

# Environmental Relief Fund

The Environment Relief Fund is a specialised type of fund established by the Ministry of Environment to provide compensation to those who are victims affected by either handling of hazardous substances or working in a hazardous environment.

The details from this article will be useful for candidates writing the IAS Exam.

## What is the Environment Relief Fund?

The Environment Relief Fund (ERF) was established under the Public Liability Act, 1991 (PLIA), to provide immediate relief to victims of accidents involving hazardous substances.

Founded on the principle of no-fault liability, and in response to the Supreme Court of India's pronouncements on absolute liability in *M.C. Mehta v Union of India*, 1987, the PLIA requires industries dealing with hazardous substances to subscribe compulsorily to public liability insurance.

Apart from contributions from hazardous industries that opt for insurance under the PLIA, the ERF consists of compensation awarded by the National Green Tribunal (NGT) for damage to the environment under Section 24 of the NGT Act, 2010.

## Why was the Environment Relief Fund needed?

On 29th March 1985, following the Bhopal Gas Tragedy of December 2nd, 1984, the Processing of Claims Act 1985 was passed by the Government of India for the speedy disposal of claims arising out of or connected with the Bhopal gas leak disaster. The Act was challenged in the Supreme Court for its constitutional validity.

On 22nd December 1989, while disposing of the matter, the SC stressed the need for fresh legislation to ensure the speedy disbursement of compensation to industrial victims and creation of an industrial disaster fund.<sup>15</sup> The Court also suggested the broad contours of this legislation. Thus it was believed that a more stringent no-fault liability fund be established.

## Current Status of the Environment Relief Fund

Since November 2008, when the Environment Relief Fund was first notified, till March 2019, the fund has grown from Rs 283 Crores to Rs 810 Crores.

The cumulative contribution of different general insurance companies until 2018-19 stood at Rs 3,74,89,95,487.

The top five cumulative contributors to the fund are New India Assurance (26.8%) followed by United India

Insurance (22.5%), Oriental Insurance (18.3%), National Insurance (16.7%) and Tata AIG (3.3%).

Contributions pursuant to compensation or relief awarded by the National Green Tribunal are not maintained

properly and are merely shown in the statement of accounts of the fund under the head "Others" since the year

2012-13.

The amount under this head which stands at only Rs 2 Crores, although the NGT has awarded approximately Rs 645 crore in orders passed between 2014 and 2019.

To know more what other topics come under the Environment and Ecology segment, be sure to visit the UPSC Syllabus. For more preparation materials and other related articles refer to the links given below: