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Supreme Court Examines Constitutional Challenge to SHANTI Act's Nuclear Liability Provisions

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The Supreme Court of India is hearing a constitutional challenge to the Sustainable Harnessing and Advancement of Nuclear Energy for Transforming India (SHANTI) Act, 2025, which governs nuclear liability and private participation in India's nuclear energy sector. Petitioners have challenged provisions of the Act that cap operator liability and limit supplier liability in the event of a nuclear accident. The matter is being examined mainly on the grounds of violation of Fundamental Rights under Articles 14, 19, and 21 of the Constitution.

Key Issues Before the Supreme Court

The petitioners argued that the liability caps under the SHANTI Act are excessively low compared to the potential damage caused by nuclear disasters such as Chernobyl and Fukushima. They contended that limiting compensation violates the Right to Life under Article 21 because victims may not receive adequate compensation after a nuclear accident.

The Supreme Court observed that the issue involves a "sensitive legislative policy matter" but also clarified that statutory liability caps may not restrict the constitutional power of courts to award adequate compensation to victims. The matter has been listed for further hearing in July 2026.

Changes Introduced by the SHANTI Act

The SHANTI Act replaced the earlier Civil Liability for Nuclear Damage Act, 2010 (CLND Act) and introduced major changes in India's nuclear liability framework.

Under the new Act:

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Private and foreign companies can participate more extensively in nuclear energy projects.

Operator liability has been capped according to reactor size.

Supplier liability has been significantly reduced.

Government may bear residual compensation beyond operator limits.

Under the Act:

Small reactors may have liability caps as low as ₹100 crore.

Large reactors may have maximum liability up to ₹3,000 crore.

Total government-supported compensation may reach around ₹3,900 crore.

Constitutional and Legal Issues Involved

Article 21 – Right to Life

Petitioners argued that inadequate compensation in nuclear disasters violates the Right to Life and human dignity guaranteed under Article 21. They relied on the doctrine of Absolute Liability laid down in the landmark M.C. Mehta (Oleum Gas Leak) case, 1987.

Article 14 – Equality Before Law

The challenge also argues that different liability caps for different reactor categories are arbitrary and lack a rational nexus with the actual damage caused by nuclear accidents.

Article 19(1)(a) – Right to Information

The petition challenges provisions allowing restriction of information related to nuclear facilities, arguing that such restrictions affect the citizen's right to know and transparency in matters affecting public safety.

Important Legal Principles Discussed

Absolute Liability Doctrine

The doctrine was evolved by the Supreme Court in:

Oleum Gas Leak Case

The Court held that enterprises engaged in hazardous activities are absolutely liable for any harm caused, irrespective of negligence or fault.

Polluter Pays Principle

The principle was recognised in:

Indian Council for Enviro-Legal Action Case

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It states that the entity causing environmental harm must bear the cost of damage and remediation. Petitioners argue that shifting compensation burden to taxpayers violates this principle.

Background: Civil Liability for Nuclear Damage Act, 2010

The earlier CLND Act, 2010 established a “no-fault liability” regime, meaning victims did not need to prove negligence. It also contained Section 17(b), which allowed operators to recover compensation from suppliers in case of defective equipment or services.

The SHANTI Act reportedly diluted this supplier liability framework to attract private and foreign investment into India’s nuclear energy sector.

Important Constitutional Articles

Article 14 – Equality Before Law

Article 19(1)(a) – Freedom of Speech and Right to Information

Article 21 – Right to Life and Personal Liberty

Article 32 – Constitutional Remedies before Supreme Court

Important Cases

Oleum Gas Leak Case – Absolute Liability Doctrine

Indian Council for Enviro-Legal Action Case – Polluter Pays Principle

Bhopal Gas Tragedy – Industrial disaster and compensation jurisprudence

About Nuclear Liability

Nuclear liability laws determine:

Compensation to victims

Liability of operators

Liability of suppliers

Government responsibility after nuclear accidents.

India’s Nuclear Energy Targets: India aims to achieve nearly 100 GW nuclear power capacity by 2047.