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DAILY CURRENT AFFAIRS DATED 13.02.2026

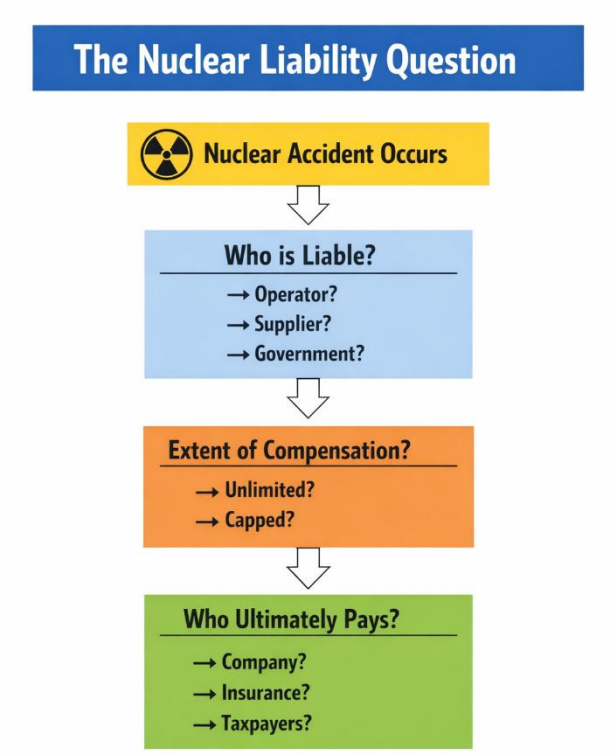
GS Paper II: Current Affairs

1. Nuclear Liability and the SHANTI Act: Law, Energy and Ethical Responsibility

a. Why Nuclear Energy Matters for India

i. Role in Energy Transition

- Nuclear energy is a low-carbon source, meaning it produces very little greenhouse gas emissions.
- It provides base-load power—electricity available continuously, unlike solar or wind which depend on weather.
- For India, which needs both energy security and climate responsibility, nuclear power appears strategically useful.



However, nuclear energy is not an ordinary source of power.

ii. The Risk Factor

- Nuclear accidents are rare, but when they occur, their impact can be catastrophic.
- Disasters like Chernobyl (1986) and Fukushima (2011) caused long-term environmental contamination, displacement, and health crises.
- The economic cost of cleanup and compensation ran into billions of dollars.

This brings us to the fundamental governance question.

iii. The Liability Question

- If a nuclear accident happens, who pays for the damage?
- Is it the plant operator, the equipment supplier, the government, or a combination?
- Should compensation be unlimited or capped?

The answer to these questions defines a country's nuclear liability regime. In India, this regime has undergone an important shift under the SHANTI Act.

b. India's Earlier Framework: Civil Liability for Nuclear Damage Act, 2010

i. Background of the 2010 Law

The Civil Liability for Nuclear Damage (CLND) Act, 2010 was passed after India opened its nuclear sector to international cooperation. The law created a structured compensation system in case of nuclear accidents.

It rested on three important pillars.

ii. Key Features of the CLND Act

Operator-Centric Liability

- The primary responsibility for compensation was placed on the operator of the nuclear plant.
- In India, operators were mainly public sector entities such as the Nuclear Power Corporation of India Limited (NPCIL).
- This ensured victims could approach one clear entity rather than multiple parties.

This approach followed international practice.

Right of Recourse Against Suppliers (Section 17)

- If an accident occurred due to defective equipment, the operator could recover compensation from the supplier.
- This meant suppliers were not fully protected from liability.
- Internationally, such a clear statutory right against suppliers was uncommon.

Section 46: Additional Legal Remedies

- Victims were allowed to seek remedies under other civil or criminal laws.
- This created fear among foreign suppliers that they could face unlimited legal exposure beyond the fixed compensation amount.

Because of these features, India's law was considered stricter than global norms, especially regarding supplier responsibility.

This strictness later became a point of debate.

c. The SHANTI Act: Major Changes in the Liability Model

The SHANTI Act significantly alters the earlier framework. The changes can be understood in three parts.

i. Opening Nuclear Sector to Private Participation

- Earlier, nuclear power generation was largely under government control.
- The new framework allows private entities to operate nuclear plants.
- This reflects India's broader policy of encouraging private participation in strategic sectors.

The aim is to bring investment, technology, and efficiency into the sector.

ii. Indemnification of Suppliers

- The SHANTI Act channels liability mainly to the operator.
- Suppliers are largely protected from civil and criminal liability within the statutory framework.
- Victims cannot directly sue suppliers beyond the structured compensation mechanism.

This aligns India with international conventions that follow the operator-only liability principle.

iii. Introduction of Liability Caps

- The operator's liability is capped at a fixed amount.
- Beyond this limit, the government may step in.
- The cap is much lower than the cost of major global nuclear disasters.

This raises concerns about whether compensation would be adequate in a worst-case scenario.

Thus, the SHANTI Act shifts India from a relatively strict model to a more investment-friendly one.

d. Why Was Supplier Liability Reduced?

Supporters of the SHANTI Act give three main reasons.

i. Attracting Foreign Technology and Investment

- Foreign suppliers were hesitant to enter India due to fear of lawsuits.
- Removing supplier liability reduces legal risk.
- This makes India more attractive for advanced nuclear technology providers.

ii. Aligning with International Norms

- Most international conventions place liability solely on operators.
- Alignment improves India's integration into the global nuclear market.
- Predictability reduces transaction and insurance costs.

iii. Financial Viability

- Unlimited liability discourages insurance coverage.
- Financial institutions avoid projects with unpredictable legal risk.
- Liability caps make nuclear projects more bankable.

From this perspective, the reform is seen as economically pragmatic.

However, economic logic must be balanced against ethical concerns.

e. Ethical Dimension: The Risk of Moral Hazard

i. What Is Moral Hazard?

- Moral hazard occurs when someone takes more risks because they do not bear the full consequences of failure.
- If losses are shifted to someone else, caution may reduce.

ii. Application to Nuclear Liability

- If suppliers are protected, they may face limited financial consequences.
- If operator liability is capped, their exposure is also limited.
- If the government absorbs residual losses, taxpayers ultimately bear the burden.

This structure could weaken incentives for maximum precaution.

This does not automatically mean safety will decline. But it makes strong regulatory oversight essential.

Thus, the ethical issue is about balancing development with accountability and justice for victims.

f. Nuclear Energy's Limited Contribution in India

i. Modest Share in Power Mix

- Nuclear energy contributes only about 3% of India's electricity generation.
- Growth has been slower than coal, solar, and wind.
- Past capacity targets were not fully achieved.

The long-term goal of 100 GW by 2047 remains ambitious.

ii. Reasons for Slow Growth

- Very high upfront capital cost.
- Long construction periods — often more than a decade.
- Public opposition after global accidents.
- Liability-related uncertainty.

- Requirement of highly specialised expertise and strict regulation.

These factors explain why reform was considered necessary.

g. Safety Debate Under the SHANTI Act

i. Accountability and Compensation

- Liability caps may lead to inadequate compensation.
- Fiscal burden may fall on taxpayers.
- Supplier protection may reduce deterrence.

ii. Supporters' Argument

- Safety depends more on the strength of regulatory institutions than liability design.
- Independent regulators can enforce strict standards.
- Transparent inspections and audits can maintain safety.

Thus, the debate moves from purely legal issues to institutional governance.

h. The Larger Governance Dilemma

The SHANTI Act reflects a classic developmental tension.

i. Growth-Oriented Goals

- Expand clean energy.
- Meet climate commitments.
- Attract private and foreign investment.

ii. Protective Responsibilities

- Ensure fair compensation.
- Protect citizens from catastrophic risks.
- Uphold ethical standards and precautionary principles.

The challenge is reconciling these two sets of objectives.

i. The Way Forward: Growth With Accountability

A balanced path requires institutional safeguards alongside legal reform.

i. Institutional Measures

- Ensure a fully independent nuclear regulatory authority.
- Conduct periodic and transparent safety audits.
- Strengthen emergency preparedness mechanisms.

ii. Improving Compensation Mechanisms

- Create a well-funded disaster compensation pool.
- Periodically review liability caps.
- Increase public participation in plant siting decisions.

Such measures can reduce moral hazard while maintaining investor confidence.

Conclusion

The SHANTI Act represents a shift from strict supplier accountability to a more globally aligned, investment-friendly framework.

However, the real test lies not in liability caps alone but in institutional integrity, regulatory independence, and ethical governance.

The core question is not whether India chooses growth or accountability. The real question is whether India can ensure growth with accountability, especially in a sector where the consequences of failure can be irreversible.

GS Paper II: International Relations

2. Decline of Multilateralism and the Reframing of India's Foreign Policy

a. Why This Debate Matters Now

i. What the Post-1945 Order Tried to Achieve

- After the Second World War, the world tried to manage major disputes through common rules, predictable institutions, and negotiated settlements rather than raw coercion.
- This approach is broadly called multilateralism—countries working through shared institutions like the UN, IMF, World Bank, and later the WTO.
- It did not end power politics, but it tried to discipline it by creating procedures, norms, and platforms for dispute resolution.

ii. Why This Was Valuable for Countries Like India

- For developing countries, multilateralism offered a seat at the table, even when material power was unequal.
- It created a language of rights and obligations, and pathways to bargain on trade, finance, and security.
- It also enabled coalition-building among the Global South, shaping India's role as a voice for decolonisation, sovereignty, and equitable development.

b. Multilateralism: Meaning, Mechanism, and India's Gains

i. What Multilateralism Means

- Multilateralism refers to countries cooperating through shared rules and institutions, rather than ad-hoc deals or unilateral pressure.
- Its logic was straightforward:
    - collective security reduces war risks,
    - open trade supports prosperity,
    - disputes are resolved through negotiation and legal procedures, not retaliation.

ii. Why It Mattered Specifically for India

Institutional Space for the Weaker Side

- Institutions gave India forums to build coalitions, influence agendas, and participate in norm-making.
- For a country still building economic and military strength, rules-based platforms reduced the risk of being forced into outcomes purely by power.

Normative and Political Value

- Multilateral settings supported India's long-standing emphasis on sovereignty, non-interference, and development justice.
- They allowed India to project influence through arguments and alliances, not only material power.

c. What Is Changing in the Global Order

i. Return of Power Politics

- Major powers increasingly pursue outcomes through economic leverage, military posture, and strategic pressure.
- Institutions remain, but their authority weakens when core national interests collide.

ii. Rise of Transactional Diplomacy

- Relationships are increasingly issue-by-issue: cooperation in one domain, competition in another, often at the same time.
- Commitments become thinner and short-term, driven by immediate national advantage rather than long-run norm-building.

iii. Weakening of Trade Governance

- Trade is still expanding, but the *predictability of rule enforcement* has reduced.
- The stress visible in WTO dispute settlement, unilateral tariff actions, and industrial subsidies makes the system feel less reliable for weaker economies.

iv. Technology as the New Currency of Power

- Competition is increasingly over AI, semiconductors, cyber capabilities, space systems, and critical supply chains.
- In such domains, technological capacity often decides who sets standards and who is forced to follow.

d. India's Foreign Policy Trajectory: From Non-Alignment to the Current Test

i. Phase One: Non-Alignment in the Cold War

- Non-alignment was a strategy to preserve sovereignty and room for manoeuvre in a bipolar world.
- It was not passive neutrality; it was an attempt to avoid being trapped in bloc politics while pursuing national development and independent choices.

ii. Phase Two: Strategic Autonomy After 1991

- After economic reforms, India expanded partnerships with multiple power centres:
  - deepening ties with the US,
  - sustaining defence links with Russia,

- strengthening relations with Europe and ASEAN,
- joining issue-based forums like BRICS and the Quad without formal alliances.

- The organising principle became strategic autonomy: cooperate widely, avoid dependence.

iii. Phase Three: Today's Stress Test

Why the Current Environment Is Harder

- US–China rivalry has intensified, making balancing costlier.
- Supply chains and technology access are increasingly weaponised.
- Persistent border tensions with China increase hard-security pressure.

The Central Question

- Autonomy remains important, but autonomy alone is not enough unless backed by stronger domestic capabilities and sharper strategic choices.

e. Why India Faces a More Complex Constraint Than Many Others

i. Dual Compulsion

- India needs trade, capital, and advanced technology to sustain growth.
- Simultaneously, it faces hard security risks in its region—border tensions, terrorism threats, and instability in the neighbourhood.

ii. Why Simple Alignment Choices Don't Work

- Isolation can slow development.
- Full alignment with one bloc can create strategic dependence and reduce flexibility in defence, energy, and technology.
- Hence India's foreign policy must be designed as a growth strategy under geopolitical constraints, not a binary choice between alignment and non-alignment.

f. India's Main Pressure Points in a Fragmented Order

i. Economic and Trade Exposure

- Dependence on trade routes and external markets makes India vulnerable to tariff politics and supply disruptions.
- In a weaker rules environment, the protective cushion of global norms shrinks.

ii. Technology and Standards Gap

- If India lags in frontier tech, it becomes a rule-taker rather than a rule-maker.
- This limits bargaining power in critical domains like AI, chips, cyber security, and data governance.

iii. Defence Import Dependence

- Heavy reliance on imports creates risks of external leverage during crises.
- It can also slow indigenous capability-building and reduce strategic freedom.

iv. Regional Instability and Security Costs

- Border tensions and cross-border terrorism keep security expenditure and attention high.
- Instability in the neighbourhood creates constant distraction from long-term national priorities.

g. Reframing India's Foreign Policy: The New Operating Logic

i. Capability Is the New Diplomatic Foundation

- In a technology-driven world, diplomacy cannot substitute for domestic capacity.
- India's leverage rises when it can produce, innovate, and secure critical systems at home.
- Priorities include:
    - AI capability and compute access,
    - cyber resilience,
    - semiconductor ecosystem,
    - advanced manufacturing,
    - defence industrial capacity.
- India's digital public infrastructure can be used for partnerships by offering practical development models—not only speeches and statements.

ii. Diversify Partnerships Through Resilient Trade and Supply Chains

- India must avoid dependence on a small set of markets, suppliers, or routes.
- Diversification through FTAs, trusted supply chain initiatives, and deeper engagement with Asia, Africa, and the Indo-Pacific creates buffers.
- The goal is not just "more trade," but more secure and shock-resistant trade.

iii. Upgrade Strategic Flexibility Beyond the Old Comfort Zone

- The emerging order rewards coalitions built around outcomes: security, technology, supply chains, and standards.
- India can:
    - cooperate with the US and partners on Indo-Pacific stability and high-tech ecosystems,
    - sustain ties with Russia where vital,
    - manage economic engagement with China with safeguards.
- This is not inconsistency; it is calibrated engagement designed to avoid dependence and preserve bargaining power.

iv. Treat BRICS as an Instrument, Not an Identity

- BRICS can amplify Global South concerns, expand development finance, and explore alternative settlement mechanisms where beneficial.
- But India should avoid BRICS becoming a rigid bloc that limits flexibility or forces positions not aligned with India's interests.
- The test should be outcomes, not symbolism.

v. Stabilise the Neighbourhood as the Strategic Base

- Regional connectivity, trade corridors, energy links, and people-to-people ties can deepen India's regional anchor role.
- Diplomacy must complement security responses to reduce long-term friction.
- A stable neighbourhood:
    - reduces distraction,
    - improves economic integration,
    - strengthens India's credibility as a regional stabiliser.

h. From Strategic Autonomy to Development-Oriented Diplomacy

- Earlier frameworks focused on political sovereignty, non-alliance, and balancing.
- These remain relevant, but today the central emphasis must shift to development-oriented statecraft: diplomacy that supports:
    - economic transformation,
    - technology access and leadership,
    - supply chain security,
    - energy and critical minerals security,
    - long-term national capability.
- In this sense, the external sphere becomes a tool to accelerate national goals including visions like Viksit Bharat.

i. Risks India Must Manage While Making This Shift

i. Escalating US–China Rivalry

- Neutrality becomes costlier as blocs harden.
- Technology access may become conditional or restricted.

ii. Global Protectionism

- Export opportunities can shrink.
- Supply chains can become less reliable and more politicised.

iii. Domestic Capability Gaps

- If industrial and technological capacity remains weak, partnerships yield fewer gains.
- India risks becoming a market rather than a co-creator.

iv. Energy and Critical Minerals Vulnerability

- New dependencies can emerge around rare earths, lithium, and other critical inputs.
- Energy access can become a geopolitical pressure point.

These risks do not argue against reframing. They show why reframing must be capacity-driven and institutionally supported at home.

Conclusion

The world is moving from a phase where rules-based multilateralism provided a central organising rhythm to a phase of power-based multipolarity shaped heavily by technology and economic leverage.

For India, the answer is neither isolation nor full alignment. A sustainable path requires:

- building domestic capability,
- diversifying partnerships,
- remaining strategically flexible, and
- practising development-led diplomacy that converts global engagement into national strength.

In a fragmented order, India's influence will depend less on what it says in global forums and more on what it can build, supply, secure, and scale.

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Dear Aspirant,

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While every effort has been made to balance depth with brevity, please keep the following in mind:

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This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

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- tables
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