



THE OLEUM GAS LEAK CASE: EXPANDING CONSTITUTIONAL REMEDIES AND ENVIRONMENTAL GOVERNANCE

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PRIMARY DETAILS OF THE CASE

Case No: Writ Petition (C) Nos. 12739 of 1985 and 26 of 1986

Jurisdiction: Supreme Court of India

Citation: 1987 AIR 1086, 1987 SCR (1) 819, 1987 SCC (1) 395

Date of Judgement: 20/12/1986

Petitioner: M. C Mehta and ANR

Respondent: Union of India & ORS. (Shriram Foods and Fertilisers Industries Ltd.)

Bench: P. N. Bhagwati (CJ), Misra Rangnath, G. L. Oza (J), M. M Dutt (J), K. N. Singh (J), D. P. Mandon (J),

Legal Provisions Involved: Constitution of India, 1950 - Article 12, Article 21, Article 32. Law of Torts, Code of Criminal Procedure, 1972- s 133(1)

INTRODUCTION

Rapid industrialisation in India has boosted the economy, but it has simultaneously introduced new challenges to citizens' fundamental rights, along with serious environmental concerns. While the Indian courts were readily applying the Rylands v Fletcher rule, which made a person liable for harm caused by hazardous activities, it allowed many exceptions, making it less effective for large-scale industrial accidents. This approach continued until the early 1980s,

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when India faced two major disasters: the Bhopal Gas Leak (1984)¹ and the Oleum Gas Leak (1986). India lacked a solid legal system to handle major environmental accidents at that time. The Air Act, 1981,² and the Water Act, 1974,³ didn't have provisions related to compensation for victims and liability of wrongdoers. Against all the backdrops, the Supreme Court in this⁴ PIL demonstrated its judicial activism by formulating new legal principles, thereby establishing a foundation for modern environmental jurisprudence in India.

The Oleum Gas Leak Case came before the Supreme Court of India as a significant constitutional examination, raising pivotal questions concerning the scope of Article 21⁵ and the enforcement of fundamental rights under Article 32.⁶ The Court reassessed the contours of the right to life in a developing industrial society, where economic growth must be balanced with public safety and environmental protection. The case emphasised that under Article 32, the judiciary is entrusted with the responsibility to not only address individual grievances but also lay down doctrines that secure the interest of the larger public good, especially in situations involving larger-scale risks to life, health and the environment. This case contributed to a marked expansion of Article 21, affirming that the right to life encompasses not merely physical survival but also protection from threats arising from environmental degradation and unsafe industrial practices by imposing new and stricter principles, such as absolute liability, upon the hazardous industries, and thereby promoting sustainable development.

FACTS

Shriram Foods and Fertiliser Industries, a subsidiary of Delhi Cloth Mills Ltd., operated multiple units manufacturing products like caustic soda, chlorine, hydrochloric corrosive, sulphuric corrosive, alum, anhydrous sodium sulphate, tall test hypochlorite and dynamic soil, and routinely utilised items such as fading powder, superphosphate, vanaspati and cleanser.⁷ The industrial complex, spread across 76 acres, was located in the midst of densely populated residential colonies.

¹ *Union Carbide Corporation v Union of India* (1989) (1) SCC 674: (1992) AIR SC 248

² Air (Prevention and Control of Pollution) Act, 1981

³ Water (Prevention and Control of Pollution) Act, 1974

⁴ *M. C. Mehta v Union of India* (1987) AIR SC 1086

⁵ Constitution of India 1950, art 21

⁶ Constitution of India 1950, art 32

⁷ Danish Chandra, 'Case Comment: MC Mehta Vs Union of India' (*Law octopus*, 14 August 2024) 1987 <<https://www.lawctopus.com/academike/case-comment-mc-mehta-vs-union-of-india-1987/>> accessed 18 November 2025

The caustic chlorine plant at the address was commissioned in 1949 and had a workforce of 263 workers,⁸ a highly hazardous chemical (chlorine) that posed significant risks to public health in the event of accidental leakage.

In 1985, M.C. Mehta, acting as petitioner-in-person, filed a writ petition under Article 32 of the Constitution, seeking directions for the closure of the Shriram Industrial units on the ground that the industries' operations in such a heavily populated area endangered the lives and safety of residents.

In the wake of the Bhopal Gas leak, the Labour Ministry of the Government of India commissioned "Technica", a UK firm of experts, to conduct an assessment of the Shriram unit. Although a preliminary report was submitted in July 1985, it did not constitute a detailed or comprehensive investigation.

When the issue was raised in Parliament in March 1985, the Delhi Administration appointed an Expert Committee chaired by Mr Manmohan Singh. The Committee recommended several safety and pollution-control measures to reduce risks to workers and the surrounding public, and clearly stated that the chlorine plant must not resume operations unless these recommendations were fully implemented.

During the pendency of the petition, there was an escape of oleum gas from one of the units. On 4 December 1985, an Oleum gas storage tank collapsed from one of the units, resulting in a large-scale leakage of Oleum gas. The gas reacted adversely with water that was mistakenly sprayed to neutralise the effect, creating a toxic cloud that travelled close to the ground for nearly 10 kilometres. Lakhs of people experienced symptoms such as choking, eye irritation, and nausea. Although the cloud did not spread any further, the damage was significant. Over 700 individuals were hospitalised, several later died due to exposure, and a practising advocate in Tis Hazari Court succumbed to inhalation of gas.

A second, though smaller, leakage of Oleum gas occurred on 6th December 1985, further aggravating public concern. Following public outrage, the GM of Shriram and two other officials were arrested but later released on bail. In response to the rising unrest and safety

⁸ Danish Chandra, 'Case Comment: MC Mehta Vs Union of India' (*Law octopus*, 14 August 2024) 1987 < <https://www.lawctopus.com/academike/case-comment-mc-mehta-vs-union-of-india-1987/>> accessed 18 November 2025

concerns, the Delhi Administration ordered the closure of the entire Shriram Industrial complex under Section 133(1) of the Code of Criminal Procedure.⁹

Shriram Industries subsequently filed a writ petition challenging the validity of the closure order issued by the Delhi Administration. Before hearing the writ petitions, the Supreme Court undertook several preliminary steps:

1. It appointed a committee, known as the Nilay Choudhary Committee, to inspect the caustic chlorine plant and determine whether the recommendations of the Manmohan Singh Committee had been properly implemented. The Committee reported that the Shriram management had complied with most of the recommendations.
2. The Court permitted the petitioner to constitute his own expert team to assess the potential hazards posed by the plant to workers and the surrounding population.
3. The Court designated the Chief Metropolitan Magistrate as the authority before whom victims of the Oleum gas leakage could file compensation claims. It further directed the Secretary of the Delhi State Legal Aid and Advice Board to ensure that the victims underwent expert medical examination so that necessary evidence could be gathered for compensation proceedings.

On 7th December 1985, the Inspector of Factories prohibited Shriram from operating its Oleum and Chlorine units until the required safety measures were implemented. Additionally, the Assistant Commissioner of Factories, Municipal Corporation of Delhi, issued a show-cause notice calling upon Shriram Industry to explain the cause why its license should not be cancelled.

On 31st January 1986, the Court appointed another committee comprising Mr Manmohan Singh, Prof. Khanna, Dr Sharma and Shri Gharekhan to verify compliance with the recommendations of both the Manmohan Singh Committee and the Nilay Choudhary Committee. This committee submitted a report indicating satisfactory compliance with most recommendations.

In view of these compliance reports, the primary question before the court was whether the chlorine plant should be permitted to restart. A Bench of three judges permitting Shriram Industries to resume operations of its power plant, subject to certain conditions, referred the

⁹ The Code of Criminal Procedure 1973, s 133(1)

application for compensation to a five-judge bench, as they raised issues of great constitutional importance.

ISSUES RAISED

1. What is the scope and ambit of the jurisdiction of the Supreme Court under Article. 32, since the applications for compensation are sought to be maintained under the Article?
2. Whether Art. 21 is available against Shriram, which is owned by Delhi Cloth Mills Ltd., a public company limited by shares and which is engaged in an industry vital to public interest and with potential to affect the life and health of the people?
3. What is the measure of liability of an enterprise that is engaged in a hazardous or inherently dangerous industry?
4. On the occurrence of an accident in such an industry where people die or get injured, does the rule in *Rylands v Fletcher*¹⁰ apply, or is there any other principle on which liability can be determined?

CONTENTIONS BY THE PARTIES

Arguments by the Petitioner: The petitioner, appearing in person, argued forcefully that the caustic chlorine plant should not be permitted to restart its operations, as it will always have an element of risk of leakage to the community, as chlorine is a dangerous gas. He further argued that the Aggarwal Committee's (formed by the petitioner) report held that operating a Chlorine plant in a densely populated area was unsafe. It is recommended that, for safety reasons, the plant should be relocated at least 10 km away from any urban settlement

Arguments by other Parties: Mrs Kumarmangalam, learned counsel for the Lokahit Congress Union and Karmachari Ekta Union, submitted that the permanent closure of the Chlorine plant would result in the removal of approximately 4000 workers from jobs.

The Additional Solicitor General, appearing for the Union of India and the Delhi Administration, stated that the plant could be permitted to restart only if the court was satisfied that the Shriram management had fully implemented all the recommended safety measures. He further emphasised that, in any case, stringent conditions should be imposed to ensure the safety of both the workers and the surrounding community.

¹⁰ *Rylands v Fletcher* [1868] LR 1 Ex. 256. LR 3 HL 330

Counsel for Shriram contended that the management had complied with all the recommendations of the Manmohan Singh Committee and the Nilay Choudhary Committee. He added that comprehensive safety measures had been adopted, eliminating any significant risk of chlorine leakage, and that any minor leakage could be contained. The arguments highlighted that permanent closure would lead to the unemployment of 4000 workers and would disrupt the supply of chlorine to the Delhi Water Supply Undertaking, along with related downstream operations.¹¹

JUDGEMENT OF THE CASE

On 20th December 1986, the Supreme Court judgement was given by the 14th Chief Justice of India, Justice PN Bhagwati. The final decision was to grant permission to Shriram Industries to reopen its plant in question. It asked the CPCB to give temporary consent for restarting the unit.

Provision for Compensation of victims- The Court ordered Shriram to deposit Rs. Twenty lakhs for compensating victims of the Oleum gas leak. Additionally, Shriram was mandated to furnish a bank guarantee of Rs. Fifteen lakhs with the Registrar as a security deposit for future compensation claims in the event of injury or death caused by chlorine gas leakage within three years. The District Judge of Delhi would have the authority to decide the quantum of compensation to be paid in such situations.

Conditions to be followed- The Court gave authorisation to operate its plant, and set out ten stringent conditions that the industry must follow. Any failure to comply with these conditions would lead to the cancellation of the permit granted by the Court. The following are the conditions:

1. The Court constituted an Expert Committee comprising Manmohan Singh, P. R. Gharekhan, and Prof. P. Khanna to conduct fortnightly inspections of the caustic Chlorine Plant and report compliance with earlier commendations. Shriram was directed to pay Rs. thirty thousand as the cost of expenses of the committee.
2. A designated operator of Factories was made personally responsible for each safety device, with a duty to shut down the plant if any safety mechanism malfunctioned until it was fully restored.

¹¹ Probono India, *Compilation of Selected Cases by Shri MC Mehta* (1 ed. 2020)

3. The Chief Inspector of Factories or a senior delegate was directed to conduct weekly surprise inspections to ensure adherence to all mandated safety measures, with authority to take action upon finding any lapses.
4. The CPCB was required to send a senior inspector for surprise checks to verify that effluent discharge from the vanaspati plant met prescribed pollution control standards.
5. The Chairman and MD of Delhi Cloth Mills Ltd. were ordered to submit an undertaking accepting personal liability for compensation in case of chlorine leakage causing injury or death.
6. A joint committee of six representatives from the two trade unions was to monitor safety arrangements and report any negligence to the Labour Commissioner if ignored by management.
7. Display boards in English and Hindi were mandated across the plant premises detailing the health of chlorine gas and emergency response procedures.
8. Workers were to receive thorough training on plant operations and safety protocols, with periodic refresher courses and mock drills every six weeks.
9. Loudspeakers were to be installed throughout the premises to provide immediate warnings and instructions to nearby residents in case of a gas leak.
10. The management was instructed to provide adequate safety gear and conduct regular medical examinations to ensure workers' health and compliance with safety standards.

SCOPE OF ARTICLE 32

The first question examined is the scope of the Supreme Court's jurisdiction under Article 32, since the compensation claims by the Delhi Legal Aid and Advice Board and the Delhi Bar Association are made under this provision.

The Court reaffirmed its earlier interpretation in *Bandhua Mukti Morcha*¹² holding that Article 32 not only empowers the court to issue writs for enforcing fundamental rights but also imposes a constitutional duty to protect these rights. To fulfil this obligation, the Court possesses all incidental and ancillary powers under Art 32(2), including the authority to create new remedies and strategies to ensure effective enforcement of fundamental rights.

¹² *Bandhua Mukti Morcha v Union of India* (1984) 2 CSR 67

In *S. P. Gupta*,¹³ the court held that when a legal wrong or injury is inflicted on individuals or a specific class who cannot approach the court due to poverty or disadvantage, a public-spirited person or social action group may seek relief under Article 226¹⁴ or Article 32. The Court in the *S.P. Gupta* case, *People's Union for Democratic Rights and Ors. v Union of India*¹⁵ and also in the *Bandhua Mukti Morcha* case, emphasised that procedural technicalities should never obstruct justice for marginalised groups; thus, any public-spirited individual or social action group may seek relief on their behalf.

Even a letter addressed to an individual Judge may be entertained as a PIL if it is written by or for someone in custody, or on behalf of women, children, or any deprived group. The court endorses the expansion of locus standi and the development of epistolary jurisdiction to ensure wider and more meaningful access to justice.¹⁶

A petition under Art 32 is generally not meant to replace the civil court process for seeking compensation for the violation of fundamental rights. Compensation can only be granted in exceptional circumstances where the violation is grave, and immediate justice cannot be secured through ordinary civil remedies,¹⁷ like in this writ petition, the claim for compensation concerns the enforcement of the fundamental right to life under Article 21. Therefore, the instant writ application for compensation is maintainable under Art. 32

ARTICLE 21 AND ARTICLE 12

The Court expanded the scope of Article 21 to include the right to live in a safe and pollution-free environment, making environmental safety an essential part of the right to life. Article 21 was used to justify judicial intervention and continuous monitoring of Shriram's compliance with safety standards, ensuring that fundamental rights are preserved in real time.

The court also discussed whether Article 21 could apply against private corporations, given that Shriram was not a state entity. The issue was debated in the context of the State's regulatory over hazardous industries that affect public health.

¹³ *S. P. Gupta v Union of India* (1981) (Suppl) SCC 87

¹⁴ Constitution of India 1950, art 226

¹⁵ *Union for Democratic Rights and Ors. v Union of India* (1983) 1 SCR 456

¹⁶ '*M. C. Mehta v Union of India* (1987) SC 1086' (Indian kanoon) < <https://indiankanoon.org/doc/1486949/>> accessed 17 November 2025

¹⁷ *Rudul Shah v State of Bihar* (1983) SC 1086

The court reviewed the development of Article 12 jurisprudence, initially from the case of *Rajasthan Electricity Board v Mohan Lal*,¹⁸ Bhargava, J., who delivered the judgment of the majority, pointed out that the expression 'other authorities' in Article 12 would include all constitutional and statutory authorities on whom powers are conferred by law.¹⁹ Further in *Sukhdev v Bhagat Ram*,²⁰ Mathew J. advanced a broader modern conception of the State as a service corporation, proposing that public corporations performing governmental functions should be subject to constitutional scrutiny. In *Ramana Dayaram Shetty v International Airport Authority*,²¹ the court adopted Mathew J.'s instrumentality or agency test and acknowledged that courts cannot rely on a rigid formula; rather, multiple criteria must guide the determination of whether an entity is effectively governmental.

The court also noted the U.S. "State Action" doctrine may be used for analogical guidance, which examines whether the private conduct is so intertwined with the State that it becomes subject to constitutional limitations.

ABSOLUTE LIABILITY IN SUBSTITUTION OF STRICT LIABILITY WITH REFERENCE TO THE CASE OF RYLANDS V FLETCHER

The traditional rule in *Rylands v Fletcher* states that a person who brings onto their land something likely to cause harm, and if it escapes, causing damage, is strictly liable to compensate for the damage caused. However, this rule, also known as Strict Liability, is subject to several exceptions, which means this rule will not apply to escape due to an act of God, Act of Stranger, Fault of the victim, consent, or where there is involvement of a statutory authority.

The court held that this rule and its exceptions are outdated and thus cannot be applied to the modern hazardous industries. The Supreme Court highlighted that the law has to change with a fast-changing society so that it can ensure public safety and environmental protection, and concluded that the Supreme Court is not bound to follow the rule established in a foreign case of the 19th Century.

P. N Bhagwati, C. J. observed in this context- *"This rule (Ryland v. Fletcher) evolved in the 19th century at a time when all these developments of science and technology had not taken*

¹⁸ *Rajasthan Electricity Board v Mohan Lal* (1967) 3 SCR 377

¹⁹ 'M. C. Mehta v Union of India (1987) SC 1086' (Indian kanoon) < <https://indiankanoon.org/doc/1486949/>> accessed 17 November 2025

²⁰ *Sukhdev v Bhagat Ram* (1975) 1 SCC 421

²¹ *Ramana Dayaram Shetty v International Airport Authority* (1979) 3 SCR 1014

place, cannot afford any guidance in evolving any standard of liability consistent with the constitutional norm and the needs of the present-day economy and social structure. We do not feel inhibited by this rule, which was evolved in the context of a totally different kind of economy. Law has to grow in order to satisfy the needs of the fast-changing society and keep abreast with the economic developments taking place in this country. As new situations arise, the law has to evolve in order to meet the challenge of such new situations. Law cannot allow our judicial thinking to be constrained by reference to the law as it prevails in England or, for the matter of that, in other foreign legal orders. We in India cannot hold our hands back, and I venture to evolve a new principle of liability which English courts have not done.”²²

The Supreme Court, exercising its judicial environmental activism, evolved a new rule of Absolute Liability for the harm caused by hazardous industries. Then CJI Bhagwati defined absolute liability as, *“We are of the view that an enterprise which is engaged in a hazardous or inherently dangerous industry which poses a potential threat to the health and safety of the persons working in the factory and residing in the surrounding areas owes an absolute and nondelegable duty to the community to ensure that no harm results to anyone on account of hazardous or inherently dangerous nature of the activity which it has undertaken. The enterprise must be held to be under an obligation to provide that the hazardous or inherently dangerous activity in which it is engaged must be conducted with the highest standards of safety and if any harm results on account of such activity, the enterprise must be absolutely liable to compensate for such harm and it should be no answer to the enterprise to say that it had taken all reasonable care and that the harm occurred without any negligence on its part.”*²³

Absolute Liability: The rule applies only to enterprises involved in hazardous or inherently dangerous activities, while industries outside this category remain governed by the rule of Strict Liability.

Under Absolute Liability, “escape” from one’s land is not required; liability applies even if the injury occurs within the premises or affects persons outside the premises.

²² Bharat Parmar & Aayush Goyal, ‘Absolute Liability: The Rule of Strict Liability in Indian Perspective’ Manupatra <https://docs.manupatra.in/newsline/articles/Upload/2D83321D-590A-4646-83F6-9D8E84F5AA3C.pdf> accessed 19 November 2025

²³ Hamzah Patel, ‘MC Mehta vs The Union of India: Case Comment’ The law Brigade (Publishing) Group < <https://thelawbrigade.com/wp-content/uploads/2023/08/Hamzah-Patel-SALRJ.pdf> > accessed 19 November 2025

This rule has no exceptions, not even exceptions of the act of God and the act of a stranger. The Supreme Court in *Union of India v Prabhakaran Vijay Kumar*²⁴ affirmed that the rule laid down in the *Oleum gas case* is not subject to any exceptions.

Absolute Liability applies to both non-natural and natural use of land. So, if a dangerous substance is used as part of natural land use and causes harm despite due care, the enterprise will still be liable. While the measure of damages depends on the magnitude and financial capacity of the enterprise, it ensures a strong deterrent effect.

The Supreme Court held that an enterprise carrying on hazardous activities has an absolute, non-degradable duty to maintain the highest standards of safety. If, in any case, harm occurs, the enterprise is absolutely liable and cannot claim that reasonable care was taken or that the harm occurred without negligence.

DEVELOPMENTS IN ENVIRONMENTAL LEGISLATION

The case significantly shaped India's environmental legislation framework, prompting stronger and more comprehensive laws. The Supreme Court's judgment led to the enactment of the Environmental (Protection) Act, 1986,²⁵ granting the central government broad powers to regulate and control pollution. The judgment further influenced the establishment of the Public Liability Insurance Act, 1991,²⁶ which mandates the industries handling hazardous substances to maintain insurance for compensating accident victims in case of industrial accidents. These laws collectively aimed to minimise environmental risks, strengthen regulatory oversight, and ensure timely relief and compensation for those affected by industrial disasters.

Concluding Statement- The Court said it is not deciding whether Shriram qualifies as a "State" under Article 12, so it will not create a special system to investigate compensation claims of the gas-leak victims. Instead, the Court directed the Delhi Legal Aid and Advice Board to take responsibility for all victims who claim to have suffered due to the *Oleum gas leak*. The Board must file compensation cases on behalf of these victims against Shriram in the appropriate court within two months. The High Court must appoint Judges to handle these cases promptly so they can be resolved quickly. The other issues, such as relocation, will be heard on 3rd February 1987.

²⁴ *Union of India v Prabhakaran Vijay Kumar* (2008) 9 SCC 527

²⁵ The Environment (Protection) Act, 1986

²⁶ The Public Liability Insurance Act, 1991

CONCLUSION

M. C. Mehta v Union of India (Oleum gas leak case) judgement stands as a defining moment in India's environmental jurisprudence, making a decisive shift towards stronger environmental protection standards. By expanding the scope and the application of Article 21 and Article 32, while introducing the doctrine of absolute liability, the Supreme Court transformed the legal landscape relating to industrial accountability and set the foundation for future regulatory developments. The judgment also acted as a catalyst for major legislative reforms, including the Environment (Protection) Act, 1986 and the Public Liability Insurance Act, 1991, which strengthened governance mechanisms and enhanced public safety. These laws created comprehensive structures for regulating hazardous activities and integrating environmental considerations into sustainable development.

This case reaffirmed that the judiciary is not merely an interpreter of law but also a guardian of constitutional values when public welfare is at stake. Through its bold and proactive approach, the Court laid the groundwork for stronger environmental protection, inspired legislative reforms, and set a precedent for future cases involving public health and safety and environmental protection.