

The Public Liability Insurance Act, 1991 was enacted by the Indian government to address the risks associated with industries dealing with hazardous substances. This legislation aims to ensure accountability and provide immediate financial relief to victims of accidents caused by industrial activities. The Act is a direct response to incidents like the Bhopal Gas Tragedy, which underscored the need for robust legal frameworks to manage public safety and industrial accountability.

Objectives of the Public Liability Insurance Act, 1991

- **Immediate Assistance to Victims:** The primary goal of the Act is to provide financial relief to individuals affected by industrial accidents involving hazardous substances. This ensures that victims do not have to wait for lengthy litigation to receive compensation.
- **Promoting Accountability:** The Act mandates industries to maintain liability insurance, fostering a culture of responsibility among business owners who handle hazardous materials.
- **Simplification of Legal Processes:** By establishing a no-fault liability framework, the Act eliminates the need for victims to prove negligence, enabling faster claim settlements.
- **Environmental Safeguards:** The Act includes provisions for the establishment of an Environmental Relief Fund to address damages caused by hazardous substances.
- **Protection for Economically Vulnerable Groups:** Many

victims of industrial accidents belong to economically weaker sections. This Act ensures timely assistance to such individuals, reducing the economic burden caused by accidents.

Key Provisions of Public Liability Insurance Act, 1991

Definitions and Scope

The Act defines several critical terms to ensure clarity:

- **Accident:** Any sudden and unexpected incident involving hazardous substances, excluding incidents caused by war or radioactivity.
- **Hazardous Substances:** Materials identified as dangerous due to their potential to harm human health or the environment.
- **Owner:** The individual or entity responsible for managing hazardous substances at the time of the accident.
- **Environmental Relief Fund:** A fund established under Section 7A to provide compensation to victims.

Section 3: Liability of the Owner

Section 3 establishes the owner's liability for any death or injury caused to a third party due to negligence on the part of the business or its employees. This section ensures that victims receive compensation without unnecessary legal hurdles, holding the owner directly accountable for their operations.

Section 4: Mandatory Insurance for

Hazardous Substances

Under Section 4, owners are obligated to purchase insurance policies for businesses that handle hazardous substances. This insurance must be acquired within one year of the business's commencement and should be renewed regularly. The aim is to ensure continuous coverage to address potential accidents.

Section 5: Role of the Collector

Section 5 designates the collector as the responsible authority in the event of an accident. The collector is required to verify the incident, publicise it, and invite claims from affected individuals. This section emphasises prompt action and public awareness to facilitate a swift claims process.

Section 6: Application for Claims *5 years*

Section 6 allows individuals who have sustained injuries or damages due to an accident to file a claim for relief.

However, such claims must be submitted to the collector within five years of the occurrence. The application must include supporting documents as prescribed by the authorities to ensure validity.

Environmental Relief Fund

The Environmental Relief Fund, managed by the Central Government, is used to provide compensation in cases where the responsible party is unable to pay. This ensures a safety net for victims.

Claims Process

Claims can be filed by victims, property owners, legal representatives, or authorised agents. Applications must be

submitted within five years of the accident to the Collector, a government-appointed authority.

Powers of Authorities

The Act grants significant powers to government authorities, including:

- Inspecting industrial premises.
- Searching and seizing hazardous materials.
- Investigating accidents and ensuring compliance with safety norms.

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Relief and Compensation under Public Liability Insurance Act, 1991

Categories of Compensation

The Act specifies fixed compensation amounts:

- Fatal Accidents: ₹25,000 per victim.
- Permanent Disability: ₹25,000 along with reimbursement for medical expenses.
- Temporary Disability: A monthly allowance of ₹1,000 for up to three months. $Z < 3 \text{ months}$
- Property Damage: Compensation of up to ₹6,000 based on actual losses.

Environmental Relief Fund Usage

The fund is utilised to:

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- Pay compensation to victims.
- Cover costs related to environmental cleanup and damage restoration.

Simplified Claims Process

Victims are not required to prove negligence. Instead, they

must demonstrate that their injuries or losses were caused by an industrial accident involving hazardous substances.

Penalties for Non-Compliance

The Public Liability Insurance Act, 1991 imposes strict penalties on industries and individuals who fail to comply with its provisions, ensuring accountability and adherence to the law.

- **Violation of Section 4:** Industries that fail to secure mandatory liability insurance are subject to severe consequences, including imprisonment for a term ranging from 1.5 years to 6 years. Additionally, they are liable to pay fines starting from ₹1,00,000.
- **Repeat Offenses:** Repeat offenders face even stricter penalties. These include imprisonment for a period of 2 to 7 years and fines of at least ₹1,00,000.
- **Failure to Comply with Directions:** Non-compliance with orders issued under Section 9 or obstructing authorities under Sections 10 and 11 can result in imprisonment of up to 3 months and fines of up to ₹10,000.
- **Offenses by Companies:** Companies involved in violations can be prosecuted alongside responsible individuals such as directors and managers. However, individuals may defend themselves by proving a lack of knowledge of the violation or demonstrating that they took necessary precautions to prevent the offense.

Case Study: The Bhopal Gas Tragedy

The Bhopal Gas Tragedy of 1984 is a poignant example of the catastrophic consequences of industrial negligence. The tragedy, which resulted in thousands of deaths and long-term

health impacts, highlighted the need for robust legal frameworks to protect public safety. The Public Liability Insurance Act, 1991, was introduced as a direct response to such incidents, ensuring that industries handling hazardous substances are held accountable.

Conclusion

The Public Liability Insurance Act, 1991, is a landmark legislation that addresses the risks associated with industrial activities involving hazardous substances. It ensures timely financial relief for victims, promotes accountability, and safeguards the environment. However, periodic updates and stricter enforcement are essential to enhance its effectiveness in an evolving industrial landscape. As industries continue to grow and introduce new risks, the Act serves as a reminder of the importance of balancing economic progress with public and environmental safety. Strengthening its provisions and adapting to modern challenges will ensure that it remains a cornerstone of industrial accountability in India.