

13.35 hrs.

STATEMENT GIVING REASONS FOR
IMMEDIATE LEGISLATION BY RESERVE
BANK OF INDIA (AMENDMENT)
ORDINANCE

[English]

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE AND DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI DIGVIJAY SINGH): (a) On behalf of Shri Yashwant Sinha, I beg to lay on the Table an explanatory statement (Hindi and English versions) giving reasons for immediate legislation by the Reserve Bank of India (Amendment) Ordinance, 190. [Placed in Library. See No. LT—1698/91]

13.35 hrs.

The Lok Sabha then adjourned for Lunch till Thirty Five minutes past Fourteen of the clock

The Lok Sabha re-assembled after Lunch at thirtyeight minutes past fourteen of the Clock

[MR. DEPUTY SPEAKER *in the Chair*]

PUBLIC LIABILITY INSURANCE BILL

[English]

MR. DEPUTY SPEAKER: No, let us take up the legislative Business. Shrimati Maneka Gandhi.

THE MINISTER OF STATE OF THE MINISTRY OF ENVIRONMENT AND FORESTS (SHRIMATI MANEKA GANDHI): I beg to move:

"That the Bill to provide for public liability insurance for the purpose of providing immediate relief to the persons affected by accident occurring while handling any hazardous substance and for

matters connected therewith or incidental thereto, be taken into consideration."

In doing so, I beg to submit that this Bill seeks to fulfil a long felt demand for some mechanism to give immediate relief to victims of accidents in hazardous industries or operations. The growth of hazardous industries and operations which produce the many goods needed by us is essential for our development and in recent times there has been a tremendous increase of such industries. However, it has also increased the risks of accidents not only to the workmen but also to others who may be in the vicinity of the accident sites. Very often, the people affected belong to the very poor and weak strata of society with little or no capacity to secure compensation for their sufferings. Workers who are victims of such accidents in hazardous industries are protected by the Workmen's Compensation Act, 1923 and by the Employee's State Insurance Act of 1948, but the members of the public are not assured of any relief except through long legal procedures.

The Supreme Court of India in the case of M/s Sriram Foods and Fertilizers, have held that the hazardous industries are strictly liable to compensate for any damage caused by an accident in their industries. The liability to give relief in such cases is based on the principle of no fault. The claimant for relief shall not be required to plead and establish that the disaster, injury or damage in respect of which the claim has been made was due to any wrongful act, neglect or default of any person. However, it is our common experience that industrial units seldom have the willingness to readily compensate the victims of accidents and, therefore, the only remedy available to the victims is the legal one. Even when a court orders relief, the industries and operations where such accidents occur may not be financially sound and an unanticipated liability often cannot be met by them. These enterprises also run the risk of bankruptcy in case of large accident liability. This is particularly true of small scale industries.