

Who Pays for a Nuclear Disaster?

Posted at: 13/02/2025

Who Pays for a Nuclear Disaster? The Truth Behind the Proposed Amendments

Context

India's nuclear energy sector operates under two key laws:

1. **Atomic Energy Act** - Regulates the development and use of nuclear energy.
2. **Civil Liability for Nuclear Damage Act (CLNDA)** - Defines liability and compensation in case of a nuclear accident.

In the **Union Budget 2024**, Finance Minister **Nirmala Sitharaman** announced that the government plans to **amend these laws**. This has raised concerns because:

- The changes may **reduce the liability of nuclear equipment suppliers**, which could impact **nuclear safety**.
- The U.S. has been **pressuring India** to modify these laws so that **American companies can sell reactors** without financial risk in case of an accident.

Key Concerns About the Amendments

1. Reducing Supplier Responsibility

- Under the current law, if an accident occurs due to **faulty equipment**, the **operator (NPCIL)** can **demand compensation from the supplier**. This is called the '**right of recourse**'.
- The proposed amendments might **remove this clause**, meaning **suppliers will not be responsible** even if their equipment is defective.
- This could **increase safety risks** because suppliers may **not be as careful** in maintaining high-quality standards.

2. Financial Burden on India

- The U.S. wants India to **buy expensive reactors**, even though they are **not cost-effective**.
- Example: The **AP1000 reactors** built in the U.S. had severe **cost overruns**. Two reactors in **Georgia** were completed at **\$36.8 billion**, more than **250% above** the original estimate.
- If India **imports such reactors**, the **cost of electricity will be much higher** than alternative sources like **solar and wind energy**.

3. Lessons from Past Nuclear Accidents

Nuclear disasters show why **supplier accountability is crucial**:

- **Fukushima (2011)** – Caused by **design flaws** in the reactors, which had been flagged as risky decades earlier. The total cleanup cost is estimated at **₹20-46 lakh crore**, but India's current law **caps liability at just ₹1,500 crore**—an **extremely low amount** in case of a disaster.
 - **Bhopal Gas Tragedy (1984)** – Led to a Supreme Court ruling that **companies dealing with hazardous industries must bear full liability**. However, India's nuclear liability law **diluted this principle by capping liability** and reducing supplier responsibility.
-

4. U.S. Pressure and India's Response

- The U.S. government, including former Ambassador **Eric Garcetti**, has **actively lobbied Indian leaders** to amend the liability law so that **American nuclear companies face no financial risk**.
 - The **previous UPA government** and the **current NDA government** have both **tried to weaken supplier liability**, showing that **corporate interests are being prioritized over public safety**.
 - In 2015, India and the U.S. **discussed bypassing the right of recourse**, but U.S. companies still **refused to sell reactors**, fearing **future legal risks**.
-

Conclusion

The proposed changes to **India's nuclear liability laws** could have **serious consequences**:

- If **suppliers are not held accountable**, they may **not focus on safety**, increasing the **risk of accidents**.
- The **financial burden** of a disaster would fall on the **Indian government and citizens**, while foreign suppliers **escape responsibility**.
- India must **prioritize public safety over corporate profits** and resist external pressure that could **compromise nuclear safety**.

Instead of buying expensive foreign reactors, India should focus on safer, more affordable energy alternatives.