Civil Nuclear Liability Laws in India

Mains Syllabus: GS II - Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Why in news?

Recently, the government of India decided to amend the two major nuclear laws of the country, Civil Liability for Nuclear Damage Act (CLNDA), 2010 and Atomic Energy Act, 1962.

What is civil nuclear liability law?

- **Basis** – It is to ensure that *compensation is available to the victims for nuclear damage* caused by a nuclear incident or disaster.
- **International nuclear liability regime** – It consists of multiple treaties and was strengthened after the 1986 Chernobyl nuclear accident.
- **Convention on Supplementary Compensation for Nuclear Damage (CSC) –** It was adopted in 1997 with the aim of establishing a *minimum national compensation amount*.
- India was a signatory and to keep in line with the international convention, India enacted the CLNDA in 2010.
- **Vienna Convention on Civil Liability for Nuclear Damage –** It aims at establishing some minimum standards to provide financial protection against damage resulting from certain peaceful uses of nuclear energy.

What are the aspects of Civil Liability for Nuclear Damage Act (CLNDA), 2010?

- **Basis** – It has been enacted with a view *to provide prompt compensation to the victims* for damage caused by a nuclear incident through a no-fault liability regime.
- It was also meant to facilitate India becoming a State Party to CSC.

Civil Liability for Nuclear Damage Act (CLNDA), 2010

- Compensation to victims through a no-fault regime.
- Exclusive jurisdictional competence and a mechanism to provide compensation.
- Channelling liability to the Operator.
- Limiting liability of the operator in amount and time.
- Mandatory coverage by the operator through financial security or insurance.

- **No-fault liability** - Nuclear plant operators are liable for damage regardless of fault.
- **Right of recourse** – It channelised operators' liability to suppliers through a provision

called *the right of recourse of the operator*.

- *Section 17* says, that the operator of the nuclear installation, after paying the compensation for nuclear damage, shall have the right to recourse where:
    a. Such right is expressly provided for in a contract in writing.
    b. The incident has resulted because of an act of supplier or his employee.
    c. The incident has resulted from the act of commission/omission of an individual done with the intent to cause nuclear damage.

Operator of a nuclear plant *would typically be a company such as the state-owned Nuclear Power Corporation of India Ltd (NPCIL).*

Suppliers *of nuclear plant could include foreign reactor manufacturers such as Westinghouse or Framatome, but also domestic equipment suppliers such as L&T or Walchandnagar Industries.*

What is Atomic Energy Act, 1962?

- **Basis** – It *replaced the Atomic Energy Act 0f 1948* and provided a more comprehensive framework for ***supporting the nuclear policy in India.***

"***Atomic Energy***" *means energy released from atomic nuclei as a result of any process, including the fission and fusion processes.*

- **Major provisions –** It provides for the *development, control, and use of atomic energy* for the welfare of the people of India and for other peaceful purposes.
- **Authority -** The central government through the *Nuclear Power Corporation of India (NPCIL)* holds the authority for activities related to nuclear energy, including its production, development, use, and disposal.

What are the challenges in India's civil nuclear liability provisions?

- **Vague definition -** The term *supplier* is seen to be too broad in scope which is cause for worry for Indian sub-vendors.
- **Fear of incurring future liability** - Section 17 (b) of CLNDA is cited as an *impediment by foreign suppliers* due to fear of incurring future liability in the event of a nuclear accident.
- **No investments** - None of the foreign companies have invested in a single project in India since the legislation came into force because liability risks.
- **Restrictions to private companies –** The atomic energy Act *restricts private companies* from owning and operating nuclear power plants in India.
- Its 2015 amendment allowed NPCIL to form joint ventures with other public sector units (PSUs) to secure funding for new projects, but it does *not extend to private or foreign companies*.

What are the proposed amendments?

- **Clear definition of a supplier** – Provision to clarify the definition of a supplier and to *include domestic sub-suppliers*.
- **Reforming section 17 of CLNDA** – It is proposed to bring Section 17 *on par with international benchmarks*.
- **Inclusion of private companies** – Enabling mechanism to include private players and foreign players at a later stage, to enter nuclear generation as operators.
- **Foreign companies' participation** – Provisions to enable foreign companies to potentially take a *minority equity exposure* in upcoming nuclear power projects.

What are future prospects of the proposed amendments?

- **In line with CSC** - The amendments in the CLNDA would effectively bring India's nuclear liability legislative framework in line with the provisions of the 1997 *Convention on Supplementary Compensation for Nuclear Damage (CSC).*
- **Promote investments -** Alignment with international standards will *encourage U.S. and French companies* to invest in India's nuclear energy projects.
- **Revive halted projects** – They have the potential to *revive long-pending contracts* signed over a decade ago, for nuclear power expansion.
- **Support clean energies** - This can *reduce India's dependence on fossil fuels* and help achieve clean energy targets.
- **Encourage ppp (public private partnership)** - Amendments to the Atomic Energy Act 1962 may enable greater involvement of domestic and international private players.

What lies ahead?

- Efforts can be taken to bring political consensus to clear the amendment provisions to reform the nuclear liability landscape in India.

Quick Facts

Convention on Supplementary Compensation for Nuclear Damage (CSC)
• **Signed in** – 1997 • **Objectives** – To set parameters on a nuclear operator's financial liability. • To supplement and enhance the measures to increase the amount of compensation for nuclear damage. • **Governing body** - International Atomic Energy Agency (IAEA). • **Signatories** - 40+ countries, *India is not a signatory*. • **Membership eligibility** – A country that is a party to either the 1963 Vienna Convention or the 1960 Paris Convention could automatically become a party to the CSC. • A country that was not a party to either of these conventions could also become a party to the CSC if its national law on nuclear liability were to follow the provision of the CSC and its annexures
Vienna Convention on Civil Liability for Nuclear Damage (1963)

• **Enacted in –** 1963, under the International Atomic Energy Agency (IAEA) framework**.**
• **Provisions -** It establishes civil liability for nuclear damage and ensures compensation for victims of nuclear incidents.
• It Places *exclusive liability on nuclear operators*, ensuring swift compensation and requires *mandatory financial security* (e.g., insurance) for nuclear operators.
• **Signatories –** 193+ countries.
• *India is not a signatory.*

Reference

The Indian Express| Opening up India's Civil Nuclear Sector

