



news flash

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Amendments to Employees' Compensation Act, 1923

INTRODUCTION

The Employee's Compensation (Amendment) Act, 2017 (“**The Amendment Act**”) has been notified on 12 April 2017 to amend the provisions of the Employees' Compensation Act, 1923 (“**Act**”).

The object of the Act is to provide for the payment of compensation by employers to their employees for injury caused to them by accident while in employment as per the Act.

EFFECTIVE DATE:

The Amendment Act is effective from 12 April 2017.

THE AMENDMENT:

The following are the important changes made to the Act:

1. A new Section 17A has been inserted imposing an obligation on the employer to inform the employee about his rights under the Act as follows:

"17A. Every employer shall immediately at the time of employment of an employee, inform the employee of his rights to compensation under this Act, in writing as well as through electronic means, in English or Hindi or in the official language of the area of employment, as may be understood by the employee".

2. Section 18A(1) of the Act has been amended as follows:
 - i. After clause (d) a new clause (e) has been inserted which imposes a penalty on the employer if he fails to inform the employee of his rights to compensation under the Act as required under the new section 17A. The amount of penalty has been increased as discussed in paragraph 2(ii) below.
 - ii. The penalty amount has been increased from Rs. 5000 to Rs. 50,000 which may extend to Rs. 1,00,000 for the following contraventions:
 - failure to maintain a notice-book which is required to be maintained under sub-section (3) of section 10, or

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- failure to send to the Commissioner a statement which is required to be send under sub-section (1) of section 10A, or
 - failure to send a report which is required to be send under section 10B, or
 - failure to make a return which is required to be made under section 16,or
 - failure to inform the employee of his right to compensation as required under section 17A.
3. In section 30, appeals can now be made to the High Court against the order of the commissioner only if the amount in dispute is Rs. 10,000 or more (or such higher amount as the Central Government may notify) as against Rs. 300.
 4. The Amendment Act has omitted section 30A of the Act which empowered the commissioner to withhold payment of any sum deposited with him where an appeal under section 30 (1) (a) has been filed in the High Court by an employer.

TO CONCLUDE

- 1) The new section 17A is beneficial to the employees, as it makes it obligatory on the employer to inform the employee of their rights at the time of joining the establishment.
- 2) The Amendment Act has increased the penalty for various violations as stated in point 2 (iii) above under section 18-A of the Act from the existing amount of Rs. 5000 to Rs. 50,000 which may be extended to Rs. 1 lakh.
- 3) By adding clause (e) in section 18-A sub section 1 the Amendment Act has made the employer liable to penalty for failure to inform the employee of his rights to compensation under the Act.
- 4) The Amendment Act has increased the minimum amount involved in the dispute for which appeal can be filed to the High Court, from the existing Rs. 300 to Rs. 10,000 or such higher amount as the Central Government may, by notification, specify.
- 5) The omission of section 30A is beneficial for the employee as now the employer cannot withhold any payments of the employee in case the employer has appealed against the order of the commissioner.

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