

4. Shanti Act – Economy

The SHANTI Act 2025 opens India's nuclear sector to private players but faces criticism for shielding suppliers from liability and removing victims' legal recourse. By reversing the "absolute liability" principle and indemnifying operators against natural disasters, experts fear it creates a moral hazard that could compromise safety standards and victim compensation.

The SHANTI (Sustainable Harnessing of Advancement of Nuclear Technology for India) Act 2025 has triggered significant debate regarding safety standards, victim compensation mechanisms, and the nation's long-term energy strategy.

Background – The Traditional Framework

State Monopoly – Traditionally, nuclear power plants in India have been exclusively owned and operated by

Nuclear Power Corporation of India Ltd (NPCIL).

Bharatiya Nabhikiya Vidyut Nigam (BHAVINI) (a fully-owned subsidiary).

Shift in Policy – The SHANTI Act marks a major paradigm shift by opening the nuclear power sector to private entities.

Key Provisions of the SHANTI Act

Revamp of the Nuclear Liability Regime– The Act significantly alters the liability framework established under the Civil Liability for Nuclear Damage Act (CLNDA), 2010 –

Supplier Indemnification – It indemnifies nuclear suppliers by channelling the entire liability for any accident solely to the operator.

Omission of "Right of Recourse" – The Act removes the provision that previously allowed operators to sue suppliers for accidents caused by defective equipment.

Omission of Clause 46 – It removes Clause 46 of the CLNDA, which previously empowered victims to invoke other laws (including criminal laws) to seek legal remedies.

Regulatory Framework Changes

Legislative Status for AERB – The Act provides a statutory legislative framework for the Atomic Energy Regulatory Board (AERB).

Independence Concerns – It limits the Board's independence by stipulating that its members will be selected by a committee constituted by the Atomic Energy Commission (AEC), rather than an independent body.

Scope of Activities

Exemption for Innovation – The Act allows exemptions from licensing requirements for limited activities such as research, development, and innovation-related work.

Regulation of Non-Power Applications – It establishes a regulatory framework for the use of nuclear and radiation technologies in sectors like health care, agriculture, industry, and research.

Comparison – Liability Framework (CLNDA 2010 vs. SHANTI Act 2025)

Feature	CLNDA 2010 (Original)	SHANTI Act 2025 (New)
Supplier Liability	Allowed "Right of Recourse" for operators to sue suppliers for defective equipment.	Omits "Right of Recourse"; indemnifies suppliers completely.
Victim Remedies	Clause 46 allowed victims to invoke other laws (including criminal/tort law).	Omits Clause 46; restricts legal avenues for victims.
Operator Liability	Based on "Absolute Liability" (strict responsibility).	Indemnifies operators in cases of "grave natural disaster", reversing the absolute liability principle.

Concerns Raised Over the SHANTI Act

The Issue of Supplier Indemnification – This is the most contentious aspect of the Act, especially given historical precedents of failure –

Fukushima Daiichi (Japan) – Exposed critical weaknesses in reactor containment design and emergency preparedness.

Chernobyl (USSR) – Involved fundamental structural design flaws (positive power coefficient) and inadequate emergency shutdown systems.

Three Mile Island (USA) – Revealed significant failures in control room design and communication lapses by suppliers.

The Issue of Moral Hazard

Definition – Protecting agents (suppliers/operators) from the consequences of their actions creates a "moral hazard," encouraging them to take greater risks.

Reversal of Absolute Liability – The Act indemnifies operators for accidents caused by a "grave natural disaster".

Impact – This reverses India's established "absolute liability" framework for hazardous industries and reduces the industry's financial incentive to establish resilient, disaster-proof plants.

Way Ahead

Transparency and Trust – Enhance transparency and public consultation in site selection, environmental clearance, and safety audits. This is crucial to build community trust and reduce project delays.

Climate-Resilient Infrastructure – Build infrastructure capable of withstanding extreme natural disasters. Mandate higher safety benchmarks, incorporating lessons from the Fukushima Daiichi nuclear disaster.

Financial Protection – Establish a robust nuclear insurance pool. Ensure it has adequate sovereign backing to guarantee swift and fair compensation to victims in case of accidents.

Source – <https://www.thehindu.com/news/national/a-case-against-the-shanti-act-explained/article70623943.ece>