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Employer-Employee Relationship as the Sine Qua Non for Compensation Under the Workmen's Compensation Act: An Analysis of the Rajasthan High Court Decision in United India Insurance Co. Ltd. v. Shanti Devi

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The Workmen's Compensation Act, 1923, is a beneficial piece of social welfare legislation designed to provide relief to workmen and their dependants in cases of injury or death arising out of and in the course of employment. However, the beneficent intent of the statute does not dispense with the foundational requirement that the claimant must establish, as a condition precedent, the existence of an **employer-employee relationship** between the deceased and the alleged employer.

This principle was reaffirmed with considerable clarity by the High Court of Judicature for Rajasthan at Jaipur in *United India Insurance Co. Ltd. v. Shanti Devi*, reported as [2026:RJ-JP:13205], arising out of S.B. Civil Miscellaneous Appeal Nos. 3268/2008 and 2546/2008, decided by Hon'ble Mr. Justice Ravi Chirania on 1st June 2026.

The judgment is an important reminder that even in a welfare statute, the burden of proof regarding the foundational factum of employment rests squarely upon the claimant, and that acts of humanitarian assistance, however laudable, cannot be transmuted into legal liability in the absence of such proof.

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Background of the Case

The factual matrix leading to the appeal was tragic and straightforward. On the night of 7th May 2005, one Rakesh, aged twenty-eight years and son of Shanti Devi, was allegedly found seriously injured near bus bearing registration number RJ-23/P-3211 at Gotda Bhukran, District Sikar.

It was the case of the claimant that Rakesh had slept on the roof of the bus to guard it while on duty, and was discovered in an injured condition the following morning. He was initially taken to a hospital in Sikar and subsequently referred to Jaipur, where he **succumbed to his injuries** during the course of treatment.

The claimant, Shanti Devi, filed a claim petition before the Commissioner for Workmen's Compensation, Sikar, in Case No. WCA/F/36/05, asserting that her son had been employed as a *Khalasi* (helper) on the said bus for a period of ten to twelve years, drawing a monthly salary of Rs. 4,000/-.

The bus was owned by Padam Chand Jain and operated by Jain Travels through its proprietor Shantilal Jain. The United India Insurance Company Ltd. was the insurer of the vehicle.

Commissioner's Award and Appeals Filed

The learned Commissioner, by judgment dated 2nd April 2008, allowed the claim petition and directed the Insurance Company to pay a sum of **Rs. 3,70,632/-** as compensation along with Rs. 2,500/- towards funeral expenses.

The Commissioner further awarded interest at the rate of nine per cent per annum from the date of the accident, that is, 8th May 2005, with a stipulation that in the event of non-payment within thirty days, the interest would be enhanced to twelve per cent per annum. The owner, the operator, and the Insurance Company were held jointly and severally liable.

Aggrieved by this decision, two separate appeals were preferred before the Rajasthan High Court:

- **S.B. Civil Miscellaneous Appeal No. 3268/2008** was filed by the United India Insurance Company Ltd. under Section 30 of the Workmen's Compensation Act, 1923, challenging the impugned judgment on the grounds that no employer-employee relationship had been established and that the award of interest from the date of the accident was illegal.

- **S.B. Civil Miscellaneous Appeal No. 2546/2008** was filed by Shanti Devi seeking enhancement of the compensation amount.

Contentions of the Appellant–Insurance Company

The rival contentions before the High Court were sharply drawn. The learned counsel for the appellant-Insurance Company assailed the impugned judgment as **illegal, perverse, and based on no evidence**.

Failure to Prove Employer-Employee Relationship

The first substantial question of law raised was that the claimant had failed to prove the existence of an **employer-employee relationship** between the deceased and the respondents. It was argued that no documentary proof of employment had been produced before the Commissioner to substantiate the claim that the deceased had worked for ten to twelve years. The following types of evidence were notably absent:

- Salary register
- Attendance record
- Wage slips
- Any other cogent documentary material

In the absence of such proof, the entire claim petition was rendered unmaintainable, as compensation under the Act of 1923 is payable only upon the existence of such a relationship.

The counsel further contended that if the deceased had indeed worked for over a decade, it was reasonable to expect that co-workers or colleagues would have come forward to depose in support of the employment, which did not happen. The reliance placed by the Commissioner on the police report and the testimony of the claimant and two other witnesses was misplaced, as none of them could establish the employment by any documentary evidence.

Challenge to the Award of Interest

The second substantial question of law pertained to the **award of interest**. It was submitted that under Section 4A(3) of the Act of 1923, interest is payable only if the compensation amount is not paid within one month from the date it fell due.

Where the employer has denied liability, the amount does not become due on the date of the incident but only after the liability is adjudicated upon by the Commissioner. In the present case, the employer and the Insurance Company had consistently denied the employment relationship from the very inception of the proceedings. Therefore, the compensation, if at all payable, became due only from the date of the impugned judgment.

It was further pointed out that the Insurance Company had deposited the compensation amount of Rs. 4,62,403/- before the Commissioner on 2nd May 2008, that is, within one month from the date of the judgment, thereby fully complying with the mandate of Section 4A(3). Consequently, no interest was payable from the date of the accident.

Contentions of the Respondent–Claimant

Per contra, the learned counsel for the respondent-claimant defended the impugned judgment and contended that the testimonies of **Shanti Devi, Mukund Singh, and Sukhveer Singh** were sufficient to prove that the deceased was employed as a Khalasi on the bus. The police report was also relied upon as supporting the fact of employment.

It was argued that the admission of the deceased to the hospital by the owner and the operator was not an act of mere humanitarian assistance but an acknowledgment of liability.

The counsel for respondents Nos. 2 and 3, however, supported the Insurance Company's case and contended that the assertion of employment was false and fictitious, fabricated solely to extract compensation. The hospital admission and assistance rendered were purely on **humanitarian grounds** and could not create a legal relationship of employer and employee where none existed.

Scope of Appellate Jurisdiction Under Section 30

The High Court, at the outset, delineated the **limited scope of its appellate jurisdiction** under Section 30 of the Workmen's Compensation Act, 1923. The Court emphasized that an appeal under Section 30 lies only on the involvement of a *substantial question of law* and not on questions of fact.

The Commissioner is the final fact-finding authority under the scheme of the Act, and the High Court cannot assume the role of a second fact-finding forum unless the findings are perverse or based on no legal evidence whatsoever.

Having thus circumscribed its jurisdiction, the Court proceeded to examine the two inter-dependent substantial questions of law, which ultimately revolved around a single issue: whether, in the absence of proof of an employer-employee relationship, the claim petition was maintainable under the Act of 1923.

Examination of Evidence and Findings of the High Court

Upon an examination of the evidence on record, the Court found that the claimant Shanti Devi, though stating that her son had worked for ten to twelve years, **failed to furnish any specific details** regarding the nature of work, wages, or any documentary evidence of payment.

The other two witnesses, Mukund Singh and Sukhveer Singh, also could not prove the employment by any documentary or cogent evidence. The police report, which the Commissioner had relied upon, was itself based on the statements of these very witnesses and a temple priest who, during investigation, failed to support the fact of employment.

The Court observed that the conclusion drawn by the Commissioner was based on **self-assumption and surmise** rather than on legal evidence.

The fact that the owner, Padam Chand Jain, took the deceased to the hospital and informed the family was held to be an act of humanitarian assistance, which is not uncommon in society, and such conduct cannot be stretched to infer the existence of an employment relationship.

The Court categorically held that the claimant and her witnesses had completely failed to satisfy the first and basic requirement to claim compensation under the Act of 1923, namely, the **proof of employment**.

Outcome and Directions

In view of the above analysis, the Court answered both substantial questions of law **in favour of the appellant-Insurance Company**. It was held that as the deceased was not an employee of respondents Nos. 2 and 3, the claim petition was not maintainable, and the Commissioner had committed a grave illegality in passing the impugned judgment in violation of the provisions of the Act of 1923.

Consequently, S.B. Civil Miscellaneous Appeal No. 3268/2008 was allowed, and the impugned judgment dated 2nd April 2008 was quashed and set aside. Since the Insurance Company's appeal was allowed and the underlying award was set aside, the claimant's appeal for enhancement in CMA No. 2546/2008 was rendered infructuous and was accordingly dismissed.

The Court issued the following directions regarding the deposited amount:

1. The Commissioner was directed to refund **fifty per cent** of the deposited amount to the Insurance Company.
2. The remaining fifty per cent, which had already been disbursed to the claimant pursuant to an interim order, was directed to be returned by her within sixty days.

Significance of the Judgment

The judgment in *United India Insurance Co. Ltd. v. Shanti Devi* is a significant pronouncement on the interplay between **beneficial social welfare legislation and the rules of evidence**. It emphasises that while the Workmen's Compensation Act, 1923, is intended to provide speedy relief to workmen and their dependants, the claimant cannot bypass the fundamental requirement of proving the employer-employee relationship.

Key takeaways from this decision include:

- The Court's refusal to treat **humanitarian conduct as an admission of liability** preserves the distinction between moral obligations and legal liabilities.
- The decision reiterates the **narrow scope of appellate intervention under Section 30**, reinforcing that the High Court's role is not to reappreciate evidence but to adjudicate upon substantial questions of law arising from the Commissioner's order.
- The foundation of a compensation claim must be laid upon **solid evidentiary proof**, and assumptions, however sympathetic, cannot substitute for legal proof in a court of law.

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