from day one. A century later the eight-hour day, weekly rest, maternity leave and workmen's compensation you study in this subject all trace back to ILO standards.

What the ILO is and how it reaches Indian law

The ILO is the United Nations' specialised agency for the world of work. Its one unusual feature — worth a mark — is that it is **tripartite**: every member country sends *governments, employers and workers* together, so standards are not dictated from the top. It produces two kinds of instrument:

- a **Convention**, which is a treaty a country may *ratify* and is then bound to implement; and
- a **Recommendation**, which is only guidance.

Here is the point students miss: **a ratified Convention does not automatically become Indian law.** Under our Constitution a treaty must be turned into a statute by Parliament (Article 253) before it binds courts. So the ILO's influence is *indirect but powerful* — it sets the standard, and India legislates to meet it.

There is one qualification, and a good answer always adds it. Where Parliament has made *no* law on a subject, the Supreme Court has held that it may read an international convention into the Fundamental Rights, so long as the convention is consistent with them and with Indian law. That is how *Vishaka v State of Rajasthan (1997)* protected working women against sexual harassment at work sixteen years before Parliament legislated. And where a convention clashes with an Act of Parliament, the Act wins (*Gramophone*, 1984). Both cases are explained below.

Concrete influences you can name:

- the **Employees' (Workmen's) Compensation** scheme mirrors early ILO conventions on workmen's compensation for accidents;
- the **ESI** and **maternity-benefit** schemes reflect ILO social-insurance and maternity-protection conventions;
- the **eight-hour day and weekly rest** in the Factories/OSH regime follow the very first ILO Convention (Hours of Work, 1919);

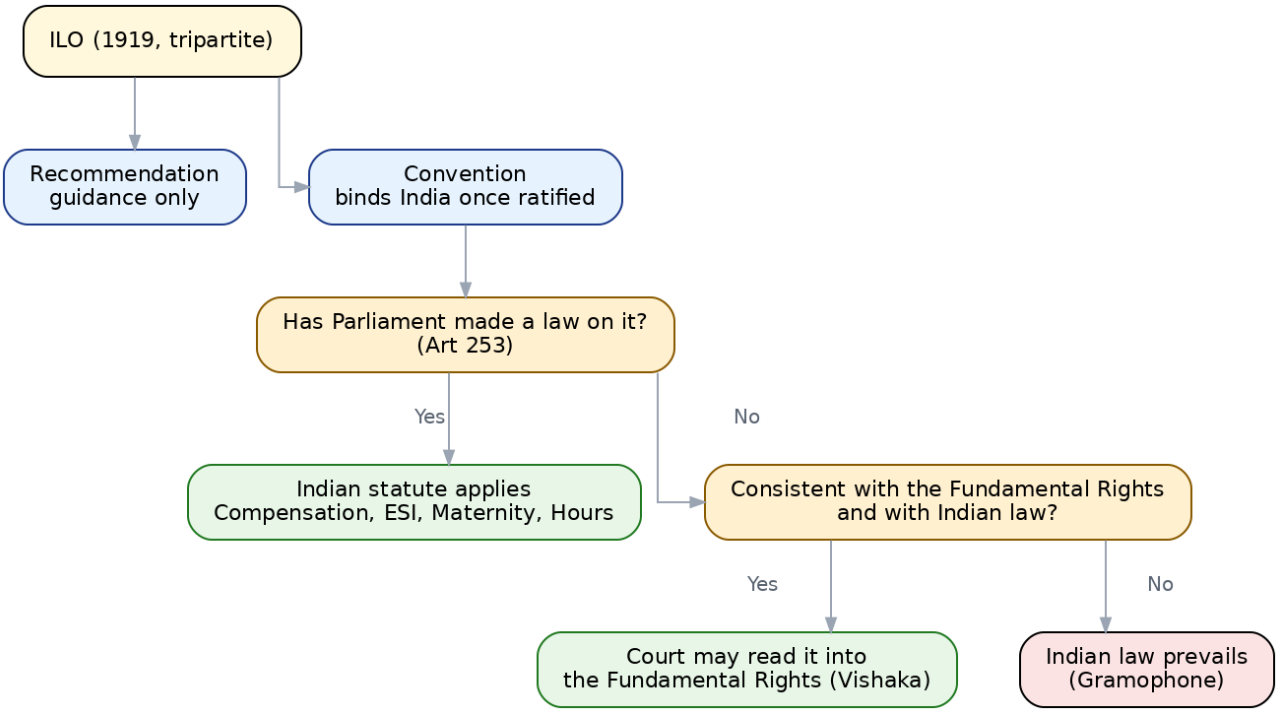
- **Convention No. 102 (Social Security Minimum Standards, 1952)** is the model behind the branches of social security the 2020 Codes now cover.

> ***Preamble, ILO Constitution (1919):*** *"universal and lasting peace can be established only if it is based upon social justice."*
>
> ***Article 253, Constitution of India:*** *"Notwithstanding anything in the foregoing provisions of this Chapter, Parliament has power to make any law for the whole or any part of the territory of India for implementing any treaty, agreement or convention with any other country or countries or any decision made at any international conference, association or other body."*
>
> ***Article 51(c):*** *"The State shall endeavour to— … foster respect for international law and treaty obligations in the dealings of organised peoples with one another …"*

In Simple Terms: The ILO does not police Indian factories. It agrees a world standard, India promises to meet it, and Parliament then passes a law — so the ILO is the *source of the idea* behind almost every statute in this subject. Article 253 gives Parliament the power to make that law; Article 51(c) tells the State to respect treaty obligations, which is why a court may lean on a convention where Indian law is silent.

The Visual

The road from an international standard to a rule an Indian court will apply has a fork in it; follow it from the top for any question on the ILO's influence.



Start at the top. The ILO makes two kinds of instrument: a **Recommendation**, which is guidance only and stops there, and a **Convention**, which binds India once ratified. For a Convention, ask the first question — *has Parliament made a law on it?* If yes, the **Indian**

statute applies, and that is how most of the ILO's influence reaches you: the compensation, ESI, maternity and hours laws. If no, ask the second question — is it *consistent with the Fundamental Rights and with Indian law?* If yes, the **court may read it into the Fundamental Rights**, as the Supreme Court did with an international convention in *Vishaka*. If it clashes with an Indian law, **Indian law prevails**, as *Gramophone* held. The common mistake is to stop at "a treaty never binds without a statute" and miss the *Vishaka* branch.

Case Laws

- ***Gramophone Co. of India v Birendra Bahadur Pandey (1984)***
  - **Facts:** A consignment of pre-recorded cassettes, shipped from Singapore to a buyer in Nepal, was waiting at Calcutta port to cross India in transit. The Gramophone Company, which said the cassettes infringed its copyright, asked for them to be stopped under the Copyright Act, 1957; the Nepalese buyer relied on the India–Nepal treaty guaranteeing freedom of transit.
  - **Held:** Rules of international law are part of Indian law unless they conflict with an Act of Parliament, in which case the Act prevails. Goods brought into India even for transit were "imported", and the treaty itself allowed restrictions to protect copyright.
  - **Why it matters here:** It sets the limit — an international standard cannot override an Indian statute.
- ***People's Union for Democratic Rights v Union of India (1982)***
  - **Facts:** As in Topic 1 — construction workers for the 1982 Asian Games, hired through contractors and paid below the minimum wage.
  - **Held:** Construction work is hazardous, so Article 24 bars children from it; the Court said this was in line with ILO Convention No. 59, which India had ratified.
  - **Why it matters here:** The Supreme Court used an ILO convention to interpret a constitutional guarantee for workers.
- ***Vishaka v State of Rajasthan (1997)***
  - **Facts:** A social worker in a Rajasthan village was gang-raped, allegedly because of her work against a child marriage. Social activists and NGOs then petitioned the Supreme Court to protect working women from sexual harassment at the workplace, a subject on which India had no law.
  - **Held:** Where there is no domestic law, any international convention not inconsistent with the Fundamental Rights may be read into them. Relying on CEDAW (the UN Convention on the Elimination of All Forms of Discrimination against Women) and on Articles 51(c) and 253, the Court laid down binding guidelines against sexual harassment at work, to apply until Parliament legislated (it did so in 2013).
  - **Why it matters here:** It is the leading authority that an international standard can fill a gap in Indian protection for workers before Parliament acts.

3. Employee’s Compensation — Evolution and Key Definitions

In short: Employee’s compensation makes the employer pay for a work injury without anyone having to prove fault. Whether a claim succeeds usually turns on the definitions — who is an employee, who is a dependant, what counts as wages.

> **Previous Year Questions**
>
> - **[Problem]** ‘A’ is employed as a security inspector at the gate of the factory premises. Is he a “workman”/“employee”? Give reasons. *(Jul 2025)* ★
> - **[16M]** Explain the salient features of the Employee’s Compensation Act, 1923 (now Chapter VII of the Code on Social Security, 2020). *(Jul 2026)* ★

The Hook

At common law an injured worker who sued his employer almost always lost. Three defences — the “unholy trinity” — beat him every time: *common employment* (the injury was caused by a fellow worker, not the master), *contributory negligence* (the worker was partly careless), and *volenti non fit injuria* [to one who consents, no wrong is done] (he knew the job was risky and took it anyway). The Workmen’s Compensation Act, 1923 swept all three aside and said: if the injury arose out of the work, the employer pays — full stop.

What the scheme is, and the words that decide every case

The idea is **no-fault liability**. The worker no longer has to prove the employer was careless; he only has to show the injury *arose out of and in the course of* his employment. In return, the amounts are fixed by a formula, not by what a civil court might award. The Workmen’s Compensation Act 1923 is now **Chapter VII of the Code on Social Security, 2020** (sections 73–99), renamed “Employee’s Compensation”.

Because liability is automatic, the *definitions* do the heavy lifting — most problems are really “does this person / this event fall inside a definition?”

- **Employee** — in general, a person employed on wages by an establishment, directly or through a contractor, to do any skilled, unskilled, manual, clerical, supervisory or other work (s.2(26)). But for Chapter VII the third proviso to s.2(26) narrows it: “employee” means **only** the persons listed in the **Second Schedule**, and any others the Government adds by notification. So the old Act’s schedule-based limit survives: the Code renamed the “workman” an “employee”, but compensation still reaches only the scheduled employments. A **security guard at the gate of a factory** is covered because item (ii) of the Second Schedule takes in anyone employed in premises where

a manufacturing process is carried on with power, or in any work incidental to or connected with it — so the “is he a workman?” problem is answered *yes*.

- **Dependant** — the relatives who may claim if the worker dies: widow, minor children, and
  (where wholly/partly dependent) parents and others listed in the Code. This decides *who* receives a death compensation.
- **Employer** — the person who employs one or more employees in his establishment, directly or through any person (s.2(27)). It includes the **occupier** of a factory; the **owner, agent or manager** of a mine; in any other establishment, the person or authority with **ultimate control** over its affairs (or the manager or managing director to whom they are entrusted); the **contractor**; and the **legal representative** of a deceased employer. For a government department it is the authority the head of the department specifies (or the head himself), and for a local authority its chief executive.
- **Wages** — all remuneration expressed, or capable of being expressed, in money and payable for the employment (s.2(88)). It includes basic pay, dearness allowance and retaining allowance, and excludes items such as bonus, the employer’s pension or PF contribution, conveyance allowance, house rent allowance, overtime and commission. If the excluded payments in sub-clauses

  1. to (i) exceed one-half of the total remuneration, the excess is added back to wages.
- **Partial and total disablement** — the loss of earning capacity (taught in full in Topic 5).

> ***Section 2(26), Code on Social Security 2020:*** "*‘employee’ means any person (other than an apprentice engaged under the Apprentices Act, 1961) (52 of 1961) employed on wages by an establishment, either directly or through a contractor, to do any skilled, semi-skilled or unskilled, manual, operational, supervisory, managerial, administrative, technical, clerical or any other work, whether the terms of employment be express or implied, and also includes a person declared to be an employee by the appropriate Government, but does not include any member of the Armed Forces of the Union: …*
>
> *Provided also that for the purposes of Chapter VII, the term ‘employee’ shall mean only such persons as specified in the Second Schedule and such other persons or class of persons as the Central Government, or as the case may be, the State Government may add to the said Schedule, by notification, for the purposes of that Government;*"
>
> ***Second Schedule, item (ii):*** *“any person who is— … (ii) employed, in any premises wherein or within the precincts whereof a manufacturing process as defined in clause (k) of section 2 of the Factories Act, 1948 (63 of 1948), is being carried on, or in any kind of work whatsoever incidental to or connected with any such manufacturing process or with the article made whether or not employment in any such work is*

> *within such premises or precincts, and steam, water or other mechanical power or electrical power is used; …”*

In Simple Terms: Forget fault. Ask three things — is the injured person an *employee*, was there an *accident*, and did it arise *out of and in the course of* the employment? If yes, the employer pays a formula amount. The claimant on a death is a *dependant*.

> **◈ WORKED EXAMPLE — is the gate guard an “employee”?**
>
> **Facts.** ‘A’ is engaged on monthly wages as a security inspector at the factory gate and is injured on duty.
>
> **Rule.** For Chapter VII an “employee” means only a person listed in the Second Schedule (third proviso to s.2(26)). Item (ii) of that Schedule covers anyone employed in premises where a manufacturing process is carried on with power, or in any work incidental to or connected with that process.
>
> **Apply.** The factory carries on its manufacturing process with electrical power (assumed, as item (ii) requires). A is employed on wages in the factory premises, and guarding the gate of such a factory is work incidental to and connected with that process. He falls within item (ii).
>
> **Conclusion.** A is an employee and, if injured in an accident arising out of and in the course of that employment, can claim compensation.

Case Laws

- ***Dharangadhara Chemical Works v State of Saurashtra (1957)***
  - **Facts:** The company had salt made on its land by *agarias*, traditional salt-makers who worked the salt pans with their own family members, kept no fixed hours and were paid by the quantity of salt produced. When a dispute about their conditions was referred to an Industrial Tribunal, the company argued that the agarias were independent contractors, not workmen.
  - **Held:** The test is whether the employer has the right to control the manner in which the work is done; on the facts the company had that right, so the agarias were workmen.
  - **Why it matters here:** The control test is still the starting point for any “is he an employee?” problem.
- ***B. Shah v Presiding Officer, Labour Court, Coimbatore (1977)***
  - **Facts:** Women workers on a plantation estate claimed maternity benefit for the twelve weeks then allowed by the Maternity Benefit Act, 1961. The employer paid only for the working days, leaving out the Sundays within those weeks.
  - **Held:** The benefit had to be paid for every day of the period, Sundays included; a welfare law must be read in the way that best achieves its purpose of protecting the worker.

- **Why it matters here:** Read every definition in Chapter VII beneficially, in the worker's favour, where its words allow.

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4. Employer's Liability to Pay Compensation and the Defences

In short: The employer must pay when an employee is injured by an accident arising out of and in the course of the employment. He escapes only in a few listed cases, such as a very short disablement or an injury caused by drink or by ignoring safety rules, and those defences never apply when the worker dies or is permanently and totally disabled.

> **Previous Year Questions**
>
> - **[16M / 10M]** Discuss the liability of the employer to pay compensation under the Employees' Compensation Act. / Circumstances under which an employer is (or need not be) liable. *(Jan 2026, Jul 2025, Aug 2024, Mar 2024, Oct 2023)* ★★★

The Hook

A workman drank on the job, fell, and died. The employer said: "He was drunk — I owe nothing." The law's answer is more careful than that, and it is exactly what this topic tests. Drink is a defence only in a narrow way — and never where the worker *dies*.

When the employer is liable — and the four exceptions

The rule is in **Section 74 of the Code on Social Security, 2020**. The employer is liable to pay compensation **if personal injury is caused to an employee by an accident (or an occupational disease listed in the Third Schedule) arising out of and in the course of his employment.** That is the whole trigger — no need to prove negligence.

But the same section lists the situations where the employer is **not** liable:

1. where the injury does **not** result in total or partial disablement for more than **three days**; and
2. where the injury (**not** resulting in death **or permanent total disablement**) is *directly attributable* to the employee having, at the time, been — (a) under the influence of **drink or drugs**; or (b) in **wilful disobedience** of an order expressly given, or a rule expressly framed, for the purpose of securing the safety of employees; or (c) in **wilful removal or disregard** of a safety guard or device he knew was provided for safety.

▶ KEY POINT

Notice the built-in limit: the drink/disobedience/safety-guard defences apply **only** where the injury did *not* cause death or permanent total disablement. So if the drunk worker *dies*, the defence is gone — the employer still pays. This is the single most-tested point in the unit.

Section 74(1), Code on Social Security 2020: *"If personal injury is caused to an employee by accident or an occupational disease listed in the Third Schedule arising out of and in the course of his employment, his employer shall be liable to pay compensation in accordance with the provisions of this Chapter:*

Provided that the employer shall not be so liable— (a) in respect of such injury which does not result in the total or partial disablement of the employee for a period exceeding three days; and (b) in respect of such injury, not resulting in death or permanent total disablement caused by an accident which is directly attributable to— (i) the employee having been at the time thereof under the influence of drink or drugs, or (ii) the wilful disobedience of the employee to an order expressly given, or to a rule expressly framed, for the purpose of securing the safety of employees, or (iii) the wilful removal or disregard by the employee of any safety guard or other device which he knew to have been provided for the purpose of securing the safety of employee."

In Simple Terms: The default is: accident at work → employer pays. The employer escapes only in the listed cases, and even then *never* when the worker is killed or permanently and totally disabled.

◈ WORKED EXAMPLE — the drunk workman who died

Facts. A workman, on the employer's duty, dies in an accident; it is proved he was under the influence of drink at the time.

Rule. Section 74 makes the employer liable for accidents arising out of and in the course of employment. The intoxication exception applies **only** where the injury did **not** cause death or permanent total disablement.

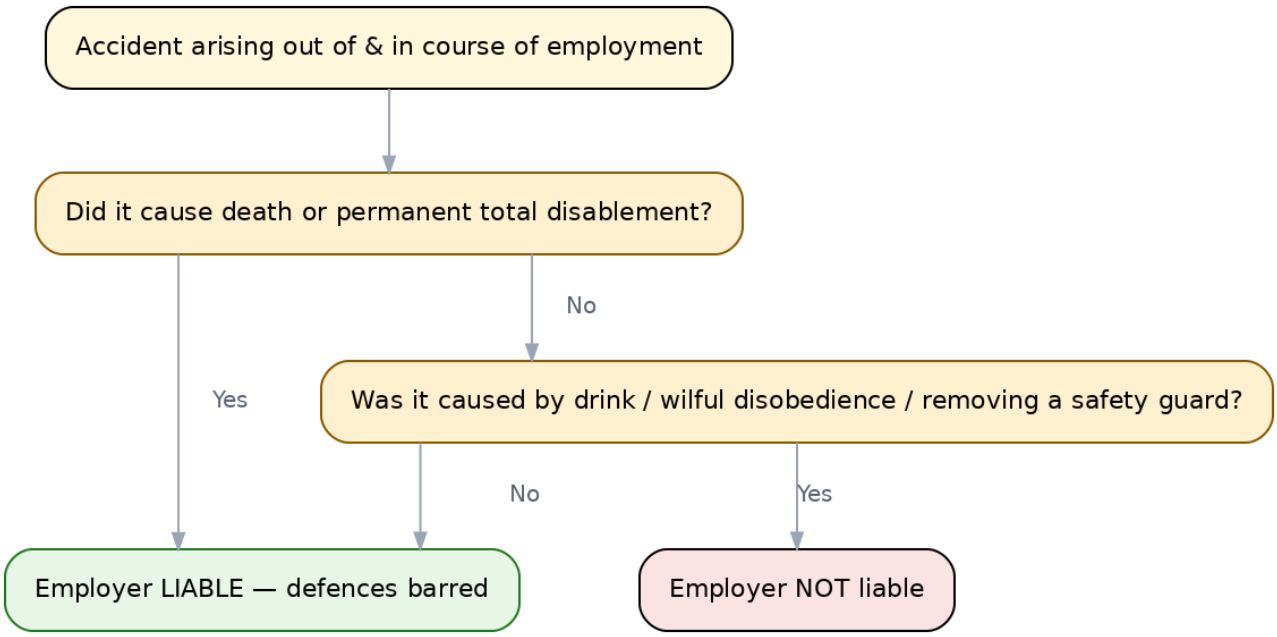
Apply. The accident happened on duty (in the course of employment). The worker *died*, so the drink exception cannot be used, even though he was drunk.

Decoy. "He was intoxicated" is planted to make you deny compensation — resist it; drink is irrelevant once death results.

Conclusion. The employer is liable to pay compensation to the dependants.

The Visual

Once you have an accident arising out of and in the course of employment, two questions asked in a fixed order decide whether a defence can save the employer.



Start from the top box, the **accident arising out of & in course of employment**. Ask first: *did it cause death or permanent total disablement?* If yes, stop there — the **employer is liable** and the **defences are barred**. Only if the answer is no do you ask the second question: *was it caused by drink, wilful disobedience or removing a safety guard?* If yes, the **employer is not liable**; if no, he pays. The common mistake is to ask the drink question first. Ask about death first, and the drunk-worker problem answers itself. (The separate three-day rule — nothing is payable for a disablement that does not last more than three days — sits outside the chart.)

Case Laws

- **[C-4] *Mackinnon Mackenzie & Co. v Ibrahim Mahmmed Issak (1969)***
  - **Facts:** Shaikh Hassan, a deck-hand on the ship *Dwarka*, complained of chest pain during a voyage in the Persian Gulf in December 1961. He was last seen at about 3 a.m., saying he was going to bed; at 6.15 a.m. he was found missing, and his body was never found. His father claimed compensation.
  - **Held:** The burden is on the claimant to prove that the accident arose out of the employment, that is, a causal link between the work and the accident. The Commissioner may draw a legitimate inference from proved facts but must not guess; nothing showed how the seaman was lost, so the claim failed.
  - **Why it matters here:** The trigger of the employer's liability has to be proved; no-fault liability is not liability without a link to the work.
- ***Jyothi Ademma v Plant Engineer, Nellore (2006)***
  - **Facts:** J. Venkaiah, employed at the Nellore Thermal Station, died of a heart attack at his work spot in 1994. His widow said the stress and strain of the job caused it; but he had been treated for a chest disease, his work was only to switch equipment on or off, and a doctor said it involved no real strain.

- **Held:** There must be a causal connection between the death and the employment. The employer is liable if the work contributed to or accelerated the death, but not where death is the natural result of a disease the worker already had; the claim failed, though the Court let the widow keep the amount already paid.
- **Why it matters here:** A death at the workplace is not automatically a death "arising out of" employment — the link has to be shown.

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5. Disablement; "Arising Out of and in the Course of Employment"; Notional Extension

In short: An injury is covered only if the work caused it and it happened within the time and place of the work. Courts stretch that place a little beyond the gate, and treat a natural danger as work-related only if the job added to the risk. Disablement is total when all earning capacity is lost and partial when it is only reduced.

> **Previous Year Questions**
>
> - **[16M / 10M]** Explain partial and total disablement under the Employees' Compensation Act. *(Jul 2025, Aug 2024, Mar 2024, Oct 2023, Mar 2023)* ★★★
> - **[16M / 10M / 6M]** Explain the doctrine of Notional Extension with decided cases. *(Jan 2026, Aug 2024, Mar 2024, Oct 2023, Mar 2023)* ★★★
> - **[Problem]** An employee dies from natural lightning / at the employer's premises — is the employer liable? *(Jul 2026, Jan 2026, Jul 2025, Aug 2024, Mar 2024)* ★★★

The Hook

One evening in June 1952, workmen leaving a salt works near Porbandar crossed the creek in a public ferry; the overloaded boat capsized and some of them drowned. Were they still "in the course of employment", though they had left the works? In *Saurashtra Salt* (1958) the Supreme Court said the answer depends on how far the employment can be *notionally extended* beyond the gate — and that doctrine decided such problems for decades, until the Code of 2020 added a statutory rule for the journey to and from work.

Two phrases, one doctrine, and the disablement ladder

"Arising out of employment" means the injury has a *causal* connection with the work — the risk was one the job exposed the worker to. **"In the course of employment"** means it happened within the *time and place* of the job. Both must be satisfied. Say them together as one test.

The rigid "time and place" limit is softened by the **doctrine of notional extension**. Employment does not begin sharply at the factory gate and end sharply there; it is treated

as *notionally extended* a reasonable distance in time and space — for example while the worker is entering or leaving by a route the employment requires him to use. An accident in that extended zone is still "in the course of employment."

The Code's commuting rule (s.74(4)). The Code now goes further for the journey itself. An accident while the employee is commuting from his residence to the workplace for duty, or back home after duty, is *deemed* to arise out of and in the course of employment **if a nexus between the circumstances, time and place of the accident and his employment is established**. So the ordinary journey to or from work is no longer automatically outside the course of employment. *Saurashtra Salt*, *Agnes* and *Francis De Costa* (below) were decided before the Code. They still show how courts weigh the link between a journey and the job, and they matter mainly where that nexus is not shown. Unit 2 teaches the identical ESI rule (s.34(3)).

There is a matching idea for *cause*: the **added-peril** and **act-of-God** tests. If the employment exposes the worker to a special risk greater than the public faces, an injury from that risk arises out of employment (added peril). A pure act of God — lightning, an earthquake — does **not** arise out of employment *unless* the work added to the risk (e.g. the job put the worker in a specially exposed place).

Disablement is the loss of earning capacity, and it comes in a ladder:

- **Permanent total disablement** (s.2(56)) — a disablement of a permanent nature that incapacitates the employee for *all* work he was capable of performing at the time of the accident. Every injury in **Part I of the Fourth Schedule** (e.g. loss of both hands, or loss of sight that leaves him unable to do any work for which eyesight is essential) is *deemed* permanent total disablement, and so is any combination of **Part II** injuries whose percentages of loss of earning capacity add up to one hundred per cent.
- **Permanent partial disablement** (s.2(55)) — a disablement of a permanent nature that *reduces* his earning capacity in every employment he was capable of undertaking at the time of the accident. Every injury in **Part II of the Fourth Schedule** is deemed to result in permanent partial disablement, with a fixed percentage of loss of earning capacity.
- **Temporary disablement** (s.2(83)) — a condition resulting from an employment injury that needs medical treatment and makes him *temporarily* incapable of doing the work he was doing before or at the time of the injury. It may be total or partial (s.76(1)(d)).

> ***Section 74(4), Code on Social Security 2020:*** *"An accident occurring to an employee while commuting from his residence to the place of employment for duty or from the place of employment to his residence after performing duty, shall be deemed to have arisen out of and in the course of employment if nexus between the circumstances, time and place in which the accident occurred and his employment is established."*
>
> ***Section 2(55):*** *"'permanent partial disablement' means, where the disablement is of a permanent nature, such disablement as reduces the earning capacity of an*

employee in every employment which he was capable of undertaking at the time of the accident resulting in the disablement: Provided that every injury specified in Part II of the Fourth Schedule shall be deemed to result in permanent partial disablement;"

Section 2(56): *"'permanent total disablement' means such disablement of a permanent nature as incapacitates an employee for all work which he was capable of performing at the time of the accident resulting in such disablement: Provided that permanent total disablement shall be deemed to result from every injury specified in Part I of the Fourth Schedule or from any combination of injuries specified in Part II thereof where the aggregate percentage of the loss of earning capacity, as specified in the said Part II against those injuries, amounts to one hundred per cent.;"*

Section 2(83): *"'temporary disablement' means a condition resulting from an employment injury which requires medical treatment and renders an employee, as a result of such injury, temporarily incapable of doing the work which he was doing prior to or at the time of the injury;"*

In Simple Terms: *Permanent total* = unfit for all the work he could do before; *permanent partial* = can still work, but earns less in every job he could do; *temporary* = off his own work for a while, under treatment. Notional extension stretches "in the course of employment" a little past the gate, and the Code now covers the commute itself when it is tied to the work; the added-peril test stretches "arising out of" to cover special risks the job creates.

◈ WORKED EXAMPLE — death by natural lightning at the workplace

Facts. A worker is killed by natural lightning while working on the employer's premises.

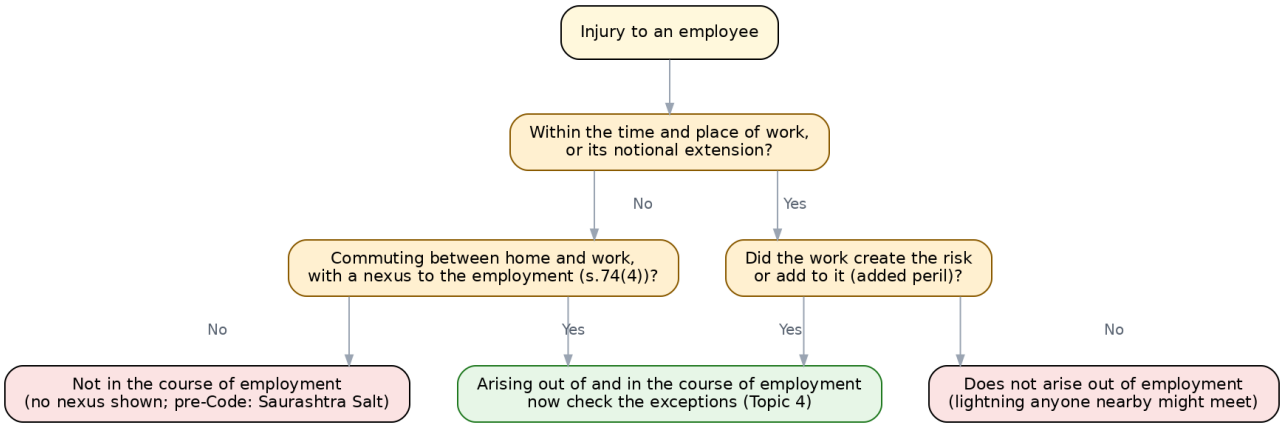
Rule. A natural act of God does not "arise out of employment" *unless* the employment exposed the worker to a *greater* risk than the general public (added-peril test).

Apply. If the work merely placed him where anyone might have been struck, there is no special risk and no liability. If the work put him in a specially exposed spot (a high open structure, a metal tower) the employment *added* to the risk, and the death arises out of employment.

Conclusion. Liability turns on the added-peril test — state the test, then decide on the facts given; do not answer "act of God, so never liable".

The Visual

Every "is this injury covered?" problem in this topic runs as two questions — place and time first, then cause. Follow the chart from the top.



Begin with the **injury to an employee** and ask the place-and-time question: was it *within the time and place of work, or its notional extension?* Travel the job itself requires, as in *Agnes*, counts as yes. If the answer is no, ask the Code's commuting question: was the employee *commuting between home and work, with a nexus to the employment (s.74(4))?* If so, the accident is deemed **arising out of and in the course of employment**, and you go straight to the exceptions. If no nexus is shown, the injury is **not in the course of employment** and the claim fails there — the pre-Code result for the workmen on the public ferry in *Saurashtra Salt*.

If the place-and-time answer is yes, ask the cause question: *did the work create the risk or add to it?* A danger that anyone nearby would face, such as **lightning anyone nearby might meet**, **does not arise out of employment**. But if the job put the worker in a specially exposed spot, the work added the peril, and the injury is **arising out of and in the course of employment**; only then do you check the exceptions in Topic 4. Whether the resulting disablement is total or partial comes after this, when you work out what is payable.

Case Laws

- **[C-3] *Saurashtra Salt Manufacturing Co. v Bai Valu Raja (1958)***
  - **Facts:** The company's salt works stood across a creek from Porbandar town. On the evening of 12 June 1952, workmen who had worked there that day were crossing back towards Porbandar in a public ferry boat when it capsized in bad weather, being overloaded, and some of them drowned. Their dependants claimed compensation.
  - **Held:** Employment may be notionally extended a reasonable distance in time and place around the workplace, but not to a public route; once the workmen were on the public ferry they were like any member of the public, not in the course of employment. The employer was not liable.
  - **Why it matters here:** It is the leading Indian statement of notional extension — and of its limit. It was decided before the Code: for a journey between home and work, apply s.74(4) first, and use this case where the nexus is not shown.

- **[C-4]** ***Mackinnon Mackenzie & Co. v Ibrahim Mahmmed Issak (1969)***
  - **Facts:** As in Topic 4 — a deck-hand vanished from his ship at night, and his body was never found.
  - **Held:** "In the course of employment" means while doing the work he is employed to do or something incidental to it; "arising out of employment" means the injury came from a risk incidental to the duties of the service — there must be a causal link. The claimant must prove that link, and here he had not.
  - **Why it matters here:** It supplies the two definitions every answer on this topic opens with.
- ***General Manager, B.E.S.T. Undertaking v Agnes (1963)***
  - **Facts:** Nanu Raman, a bus driver of the Bombay transport undertaking (B.E.S.T.), finished duty at a depot one evening in July 1957 and boarded another B.E.S.T. bus to go home; the bus hit a stationary lorry, and he died of his injuries. Under the undertaking's rules, uniformed staff could travel free on its buses. His widow claimed compensation.
  - **Held:** By a majority: given the distances in Bombay and the need to reach the depot on time, the free travel was a condition of service, so travel in the employer's bus to and from work was in the course of employment, and the widow succeeded.
  - **Why it matters here:** Notional extension reaches travel the employment itself requires — the contrast with the public ferry in *Saurashtra Salt*. Such a commute would today also fall under s.74(4).
- ***Trustees, Port of Bombay v Yamunabai (1952)***
  - **Facts:** Vinayak, a carpenter in the port's workshop at Alexandra Dock, Bombay, was sitting at his work table in May 1950 when a bomb planted by an unknown person exploded near him; he died the same day. His widow claimed compensation.
  - **Held:** The Bombay High Court held that the death arose out of and in the course of his employment, because his work had placed him at the spot where the explosion happened.
  - **Why it matters here:** Even an outsider's act can "arise out of" employment where the work put the worker in the place of danger — the added-peril idea.
- ***ESI Corporation v Francis De Costa (1996)***
  - **Facts:** Francis De Costa was riding his own bicycle to his factory at Koratty, Kerala, for a 4.30 p.m. shift in 1971 when, about a kilometre from the factory, a lorry belonging to his employer hit him and broke his collarbone. He claimed disablement benefit under the Employees' State Insurance Act.
  - **Held:** His journey to work on his own bicycle was not part of the employment, and there was no causal link between the accident and the work, so it was not an employment injury — even though the employer's lorry was involved.
  - **Why it matters here:** It is a pre-Code decision under the ESI Act, 1948: the ordinary journey to work was then outside the course of employment unless the

employer provided or required the transport, as in *Agnes*. The Code now deems a commuting accident to arise out of and in the course of employment if its nexus with the work is shown (s.74(4) here; s.34(3) for ESI), so the same facts could be decided differently today.

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6. Personal Injury and Occupational Disease

In short: Compensation normally needs an accident, but certain diseases caused by particular jobs are treated as if they were one. If a worker catches a listed disease in the matching job, the employer is liable without any single accident being proved.

> **Previous Year Questions**
>
> - **[10M]** Explain the employer's liability under the Employees' Compensation Act for personal injuries. *(Jan 2025)* ★
> - **[8M]** Occupational Disease. *(Jul 2026, Aug 2024)* ★
> - **[Problem]** An ex-prisoner contracts tuberculosis from dust while working in the prison — can he claim compensation? *(Aug 2024)* ★

The Hook

A prisoner is put to work in a dusty prison workshop, breathes the dust for months, and contracts tuberculosis. There was no single "accident" — no fall, no machine. Can a slow disease from the work still be an "employment injury"? The answer is the whole point of the occupational-disease rule.

Personal injury by accident vs. a disease built up over time

Ordinarily compensation needs an **accident** — a sudden, identifiable event. But some jobs cause harm *gradually*: a miner's lung disease, a chemical worker's poisoning, a dust-worker's tuberculosis. To cover these, the Code treats certain **occupational diseases** as if they were an employment injury, so no single accident need be proved.

The scheme (s.74(1) and (3), read with the Second and Third Schedules) works in parts:

- Section 74(1) itself now names "an occupational disease listed in the Third Schedule", alongside an accident, as a ground of the employer's liability.
- If an employee in an employment listed in the **Second Schedule** contracts a **Third Schedule** disease peculiar to that employment, while in the service of an employer for whom he has worked **continuously for not less than six months**, the disease is **deemed to be an injury by accident**, and unless the contrary is proved it is deemed to have arisen out of and in the course of the employment (s.74(3)). No specific accident need be proved.

- The Governments may add employments to the Second Schedule and diseases to the Third Schedule by notification, after not less than three months' notice (s.74(5)).

"Personal injury" itself is read widely — it covers not only a visible wound but also physiological injury such as a heart attack or a nervous shock brought on by the strain of the work.

> ***Section 74(3), Code on Social Security 2020:*** *"If an employee employed in any employment specified in the Second Schedule contracts any disease specified in the Third Schedule, being an occupational disease peculiar to that employment whilst in the service of an employer in whose service he has been employed for a continuous period of not less than six months, then, such disease shall be deemed to be an injury by accident within the meaning of this section and unless the contrary is proved, the accident shall be deemed to have arisen out of and in the course of the employment."*

In Simple Terms: For a normal injury you point to an *accident*. For a scheduled occupational disease you do not need an accident at all — the disease, caught in the matching job, is *treated* as the accident.

> **◈ WORKED EXAMPLE — the prisoner with tuberculosis**
>
> **Facts.** A person working in a dusty prison workshop contracts tuberculosis from the dust and claims compensation.
>
> **Rule.** Under s.74(3), a Third Schedule disease peculiar to a Second Schedule employment, contracted after at least six months' continuous service with the employer, is deemed an injury by accident arising out of and in the course of employment.
>
> **Apply.** If the dust-borne disease is scheduled for that kind of work, the work is a scheduled employment and he had served six months continuously, it is treated as an employment injury; the absence of a single "accident" is no bar.
>
> **Conclusion.** He can succeed *provided* the disease is a notified occupational disease for that employment and the employer-employee relationship exists; otherwise he must show the illness arose out of the employment.

Case Laws

- ***Indian News Chronicle v Mrs Lazarus (1951)***
  - **Facts:** Lazarus, an electrician at a newspaper's press, had to keep moving between a hot room with machinery and a cooling plant kept at a very low temperature. One night in June 1948 he fell ill after entering the cooling room, was sent home, was found to have pneumonia, and died a few days later. His widow claimed compensation.

- **Held:** The Punjab High Court upheld the award: an illness brought on by the conditions the work exposed him to was a personal injury by accident arising out of his employment.
- **Why it matters here:** Even outside the scheduled occupational diseases, a disease caused by the work's own conditions can be compensated as an "injury by accident".

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7. Amount and Calculation of Compensation

In short: The amount is fixed by a formula, not left to a judge: a percentage of the monthly wage multiplied by a factor that falls as the worker's age rises. Death, permanent total, permanent partial and temporary disablement each have their own rule.

The Hook

Two workers lose an arm in the same machine on the same day — one aged 25, one aged 55. They do **not** get the same money. The Code deliberately pays the younger worker more, and the reason reveals how the whole formula thinks.

How the money is worked out

Compensation is **not** at large — it is a formula fixed by **Section 76 read with the Sixth Schedule** of the Code. Three inputs drive it: the *nature* of the injury (death / total / partial), the worker's *monthly wages*, and his *age* (through a "relevant factor" set out in the **Sixth Schedule**; the injury-percentage list for partial disablement is the **Fourth Schedule**).

- **Death** — 50% of the monthly wages × the relevant factor for the worker's age, subject to a minimum floor; plus funeral expenses.
- **Permanent total disablement** — 60% of monthly wages × the relevant factor, subject to a minimum floor.
- **Permanent partial disablement** — a proportion of the total-disablement amount, matching the percentage loss of earning capacity for that injury in the **Fourth Schedule**.
- **Temporary disablement** — a half-monthly payment while the disablement lasts.

The **relevant factor falls as age rises** — that is why the younger worker gets more: he has more working years ahead, so a larger multiplier. Monthly wages above a notified ceiling are capped for the calculation.

> ***Section 76(1), Code on Social Security 2020:*** *"Subject to the provisions of this Chapter, the amount of compensation shall be,— (a) where death results from the injury, an amount equal to fifty per cent. of the monthly wages of the deceased*

employee multiplied by the relevant factor or an amount as may be notified by the Central Government from time to time, whichever is more;

1. *where permanent total disablement results from the injury, an amount equal to sixty per cent. of the monthly wages of the injured employee multiplied by the relevant factor or an amount as may be notified by the Central Government from time to time, whichever is more: ...*"

In Simple Terms: Pick the injury type → take the right percentage of monthly wages → multiply by the age factor from the Sixth Schedule → check it is not below the floor. Younger worker, bigger factor, more money.

◈ WORKED EXAMPLE — reading the formula

Facts. A worker aged 25 dies in a workplace accident; monthly wages are within the ceiling.

Rule. Death compensation = 50% of monthly wages × the relevant factor for age 25 (Sixth Schedule), subject to the statutory minimum, plus funeral expenses.

Apply. Take half the monthly wage, multiply by the (high) factor for a 25-year-old, compare with the floor and pay the higher.

Conclusion. State the formula and the inputs; you are not expected to recite the exact factor, only to show you know *how* the figure is built.

Case Laws

- ***Pratap Narain Singh Deo v Srinivas Sabata (1976)***
  - **Facts:** Srinivas Sabata, a carpenter doing ornamental work in a cinema hall owned by the employer at Jeypore, Orissa, fell in 1968, and his left arm had to be amputated above the elbow. The employer paid nothing, and the Commissioner awarded compensation for total disablement with a penalty and interest.
  - **Held:** The Supreme Court upheld the finding of total disablement, since a carpenter cannot do his work with one hand. It also held that the employer became liable to pay as soon as the injury occurred, not only when the Commissioner fixed the amount, so the penalty and interest for delay were justified.
  - **Why it matters here:** It shows the “nature of the injury” input at work — total or partial depends on the work the worker can still do — and fixes the date from which the money is due.

---

8. Competent Authority — Powers, Notice, Claim and Deposit

In short: Compensation claims are decided by a special authority with the powers of a civil court, not by an ordinary court. On a worker's death the employer must deposit the money with that authority, which shares it among the dependants; paying the family directly does not count.

> **Previous Year Questions**
>
> - **[16M]** Discuss the powers and functions of the Commissioner (competent authority) under the Employees' Compensation Act. *(Aug 2024, Dec 2020)* ★★
> - **[6M]** Procedure for claiming compensation. *(Jul 2026, Jul 2025, Jan 2025)* ★★
> - **[Problem]** The employer pays the widow ₹1 lakh directly as compensation — is it a valid payment? *(Jul 2025, Jan 2025)* ★

The Hook

An employee dies in a factory accident. The kind-hearted employer hands the widow ₹1 lakh in cash and thinks the matter is closed. It is **not** — and the reason protects the very widow he tried to help.

The authority that decides claims, and the rule that money goes through it

Disputes about compensation are decided not by an ordinary civil court but by a **competent authority** (the old "Commissioner"), appointed under **Section 91** of the Code, whose powers and procedure are in **Sections 90–99**.

- **Powers and functions** (Section 95) — the competent authority has the **powers of a civil court** (summoning witnesses, taking evidence on oath, compelling production of documents). It settles disputes on liability and amount, **apportions** a lump sum among dependants, decides who is a dependant, and registers agreements.
- **Notice and claim** (Section 82) — notice of the accident should be given as soon as practicable, and a claim must be made within the limitation period (generally **two years** of the accident or death), though the authority may admit a late claim for sufficient cause.
- **Deposit and distribution of compensation** (Section 81(1)) — this is the exam favourite. Where an employee dies, the compensation must be **deposited with the competent authority**, which then distributes it among the dependants. A payment made **directly** to a dependant is **not** a valid payment of compensation. (Separately, Section 77 requires the compensation to be **paid as soon as it falls due**, with

damages/interest for default.) The rule exists to stop widows and minors from being short-changed or pressured into accepting too little.

> ***Section 81(1), Code on Social Security 2020:*** *"No payment of compensation in respect of an employee whose injury has resulted in death … shall be made otherwise than by deposit with the competent authority, and no such payment made directly by an employer shall be deemed to be a payment of compensation."*

In Simple Terms: Think of the competent authority as the safe box. On a death, the employer must put the money *in the box*; the authority decides how much and splits it fairly among the dependants. Cash slipped to the widow at the gate does not count.

> **◈ WORKED EXAMPLE — ₹1 lakh handed to the widow**
>
> **Facts.** After a fatal factory accident, the employer pays the widow ₹1 lakh directly.
>
> **Rule.** On death, compensation must be *deposited with the competent authority* (s. 81(1)); a direct payment is not a valid payment of compensation (and the amount must also match the s.76 formula).
>
> **Apply.** The employer bypassed the authority and fixed the sum himself, so the payment does not discharge his statutory liability, and the widow is not bound by it.
>
> **Conclusion.** The direct payment is invalid. The employer must deposit the correctly-calculated compensation with the competent authority for distribution.

Case Laws

- ***Pratap Narain Singh Deo v Srinivas Sabata (1976)***
  - **Facts:** As in Topic 7 — a carpenter who lost his arm in a fall at work was left unpaid until the Commissioner imposed a penalty and interest.
  - **Held:** Compensation falls due on the date of the accident; an employer who neither pays nor deposits it, nor makes even a provisional payment, is in default and must bear the penalty and interest.
  - **Why it matters here:** The employer cannot wait for the competent authority to force him; he must pay or deposit as soon as the money falls due.
- A civil court has **no jurisdiction** to settle a question required to be decided by the competent authority (Code on Social Security 2020, **Section 90(2)**), and a claimant who has sued for damages in a civil court cannot also claim compensation (**Section 74(7)**).

Landmark Cases — in Brief

[C-1] Olga Tellis v Bombay Municipal Corporation (1985) — livelihood is part of “life”

Facts.

In 1981 the Maharashtra Government and the Bombay Municipal Corporation decided to evict pavement and slum dwellers in Bombay, whose homes stood close to the places where they earned their living.

Issue.

Does the right to life in Article 21 include the right to livelihood?

Held.

Yes. Depriving a person of livelihood by unfair means can amount to depriving him of life; the Directive Principles about work inform Article 21. The evictions were not forbidden outright, but had to follow a fair and reasonable procedure.

Why it matters.

It is the bridge that makes the “non-binding” labour Directives constitutionally effective — the core of every “FR and DPSP are the backbone” answer.

[C-2] Bandhua Mukti Morcha v Union of India (1984) — dignity and humane conditions under Article 21

Facts.

A public interest petition highlighted the exploitation of bonded labourers in stone quarries, living in inhuman conditions without basic amenities, pure drinking water, or fair wages.

Issue.

Does the fundamental right to life under Article 21 encompass the right to live with human dignity, informed by the Directive Principles?

Held.

Yes. The Supreme Court held that the right to live with human dignity under Article 21 derives its life breath from the Directive Principles (Arts. 39(e), 39(f), 41, 42). The State is constitutionally bound to identify, release, and rehabilitate exploited workers.

Why it matters.

It firmly roots labour welfare and freedom from exploitation in fundamental rights, establishing that the Directive Principles give substantive content to Article 21 in industrial jurisprudence.

[C-3] Saurashtra Salt Manufacturing Co. v Bai Valu Raja (1958) — how far the workplace extends

Facts.

The salt works stood across a creek from Porbandar. On the evening of 12 June 1952, workmen returning from the works towards Porbandar in a public ferry boat drowned when the overloaded boat capsized in bad weather.

Issue.

Was the drowning "in the course of employment" once they had left the works?

Held.

Employment can be *notionally extended* to a reasonable time and route around the workplace, but on these facts the public ferry crossing fell outside it, so the claim failed.

Why it matters.

It is the leading Indian statement of the **notional extension** doctrine — cited in every "arising in the course of employment" problem. It states the position before the Code; a journey between home and work is now governed first by s.74(4), and the case guides the answer where no nexus with the work is shown.

[C-4] Mackinnon Mackenzie & Co. v Ibrahim Mahmmed Issak (1969) — proving "arising out of"

Facts.

Shaikh Hassan, a deck-hand on the ship *Dwarka*, complained of chest pain during a voyage in the Persian Gulf in December 1961, was last seen at about 3 a.m., and was found missing at 6.15 a.m.; his body was never found. His father claimed compensation.

Issue.

Who must prove that the death arose out of the employment, and how?

Held.

The claimant must prove a causal link between the employment and the accident. The Commissioner may draw a legitimate inference from proved facts, but must not surmise or guess. Here nothing showed how the seaman was lost, so the Supreme Court restored the Commissioner's rejection of the claim.

Why it matters.

It fixes the *burden of proof* on the claimant and defines both "arising out of" (a risk incidental to the duties) and "in the course of" (while doing the work or something incidental to it) — the standard authority on both phrases.

Quick Revision & Case Law Table

One-line memory hooks

- **Labour welfare & constitution:** DPSP (Arts 41, 42, 43, 43A) are the value; Art 21 (life = livelihood) is the enforceable remedy — the “backbone”.
- **ILO:** tripartite; a Convention reaches courts through a law of Parliament (Art 253), or, where no law exists, by being read into the Fundamental Rights (*Vishaka*); source of compensation/ESI/maternity/hours law.
- **Compensation basics:** no-fault; ask employee? accident? arising out of and in course of employment?
- **Liability & defences (s.74):** accident at work → employer pays; drink/disobedience/ safety-guard defences fail once death or permanent total disablement results.
- **Disablement & notional extension:** permanent total = unfit for all work he could do (Fourth Sch Part I deemed, s.2(56)); permanent partial = reduced capacity in every employment (Part II, s.2(55)); temporary = off work under treatment (s.2(83)); employment extends notionally past the gate; a commute with a nexus to the work is deemed covered (s.74(4)); act of God only if the job added the peril.
- **Occupational disease:** a Third Schedule disease peculiar to a Second Schedule employment, after six months’ continuous service, is *deemed* an injury by accident (s. 74(3)) — no accident needed.
- **Amount (s.76):** death 50% × relevant factor; total 60% × relevant factor (age factor = Sixth Schedule; injury % = Fourth Schedule); younger worker → bigger factor.
- **Competent authority (ss.90–99):** civil-court powers; on death, deposit with the authority (s.81(1)) — direct cash to the widow is invalid.

Master Case List for Unit 1

Case	Topic	One-line ratio
[C-1] Olga Tellis v Bombay Municipal Corporation (1985)	Constitutional dimensions	Article 21 includes the right to livelihood.
[C-2] Bandhua Mukti Morcha v Union of India (1984)	Constitutional dimensions	Art 21 + DPSP guarantee humane, bondage-free labour.
Randhir Singh v Union of India (1982)	Constitutional dimensions	Equal pay for equal work under Arts 14, 16, 39(d).

Case	Topic	One-line ratio
People’s Union for Democratic Rights v UOI (1982)	Constitution / ILO	Non-payment of minimum wages is “forced labour” (Art 23).
Gramophone Co. v B.B. Pandey (1984)	ILO	International law is part of Indian law unless it conflicts with an Act of Parliament.
Vishaka v State of Rajasthan (1997)	ILO	Where no Indian law exists, a consistent international convention is read into the Fundamental Rights.
Dharangadhara Chemical Works v State of Saurashtra (1957)	Employee definition	The “control” test identifies an employee.
B. Shah v Presiding Officer, Labour Court (1977)	Employee definition	Welfare laws are read beneficially, in the worker’s favour.
Jyothi Ademma v Plant Engineer, Nellore (2006)	Employer’s liability	A death at work needs a causal link with the work; a natural disease death is not covered.
[C-3] Saurashtra Salt Mfg. Co. v Bai Valu Raja (1958)	Notional extension	Employment extends notionally to a reasonable route/time, not a public route (pre-Code; a commute is now read with s.74(4)).
[C-4] Mackinnon Mackenzie v Ibrahim Issak (1969)	Liability / arising out of	The claimant must prove a causal link; inference yes, guesswork no.
General Manager, BEST v Agnes (1963)	Notional extension	Travel home in employer’s transport is in the course of employment.
Trustees, Port of Bombay v Yamunabai (1952)	Arising out of employment	A bomb at the work table arose out of the employment.

Case	Topic	One-line ratio
ESI Corporation v Francis De Costa (1996)	Notional extension	Pre-Code: the ordinary journey to work on one’s own cycle was outside employment; s.74(4) (and s.34(3) for ESI) now covers a commute with a nexus to the work.
Indian News Chronicle v Mrs Lazarus (1951)	Occupational disease	Disease from work conditions is an “injury by accident”.
Pratap Narain Singh Deo v Srinivas Sabata (1976)	Amount / deposit	Compensation is due from the date of the accident.

End of Unit 1.



Labour Law-II

KSLU LL.B. — Question Bank · Model Answers (Essays & Problems) · 100-mark pattern

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> ***Read this first, then go to your unit.*** *This companion to the study notes gives you a full, exam-ready* ***model answer*** *to every 16M essay, every 10M short / explanatory note, and every fact-pattern problem asked in past KSLU Labour Law-II papers — grouped by unit and topic in the same order as the notes. Sub-10-mark short notes (5M / 6M / 8M) are answered in the notes bundle, not here. The law is stated as the* ***2020 Codes*** *(Code on Social Security + OSH Code) put it; a question phrased under an old Act is answered under the matching Code provision.*
>
> ***Built for the 100-mark paper.*** *KSLU sets an* ***80-mark*** *and a* ***100-mark*** *paper; this bank is the* ***100-mark*** *edition (* `Labour_Law_II_Question_Bank_100.pdf` *), which most students sit. Its essays and short notes are the 100-mark questions, but its* ***problems cover every fact-pattern from both patterns*** *— problems repeat, so none is left out. Sitting the 80-mark paper? An 80-mark edition can be generated on request.*

How to Use This Question Bank

What this is. A rehearsal book. The study notes teach the concept; this bank shows you how to *write the marks* — a complete answer in the exact shape an examiner rewards.

The 3-step drill. (1) Read the question and try a 2-minute plan from memory.

1. Read the model answer; note the structure, the cases, the verdict. (3) For problems, re-do the IRAC in your own words under time.

Priorities. The ★ rating shows how often a question repeats — ★★★ (5+ times) is a near-certainty; do these first. The Priority Index below lists them ranked.

House rules that win marks. Lead with a definition + roadmap; cite the Code section (not just the old Act) and name the case **and** the year; for problems use the four IRAC headings and always give a definite verdict; spot the planted decoy (intoxication, “only two children”, the below-threshold headcount).

Exam Pattern & Mark Weights

> ***100-mark paper*** *— long essays are 16 marks and the last question is a set of application problems (10 marks each). This bank drills the* ***16M essays (§A)****, the substantial* ***10M explanatory questions (§B)*** *(which recur across sittings), and*

> ***every fact-pattern problem (§C)**. Purely descriptive sub-10-mark short notes are answered in the study-notes bundle, not here.*

Mark slot	What it is	How many	Where it’s drilled
16M	Long essay	16 model essays	Section A of each unit
10M	Short / explanatory note	17 model notes	Section B of each unit
Problems	Fact-pattern, IRAC	12 model problems	Section C of each unit

> 🆕 ***New-syllabus (anticipated) blocks.** Because LL-II is a brand-new syllabus built on the 2020 Codes, several topics — the OSH Code’s objectives, employer/ employee duties, safety, offences/penalties and the Social Security Fund, the ILO’s impact, the compensation-calculation formula, and above all **gig & platform workers** and **building & construction workers** — have **no past-year question yet**. The bank adds **anticipated model answers** for them (marked “🆕 new” in the Priority Index), sourced entirely from the study notes, because examiners mine exactly these fresh topics.*

Priority Index — Questions by Frequency

Every
block in the bank, grouped by how often its question has been set (counted from the *Asked:* lines). Start at the top.

★★★ — asked five times or more — revise these first

Block	Marks	Question
`Q1.1`	16M	Define ‘Labour Welfare Legislation’ and explain the Indian constitutional provisions…
`Q1.2`	16M	Discuss the liability of the employer to pay compensation under the Employees’…

Block	Marks	Question
`Q1.3`	16M	Explain ‘partial disablement’ and ‘total disablement’ under the Employees’ Compensation law
`Q1.4`	16M	Explain the doctrine of notional extension of time and place under the Employees’…
`Q2.1`	16M	Explain the different kinds of benefits available to employees under the ESI scheme…
`Q2.2`	16M	Explain the constitution, powers and procedure of the Employees’ Insurance Court, and the…
`S2.2`	10M	Explain the benefits available to women / the salient features of maternity benefit…
`Q3.1`	16M	Discuss the various schemes formulated under the Employees’ Provident Fund law (Chapter…
`Q3.2`	16M	Define “contribution” and examine the law relating to contribution by the employer and…
`S3.1`	10M	Discuss the mode of recovery of money due from the employer under the EPF law
`Q4.1`	16M	Discuss the provisions relating to ‘Health’ under the Occupational Safety, Health and…

Block	Marks	Question
Q5.1	16M	Elucidate the objectives and essential features of the Contract Labour law (Part I of…
Q5.2	16M	Define ‘unorganised worker’ and explain the various Government schemes and features of…
S5.1	10M	Explain the provisions regarding licensing of contractors under the Contract Labour law
S5.3	10M	Explain the composition and functions of the National Social Security Board for…

★★ — asked three or four times

Block	Marks	Question
Q1.5	16M	Discuss the powers and functions of the Commissioner / competent authority under the…
S1.1	10M	Explain the employer’s liability for personal injuries and occupational disease
P1.1	Prob	A workman, on the employer’s duty, dies in an accident; it is proved he was under the…
S3.3	10M	Discuss the rights of employees / the conditions for payment of gratuity and its…
P3.1	Prob	An employer withholds an employee’s gratuity, claiming the employee’s negligence caused…

Block	Marks	Question
Q4.2	16M	Discuss the welfare measures adopted under the OSH Code (formerly the Factories Act,...
S5.2	10M	Explain the important features and the duties/ obligations of the employer under the...

★ — asked once or twice

Block	Marks	Question
Q1.6	16M	Explain the salient features of the Employee's Compensation law (the Employee's...
S1.2	10M	Explain the impact / influence of the International Labour Organisation (ILO) on Indian...
S1.3	10M	Explain how the amount of compensation is calculated under the Employees' Compensation...
P1.2	Prob	An ex-prisoner contracts tuberculosis from the dust to which he was exposed while working...
P1.3	Prob	Ajay dies in a fatal factory accident; the employer pays his widow ₹1 lakh directly. Is...
P1.4	Prob	An employee dies due to natural lightning while working at the employer's premises. Is...

Block	Marks	Question
P1.5	Prob	‘A’ is employed as a security inspector at the gate of the factory premises. Is he a…
S2.1	10M	Discuss the composition, powers and duties of the ESI Corporation
Q3.3	16M	Discuss the scope and objectives of the Employees’ Provident Fund law
S3.2	10M	Discuss the constitution and functions of the Central Board under the EPF law
P3.2	Prob	‘A’ is terminated for misconduct within 3 years of joining and claims gratuity. Is he…
P3.3	Prob	Ravi is retrenched and claims gratuity, arguing that retrenchment is a termination of…
P3.4	Prob	A factory’s occupier refuses to pay provident-fund contributions because the number of…
Q4.3	16M	Discuss the objectives, scope and applicability of the Occupational Safety, Health and…
S4.1	10M	Explain the provisions relating to the employment of adolescents / young persons and the…
S4.2	10M	Explain the duties of the employer and of the employees under the OSH Code, 2020
S4.3	10M	Explain the safety provisions under the OSH Code, 2020

Block	Marks	Question
S4.4	10M	Explain the offences and penalties under the OSH Code, 2020
S4.5	10M	Write a short note on the Social Security Fund under the Code on Social Security, 2020
P4.1	Prob	Somu, aged 13, is made to work in a factory for more than 6 hours without intervals,...
P4.2	Prob	A factory employs 35 women; only two of them have children below five years, so the...
P4.3	Prob	‘A’ is employed as a security inspector at the gate of the factory premises. Is he a...
Q5.3	16M	Define ‘gig worker’ and ‘platform worker’ and explain the social-security schemes and the...
S5.4	10M	Explain the welfare scheme for building and construction workers — the cess, the fund and...

Year Index — Questions by Paper

Every paper with the blocks that answer its questions. Use it to rehearse a whole past paper.

Paper	Blocks
Jul 2026 (80)	Q1.1 · Q1.5 · S1.1 · P1.4 · Q2.2 · S2.2 · Q3.1 · Q3.2 · Q3.3 · S3.1 · S3.3 · P3.1 · S4.3 · Q5.1 · Q5.2 · Q5.3 · S5.1 · S5.2 · S5.3 · S5.4

Paper	Blocks
Jul 2026 (100)	`Q1.1` · `Q1.6` · `Q2.2` · `S2.2` · `Q3.1` · `S3.1` · `S3.3` · `P3.3` · `Q4.1` · `P4.1` · `Q5.2` · `S5.3`
Jan 2026 (80)	`Q1.1` · `Q1.2` · `Q1.3` · `Q1.4` · `S2.1` · `S2.2` · `S3.1` · `P3.1` · `Q5.1` · `Q5.2` · `S5.2`
Jan 2026 (100)	`Q1.2` · `Q1.4` · `P1.1` · `Q2.2` · `S2.2` · `Q3.3` · `P3.2` · `Q4.1` · `Q4.2` · `Q5.2`
Jul 2025 (80)	`Q1.1` · `Q1.3` · `P1.4` · `P1.5` · `Q2.1` · `S2.2` · `Q3.1` · `Q3.2` · `Q4.1` · `P4.3` · `Q5.1` · `Q5.2` · `S5.1` · `S5.3`
Jul 2025 (100)	`Q1.2` · `P1.3` · `P1.5` · `Q2.2` · `Q4.1` · `P4.2`
Jan 2025 (80)	`Q1.1` · `Q1.5` · `S1.1` · `Q2.1` · `S2.2` · `Q3.1` · `Q3.2` · `Q4.1` · `P4.1` · `P4.3` · `Q5.1` · `Q5.2` · `S5.1` · `S5.3`
Aug 2024 (80)	`Q1.1` · `Q1.2` · `Q1.4` · `Q2.1` · `S2.2` · `Q3.1` · `Q3.2` · `S3.3` · `Q4.2` · `Q5.1` · `Q5.2` · `S5.1`
Aug 2024 (100)	`Q1.5` · `S1.1` · `P1.2` · `Q2.1` · `P3.1`
Mar 2024 (80)	`Q1.1` · `Q1.2` · `Q1.4` · `Q2.1` · `Q3.1` · `Q3.2` · `S3.1` · `S3.3` · `S4.1` · `Q5.1` · `Q5.2` · `S5.1` · `S5.2`
Mar 2024 (100)	`Q1.3` · `P1.1` · `Q2.2` · `Q3.1` · `Q4.1` · `P4.2`
Oct 2023 (80)	`Q1.1` · `Q1.2` · `Q1.3` · `Q1.4` · `Q2.1` · `S2.2` · `S3.2` · `Q4.1` · `Q5.1` · `S5.1` · `S5.2` · `S5.3`
Mar 2023 (80)	`Q1.3` · `Q1.4` · `Q2.1` · `S2.1` · `Q4.1`
Mar 2023 (100)	`Q1.1` · `Q3.2` · `P3.3` · `Q5.1` · `Q5.2`
Nov 2022 (80)	`Q1.1` · `Q1.2` · `Q1.3` · `Q2.1` · `S2.2` · `Q3.1` · `S3.1` · `P3.4` · `Q4.1` · `S4.1` · `Q5.1` · `Q5.2`
Dec 2020 (100)	`Q1.2` · `Q1.5` · `P1.1` · `Q2.1` · `Q2.2` · `Q4.1` · `Q4.2`

> ***This bank is built for the 100-mark paper.*** *Its* ***essays*** *(§A) and* ***short notes*** *(§B) are the long questions asked on a* ***100-mark*** *KSLU sitting for Labour Law-II; its* ***problems*** *(§C) cover* ***every*** *fact-pattern problem from both the 80- and 100-mark papers, because problems recur across sittings and are the easiest marks to lose. Every unit, in the notes' topic order. Sub-10-mark short notes are answered in the study-notes bundle, not here.*

UNIT 1 — Labour Welfare & Employee’s Compensation

A. Essay Questions (16M) — Model Answers

Q1.1 — `[16M]` Define ‘Labour Welfare Legislation’ and explain the Indian constitutional provisions relating to labour welfare / social security with decided cases.

Asked: Jul 2026 (80), Jul 2026 (100), Jan 2026 (80), Jul 2025 (80), Jan 2025 (80) · +5 earlier · Pattern: both · ★★★ · Notes: Unit 1 → Topic 1 (Labour Welfare, Social Security and Constitutional Dimensions)

▤ ***ANSWER OUTLINE***

1. *Define labour welfare and social security — conditions of work vs income security.*
2. *The source is the Constitution: Directive Principles (Arts 39, 41, 42, 43, 43A).*
3. *Supported by Fundamental Rights (Arts 21, 23, 24, 14) — the “backbone” relationship.*
4. *Cases: Olga Tellis, Bandhua Mukti Morcha, PUDR, Randhir Singh.*
5. *Conclusion — the 2020 Codes are the Directives turned into law.*

Introduction

“Labour welfare legislation” is the body of law that improves the conditions of working life beyond the bare wage — safety, health, cleanliness, rest and, above all, **social security** (protection of income against accident, sickness, maternity, old age and death). Its ultimate source is the Constitution, which *directs* the State to secure these things for workers. The two ideas are therefore inseparable: the welfare law is the flesh, the constitutional provisions are the bone.

A. Labour welfare and social security — the meaning

1. **Labour welfare** covers the *conditions* of work — the measures that make the workplace and the working life humane. It is preventive and facilitative: creches, canteens, safety, hours limits, rest.
2. **Social security** is the narrower, legally-guaranteed core — it insures the worker’s *income* against the standard contingencies of working life (employment injury, sickness, maternity, disablement, old age, death). Employees’ compensation, ESI,

provident fund, gratuity and the unorganised-workers schemes are all social-security law.

3. The two differ in aim: welfare looks after the *conditions* of work; social security compensates for *loss of income*. Together they answer the worker's weakness in bargaining with capital.

B. The Directive Principles — the primary constitutional source

The mandate sits mainly in Part IV of the Constitution:

1. **Article 39(e)–(f)** — the State must ensure that the health and strength of workers is not abused and that citizens are not forced by economic necessity into unsuitable work.
2. **Article 41** — the State shall make effective provision for the **right to work, education and public assistance** in unemployment, old age, sickness and disablement — the parent of ESI and the unorganised-workers schemes.
3. **Article 42** — the State shall secure **just and humane conditions of work and maternity relief** — the parent of the OSH welfare rules and of maternity benefit.
4. **Article 43** — the State shall endeavour to secure a **living wage and a decent standard of life**; and **Article 43A** — **workers' participation** in management.

C. The Fundamental Rights — the enforceable backbone

The Directive Principles are not by themselves enforceable in a court (**Article 37**), but the courts read them into the enforceable Fundamental Rights, which is the whole meaning of the proposition that "FR and DPSP are the backbone of industrial jurisprudence".

1. **Article 21** (life and personal liberty) has been expanded to include the **right to livelihood** and to humane conditions, giving the labour Directives real bite.
2. **Article 23** forbids forced labour, and **Article 24** bars a child under 14 from a factory, mine or hazardous work.
3. **Article 14** (equality) underlies the principle of "equal pay for equal work".

D. How the Directives and Rights work together

The relationship between the two is crucial. Standing alone, a Directive Principle cannot be enforced in court — Article 37 says so in terms. But the judiciary has refused to treat the Directives as pious wishes. Instead it uses them as an **interpretive key**: where a Fundamental Right such as Article 21 is capable of a narrow or a broad reading, the court reads it **broadly, in the light of the Directive Principles**, so that the value the Directive protects becomes enforceable through the Right. That is exactly how the "right to livelihood" was read into the "right to life", and how humane working conditions were read into Article 21. So the Directives supply the **content**, the Fundamental Rights supply the **remedy**, and the labour statutes supply the **detail** — three layers of the same protection. This is the whole force of the statement that the Fundamental Rights and the Directive Principles are the "backbone of industrial jurisprudence".

Leading cases

- ***Olga Tellis v Bombay Municipal Corporation (1985)*** — the right to life in Article 21 includes the **right to livelihood**; depriving a person of his means of living can violate Article 21.
- ***Bandhua Mukti Morcha v Union of India (1984)*** — Article 21 read with the Directive Principles guarantees humane, bondage-free working conditions.
- ***People's Union for Democratic Rights v Union of India (1982)*** — non-payment of minimum wages amounts to "forced labour" under Article 23.
- ***Randhir Singh v Union of India (1982)*** — "equal pay for equal work" is a constitutional goal under Articles 14, 16 and 39(d).

Conclusion

Labour welfare legislation is the machinery by which the State discharges its constitutional duty to protect workers. The **Directive Principles** (Articles 39, 41, 42, 43, 43A) set the value; the **Fundamental Rights** (Articles 21, 23, 24, 14), as interpreted in *Olga Tellis* and *Bandhua Mukti Morcha*, make it enforceable. The two 2020 Codes — the Code on Social Security and the OSH Code — are simply these Directives translated into statute. That relationship is what "FR and DPSP are the backbone of industrial jurisprudence" means.

Q1.2 — `[16M]` Discuss the liability of the employer to pay compensation under the Employees' Compensation Act (Chapter VII, Code on Social Security 2020), including the circumstances in which he need not pay.

> *Asked: Jan 2026 (100), Jan 2026 (80), Jul 2025 (100), Aug 2024 (80), Mar 2024 (80) · +3 earlier · Pattern: both · ★★★ · Notes: Unit 1 → Topic 4 (Employer's Liability to Pay Compensation)*

> ***▤ ANSWER OUTLINE***
>
> 1. *The no-fault principle; s.74 — accident arising out of and in the course of employment.*
> 2. *The three ingredients: employee, accident, arising out of/in the course of.*
> 3. *The four exceptions where the employer is NOT liable.*
> 4. *The death / permanent-total-disablement override on the defences.*
> 5. *Cases + conclusion.*

> ⚠ **DON'T CONFUSE**
>
> **Looks like:** Q1.3 (Unit 1) — partial & total disablement. **How it differs:** this question is about *when the employer must pay* (the trigger and defences under s.74); Q1.3 is about *classifying the injury* to fix the *amount*. **Tell them apart by:** "liable / circumstances / need not pay" points to s.74; "partial / total / earning capacity" points to disablement.

Introduction

The Employees' Compensation scheme — the Workmen's Compensation Act 1923, now **Chapter VII of the Code on Social Security, 2020** — rests on one revolutionary idea: **no-fault liability**. The injured worker need not prove the employer was negligent; the employer pays because the injury arose out of the work he profits from. The governing provision is **Section 74**.

A. The general rule of liability (s.74)

1. **The trigger.** The employer is liable if personal injury is caused to an employee by an accident arising out of and in the course of his employment. Negligence is irrelevant — this is the break with the common law, which once let the employer escape behind the "unholy trinity" of common employment, contributory negligence and *volenti non fit injuria* [to one who consents no wrong is done].
2. **Three ingredients.** There must be (a) an **employee** (for Chapter VII, a person in a Second Schedule employment under the third proviso to s.2(26) — a factory gate guard qualifies), (b) an **accident** (or a notified occupational disease treated as one), and (c) the accident must arise **out of** (a causal connection with the work) **and in the course of** (within the time and place of) the employment.
3. **Personal injury** is read widely — it covers not only wounds but physiological injury such as a heart attack or nervous shock brought on by the strain of work, provided the causal connection with the employment is shown.

Why did the law abandon fault? Because the common-law position left the injured worker almost always uncompensated: the employer could point to a careless fellow-workman (common employment), to the worker's own carelessness (contributory negligence), or to the worker's acceptance of a known risk (*volenti non fit injuria*). Industrial accidents are a normal cost of running a business, so the law shifted that cost onto the enterprise that profits from the work — the worker gives up the chance of a large civil-court award in exchange for a **certain, formula-based** payment without having to prove anyone was at fault.

B. When the employer is NOT liable (the exceptions)

Section 74 itself carves out the situations where liability does not arise:

1. where the injury does **not** cause total or partial disablement for **more than three days**;

2. where the injury — **not** being one that results in **death or permanent total disablement** — is directly attributable to the employee having, at the time, been (a) under the influence of **drink or drugs**; or (b) in **wilful disobedience** of an express safety order or rule; or (c) in **wilful removal or disregard** of a safety guard or device he knew was provided for safety.

C. The death / permanent-total-disablement override

This is the most important limit on the defences. The drink, wilful-disobedience and safety-guard defences apply **only** where the injury did **not** cause death or permanent total disablement. So if a drunk worker *dies* at work, the intoxication defence is gone and the employer still pays. The reason is one of policy: the defences are meant to withhold compensation from a worker who brought a *minor* injury on himself by his own fault, not to deprive a dead worker's widow and children of their livelihood. Where the consequence is death or permanent total disablement, the human need is at its greatest and the law refuses to let the employer escape. Where death results, the fact that the worker was drunk is therefore irrelevant.

D. Occupational disease

Liability is not confined to sudden accidents. Section 74(1) names an **occupational disease** listed in the **Third Schedule** as a ground of liability, and under **s.74(3)** a Third Schedule disease peculiar to a **Second Schedule** employment, contracted after at least **six months'** continuous service with the employer, is **deemed** an injury by accident arising out of and in the course of employment unless the contrary is proved — so the employer is liable without proof of any specific accident.

Leading cases

- ***Mackinnon Mackenzie & Co. v Ibrahim Mahmmed Issak (1969)*** — the burden is on the claimant to prove a **causal link** between the employment and the accident; the Commissioner may draw a legitimate inference from proved facts but must not guess. A deck-hand who vanished from his ship at night left no proof of how he was lost, so compensation was **denied**.
- ***Jyothi Ademma v Plant Engineer, Nellore (2006)*** — a worker died of a heart attack at his work spot, but his work involved no real strain and he already had a chest disease. The employer is liable only if the work contributed to or accelerated the death; with no causal link shown, the claim **failed**.

Conclusion

Under **Section 74**, an accident arising out of and in the course of employment makes the employer liable to pay compensation, regardless of fault. He escapes only in the four listed situations — and never where the worker is killed or permanently and totally disabled.

Q1.3 — [16M] Explain ‘partial disablement’ and ‘total disablement’ under the Employees’ Compensation law.

> *Asked: Jan 2026 (80), Jul 2025 (80), Mar 2024 (100), Oct 2023 (80), Mar 2023 (80) · +1 earlier · Pattern: both · ★★★ · Notes: Unit 1 → Topic 5 (Disablement; Arising Out of Employment; Notional Extension)*

> ▤ ***ANSWER OUTLINE***
>
> 1. *Disablement = loss of earning capacity; why it matters (fixes the amount).*
> 2. *Total disablement — all work he could do before; deemed cases in Part I, Fourth Schedule (s.2(56)).*
> 3. *Permanent partial (s.2(55)) and temporary (s.2(83)) disablement; scheduled percentages.*
> 4. *Distinction table + the added-peril/act-of-God connection.*
> 5. *Conclusion.*

Introduction

“Disablement” in compensation law does not mean a medical injury for its own sake — it means the **loss of earning capacity** the injury causes. This is a crucial shift of focus: the law is not compensating the wound, it is compensating the worker’s reduced ability to **earn a living** because of the wound. This is why the classification matters — the *amount* of compensation is fixed by whether the disablement is total or partial, and whether it is temporary or permanent. Two workers with the same medical injury may fall into different classes if it affects their earning capacity differently, so the classification always turns on earning capacity, not anatomy.

A. Total disablement

1. **Definition.** Permanent total disablement (**s.2(56)**) is a disablement of a permanent nature that incapacitates the employee for all the work he was capable of performing at the time of the accident; a temporary disablement may also be total (s.76(1)(d)). The test is complete loss of the capacity to earn in the kind of work he could previously do.
2. **Deemed total disablement.** The law does not always require proof of complete incapacity. Every injury in **Part I of the Fourth Schedule** — for example, loss of both hands, or loss of sight that leaves him unable to do any work for which eyesight is essential — is **deemed** permanent total disablement, and so is any combination of **Part II** injuries whose percentages add up to **100%**, whatever the worker can in fact still do.
3. **Effect.** Permanent total disablement attracts the highest compensation (60% of monthly wages multiplied by the age-based relevant factor).

B. Partial disablement

1. **Definition.** Partial disablement is a disablement that **reduces** the earning capacity without destroying it.
2. **Temporary disablement** (**s.2(83)**) — a condition resulting from an employment injury that needs medical treatment and makes the worker *temporarily* incapable of the work he was doing before or at the time of the injury; it may be total or partial (s.76(1)(d)).
3. **Permanent partial** (**s.2(55)**) — the injury permanently reduces the worker's earning capacity in **every** employment he was capable of undertaking at the time of the accident; every injury in **Part II of the Fourth Schedule** is deemed permanent partial disablement. For such scheduled injuries (e.g. loss of one eye, loss of a thumb) the Schedule fixes a **percentage** loss of earning capacity, and the compensation is that proportion of the permanent-total figure.

There is an important refinement. The percentage in the Schedule is not conclusive for a *non-scheduled* injury or where the actual loss differs: for an unscheduled injury the loss is assessed on the facts, and the enquiry always returns to how much the worker's real capacity to earn has been cut. This is why a small anatomical injury to a skilled worker whose trade depends on that very part (a pianist's finger, a driver's eye) can produce a large percentage of disablement, while the same injury to another worker may produce little.

C. Total v partial — the distinction

	Total disablement	**Partial disablement**
Earning capacity	Lost for all work he could do	Only reduced
Kinds	Temporary / permanent (some deemed)	Temporary / permanent
Measure	Full figure (60% × factor for permanent total)	Proportion, by the scheduled percentage
Proof	Deemed for Part I, Fourth Schedule (s.2(56))	Part II percentage, Fourth Schedule (s.2(55))

D. Reading disablement with "arising out of employment"

Disablement only becomes compensable when the injury **arises out of and in the course of** employment. Two related tests decide borderline cases: the **notional extension** doctrine stretches "in the course of employment" a reasonable distance beyond the factory gate (and **s.74(4)** now deems a commuting accident with a nexus to the work to be within it), and the **added-peril / act-of-God** test decides whether a natural cause (lightning) arises out of the work — it does only if the employment exposed the worker to a greater-than-ordinary risk.

Leading cases

- ***Saurashtra Salt Manufacturing Co. v Bai Valu Raja (1958)*** — employment extends notionally to a reasonable route and time around the workplace, but not to a public route; workmen drowned in 1952 while returning by a public ferry were outside it (pre-Code; a commute is now read with s.74(4)).
- ***Mackinnon Mackenzie & Co. v Ibrahim Mahmmed Issak (1969)*** — the claimant must prove a causal link between the employment and the accident; inference from proved facts is allowed, guesswork is not, and the claim failed for want of proof.

Conclusion

Total disablement destroys the worker's earning capacity for all the work he could previously do (with certain scheduled injuries deemed permanent total); partial disablement merely reduces it, temporarily or permanently, measured by the scheduled percentage. Temporary disablement, whether total or partial, is compensated by half-monthly payments for as long as it lasts, whereas permanent disablement attracts the lump-sum figure under the s.76 formula. Because the classification fixes the compensation, an accurate distinction — anchored to *earning capacity*, not to the medical wound — is essential.

Q1.4 — `[16M]` Explain the doctrine of notional extension of time and place under the Employees' Compensation law.

> *Asked: Jan 2026 (100), Jan 2026 (80), Aug 2024 (80), Mar 2024 (80), Oct 2023 (80) · +1 earlier · Pattern: both · ★★★ · Notes: Unit 1 → Topic 5 (Disablement; Arising Out of Employment; Notional Extension)*

> ▤ ***ANSWER OUTLINE***
>
> 1. *The problem — employment does not begin and end sharply at the gate.*
> 2. *"Arising out of and in the course of employment" — the two limbs.*
> 3. *The notional-extension doctrine; how far it stretches; the Code's commuting rule (s.74(4)).*
> 4. *Cases: Saurashtra Salt, BEST v Agnes, Mackinnon Mackenzie.*
> 5. *Conclusion.*

Introduction

Compensation is payable only for an accident **arising out of and in the course of** employment. Taken literally, "in the course of" would cover only the hours and the exact spot of work — leaving a worker injured just outside the gate, on his way in or out, unprotected. The **doctrine of notional extension** solves this by treating employment as

extended, in reasonable measure, beyond the strict time and place of work, and the Code now adds a statutory rule for the commute itself (**s.74(4)**).

A. The two limbs of the phrase

1. **“Arising out of employment”** requires a **causal connection** between the injury and the work — the risk must be one the employment exposed the worker to.
2. **“In the course of employment”** requires the injury to occur within the **time and place** of the job. Both limbs must be satisfied; the notional-extension doctrine operates on the *second*.

B. The doctrine of notional extension

1. **The idea.** Employment does not begin sharply when the worker crosses the factory gate and end sharply when he leaves. It is treated as **notionally extended** in time and space — to a reasonable period before he starts and after he finishes, and to the area he must pass through by reason of the employment.
2. **How far it stretches.** The extension is a question of degree. It covers, for example, the worker entering or leaving by a route the employment obliges him to use, or travelling in transport the employer provides. Under the pre-Code cases it did **not** cover the worker once he was on a general public route on his own account, wholly disconnected from the work; that limit is now read with s.74(4) below.
3. **Application.** In practice the court asks: was the worker, at the moment of the accident, within the *notional* zone of his employment — doing something reasonably incidental to entering, leaving or performing the work? If yes, the accident is “in the course of employment”.
4. **The rationale.** The doctrine exists because a rigid “factory-gate” line would produce absurd and unjust results — a worker crushed at the entrance a moment before clocking in would be uncovered, while the same worker crushed a moment after would be covered. Employment is a continuous relationship, not a switch flicked at the gate, so the law recognises a reasonable margin of time and space around the work. The margin is not unlimited: a public journey pursued for the worker’s own purposes, with no nexus to the work, remains outside the employment.
5. **The Code’s commuting rule (s.74(4)).** An accident while the employee is commuting from his residence to the workplace for duty, or back home after duty, is **deemed** to arise out of and in the course of employment **if a nexus** between the circumstances, time and place of the accident and his employment is established; the ESI rule is identical (**s.34(3)**). The ordinary journey to or from work is therefore no longer automatically outside the employment, and the pre-Code cases below govern mainly where that nexus is not shown.

C. The related cause tests

Because both limbs must be met, the doctrine is often paired with the **added-peril** and **act-of-God** tests on causation. A natural peril such as lightning arises out of employment

only if the work placed the worker at a **greater risk than the general public** faced. So notional extension answers the *"in the course of"* question — was the worker within the employment's zone in time and place — while the added-peril test answers the *"arising out of"* question — did the work create or increase the risk that injured him. The two enquiries — "in the course of" and "arising out of" — are distinct and must each be applied in turn, because a worker may be within the notional zone yet injured by a risk unconnected with the work, in which case the claim still fails on the "arising out of" limb.

Leading cases

- ***Saurashtra Salt Manufacturing Co. v Bai Valu Raja (1958)*** — the leading statement of notional extension. In 1952 several workmen returning from the salt works by a **public ferry** drowned when it capsized; employment extends to a reasonable route and time, but once on the public ferry they were like any member of the public, so the employer was **not liable**. Decided before the Code, it now applies where no s.74(4) nexus is shown.
- ***General Manager, B.E.S.T. Undertaking v Agnes (1963)*** — a B.E.S.T. bus driver, travelling home free on a B.E.S.T. bus after duty under the undertaking's rules, died when it crashed. The free travel was a condition of service, so the journey was "in the course of employment" — notional extension applied; such a commute would today also fall under s.74(4).
- ***Mackinnon Mackenzie & Co. v Ibrahim Mahmmed Issak (1969)*** — "arising out of" needs a causal link with the work, which the claimant must prove; inference from proved facts is allowed, guesswork is not.

Conclusion

Notional extension is the judicial device that keeps the compensation scheme humane at the edges: it stretches "in the course of employment" a reasonable distance in **time and place** so that a worker injured entering, leaving, or travelling for the work is not left uncovered, and **s.74(4)** now deems a commuting accident with a nexus to the work to be within the employment. Beyond that, its limits are set by reasonableness and by the requirement that the accident still **arise out of** the employment, as the pre-Code decisions in *Saurashtra Salt* and *BEST v Agnes* show.

Q1.5 — `[16M]` Discuss the powers and functions of the Commissioner / competent authority under the Employees' Compensation law, including notice, claim and the deposit of compensation.

> *Asked: Dec 2020 (100), Aug 2024 (100), Jan 2025 (80), Jul 2026 (80) · Pattern: both · ★★ · Notes: Unit 1 → Topic 8 (Competent Authority — Powers, Notice, Claim and Deposit)*

> ▤ ***ANSWER OUTLINE***
>
> *1. The competent authority (old Commissioner) — appointment (s.91), an adjudicatory body.*
>
> *2. Powers & functions (s.95) — civil-court powers, apportionment, deciding disputes.*
>
> *3. Notice and claim (s.82) — limitation period.*
>
> *4. Deposit of compensation on death (s.81(1)); civil-court bar (ss.74(7), 90(2)).*
>
> *5. Conclusion.*

Introduction

Disputes about employees' compensation are not decided by an ordinary civil court but by a specialised **competent authority** — the officer the old Act called the "Commissioner" — appointed under **Section 91** of the Code on Social Security, 2020, with powers and procedure in **Sections 90–99**. Its job is to settle claims quickly, fairly and finally.

A. Powers and functions (s.95)

1. **Civil-court powers.** The competent authority has the **powers of a civil court** — summoning and enforcing the attendance of witnesses, taking evidence on oath, and compelling the production of documents.
2. **Deciding disputes.** It settles all questions of **liability and amount**, decides **who is a dependant**, and **apportions** a lump sum among the dependants of a deceased worker.
3. **Registration of agreements.** It registers agreements between employer and worker, guarding against inadequate settlements.

B. Notice and claim (s.82)

1. **Notice of accident** should be given **as soon as practicable** after the accident.
2. **The claim** must be preferred **within the limitation period** (generally **two years** of the accident, or of the death), though the authority may **admit a late claim for sufficient cause**. Notice and limitation exist so the employer can investigate while the facts are fresh.
3. **Want of notice is not fatal.** A defect in, or absence of, notice does not by itself bar the claim where the employer knew of the accident from any other source, or where the failure was for a sufficient reason. The provisions are procedural safeguards, not devices to defeat a genuine claim, and the beneficial nature of the legislation is kept in mind.

The powers, notice and deposit rules together make the competent authority a quick, worker-friendly forum: cheap to approach, armed to compel evidence, and structured so that the money reaches the right dependants in the right shares.

C. Deposit and distribution of compensation (s.81(1))

This provision is central to the scheme. Where an employee **dies**, the compensation must be **deposited with the competent authority**, which then distributes it among the dependants. A payment made **directly** to a dependant — for instance cash handed to the widow at the gate — is **not** a valid payment of compensation, and does not discharge the employer's liability. The rule protects widows and minors from being pressured into accepting too little; the authority checks the amount against the **s.76** formula, decides who the dependants are, and apportions the sum in proper shares. Section 81(1) says so in terms: no payment of compensation for an employee whose injury has resulted in death shall be made otherwise than by deposit with the competent authority, and no such payment made directly by an employer shall be deemed a payment of compensation. Accordingly, an employer who "settles" directly with the family has not paid compensation in law and remains liable to deposit the correct amount.

D. Exclusive jurisdiction and the civil-court bar

1. A **civil court has no jurisdiction** to decide a question the competent authority is required to settle (**Section 90(2)**).
2. A claimant who has **sued for damages in a civil court** cannot also claim compensation, and vice versa (**Section 74(7)**) — the remedies are alternative, not cumulative.

Leading cases

- ***Pratap Narain Singh Deo v Srinivas Sabata (1976)*** — a carpenter whose left arm was amputated after a fall at work in 1968 was left unpaid, and the Commissioner awarded compensation for total disablement with a penalty and interest. The Supreme Court upheld the award: compensation falls due from the **date of the accident**, not only when the authority fixes the amount, so an employer who neither pays nor deposits it, nor makes even a provisional payment, is in default and must bear the penalty and interest.

Conclusion

The competent authority is the compensation scheme's own court: appointed under s.91, armed with civil-court powers under s.95, it decides liability, amount and dependency, receives the **deposit** of death compensation under **s.81(1)**, and enjoys **exclusive jurisdiction** (s.90(2)) with a bar on double remedies (s.74(7)). A direct payment to the widow does not discharge the employer, who remains liable to deposit the compensation. Separately, s.77 requires compensation to be paid as soon as it falls due, with interest for default.

Q1.6 — [16M] Explain the salient features of the Employee's Compensation law (the Employee's Compensation Act, 1923, now Chapter VII of the Code on Social Security, 2020).

> *Asked: Jul 2026 (100) · Pattern: 100-only · ★ · Notes: Unit 1 → Topic 3 (Employee's Compensation — Evolution and Key Definitions)*

> ***▤ ANSWER OUTLINE***
>
> *1. The mischief — the common-law "unholy trinity" of defences.*
>
> *2. No-fault liability — s.74; the trigger and the exceptions.*
>
> *3. Key definitions — employee (Second Schedule), dependant, employer, wages.*
>
> *4. Formula compensation — s.76 and the Schedules.*
>
> *5. Payment and deposit — ss.77, 81; competent authority — ss.90–99.*
>
> *6. Exclusion of the civil court; conclusion.*

Introduction.

At common law an injured worker who sued his employer almost always lost, because three defences — *common employment*, *contributory negligence* and *volenti non fit injuria* — defeated him every time. The **Workmen's Compensation Act, 1923** swept them aside with a simple rule: if the injury arose out of the work, the employer pays. That Act, renamed the Employee's Compensation Act, is now **Chapter VII of the Code on Social Security, 2020** (sections 73–99). Its salient features are best presented as the answer to five questions: who is liable, to whom, for what, how much, and before whom.

A. No-fault liability (s.74)

1. **The trigger.** The employer is liable to pay compensation if personal injury is caused to an employee by an accident arising out of and in the course of his employment. The worker need not prove negligence; he need only connect the injury to his work.
2. **The exceptions.** The employer is not liable where the injury does not disable the employee for more than **three days**; or where an injury **not resulting in death or permanent total disablement** is directly attributable to the employee being under the influence of **drink or drugs**, to **wilful disobedience** of an express safety order or rule, or to **wilful removal or disregard of a safety guard**.
3. **The built-in limit.** Those defences fall away entirely where the accident causes **death or permanent total disablement**. A drunk worker who is killed at work still earns compensation for his dependants.

B. The key definitions

1. **Employee** — in general, a person employed on wages, directly or through a contractor, to do any skilled, semi-skilled, unskilled, manual, supervisory, managerial, technical or

clerical work (**s.2(26)**). For Chapter VII, however, it means **only** the persons in the **Second Schedule** (third proviso to s.2(26)): the Code renamed the "workman" an "employee" but did not widen coverage. A security guard at the factory gate is covered by item (ii) of that Schedule.

2. **Dependant** — the widow, minor children and, where dependent, parents and other relatives listed in the Code; they receive compensation on the employee's death.
3. **Employer** (**s.2(27)**) — the person who employs employees in his establishment, directly or through any person; it includes the occupier of a factory, the owner, agent or manager of a mine, the person with ultimate control over any other establishment (or its manager or managing director), the **contractor**, and the legal representative of a deceased employer.
4. **Wages** (**s.2(88)**) — all remuneration expressed, or capable of being expressed, in money, including basic pay, dearness allowance and retaining allowance; listed items such as bonus, HRA, overtime and commission are excluded, with any excess of the exclusions over one-half of pay added back. Wages are the base for calculating compensation.

C. "Arising out of and in the course of employment"

"In the course of" is about **time and place** — the employee was at work, or doing something incidental to it. "Arising out of" is about **causation** — the work exposed him to the risk. The doctrine of **notional extension** stretches the course of employment to reasonable journeys and spaces the job requires; **s.74(4)** deems a commuting accident to arise out of and in the course of employment where its nexus with the work is established; and a Third Schedule occupational disease contracted in a Second Schedule employment after six months' service is deemed an injury by accident (**s.74(3)**).

D. Compensation by formula (s.76)

Compensation is not damages at large. It is fixed by a formula: on **death**, **50 per cent** of the monthly wages multiplied by the **relevant factor** (which depends on the employee's age, under the Sixth Schedule); on **permanent total disablement**, **60 per cent** of the monthly wages multiplied by the relevant factor; for **partial** disablement, a percentage of the total-disablement figure according to the loss of earning capacity. Younger workers receive more because they lose more working years.

E. Payment, deposit and the competent authority

1. Compensation is to be **paid as soon as it falls due** (s.77), with interest and penalty for default.
2. On **death**, compensation must be **deposited with the competent authority** (s. 81(1)), which distributes it among the dependants; a direct payment to the widow is not a valid payment.

3. The **competent authority** (the old Commissioner), appointed under s.91, has civil-court powers to take evidence and decide claims (s.95). Notice of the accident and a claim must be given within the prescribed period (s.82).
4. A civil court has **no jurisdiction** over questions the competent authority must decide (s.90(2)), and a claimant who sues for damages in a civil court cannot also claim compensation (s.74(7)).

Conclusion.

The Employee's Compensation law replaced litigation with insurance-like certainty. It imposes **no-fault liability** on the employer for injuries arising out of and in the course of employment, defines its beneficiaries through the Second Schedule, fixes compensation by a **formula** rather than by a court's discretion, and channels every claim through a specialist **competent authority** whose jurisdiction excludes the civil courts. The narrow defences that remain cannot be used where the worker is killed or permanently disabled — which is the single feature that most clearly shows the law's protective purpose.

B. Short Notes (10M) — Model Answers

S1.1 — `[10M]` Explain the employer's liability for personal injuries and occupational disease.

> *Asked: Aug 2024 (100), Jan 2025 (80), Jul 2026 (80) · Pattern: both · ★★ · Notes: Unit 1 → Topic 6 (Personal Injury and Occupational Disease)*

> ▤ ***ANSWER OUTLINE***
>
> 1. *Personal injury by accident — wide meaning (incl. heart attack, shock).*
> 2. *Occupational disease — Third Schedule disease deemed an injury (s.74(3)); no accident needed.*
> 3. *Second Schedule employment; six months' continuous service.*
> 4. *Conclusion.*

Introduction

Compensation is ordinarily paid for **personal injury by accident**, but the law also protects workers whose employment harms them **gradually** through a disease. Both routes are governed by **Section 74** of the Code on Social Security, 2020.

A. Personal injury by accident

"Personal injury" is read widely. It covers not only a visible wound but also **physiological injury** — a heart attack, a stroke or a nervous shock brought on by the strain of the work

— provided it arises out of and in the course of employment. There must ordinarily be an **accident**: a sudden, identifiable event.

B. Occupational disease

Some employments injure by slow exposure, not a single accident — a miner's lung disease, a chemical worker's poisoning, a dust-worker's tuberculosis. To cover these, **s. 74(1)** names an **occupational disease** listed in the **Third Schedule** as a ground of liability, and **s.74(3)** deems such a disease, contracted in the matching employment, an injury by accident arising out of and in the course of employment unless the contrary is proved. The worker need not prove any specific accident.

1. The employee must be in an employment listed in the **Second Schedule**, and the disease must be one **peculiar to that employment**.
2. He must have been in the service of that employer for a continuous period of **not less than six months**; the Governments may add employments and diseases by notification (s.74(5)).

Leading case

- ***Indian News Chronicle v Mrs Lazarus (1951)*** — an employee who repeatedly entered a cold chamber and died of pneumonia suffered an "injury by accident"; disease from the work's conditions is compensable.

Conclusion

The employer is liable both for **personal injury by accident** — read widely to include physiological injury — and for a **Third Schedule occupational disease** contracted in a Second Schedule employment after six months' service (s.74(3)), which the law treats as an injury without proof of an accident.

S1.2 — `[10M]` Explain the impact / influence of the International Labour Organisation (ILO) on Indian labour and social-security legislation.

> *Asked: Anticipated — new syllabus, no PYQ yet · Pattern: both · Notes: Unit 1 → Topic 2 (Impact of the ILO on National Laws)*

> ***▤ ANSWER OUTLINE***
>
> 1. *ILO (1919) — tripartite UN agency for the world of work; India a founder member.*
> 2. *Conventions (binding if ratified) v Recommendations (guidance); Art. 253 legislation needed.*
> 3. *Concrete influences — compensation, ESI, maternity, eight-hour day, Convention 102.*

> *4. Leading case + conclusion.*

Introduction

The **International Labour Organisation (ILO)** was created in **1919** under the Treaty of Versailles on the premise, in its Constitution's Preamble, that "universal and lasting peace can be established only if it is based upon social justice". It is the United Nations' specialised agency for the world of work, and India was a **founder member**. Almost every statute in this subject traces its idea back to an ILO standard.

A. What the ILO is and how it works

1. Its distinctive feature is that it is **tripartite** — every member sends **governments, employers and workers** together — so standards are negotiated, not dictated from the top.
2. It produces two kinds of instrument. A **Convention** is a treaty a country may **ratify** and is then bound to implement; a **Recommendation** is only guidance.

B. How ILO norms reach Indian law

1. A ratified Convention does **not** automatically become Indian law. Under **Article 253** of the Constitution a treaty must be turned into a statute by Parliament before it binds the courts, so the ILO's influence is **indirect but powerful** — it sets the standard, and India legislates to meet it.
2. The influence is therefore felt as the **source of the idea** behind the domestic statute, not as directly enforceable law.
3. Where Parliament has made **no law** on a subject, a convention consistent with the Fundamental Rights may be read into them (*Vishaka*, 1997); where a convention clashes with an Act of Parliament, the Act prevails (*Gramophone*, 1984).

C. Concrete influences on Indian legislation

1. The **Employees' (Workmen's) Compensation** scheme mirrors the early ILO conventions on compensation for industrial accidents.
2. The **ESI** and **maternity-benefit** schemes reflect the ILO's social-insurance and maternity-protection conventions.
3. The **eight-hour day and weekly rest** in the Factories/OSH regime follow the very first ILO Convention (**Hours of Work, 1919**).
4. **Convention No. 102 (Social Security Minimum Standards, 1952)** is the model behind the branches of social security that the 2020 Codes now consolidate.

Leading cases

- ***Gramophone Co. of India v Birendra Bahadur Pandey (1984)*** — rules of international law are part of Indian law **unless they conflict with an Act of Parliament**, in which case the Act prevails.

- ***Vishaka v State of Rajasthan (1997)*** — where there is **no domestic law**, an international convention not inconsistent with the Fundamental Rights may be read into them; relying on CEDAW and Articles 51(c) and 253, the Court laid down binding guidelines against sexual harassment at work until Parliament legislated (2013).
- ***People's Union for Democratic Rights v Union of India (1982)*** — construction work is hazardous, so Article 24 bars children from it, in line with **ILO Convention No. 59**, which India had ratified.

Conclusion

The ILO does not police Indian workplaces; it agrees a **world standard**, India promises to meet it, and **Parliament legislates (Art. 253)**. Through this route it is the intellectual source of compensation, ESI, maternity, hours-of-work and the social-security branches of the 2020 Codes — an influence that is indirect in form but decisive in substance.

S1.3 — `[10M]` Explain how the amount of compensation is calculated under the Employees' Compensation law (Chapter VII, Code on Social Security 2020).

> *Asked: Anticipated — new syllabus, no PYQ yet · Pattern: both · Notes: Unit 1 → Topic 7 (Amount and Calculation of Compensation)*

> ▤ ***ANSWER OUTLINE***
>
> *1. Compensation is a fixed formula — s.76 read with the Sixth Schedule.*
>
> *2. The three inputs — nature of injury, monthly wages, age (relevant factor).*
>
> *3. The four heads — death, permanent total, permanent partial, temporary.*
>
> *4. Why the young worker gets more + case + conclusion.*

Introduction

Compensation under the Code is **not at large** — it is a **formula** fixed by **Section 76 read with the Sixth Schedule** of the Code on Social Security, 2020. The amount turns on three inputs: the **nature** of the injury (death / total / partial / temporary), the worker's **monthly wages**, and his **age** (through a "relevant factor").

A. The Schedules that drive the figure

1. The **Sixth Schedule** supplies the **relevant factor** — a multiplier keyed to the worker's age.
2. The **Fourth Schedule** lists, for each specified injury, the **percentage loss of earning capacity**, which fixes the amount for **permanent partial disablement**.

B. The four heads of compensation

1. **Death** — an amount equal to **50% of the monthly wages** multiplied by the **relevant factor** for the worker's age, subject to a prescribed minimum floor, plus **funeral expenses**.
2. **Permanent total disablement** — **60% of monthly wages** multiplied by the relevant factor, again subject to the minimum floor.
3. **Permanent partial disablement** — a **proportion** of the total-disablement amount, matching the **percentage loss of earning capacity** for that injury in the Fourth Schedule.
4. **Temporary disablement** — a **half-monthly payment** for the period the disablement lasts.

C. Why age matters, and the wage ceiling

The **relevant factor falls as age rises**, so a younger worker — with more working years ahead — receives a **larger multiplier and more money** than an older worker with the same injury. **Monthly wages above a notified ceiling** are capped for the calculation, so the formula does not run away with high earners.

Leading case

- ***Pratap Narain Singh Deo v Srinivas Sabata (1976)*** — compensation falls due from the **date of the accident**, not the date of settlement or award, and interest runs on default.

Conclusion

Compensation under s.76 is fixed by the **injury head**: a **percentage of monthly wages** (50% on death, 60% on permanent total disablement) multiplied by the **relevant factor** for the worker's age (Sixth Schedule), with the Fourth Schedule fixing the loss of earning capacity for partial disablement, and never below the statutory **floor**.

C. Problems (IRAC) — Model Answers

P1.1 — `[Prob]` A workman, on the employer's duty, dies in an accident; it is proved he was under the influence of intoxication at the time. Is the employer liable to pay compensation?

> *Asked: Dec 2020 (100), Mar 2024 (100), Jan 2026 (100) · Pattern: 100-only · ★★ · Notes: Unit 1 → Topic 4 (Employer's Liability to Pay Compensation)*

> ▤ ***ANSWER OUTLINE***
>
> *1. Issue — does intoxication defeat liability where the worker died?*
>
> *2. Rule — s.74; intoxication defence barred where death results.*
>
> *3. Application — expose the "he was drunk" decoy.*
>
> *4. Conclusion — employer liable.*

Issue.

Whether an employer is liable to pay compensation for a workman who died in an accident on duty while under the influence of drink.

Rule.

1. Under **Section 74** of the Code on Social Security, 2020, an employer is liable for personal injury caused by an accident **arising out of and in the course of** employment, regardless of fault.
2. The **intoxication defence** — that the injury was directly attributable to the worker being under the influence of drink or drugs — applies **only** where the injury did **not** result in **death or permanent total disablement**.

Application.

1. The accident happened while the workman was performing the employer's duty, so it arose **in the course of** (and, on these facts, out of) the employment. The trigger for liability is met.
2. The employer pleads that the workman was intoxicated. But the exception cannot be used here because the workman **died**. Once death results, the drink defence falls away entirely, however drunk the worker was.
3. Intoxication is therefore legally irrelevant on these facts; it neither breaks the causal connection nor engages the exception.

Conclusion.

The employer **is liable** to pay compensation to the dependants. The intoxication is no defence because the accident caused the worker's death.

P1.2 — `[Prob]` An ex-prisoner contracts tuberculosis from the dust to which he was exposed while working in a prison. Can he succeed in getting compensation?

> *Asked: Aug 2024 (100) · Pattern: 100-only · ★ · Notes: Unit 1 → Topic 6 (Personal Injury and Occupational Disease)*

> ▤ ***ANSWER OUTLINE***
>
> *1. Issue — is a slowly-contracted disease an "employment injury"?*
> *2. Rule — occupational disease deemed an injury (s.74(3), Second and Third Schedules).*
> *3. Application — dust-borne disease + qualifying employment.*
> *4. Conclusion — compensable if notified for that work.*

Issue.

Whether a disease (tuberculosis) contracted from workplace dust, with no single accident, can be compensated as an employment injury.

Rule.

1. Compensation ordinarily needs an **accident**, but a **notified occupational disease** contracted in the corresponding employment is **deemed** an injury by accident arising out of and in the course of employment (**s.74(1)** and **(3)**, read with the **Second and Third Schedules**), so no specific accident need be proved.
2. The disease must be a Third Schedule disease **peculiar to** a Second Schedule employment, contracted while in the service of an employer for a continuous period of **not less than six months**, and there must be an **employer–employee relationship**.

Application.

1. The disease was contracted from the **dust of the work** — a gradual harm, not a sudden accident. The absence of an "accident" is therefore no bar if the disease is a notified occupational disease.
2. If tuberculosis (or the relevant lung disease) is **scheduled** for that dusty employment, the work is a scheduled employment and he had served six months continuously, the disease is treated as an employment injury and he need not prove more.
3. The claim turns on two facts: that the disease is notified for the employment, and that the working relationship existed.

Conclusion.

He **can succeed** in getting compensation **provided** the disease is a notified occupational disease for that employment, he served the six months, and the employment relationship is established; the lack of a single accident does not defeat the claim.

P1.3 — `[Prob]` Ajay dies in a fatal factory accident; the employer pays his widow ₹1 lakh directly. Is it a valid payment?

> *Asked: Jul 2025 (100) · Pattern: 100-only · ★ · Notes: Unit 1 → Topic 8 (Competent Authority — Powers, Notice, Claim and Deposit)*

> ▤ ***ANSWER OUTLINE***
>
> *1. Issue — is direct payment to the widow a valid discharge?*
>
> *2. Rule — s.81(1): death compensation must be deposited with the competent authority.*
>
> *3. Application — direct payment not a valid payment; amount must match s.76.*
>
> *4. Conclusion — invalid; must deposit.*

Issue.

Whether an employer's **direct** payment of compensation to a deceased worker's widow is a valid payment discharging his statutory liability.

Rule.

1. Under **Section 81(1)** of the Code on Social Security, 2020, compensation payable on the **death** of an employee **must be deposited with the competent authority**, which then distributes it among the dependants.
2. The same section provides that **no payment made directly by the employer** shall be deemed a payment of compensation.
3. The amount itself must be calculated on the **Section 76** formula (50% of monthly wages × the age-based relevant factor, subject to the minimum), not fixed by the employer at will.

Application.

1. Ajay died in the accident, so the death-compensation regime applies and the money must go **through the competent authority**, not into the widow's hands directly.
2. The employer bypassed the authority and himself fixed ₹1 lakh. That is neither a valid mode of payment nor necessarily the correct amount under s.76.
3. The widow is not bound by the direct payment, and the employer's liability is **not discharged** by it.

Conclusion.

The direct payment is **not valid**. The employer must **deposit** the correctly-calculated compensation with the competent authority for lawful distribution; the ₹1 lakh handed over does not discharge his liability.

P1.4 — `[Prob]` An employee dies due to natural lightning while working at the employer's premises. Is the employer liable to pay compensation?

> *Asked: Jul 2025 (80), Jul 2026 (80) · Pattern: 80-only · ★ · Notes: Unit 1 → Topic 5 (Disablement; Arising Out of Employment; Notional Extension)*

> ▤ ***ANSWER OUTLINE***
>
> *1. Issue — does an act of God (lightning) "arise out of employment"?*
>
> *2. Rule — added-peril / act-of-God test.*
>
> *3. Application — liable only if the work added to the risk.*
>
> *4. Conclusion — decide on the added-peril test.*

Issue.

Whether death by **natural lightning** at the workplace arises out of employment so as to make the employer liable.

Rule.

1. Compensation requires an accident **arising out of** employment — a causal connection with the work (**Section 74**).
2. A **natural act of God**, such as lightning, does **not** arise out of employment **unless** the employment exposed the worker to a **greater risk than the general public** faced — the **added-peril** test.

Application.

1. If the work merely placed the worker where any member of the public might equally have been struck, there is **no special risk** and the death does not arise out of employment — the employer is not liable.
2. But if the work put him in a **specially exposed position** — on a high open structure, a metal tower, an exposed rooftop — the employment **added to** the risk of being struck, and the death then arises out of employment.
3. The contention that an act of God is never compensable is untenable: liability turns on whether the *work* increased the risk.

Conclusion.

The employer is liable **only if** the employment exposed the worker to a greater-than-ordinary risk of lightning (added-peril test). The added-peril test decides each case on its facts; the mere fact that the cause was an act of God is not decisive.

P1.5 — `[Prob]` 'A' is employed as a security inspector at the gate of the factory premises. Is he a "workman" / employee entitled to compensation?

> *Asked: Jul 2025 (80), Jul 2025 (100) · Pattern: both · ★ · Notes: Unit 1 → Topic 3 (Employee's Compensation — Evolution and Key Definitions)*

▤ ***ANSWER OUTLINE***

1. Issue — is a gate security guard an “employee”?

2. Rule — employee = Second Schedule person (Ch VII); control test.

3. Application — guards for wages under employer’s control.

4. Conclusion — yes, an employee.

⚠ **DON’T CONFUSE**

Looks like: P4.3 (Unit 4) — the same guard asked as “is he a *worker*?” under the OSH Code. **How it differs:** here the definition is “employee” under the compensation chapter (Ch VII, CSS); in P4.3 it is “worker” under the OSH Code — same fact, two statutes, same result. **Tell them apart by:** “compensation / workman / injury” → this block; “OSH / factory worker / safety” → P4.3.

Issue.

Whether a security inspector employed at the factory gate is an “employee”/“workman” who can claim compensation.

Rule.

1. For Chapter VII of the Code on Social Security, 2020, an **“employee”** means **only** a person listed in the **Second Schedule** (third proviso to **s.2(26)**). Item (ii) covers anyone employed in premises where a manufacturing process is carried on with power, or in any work incidental to or connected with that process.
2. The classic test of the relationship is the employer’s **right to control** how the work is done (***Dharangadhara Chemical Works v State of Saurashtra, 1957***).

Application.

1. ‘A’ is engaged on **wages** to guard the employer’s premises; the work is done **for and under the control** of the employer.
2. Guarding the gate of a factory where a manufacturing process is carried on is work incidental to and connected with that process, so he falls within item (ii) of the Second Schedule.
3. He therefore satisfies every ingredient of “employee”.

Conclusion.

‘A’ **is an employee/workman**. If he is injured in an accident arising out of and in the course of that employment, he (or his dependants) can claim compensation.
