



Nuclear power is central to India's long-term energy strategy. To ensure that victims of a nuclear accident are compensated promptly and transparently, India enacted the Civil Liability for Nuclear Damage Act, 2010 ("CLNDA" or the "Act"). The statute establishes a no-fault strict liability regime, channels liability to the operator of a nuclear installation, and balances compensation, risk allocation and governance.

Purpose of the Law

Ensuring prompt compensation for nuclear damage while allocating risk between operators, suppliers, and the State.

Why the Act Matters

Pre - 2010, India lacked a statutory framework for civil liability arising from nuclear incidents — a gap that hindered international cooperation and risk management in the nuclear sector. The CLNDA was enacted to provide legal certainty, ensure prompt compensation to victims, and align India's liability regime with international norms, especially those under the Convention on Supplementary Compensation for Nuclear Damage (CSC).

INSIGHTS

INDIA'S CIVIL NUCLEAR LIABILITY FRAMEWORK AT A GLANCE

Key Principle: No-fault Strict liability regime.

KEY LEGAL PROVISIONS

Section 2: Definitions

This section defines critical terms such as "nuclear damage", "nuclear incident", "operator", "nuclear material" and "special drawing rights (SDRs)".

"Nuclear damage" includes loss of life, personal injury, property loss, economic loss, environmental restoration costs and losses from preventive measures.

Section 4: Liability of Operator

The operator of a nuclear installation is strictly liable for nuclear damage, irrespective of fault or negligence. This strict liability is fundamental to the regime, meaning victims do not need to prove fault to claim compensation.

Section 5: Exceptions to Liability

The Act protects the operator from liability in certain situations, including:

- damage due to exceptional natural disasters,
- damage to the nuclear installation itself and related property, and
- damage suffered due to the claimant's own negligent acts.

Section 6: Limits on Liability

The Act caps the operator's liability for each nuclear incident:

- ₹1,500 crore for nuclear reactors of 10 MW and above,
- ₹300 crore for spent fuel reprocessing plants,
- ₹100 crore for smaller or specialised facilities.
- The Central Government may review and notify higher amounts.

Section 7: Government Liability

If compensation claims exceed the operator's cap under Section 6, the Central Government assumes liability up to the rupee equivalent of 300 million Special Drawing Rights (SDRs). This ensures a broad compensation base while mitigating the risk of uncovered liabilities.

Section 8: Mandatory Financial Security

Operators must secure insurance or other financial guarantees to cover their liability before commencing operations under Section 8. This provision reinforces financial preparedness in the event of a nuclear incident.



Case Law & Judicial Context

Unlike other civil statutes, no definitive Supreme Court judgment has yet interpreted the core liability regime of the CLNDA. However, key legal developments include:

Constitutionality Challenges

Soon after its enactment, a public interest litigation was filed by Common Cause in the Supreme Court of India challenging the Act's constitutional validity, particularly its adequacy in protecting the Right to Life and environmental rights under Article 21 of the Constitution and seeking broader safety reassessment of nuclear installations. The Hon'ble Supreme Court upheld the validity of the Act.

Comparative Legal Principles

In tort and environmental jurisprudence, Indian courts have emphasized strict and absolute liability for hazardous activities. For example, in *M. C. Mehta v. Union of India* (Oleum Gas Leak Case), where the Supreme Court held that hazardous enterprises owe an absolute duty of safety to the public. While not directly under the CLNDA, this precedent supports the rationale behind strict liability in hazardous domains.

Section 17: Right of Recourse Against Supplier

Section 17 grants the operator a right of recourse against a supplier in specific circumstances:

- where the contract with the supplier expressly provides for recourse;
- if a nuclear incident results from a supplier's acts (including latent defects or sub-standard services); or
- if the incident resulted from intentional acts by the supplier or its employees.

• This broad provision — especially Section 17(b) — goes beyond international norms (e.g., the CSC), which traditionally limit recourse to contractual breaches and intentional misconduct.

Section 18: Limitation Period

The right to claim compensation generally extinguishes after 10 years from the notification of the incident, though personal injury claims may have extended periods upto twenty years.

Sections 35 & 46: Jurisdiction

- Section 35 excludes the jurisdiction of civil courts in matters covered by the Act once a Claims Commissioner or Nuclear Damage Claims Commission is appointed.
- Section 46 clarifies that the CLNDA operates in addition to other applicable laws, meaning other remedies (including tort or criminal laws) remain available where appropriate.

Mechanism for Compensation

The Act provides for:

- Claims Commissioner: to invite, receive and adjudicate compensation claims.
- Nuclear Damage Claims Commission: a specialised tribunal for complex cases or where claims exceed certain thresholds.

LATEST UPDATE

The Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Bill, 2025, which consolidates India's nuclear regulatory framework, has received Presidential assent following its passage in the Winter Session of Parliament. The Act is presently awaiting notification in the Official Gazette.

A SNAPSHOT

WHO IS LIABLE?

- Primary Liability: Nuclear Operator
- Strict, no-fault liability
- Liability capped by statute
- Mandatory insurance / financial security

LIABILITY TRIGGERS

- Nuclear incident involving nuclear material or installation
- Personal injury, death, property damage
- Environmental remediation & economic loss

COMPENSATION FLOW POST OCCURENCE OF NUCLEAR INCIDENT

- Operator Liability Automatically Triggered (Section 4)
- Claims Filed Before Claims Commissioner / Commission
- Compensation Paid by Operator (Section 6)
- Government Backstop Applies (Section 7)
- Operator May Seek Supplier Recourse (Section 17)

KEY MONETARY CAPS

- Operator Liability: ₹100-₹1,500 crore (installation-specific)
- Government Liability: up to 300 million Special Drawing Rights (SDRs)

COURTS & JURISDICTION

- Claims Commissioner (Section 9 - 12)
- Nuclear Damage Claims Commission (Section 19 -38)
- Civil courts barred (Section 35)
- Other laws preserved (Section 46)

WHY THIS MATTERS FOR SUPPLIERS

- Direct victim claims barred
- Indirect exposure through operator's right to recourse
- Risk determined by contract and Section 17 triggers

KEY RISKS FOR SUPPLIERS UNDER SECTION 17

- Contractual Recourse Risk - If supply contracts expressly provide for recourse, suppliers may face claims irrespective of negligence standards used elsewhere.
- Latent Exposure Defect - Section 17(b) allows recourse where incidents arise from defective equipment or sub-standard services, even years after supply.
- No statutory liability cap for suppliers - Unlike operators, supplier liability is not capped by statute and is governed by contractual drafting.
- Long Tail Risk - Recourse actions may arise long after commissioning, particularly in cases involving latent defects or component failure.
- Insurance Misalignment - Standard product liability policies may not cover nuclear-specific recourse unless expressly negotiated.

Bonus Insight

Supplier exposure is shaped less by the Act and more by how contracts are negotiated.

“Nuclear law stands at the crossroads of human progress and human risk, where the law’s highest duty is not merely to permit power, but to protect life, environment, and future generations.”



ANUSHA SONI
Partner



CHANDAN GOSWAMI
Partner



T. SHREYASHI
Partner



AT & Partners

Subscribe Us

Subscribe US

atandpartners.in/

DISCLAIMER

This material is intended only for general discussion of issues and is not intended for any solicitation of work. It should not be regarded as legal advice and no legal or business decision should be based on its content. AT & Partners does not warrant the accuracy and completeness of this document and readers are requested to seek formal legal advice prior to acting upon any information provided in this document. Further, applicable laws and regulations are subject to change, clarification and amendment by the relevant authorities, which may impact the contents of this document. This document is the exclusive copyright of AT & Partners and may not be circulated, reproduced or otherwise used by the intended recipient without our prior permission.

Please feel free to address queries or seek advice at office@atandpartners.in