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## 254. How is compensation calculated under Section 4 of The Employee's Compensation Act, 1923, in the case of death or permanent total disablement, and how does Schedule IV impact the final compensation amount?

The section 4 of the the Employee's Compensation Act, 1923 outlines the calculation of compensation payable to an employee (or their dependents) in case of death or permanent total disablement due to an employment-related injury.

### 1. Compensation in case of death

- The amount payable is 50% of the monthly wages of the deceased employee multiplied by the relevant factor (as per Schedule IV), or
- A minimum of ₹1,20,000, whichever is higher.

### 2. Compensation in case of permanent total disablement

- The amount payable is 60% of the monthly wages of the injured employee multiplied by the relevant factor, or
- A minimum of ₹1,40,000, whichever is higher.

### 3. "Relevant Factor" Explanation

- The "relevant factor" is a numerical value derived from Schedule IV, which depends on the completed years of age of the employee on their last birthday before the accident.
- This factor is used to determine the lump sum compensation.

### 4. Government Revisions

- The Central Government has the authority to revise and enhance the compensation amounts over time via official notifications.

### Schedule IV: Relevant Factor Table

Schedule IV provides pre-determined factors that vary based on the age of the employee. The compensation is calculated using these factors.

For example:

1. If an employee **aged 25** dies due to an injury:
  - The relevant factor from Schedule IV for age 25 is 216.91.
  - If their monthly wage was ₹10,000:
    - Compensation =  $(10,000 \times 50\%) \times 216.91$
    - = ₹10,84,550 (higher than ₹1,20,000, so this applies).
2. If an employee **aged 50** suffers permanent total disablement:

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- The relevant factor for age 50 is 153.09.
- If their monthly wage was ₹15,000:
  - Compensation = (15,000 × 60%) × 153.09
  - = ₹13,77,810 (higher than ₹1,40,000, so this applies).

Thus, the **younger the employee**, the **higher the compensation**, as their potential working years ahead are more.

#### SCHEDULE IV (See Section 4)

#### FACTORS FOR WORKING OUT LUMP SUM EQUIVALENT OF COMPENSATION AMOUNT IN CASE OF PERMANENT DISABLEMENT AND DEATH

Completed Years of Age	Factor	Completed Years of Age	Factor
Not more than 16	228.54	41	181.37
17	227.49	42	178.49
18	226.38	43	175.54
19	225.22	44	172.52
20	224	45	169.44
21	222.71	46	166.29
22	221.37	47	163.07
23	219.95	48	159.8
24	218.47	49	156.47
25	216.91	50	153.09
26	215.28	51	149.67
27	213.57	52	146.2
28	211.79	53	142.68
29	209.92	54	139.13
30	207.98	55	135.56
31	205.95	56	131.95
32	203.85	57	128.33
33	201.66	58	124.7
34	199.4	59	121.05
35	197.06	60	117.41
36	194.64	61	113.77
37	192.14	62	110.14
38	189.56	63	106.52
39	186.9	64	102.93
40	184.17	65 or more	99.37

#### How to Use Schedule IV for Compensation Calculation

- The factor is selected based on the employee's completed age just before the accident.
- Compensation is calculated using:
  - For Death: (50% of monthly wage) × Factor
  - For Permanent Total Disablement: (60% of monthly wage) × Factor
- If the calculated amount is less than the minimum limit (₹1,20,000 for death, ₹1,40,000 for disablement), the minimum limit is paid.

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