

LEGAL LIABILITY FOR WORKPLACE ACCIDENTS AND INJURIES

AUTHOR – NANDITHA, STUDENT AT SCHOOL OF EXCELLENCE IN LAW, CHENNAI, TAMILNADU DR. AMBEDKAR LAW UNIVERSITY.

BEST CITATION – NANDITHA, LEGAL LIABILITY FOR WORKPLACE ACCIDENTS AND INJURIES, *INDIAN JOURNAL OF LEGAL REVIEW (IJLR)*, 5 (4) OF 2025, PG. 419-427, APIS – 3920 – 0001 & ISSN – 2583-2344.

ABSTRACT

This study aims to clarify the term “accident arising out of and in the course of employment” as defined in Section 3(l) of the Workmen's Compensation Act of 1923, which serves as the basis for compensable injuries. Within the context of social security legislation, this research assesses legislative provisions, judicial decisions, and other legal resources regarding their impact on addressing societal needs and requirements. Furthermore, the ongoing discussion examines whether injuries sustained by employees during their commutes to and from work fall within the definitions of “arise out of” and “in the course of” employment as articulated in workmen's compensation laws. This research project, titled “A Detailed Study of Employer Liability and Worker Rights under the Workmen's Compensation Act, 1923,” has been conducted using descriptive, interpretative, analytical, and comparative legal analysis methodologies.

Keywords: workplace accidents, injuries, legal liability, employer liability, employee rights, Workers' Compensation Act, employer liability during employment.

Introduction

Workplace accidents and injuries are unfortunate across various industries and can have significant repercussions for workers and employers. In an increasingly intricate legal landscape, comprehending the concept of legal liability for workplace injuries is vital for all stakeholders involved. Legal liability refers to the responsibility one party has for harm or injury inflicted upon another due to negligence, noncompliance with safety regulations, or inadequate work conditions. In the context of workplace incidents, the legal system safeguards the rights of injured individuals, ensuring that they receive appropriate compensation while holding employers accountable for maintaining a safe working environment. This liability framework is essential in enhancing workplace safety and protecting worker rights.

The legal structures governing workplace accidents and injuries differ across jurisdictions but generally encompass a blend of workers'

compensation laws, negligence principles, and, in certain instances, criminal penalties. Workers' compensation programs are established to furnish immediate and no-fault benefits to employees who sustain injuries while engaged in their job duties; however, the effectiveness and coverage of these programs largely depend on the specifics of the incident and the established legal protections.

In addition to workers' compensation, there are circumstances wherein an injured employee may pursue a personal injury lawsuit against the employer or a third party, particularly if the injury resulted from intentional misconduct or gross negligence. Employers are obligated by various legal commitments, including providing a reasonably safe work environment, implementing adequate training programs, and complying with safety standards set forth by regulatory bodies such as the Occupational Safety and Health Administration (OSHA). Noncompliance with these responsibilities may lead to substantial liability, including legal expenses, monetary penalties,

and reputational damage. Additionally, depending on the severity of the injury, both long-term medical costs and implications for productivity may arise for both the employee and employer.

Legal liability for workplace accidents holds significant importance not only for workers and employers but also serves as a crucial reminder of the overarching need for workplace safety. It underscores the necessity of proactive measures to prevent accidents and injuries, which can have lasting physical, emotional, and financial repercussions. Beyond the examination of legal frameworks, it is imperative to consider the influence of corporate culture, workplace policies, and overall commitment to employee well-being in creating safer work environments. Thus, grasping the complexities of legal liability in the workplace transcends mere compliance and represents a fundamental aspect of ensuring employee protection, promoting safety, and fostering fairness within the work environment.

In this discussion, we will delve into the various dimensions of legal liability for workplace accidents and injuries, covering fundamental legal principles, employer responsibilities, and employee rights. We will also analyze the different legal defences that may be invoked in response to claims, the interplay between workers' compensation and personal injury lawsuits, and the evolving trends in workplace safety regulations.

Through this comprehensive exploration, we aim to enhance our understanding of the legal liability associated with workplace injuries and provide insights into how both businesses and workers can effectively navigate this complex aspect of employment law.

Laws Governing Workplace Accidents in India

The Factories Act, 1948

The Factories Act of 1948 is a critical piece of legislation in India focused on guaranteeing safety, health, and welfare in industrial workplaces. It covers factories employing 10 or

more workers using power and those with 20 or more without power, imposing stringent regulations to avert workplace accidents.

The Act includes requirements for hygiene, ventilation, and access to clean drinking water, while also enhancing worker safety through measures like machinery fencing, equipment maintenance, and the provision of protective gear. Furthermore, it limits working hours to a maximum of 48 hours per week and 9 hours per day, ensuring that overtime is compensated at double the standard rate. Mandatory welfare measures encompass first aid, restrooms, canteens, and crèche facilities for women employees.

A key component of the Act is accident reporting under Section 88, obligating employers to inform authorities of serious workplace incidents. Section 89 mandates the reporting of occupational diseases to guarantee that workers with job-related health problems receive adequate medical care. Employers neglecting safety regulations can incur penalties, including fines and imprisonment as specified in Sections 92–96 A.

Landmark cases have highlighted the significance of workplace safety under this Act; for instance, in *M. C. Mehta v. Union of India* (1986)⁶⁸³, the Supreme Court established the principle of absolute liability, making hazardous industries entirely accountable for accidents. In a similar vein, *Indian Explosives Ltd. v. State of Jharkhand* (2020)⁶⁸⁴ affirmed legal repercussions for employers due to safety breaches, while the Bhopal Gas Tragedy (1989)⁶⁸⁵ emphasized the urgent need for stricter enforcement of industrial safety laws.

Overall, the Factories Act of 1948 is essential for regulating workplace safety, upholding worker rights, and ensuring employer accountability in India's industrial sector. By implementing stringent safety measures and imposing penalties for non-compliance, the Act

⁶⁸³ (1987) 1 SCC 395.

⁶⁸⁴ W.P.(C) No. 308 of 2020

⁶⁸⁵ A.I.R. 1989 SC 248

fosters a safer work environment and aids in reducing workplace accidents.

The Employees' Compensation Act, 192

The Employees' Compensation Act of 1923 is one of India's key legislations that provides financial protection to workers who suffer injuries, disabilities, or death due to workplace accidents. This Act applies to employees in factories, mines, plantations, construction sites, and other hazardous occupations but excludes workers covered under the Employees' State Insurance Act of 1948.

Under Section 3, employers are legally obligated to compensate workers for injuries arising out of and in the course of employment, except in cases where the injury is self-inflicted, caused by intoxication, or due to willful disobedience of safety rules.

The compensation amount depends on the severity of the injury, as defined under Sections 4 and 4A, which outline payment structures for total or partial disability, permanent injuries, and fatal accidents. If an employer fails to compensate, Section 4A(3) imposes penalties, including interest and additional compensation.

The Act also recognizes occupational diseases under Schedule III, which lists illnesses resulting from exposure to hazardous substances and dangerous working conditions. If an employee contracts such a disease while working in a specified industry, the employer is liable to compensate under Section 3(2). Additionally, Section 19 grants the Commissioner for Employees' Compensation the authority to resolve disputes regarding compensation claims.

Several landmark cases have shaped the interpretation of this law. In *Mackinnon Mackenzie & Co. Pvt. Ltd. v. Ibrahim Mahommed Issak* (1969)⁶⁸⁶, the Supreme Court ruled that an injury sustained while performing official duties, even outside the employer's premises, qualifies for compensation.

In *Divisional Manager, New India Assurance Co. Ltd. v. A. Sankaralingam* (2008)⁶⁸⁷, the court reinforced that compensation must be calculated based on the worker's wage and age at the time of injury. Furthermore, in *Regional Director, ESI Corporation v. Francis De Costa* (1993)⁶⁸⁸, the Supreme Court clarified the distinction between the Employees' Compensation Act and the Employees' State Insurance Act, emphasizing that the latter applies when the employee is covered under ESI benefits.

The Employees' Compensation Act of 1923 remains crucial in ensuring financial security for workers and their families in cases of workplace accidents. By holding employers accountable for compensating injured workers and streamlining the claims process, the Act promotes workplace safety and justice. Its provisions, coupled with judicial precedents, reinforce the need for strict enforcement and timely compensation, helping safeguard worker rights in India's industrial and labour sectors.

The Occupational Safety, Health and Working Conditions Code, 2020

The Occupational Safety, Health and Working Conditions Code, 2020 is a significant reform in India's labour laws, consolidating 13 existing legislations related to workplace, imposing obligations on employers to provide a safe and healthy workplace for businesses with ten or more employees. Employers are required by Section 6 to maintain sanitary facilities, clean drinking water, ventilation, and hygiene. To enforce workplace safety standards, Section 8 mandates that establishments with a certain number of employees appoint Safety Committees and Safety Officers. To maintain accountability and transparency, Section 10 requires that major workplace accidents whichd. Employees have the right to know about workplace dangers under Section 13, and they can report safety infractions and refuse risky labour without fear of reprisal under Section 18.

⁶⁸⁶ AIR 1969 Bom 205

⁶⁸⁷ AIR 2008 SC 3369

⁶⁸⁸ AIR 1993 SC 2297

Additionally, hazardous industries are given particular attention in the Code. Employers must perform risk assessments and emergency Chapter VII, which establishes safety standards for businesses handling hazardous processes. Penalties for breaking safety requirements are outlined in Section 39, which imposes fines and jail time for severe infractions. The OSH Code also establishes rules for contract and migrant workers to protect their safety and well-being at work.

Several landmark cases have played a crucial role in shaping India's workplace safety laws. In *M.C. Mehta v. Union of India* (1986) – *Oleum Gas Leak Case*⁶⁸⁹, the Supreme Court established the absolute liability principle, making industries handling hazardous substances strictly liable for any accidents. The *Bhopal Gas Tragedy Case* (1989) – *Union Carbide Corporation v. Union of India*⁶⁹⁰ highlighted the dire consequences of industrial negligence, leading to significant safety law reforms.

In *Occupational Health and Safety Association v. Union of India* (2014)⁶⁹¹, the Supreme Court emphasized the need for better enforcement of workplace safety standards, particularly in the construction sector. *Tamil Nadu Electricity Board v. R. Veerasamy* (1999)⁶⁹² held that an employer must compensate workers for electrical hazards caused by unsafe working environments.

The Occupational Safety, Health and Working Conditions Code, 2020, marks a significant step towards enhancing workplace safety, ensuring employer accountability, and protecting worker rights. However, its success depends on effective implementation and strict enforcement to prevent industrial accidents and safeguard workers across sectors.

The Employees' State Insurance Act, 1948

The ESI Act is a key social security legislation in India designed to provide financial and medical benefits to employees in case of workplace accidents, injuries, or illnesses. The Act applies to factories and establishments with 10 or more employees (in some states, 20 or more) and covers workers earning up to ₹21,000 per month (₹25,000 for persons with disabilities). It mandates that both employers and employees contribute to the Employees' State Insurance Corporation (ESIC), which administers benefits such as medical care, disability compensation, maternity benefits, and pensions to dependents in case of a worker's death due to an employment-related injury.

Under Section 2(8), an "employment injury" is defined as an injury caused by an accident or occupational disease arising out of and in the course of employment. Section 46 outlines the benefits provided under the Act, including sickness benefits, disablement benefits, dependent benefits, and medical care.

Section 51 specifically deals with temporary and permanent disablement, ensuring that an employee who suffers an injury while at work receives appropriate compensation based on the severity of the disability. Section 53 states that an employee covered under the ESI Act cannot claim compensation under the Employees' Compensation Act, 1923, preventing dual claims for the same injury. Employers who fail to comply with the Act's provisions face penalties under Section 85, which prescribes fines and imprisonment for non-payment of contributions or failure to provide benefits.

The ESI Act's significance in defending workers' rights has been reaffirmed by several significant rulings. In *E.S.I. Corporation v. Francis De Costa* (1996),⁶⁹³ the Supreme Court ruled that, provided the harm is related to employment, an employee is entitled to compensation even if it happens off the job. In a similar vein, the Supreme Court ruled in

⁶⁸⁹ AIR 1987 SC 965

⁶⁹⁰ AIR 1992 SC 248

⁶⁹¹ W.P.(C) No. 110 of 2013

⁶⁹² AIR 1999 SC 997

⁶⁹³ AIR 1993 SC 2297

Bharagath Engineering v. R. Rangaswamy (1989)⁶⁹⁴ that a business covered by the Act is obligated to provide benefits, even in cases when an accident results from employee carelessness. In Delhi Transport Corporation v. ESIC (1999)⁶⁹⁵, it was ruled that even temporary employees and contractual workers are entitled to ESI benefits, reinforcing the wide coverage of the Act.

The 1948 Employees' State Insurance Act is essential to providing workers with social security and financial security in the event of an accident at work. The Act considerably lessens the financial burden on wounded workers and their families by requiring company contributions and offering medical and disability benefits. Strict enforcement, employer compliance, and greater worker awareness of their rights under the ESI program are necessary for the Act to be effective.

Employer's Legal Responsibilities and Liability

Duty of care and workplace safety obligations

To elaborate on the duty of care and workplace safety obligations, it is important to acknowledge how dynamic and ever-changing these duties are. Employers must modify their safety protocols to take into account modifications in work procedures, technology, and legal requirements. A thorough safety program ought to be a dynamic system that is constantly improved rather than a static paper.

Employers should place a higher priority on proactive hazard detection. Thus, a dual situation than just following the fundamentals. This entails conduct harassment. Thus, they check, asking workers for their opinions on possible risks, and actively participate in safety conversations. Employers may learn from past mistakes and avoid future incidents by putting in place a strong incident reporting and investigation system.

Furthermore, the duty of care covers employees' psychological well-being. An

individual's health and safety can be greatly impacted by stress, burnout, and harassment, thus, employers need to take action to address these problems. This entails encouraging a positive work-life balance, making mental health resources accessible, and cultivating an inclusive and courteous work environment.

Effective communication is critical for sustaining a safe work environment. Employers are responsible for making safety information easily accessible, understandable, and regularly repeated. This entails giving precise directions on how to operate tools, handle emergencies, and follow safety precautions. To keep staff members aware and involved, regular safety briefings and training sessions are crucial.

At the absolute least, employers need to understand that everyone shares responsibility for safety. Employees are ultimately responsible for ensuring a safe workplace, but they also have a part to play. This entails abiding by safety regulations, reporting risks, and actively taking part in safety campaigns. Employers may establish a work environment where everyone prioritises safety by encouraging a culture of cooperation and shared accountability.

Consequences of employer negligence

Building upon the consequences of employer negligence, it's essential to consider the long-term, systemic impacts. Beyond immediate legal and financial penalties, a pattern of negligence can erode an organization's very foundation. A culture of fear and distrust can permeate the workplace, leading to a breakdown in communication and collaboration. This can stifle innovation and creativity, hindering the company's ability to adapt and thrive in a competitive market.

Moreover, the effects are not limited to the immediate workplace. The general public may suffer as a result of careless actions, especially in sectors that use dangerous products or procedures. A company's disrespect for safety laws can lead to social discontent,

⁶⁹⁴ AIR 1989 AP 238

⁶⁹⁵ AIR 1999 SC 2349

environmental harm, and threats to public health.

When workers witness or suffer from workplace accidents brought on by negligence, the psychological effects can be severe. Post-traumatic stress disorder, anxiety, and trauma can all have a major effect on their health and capacity to resume work. The resources and reputation of the firm may be further strained in luring investors or landing contracts with respectable companies as a result of long-term disability claims.

News of employer irresponsibility can spread quickly in a globalised economy, affecting market access and international collaborations. Businesses with a poor safety record could have trouble luring investors or landing deals with respectable companies.

Employer neglect ultimately results in a vicious circle of unfavourable outcomes that threaten the organization's stability, tarnish its reputation, and cause long-lasting harm to both persons and society. It emphasises how crucial proactive safety measures, moral leadership, and a sincere dedication to the welfare of all parties involved are.

The Supreme Court's ruling in *State Bank of Bikaner & Jaipur v. Neni Chand Nalwaya* (2011)⁶⁹⁶ emphasizes that gross negligence can lead to loss of confidence, justifying termination. This principle is supported by other case laws, such as the *Punjab State Civil Supplies Corporation, Ltd. v. Sikander Singh* (2006)⁶⁹⁷, which held that habitual or gross negligence can constitute misconduct. Similarly, *Indian Cork Mills Private Ltd. v. P. Unnikrishnan* (1988)⁶⁹⁸ upheld the dismissal of an employee due to gross negligence, citing loss of confidence. However, *Municipal Corp. Of Greater Bombay v. B.V Chavan* (1986)⁶⁹⁹ highlights the importance of establishing gross negligence, as the court ruled that while negligence was proven, the

dismissal was unjustified. The Gujarat High Court in *Navinchandra Shakerchand Shah v. Ahmedabad Co-Operative Department Stores, Ltd.* (1977)⁷⁰⁰, held that habitual neglect of work can be considered misconduct. These cases highlight the importance of employers providing a safe working environment and taking disciplinary action against employees for gross negligence. These cases demonstrate that the severity and impact of the negligence, the employee's service record, and the proportionality of the punishment are crucial factors in determining the legitimacy of termination due to gross negligence.

Penalties for non-compliance

Noncompliance with regulations can result in hefty penalties, as evidenced by numerous case laws. For example, in *Delhi Transport Corporation v. Delhi Administration* (1994)⁷⁰¹, the court considered termination owing to misconduct. Similarly, in *Securities and Exchange Board of India v. Shriram Mutual Fund* (2006)⁷⁰², penalties were levied for failure to comply with SEBI laws. Other noteworthy instances include *Union of India v. Satyam Computer Services Ltd.* (2010)⁷⁰³, which emphasised the significance of corporate governance, and *Hindustan Paper Corporation Ltd. v. Purnendu Chakraborty* (2009)⁷⁰⁴, which addressed the principles of natural justice in employment disputes. These cases show that, depending on the seriousness and impact of the non-compliance, sanctions for non-compliance can vary from financial liabilities to termination of employment. To prevent such fines and preserve an equitable workplace, employers must make sure that rules are followed.

⁶⁹⁶ (2011) 3 SCC 657

⁶⁹⁷ (2006) 4 SCC 697

⁶⁹⁸ 1986 (2) LJ 337 Bom

⁶⁹⁹ 1988 (2) LJ 398 Bom

⁷⁰⁰ 1977 (2) LJ 397 Guj

⁷⁰¹ (1994) 2 SCC 281

⁷⁰² (2006) 5 SCC 361

⁷⁰³ (2009) 2 SCC 504

⁷⁰⁴ (2010) 2 SCC 254

Preventive Measures and Best Practices

Workplace safety policies and compliance

Proactive measures such as clearly defined regulations, adherence to the law, and ongoing monitoring are necessary to ensure workplace safety. Employers are required to set up thorough safety policies that cover risk assessment, hazard identification, and explicit standard operating procedures (SOPs) for handling hazardous products and equipment. Preventing industrial injuries requires the provision of Personal Protective Equipment (PPE), such as goggles, gloves, and helmets.

To prevent fines and guarantee worker protection, adherence to laws such as the Occupational Safety, Health and Working Conditions Code, 2020, Factories Act, 1948, and Employees' Compensation Act, 1923 is essential. Workplace readiness is improved through routine employee training in emergency response, first aid, and fire safety. Finding hazards and raising safety standards are aided by carrying out regular safety audits, implementing incident reporting procedures, and implementing corrective measures.

By prioritising preventive measures and best practices, organisations can significantly reduce workplace hazards, protect employees, and ensure a safer, more productive work environment. Strong safety cultures can be created by rewarding adherence to protocols, encouraging employees to report unsafe conditions, and designating safety officers to oversee compliance.

Risk management and accident prevention

Adherence to laws such as the Occupational Safety, Health, and Working Conditions Code, 2020, the Factories Act, 1948, and the Employees' Compensation Act, 1923, guarantees that organisations follow standardised safety norms and provide compensation for workplace injuries. In India, effective risk management and accident prevention necessitate a structured approach involving hazard identification, regulatory

compliance, and proactive safety measures. Employers must conduct regular risk assessments to identify potential workplace hazards and implement preventive strategies like engineering controls, safety training, and emergency preparedness.

Risks for accidents are enhanced by fire safety procedures, protective gear for employees (PPE), and workplace safety audits. Additionally, employers should create emergency response plans, hold frequent safety exercises, and guarantee that workers receive the necessary training to properly manage workplace dangers. Furthermore, a key factor in preventing accidents is creating a safety culture by motivating employees to report hazardous situations and encouraging managerial accountability. Indian workplaces may drastically lower occupational hazards and guarantee a safer and more effective working environment by incorporating risk management into everyday operations and following stringent safety regulations.

Conclusion

Workplace safety and employer liability are critical aspects of labor laws in India, ensuring workers are protected from occupational hazards while holding employers accountable for maintaining a safe working environment. The legal framework governing workplace accidents and injuries in India is extensive, comprising multiple laws such as the Factories Act of 1948, the Employees' Compensation Act of 1923, the Employees' State Insurance Act of 1948, and the Occupational Safety, Health, and Working Conditions Code of 2020, which play a crucial role in regulating employer responsibilities and employee rights. These laws mandate various safety measures, provide compensation in case of injuries, and outline legal consequences for non-compliance.

The Employees' Compensation Act of 1923 ensures financial security for workers suffering from work-related injuries, disabilities, or fatalities by placing liability on employers to provide compensation. The Employees' State

Insurance Act of 1948 further strengthens employee welfare by offering medical benefits and accident coverage, reducing the economic burden on workers and their families. Additionally, the Factories Act of 1948 imposes stringent safety and health regulations on industrial establishments, compelling employers to implement preventive measures such as proper ventilation, safe machinery usage, and hazard control mechanisms. The Occupational Safety, Health, and Working Conditions Code, 2020, which consolidates various labour laws, emphasizes risk assessment, emergency preparedness, and stricter employer accountability, aiming to create a safer working environment across industries.

Despite these comprehensive laws, challenges persist in ensuring full compliance and effective enforcement. Many workplaces, particularly in the unorganized sector, fail to adhere to safety standards due to a lack of awareness, financial constraints, or weak regulatory oversight. In numerous cases, workers remain unaware of their rights, making them vulnerable to unsafe conditions and workplace exploitation. Judicial interventions have played a vital role in reinforcing employer liability and setting legal precedents for workplace safety. Landmark cases such as *M.C. Mehta v. Union of India* (1987), which established the principle of absolute liability for hazardous industries, and *Bhopal Gas Tragedy Case* (1989), which highlighted corporate negligence in industrial disasters, have significantly influenced workplace safety laws in India.

Moreover, cases like *E.S.I. Corporation v. Francis De Costa* (1996) and *Delhi Transport Corporation v. ESIC* (1999) have expanded the scope of employee compensation and benefits, strengthening worker protections under the law.

However, the effectiveness of legal provisions depends on their strict enforcement by government agencies, proactive employer compliance, and awareness among employees regarding their rights. The government has

introduced various initiatives and policies to enhance workplace safety, including regular inspections, safety audits, and awareness campaigns. Yet, challenges such as corruption, lack of efficient monitoring mechanisms, and slow judicial processes often hinder timely justice for victims of workplace accidents.

A major area of concern is the growing gig and informal workforce, which often remains outside the ambit of traditional labour laws. With the rise of contract labour and temporary employment, many workers face increased risks without adequate legal protection. Recent labour law reforms, including provisions under the Social Security Code, 2020, attempt to extend some level of protection to gig workers and platform-based employees, but their practical implementation remains a challenge.

To enhance workplace safety and ensure effective legal liability, several measures can be undertaken. Firstly, strict enforcement of existing laws through regular inspections and heavy penalties for violations is necessary to deter negligent employers. Secondly, improving worker education and awareness programs will empower employees to demand safer working conditions and report violations without fear of retaliation. Thirdly, promoting a culture of safety within organizations by adopting global best practices, investing in advanced safety technologies, and conducting frequent safety training sessions can significantly reduce workplace accidents. Lastly, judicial efficiency needs improvement to ensure that workplace accident cases are resolved swiftly, and victims receive timely compensation.

In conclusion, while India has a robust legal framework for addressing workplace accidents and employer liability, effective implementation remains the key challenge. Stronger regulatory enforcement, greater employer accountability, increased worker awareness, and judicial efficiency are crucial for ensuring a safer work environment. By integrating safety measures into everyday business operations and fostering a culture of compliance, India can significantly



INDIAN JOURNAL OF LEGAL REVIEW [IJLR – IF SCORE – 7.58]

VOLUME 5 AND ISSUE 4 OF 2025

APIS – 3920 – 0001 (*and*) ISSN – 2583-2344

Published by
Institute of Legal Education

<https://iledu.in>

reduce workplace injuries and fatalities,
ultimately leading to improved worker welfare
and industrial growth.

