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A STUDY ON NEGLIGENCE AND STRICT LIABILITY: AN ECONOMIC COMPARISON

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Abstract

This paper examines negligence and strict liability through an economic lens to compare their effectiveness in achieving efficient accident prevention and loss allocation. By analyzing how each liability rule influences behavior, the study evaluates incentives for care, cost internalization, and risk distribution between injurers and victims. Negligence liability is shown to promote optimal levels of care by conditioning liability on fault, whereas strict liability encourages actors to internalize the full social cost of their activities, even when due care is exercised. The paper further explores administrative costs, information asymmetry, and their impact on overall economic efficiency. The analysis concludes that while strict liability is generally more efficient for inherently dangerous activities, negligence may be preferable in contexts where monitoring care levels is feasible and cost-effective.

Key words

Negligence, Strict Liability, Efficient, Incentives, Economic Efficiency, Injuries, Accident

INTRODUCTION

Liability rules play a crucial role in regulating behavior, allocating losses, and promoting social welfare in modern legal systems. Among these rules, negligence and strict liability occupy a central position in tort law, determining when and how an Injurer is held legally responsible for harm caused to others. Traditionally, the distinction between these doctrines has been analyzed from moral and doctrinal perspectives. However, economic analysis of law offers a valuable framework to evaluate these liability regimes based on efficiency, incentive structures, and cost minimization.

Negligence in tort law is the failure to exercise the reasonable care a prudent person would in similar circumstances, causing foreseeable harm, injury, or loss to another, forming the basis for civil liability to recover damages for physical, financial, or emotional harm. Negligence in law emerged as an independent cause of action only in the 18th century. Strict liability under tort law refers to the legal responsibility imposed on a party for harm caused to another, regardless of fault or intent. Strict Liability was introduced in *Ryland vs Fletcher*.

This paper undertakes an economic comparison of negligence and strict liability to assess their relative efficiency in accident prevention and loss distribution. By examining incentive effects, information requirements, and administrative considerations, the study aims to identify the circumstances under which each liability rule better serves the objective of economic efficiency. Such an analysis is particularly relevant in the context of increasingly complex and hazardous activities, where the choice of liability standard has significant implications for social welfare.

2.Statement of the Problem

The economic efficiency of liability rules is a central concern in the law and economics of torts. While negligence and strict liability are designed to reduce accident costs and allocate losses, existing legal frameworks lack a systematic economic basis for choosing between these rules across different types of activities. The problem lies in determining

how each liability regime affects precaution levels, activity choices, and overall social welfare in the presence of information asymmetries, enforcement costs, and varying degrees of risk. This research seeks to address the gap by critically analysing and comparing negligence and strict liability from an economic perspective to identify the conditions under which each rule achieves optimal accident prevention and cost minimisation.

3. Review of literature

Strict Liability versus Negligence by Steven Shavell (1980)¹ compares negligence and strict liability primarily on the basis of their incentive effects in reducing accident losses efficiently. By assuming risk-neutral parties and negligible administrative costs, studies isolate how each liability rule influences precaution and activity levels. The analysis demonstrates that negligence focuses on encouraging optimal care, while strict liability directly internalises accident costs to the injurer. Prior research adopts aggregate social welfare—benefits minus accident and prevention costs—as the key evaluative criterion. This incentive-based framework forms a core foundation for economic comparisons of tort liability regimes.

Economic analysis of tort liability by Paras Sharma (2020)² elaborates Existing economic analyses of tort law emphasise deterrence as the primary objective, focusing on minimising the total social costs of accidents, including harm and precautionary expenses. Scholars argue that liability rules should be structured to induce efficient behaviour by aligning legal responsibility with cost-effective risk prevention. The literature highlights negligence as a standard that identifies inefficient conduct and imposes liability accordingly. Economic approaches further extend to specialised areas such as product liability, examining how liability allocation influences manufacturer and consumer behaviour. Overall, prior studies provide a foundational framework for evaluating tort liability through efficiency and cost-minimisation principles.

Strict Liability vs Negligence: Is Economic Efficiency a Relevant Comparison Criterion? By Gérard Mondello³ examines earlier economic models and compares negligence and strict liability using efficiency as the dominant criterion, assuming ideal conditions and functional equivalence between liability regimes. Standard accident models developed in the 1970s and 1980s supported the substitutability of these regimes in achieving optimal care levels. Recent scholarship challenges this assumption by introducing broader accident models that account for divergent risk perceptions and uncertainty regarding damage. Under such conditions, efficiency alone becomes an insufficient evaluative standard. The literature increasingly recognises that liability regimes are context-specific, with strict liability suited to ultra-hazardous activities and negligence governing ordinary risk scenarios.

The Bounds between Negligence and Strict Liability by Mauro Bussani & Anthony J. Sebok (2021)⁴ distinguish tort liability primarily between fault-based (negligence) and risk-based (strict) liability, reflecting differing moral and social justifications. Literature notes that legal systems often adopt hybrid approaches, combining elements of negligence and strict liability through heightened duties of care or presumptions of fault. Critiques highlight the restrictive statutory scope of strict liability and argue for broader judicial discretion or general clauses to address qualified risks. Economic and normative analyses suggest fault-based liability is appropriate where due care can prevent harm, while strict liability is justified for unavoidable, frequent, or catastrophic risks. Overall, studies emphasise that cultural, political, and policy considerations significantly influence the choice and application of liability regimes.

Negligence versus strict liability in a principal—Agent model by Harry A. Newman and David W. Wright (1992)⁵ examined the role of moral hazard in comparing negligence and strict liability regimes. Studies highlight that liability rules differently influence incentives when firms delegate hazardous activities to employees. The effectiveness of negligence or strict liability in inducing optimal care is shown to depend on the agent's utility structure and the extent

¹ Strict Liability versus Negligence by Steven Shavell, Harvard Law School (1980)

² Economic analysis of tort liability by Paras Sharma, University Institute of Law, PURC (2020)

³ Strict Liability vs Negligence: Is Economic Efficiency a Relevant Comparison Criterion? By Gérard Mondello³, Université Côte d'Azur, France

⁴ Negligence versus strict liability in a principal—Agent model by Harry A. Newman and David W. Wright (1992)

⁵ The Bounds between Negligence and Strict Liability by Mauro Bussani & Anthony J. Sebok (2021)

of moral hazard in employment relationships. Research also proposes mechanisms for implementing negligence standards when effort is unobservable. These findings suggest that courts should account for internal firm dynamics and moral hazard when determining appropriate liability rules.

4. Research gap of the study

Many textbooks, research articles, and judicial decisions discuss the principles of negligence and strict liability, but they largely concentrate on definitions and landmark case laws. Only a limited number of studies focus on how these doctrines operate in real-life situations, particularly in the context of contemporary Indian society. There is insufficient analysis of the practical challenges faced by victims in proving negligence, such as establishing duty of care, breach, and causation.

Similarly, existing literature does not adequately examine whether strict liability effectively ensures quick and fair compensation to victims. The practical impact of these principles, especially in complex and technical cases, remains underexplored. Therefore, there is a clear need for a study that presents a simple comparison between negligence and strict liability, highlights their real-world application, and evaluates their effectiveness in protecting public interest and ensuring justice.

5. Objectives of the study

1. To understand the economic perspective of liability rules in accident prevention and loss allocation.
2. To examine the concept and functioning of negligence liability in influencing individual behaviour.
3. To study the principle of strict liability and its role in making individuals bear the social cost of their activities.
4. To analyse how negligence and strict liability rules affect incentives for taking optimal care.
5. To evaluate the role of administrative costs and information asymmetry in determining the efficiency of liability rules.
6. To compare negligence and strict liability to identify which rule is more effective in achieving economic efficiency in different situations.

6. Methodology

The present study follows both doctrinal and non-doctrinal research methods. The doctrinal method is used to study the concepts of negligence and strict liability through law books, journals, research articles, and important court judgments. The non-doctrinal method is used to understand how these legal principles are applied in real life by referring to reports, practical examples, and existing studies. The study also uses a comparative method to explain the differences between negligence and strict liability. All the information collected from various sources has been carefully analysed and presented in a simple, clear, and systematic manner.

7. Significance of the study

This study is important because it helps in understanding the basic concepts of negligence and strict liability in a clear and simple way. These topics are often explained using complex legal terms, which makes them difficult for students to understand. This study breaks down the concepts into easy language and explains the essential elements of negligence and the meaning of strict liability. It also helps readers understand the role of duty of care and responsibility in everyday situations. By referring to important case laws, the study explains how courts decide cases related to negligence.

This study is also significant because it compares negligence and strict liability and explains their importance in protecting public interest. It highlights how strict and absolute liability are especially important in cases involving industrial accidents, environmental damage, and hazardous activities. The study helps in understanding how these legal principles provide compensation and justice to victims without unnecessary delay. It is useful for students, researchers, and the general public in understanding their legal rights and duties. Overall, the study helps in creating legal awareness and promoting social responsibility.

8. Hypothesis of the study

Hypothesis This research is based on the following hypothesis:

Hypothesis 1: The negligence rule generally led to lower accident prevention costs compared to strict liability.

Hypothesis 2: liability rule is considered more economically efficient in activities involving abnormally dangerous operations

9. Limitation of the study

This study is confined to the basic concepts of negligence and strict liability under the law of torts. It relies primarily on secondary sources such as textbooks, journals, articles, and court judgments, and does not include primary data like surveys or interviews. Due to time constraints, only a few important and relevant case laws have been examined. The scope of the study is mainly limited to Indian law, without a detailed analysis of foreign legal systems.

Practical applications may vary depending on the facts of each case, which cannot be fully covered in this research. Recent legal developments and changes in the law have not been discussed in detail. The study also does not include statistical analysis relating to accidents or compensation. Judicial interpretations may differ from case to case, and certain exceptions to strict liability have not been explored in depth. Therefore, the conclusions drawn in this study are subject to these limitations.

10. Result and discussion:

PART 1: DOCTRINAL RESEARCH

The law of torts plays a vital role in regulating human conduct in civil society by imposing legal responsibility for wrongful acts that cause harm to others. Among the most important principles under tort law are negligence and strict liability. These doctrines have evolved through judicial interpretation and continue to shape modern legal systems, especially in areas involving personal injury, environmental damage, industrial hazards, and consumer protection. While negligence is based on fault and the breach of a duty of care, strict liability imposes responsibility irrespective of fault in certain exceptional circumstances. A detailed study of these two principles reveals their theoretical foundations, practical application, and relevance in contemporary society.

Negligence is one of the most commonly invoked principles in tort law. It arises when a person fails to exercise reasonable care, thereby causing harm or damage to another. In order to establish negligence, certain essential elements must be proved, such as the existence of a duty of care, breach of that duty, and resulting damage. The principle encourages individuals and institutions to act responsibly and take reasonable precautions to avoid causing harm to others.

Strict liability, on the other hand, applies in situations where a person may be held liable for damage even without proving negligence or fault. This principle was famously established in the case of *Rylands v. Fletcher*, where the court held that a person who brings and keeps a dangerous substance on their land is responsible for any damage caused if it escapes. Strict liability is particularly relevant in cases involving hazardous activities, industrial operations, and environmental risks, where the potential harm to society is significant.

Both negligence and strict liability serve important purposes in the legal system. While negligence focuses on fault-based responsibility and promotes careful behaviour, strict liability ensures protection of the public by holding individuals or enterprises accountable for risks created by their activities. Understanding the relationship and differences between these two doctrines helps in evaluating how the law balances fairness, responsibility, and social welfare.

Negligence

Negligence is one of the most important concepts in the law of torts. It refers to the failure of a person to exercise reasonable care which results in harm or injury to another person. In simple terms, negligence occurs when someone acts carelessly or does not take proper precautions that a reasonable person would take in a similar situation. The law imposes liability in such cases to ensure that individuals act responsibly and to provide compensation to those who suffer damage due to careless behaviour.

The concept of negligence developed through judicial decisions and has become a fundamental principle in modern legal systems. It is commonly applied in cases involving road accidents, medical malpractice, workplace injuries, and consumer protection. The purpose of the law of negligence is not only to compensate victims but also to encourage individuals and organisations to maintain a standard of reasonable care in their activities.

For a claim of negligence to succeed, certain essential elements must be established. The first element is the existence of a duty of care. This means that the defendant had a legal obligation to act carefully towards the plaintiff. For example, a driver has a duty of care towards pedestrians and other road users. The second element is the breach of duty. This occurs when the defendant fails to meet the required standard of care expected from a reasonable person. The third element is causation, which means that the plaintiff must prove that the defendant's breach of duty directly caused the damage or injury. Finally, there must be actual damage or loss suffered by the plaintiff.

One of the landmark cases that established the modern principle of negligence is *Donoghue v. Stevenson* (1932). In this case, the court held that a manufacturer owes a duty of care to consumers who may be affected by their products. This case introduced the famous "neighbour principle," which states that a person must take reasonable care to avoid acts or omissions that can foreseeably harm their neighbour.

Negligence also includes several defences that may reduce or eliminate liability. For instance, contributory negligence occurs when the plaintiff's own negligence contributed to the harm suffered. Another defence is *volenti-non fit injuria*, which means that a person who voluntarily accepts a risk cannot later claim compensation for the resulting injury.

In conclusion, negligence is a crucial doctrine in the law of torts that ensures individuals act with reasonable care towards others. By holding people legally responsible for careless actions, the law promotes safety and accountability in society. At the same time, it provides an effective mechanism for compensating victims who suffer harm due to another person's negligence. Thus, the principle of negligence plays a vital role in maintaining justice and protecting the interests of the public.

Essentials of Negligence

To prove negligence in law, certain essential elements must be established:

1. Duty of Care

The defendant must have a legal obligation to exercise reasonable care towards the plaintiff. This duty arises when it is reasonably foreseeable that one's actions could affect the safety or interests of another person. The existence of this duty often depends on the relationship between the parties involved.

2. Breach of Duty

A breach of duty occurs when the defendant fails to act with the level of care that a reasonable and prudent person would exercise in similar circumstances. The conduct of the defendant is compared with the standard behaviour expected from an ordinarily careful person.

3. Causation

It must be proven that the defendant's breach of duty directly resulted in the harm or injury suffered by the plaintiff. In other words, the damage must be a consequence of the negligent act.

4. Damage

The plaintiff must demonstrate that actual harm or loss has occurred due to the defendant's negligence. Such damage may include physical injuries (such as fractures in an accident), financial losses (like loss of income), or psychological harm (such as emotional trauma caused by negligent actions).

5. Foreseeability

The injury or damage caused must have been reasonably predictable at the time the negligent act occurred. A person is generally not held liable for consequences that are too remote or highly unusual.

Over time, negligence has expanded into various branches such as medical negligence, product liability, motor accident claims, and professional misconduct. In modern India, negligence forms the backbone of compensation claims under civil law, especially in motor accident tribunals and consumer courts. It ensures accountability and promotes a culture of caution in personal and professional conduct. However, proving negligence can sometimes be complex and burdensome for the plaintiff. Evidence must establish duty, breach, and causation, which may be difficult in technical or industrial cases. This difficulty led to the development of strict liability in situations involving inherently dangerous activities.

Strict liability

Strict liability is a legal principle under which a person can be held responsible for harm caused by certain activities even without proof of negligence or fault. It acts as an exception to the general rule in tort law that liability arises only when fault is established. Under strict liability, a person may be held liable simply because the activity they engaged in created a risk of harm to others.

This doctrine was clearly established in the landmark English case of *Rylands v Fletcher*, which became a turning point in the development of tort law. The case laid down the rule that a person who keeps dangerous substances on their land must ensure that they do not escape and cause harm to others.

In this case, the defendant constructed a reservoir on his property to store water. However, due to unknown defects in the land, the water escaped from the reservoir and flooded the plaintiff's coal mine. Even though the defendant had not acted negligently, the court held him liable for the damage caused. The House of Lords established the principle that a person who brings and keeps on his land anything that is likely to cause harm if it escapes must keep it at his own risk. If such a substance escapes and causes damage, the person will be held liable for the consequences.

Defences to Strict Liability

Although the rule of strict liability holds a person liable for harm caused by the escape of dangerous substances, there are certain recognized defences where the defendant may avoid liability.

1. Act of God (Vis Major)

If the damage is caused by natural forces that are extraordinary and cannot be predicted or prevented, the defendant will not be held liable. Examples include earthquakes, floods, or storms of an exceptional nature.

2. Act of a Third Party

The defendant is not liable if the escape of the dangerous substance was caused by the actions of an independent third person over whom the defendant had no control.

3. Plaintiff's Own Fault

If the damage occurred due to the fault or negligence of the plaintiff themselves, the defendant may use this as a defence and avoid liability.

4. Consent of the Plaintiff (Volenti Non-Fit Injuria)

If the plaintiff knowingly and willingly accepted the risk associated with the dangerous activity, the defendant may not be held liable for the resulting damage.

5. Statutory Authority

When an activity is carried out under the authority of a statute or law, and the damage occurs without negligence, the defendant may not be held liable because the activity is legally permitted.

6. Common Benefit

If both the plaintiff and the defendant benefit from the activity that led to the escape of the dangerous substance, the defendant may claim this as a defence to avoid liability.

Strict liability in India

In India, the principle of strict liability was significantly modified through judicial interpretation in the landmark case of *M.C. Mehta v. Union of India*. In this case, the Supreme Court introduced the doctrine of absolute liability, which is even stricter than the traditional English rule of strict liability. The Court ruled that enterprises involved in hazardous or inherently dangerous activities are absolutely responsible for any harm caused by such activities, and unlike strict liability, no defences or exceptions are allowed.

This principle was developed in response to serious industrial accidents and reflects India's strong commitment to social justice and environmental protection. The Court emphasized that industries which engage in dangerous operations must bear full responsibility for any damage resulting from their activities.

In the modern industrial age, the concepts of strict and absolute liability have become increasingly important. Large-scale industries that handle chemicals, explosives, toxic gases, or nuclear energy involve significant risks to public safety and the environment. Therefore, the law imposes a higher level of responsibility on such enterprises to ensure that victims receive proper compensation without the difficult burden of proving negligence or fault.

Comparison between Negligence and Strict Liability

Negligence and strict liability differ significantly in the way they determine responsibility. Negligence is based on the concept of fault and examines whether the defendant failed to exercise the level of care that a reasonable person would have taken in similar circumstances. Strict liability, in contrast, does not depend on proving fault but focuses on the nature of the activity and the risk it creates. Under this rule, a person may be held liable simply because their activity poses a potential danger to others.

While the principle of negligence emphasizes personal responsibility and the duty to act with reasonable care, strict liability highlights the idea that those who engage in risky or hazardous activities should bear the consequences if harm occurs. In this way, negligence encourages careful behaviour, whereas strict liability ensures that the risks created by certain activities are properly accounted for.

In modern legal systems, both principles operate together to regulate different types of situations. Negligence generally applies to ordinary accidents, professional errors, and cases where fault can be clearly established. Strict liability, and in some cases absolute liability, is applied to activities that are inherently dangerous or capable of causing widespread

harm, such as industrial or environmental hazards. Together, these doctrines form a comprehensive legal framework that balances the protection of individual rights with the needs of economic and technological development.

Negligence and Strict Liability with Economic Comparison

The doctrines of negligence and strict liability are two important principles in the law of torts that determine when a person must compensate another for harm caused. From a legal perspective, these doctrines focus on responsibility and compensation. However, from an economic perspective, they are also analysed in terms of how effectively they prevent accidents, allocate losses, and influence human behaviour. Economists study these liability rules to understand which rule encourages individuals and businesses to take the most efficient level of care while minimizing social costs.

Negligence

Negligence is a fault-based rule of liability. Under this rule, a person is liable only if they fail to exercise reasonable care and their conduct causes harm to another person. The plaintiff must prove that the defendant owed a duty of care, breached that duty, and caused damage.

From an economic point of view, negligence encourages individuals to take an optimal level of precaution. If a person takes reasonable care and meets the legal standard, they will not be held liable even if an accident occurs. As a result, people are motivated to behave carefully in order to avoid liability. This rule is often considered efficient in situations where it is possible to clearly determine the level of care required and monitor whether individuals have followed it.

Negligence is widely applied in cases such as road accidents, medical negligence, professional misconduct, and consumer disputes. It promotes responsible behaviour by holding individuals accountable when they fail to meet the required standard of care.

Strict Liability

Strict liability, on the other hand, is a no-fault rule of liability. Under this principle, a person may be held liable for harm caused by certain dangerous activities even if they have taken all reasonable precautions. The rule was established in the English case of *Rylands v Fletcher*, where the court held that a person who keeps a dangerous substance on their land is responsible for the damage caused if it escapes.

In India, the principle was further strengthened in *M.C. Mehta v. Union of India*, where the Supreme Court developed the doctrine of absolute liability for enterprises engaged in hazardous activities.

From an economic perspective, strict liability ensures that those who create risks internalise the social costs of their activities. In other words, businesses or individuals must bear the cost of any harm caused by their activities. This encourages them to take maximum safety precautions and carefully evaluate whether the activity itself is worth undertaking.

Strict liability is particularly important in cases involving industrial operations, environmental pollution, and hazardous substances, where the potential damage to society can be very high.

Economic Comparison of Negligence and Strict Liability

From an economic standpoint, both negligence and strict liability aim to reduce accidents and allocate losses efficiently, but they do so in different ways.

Under the negligence rule, liability depends on whether the defendant exercised reasonable care. If the defendant meets the required standard of care, they are not liable. This system encourages individuals to take the optimal level of precaution, but it may require courts to determine what level of care is reasonable, which can sometimes involve complex and costly investigations.

Strict liability, in contrast, does not require proof of negligence. The defendant is liable for any harm caused by the activity. Economically, this rule ensures that the person who benefits from the activity also bears the risks associated with it. This creates a strong incentive to reduce dangerous activities or adopt safer technologies.

Another important factor in economic comparison is administrative cost and information asymmetry. Under negligence, courts must examine evidence to determine whether the defendant acted reasonably, which may involve higher litigation costs. Strict liability may reduce these costs because the plaintiff only needs to prove that damage occurred due to the defendant's activity.

However, strict liability may sometimes impose heavy burdens on individuals who have taken all possible precautions. Therefore, it is generally applied only to inherently dangerous activities, while negligence remains the general rule for ordinary situations⁶.

Relevant case laws

1. Donoghue v Stevenson (Negligence)⁷

This is one of the most famous cases in the development of the law of negligence. In this case, Mrs. Donoghue drank ginger beer purchased by her friend at a café. After drinking it, she discovered a decomposed snail in the bottle and fell ill. She sued the manufacturer, Stevenson, for negligence. The manufacturer argued that there was no contract between them. However, the House of Lords held that the manufacturer owed a duty of care to the consumer. Lord Atkin introduced the “Neighbour Principle,” which states that a person must take reasonable care to avoid acts that could harm others who are closely affected by their actions. This case established the modern concept of negligence and duty of care.

2. Blyth v Birmingham Waterworks Co (Negligence)⁸

This case helped define the meaning of negligence in law. The defendant company installed water pipes with fire plugs in the streets of Birmingham. During an extremely severe winter, the pipes froze and burst, causing water to flood the plaintiff's property. The plaintiff sued the company for negligence. The court held that the company was not negligent because the freezing conditions were extraordinary and could not have been reasonably anticipated. The judgment defined negligence as the failure to do something that a reasonable and prudent person would do under similar circumstances. The case established the standard of the “reasonable person” in determining negligence.

3. Rylands v Fletcher (Strict Liability)⁹

This landmark English case established the doctrine of strict liability. The defendant built a reservoir on his land to store water. Unknown to him, old mine shafts existed beneath the land. When the reservoir was filled, water escaped through the shafts and flooded the plaintiff's coal mine. Although the defendant had not been negligent, the court held him liable for the damage. The House of Lords ruled that a person who brings onto their land something likely to cause harm if it escapes must keep it at their own risk. If it escapes and causes damage, the person is liable. This case laid down the foundation of the strict liability rule in tort law.

4. M.C. Mehta v. Union of India (Absolute Liability – India)¹⁰

This case is a landmark decision of the Supreme Court of India that expanded the rule of strict liability. It arose from the leakage of oleum gas from a factory in Delhi, which caused harm to several people. The petitioner filed a public interest litigation seeking compensation for the victims. The Supreme Court held that industries engaged in hazardous or dangerous activities must bear absolute liability for any damage caused by such activities. The Court stated that no exceptions or defences available under strict liability would apply. This judgment created the doctrine of absolute liability in India and strengthened environmental protection laws.

5. Bolam v Friern Hospital Management Committee (Negligence)¹¹

This case is important in the field of medical negligence. The plaintiff, Bolam, underwent electroconvulsive therapy at a hospital without being given muscle relaxants or restraints. During the treatment, he suffered fractures and claimed the doctors were negligent. The court held that a doctor is not negligent if they act in accordance with a practice accepted as proper by a responsible body of medical professionals. This principle became known as the “Bolam Test.” According to this test, medical professionals are judged by the standards of their profession rather than by the opinion of non-experts. The case remains a key authority in determining medical negligence.

Negligence and strict liability serve different but complementary purposes in tort law. Negligence promotes careful behaviour by linking liability to fault and encouraging individuals to meet a standard of reasonable care. Strict liability, on the other hand, ensures that those who engage in risky activities bear the cost of any harm caused, even without proof of fault. From an economic perspective, both doctrines aim to prevent accidents and allocate losses efficiently. Negligence is more suitable where monitoring care levels is possible, while strict liability is more effective in situations involving hazardous activities where the potential social cost is high.

⁷ Donoghue v. Stevenson (1932)

⁸ Blyth v Birmingham Waterworks Co (Negligence)1856

⁹ Rylands v. Fletcher (1868)

¹⁰ M.C. Mehta v. Union of India 10(1987)

¹¹ Bolam v Friern Hospital Management Committee (Negligence) 1957

PART B NON – DOCTRINAL RESEARCH**Table 1: The negligence rule generally led to lower accident prevention costs compared to strict liability.**

Indicators	Yes	No	Total
Male	32 (30.76)	52 (77.76)	84 (80.76)
Female	8 (7.68)	10 (9.61)	18 (17.30)
Transgender	1 (0.96)	1 (0.96)	2 (1.92)
Total	41 (39.42)	63 (60.57)	104 (100.00)

Source: Primary Data

The table presents the distribution of respondents based on gender and their responses to the given indicator. Out of the total respondents, a majority 60.57 percentage of the respondent are answered “No,” while a smaller proportion 39.42 responded “Yes,” indicating that most participants do not support the given statement. Among male respondents, a significant number chose “No” 77.76, compared to those who answered “Yes” (30.76), showing a clear inclination towards disagreement. Similarly, among female respondents, more participants selected “No” 9.61 than “Yes” 7.68. In the case of transgender respondents, the responses are equally divided between “Yes” and “No” 0.96 each. Overall, the data reflects that across all gender categories, a larger proportion of respondents disagreed with the statement, suggesting a general lack of support among the participants.

Table 2: liability rule that considered more economically efficient in activities involving abnormally dangerous operations

Indicators	Negligence	Strict Liability	Both Are Equal	Depends On Judicial Discretion Under Which Liability Rule Are Administrative	Total
Male	13 (12.49)	33 (31.72)	25 (24.03)	13 (12.49)	84 (80.76)
Female	1 (0.96)	5 (4.80)	10 (9.61)	2 (1.92)	18 (17.30)
Transgender	0 (0.00)	0 (0.00)	2 (1.92)	0 (0.00)	2 (1.92)
Total	14 (13.46)	38 (36.53)	37 (35.57)	15 (12.42)	104 (100.00)

Source: Primary Data

The table presents respondents’ opinions on which liability rule is more effective, categorized by gender. The findings show that a higher proportion of respondents 36.53 prefer strict liability, followed closely by those who believe that both negligence and strict liability are equally effective 35.57. A smaller percentage of respondents 13.46 favour

negligence, while 12.42 feel that the application of liability depends on judicial discretion and administrative considerations.

Among male respondents, strict liability 31.72 is the most preferred option, followed by the view that both are equal 24.03. Female respondents, however, show a stronger inclination towards the opinion that both rules are equally effective 9.61. Interestingly, all transgender respondents 1.92 believe that both negligence and strict liability are equal in effectiveness. Overall, the data indicates that strict liability is slightly more favoured, but there is also a significant perception that both liability rules play an equally important role depending on the situation.

Table 3: The rule that internalizes accident costs to the party causing harm

Indicators	Negligence	Strict Liability	Both	Neither	Total
MALE	7 (6.72)	34 (32.68)	30 (28.84)	13 (12.49)	84 (80.76)
FEMALE	3 (2.88)	4 (3.84)	10 (9.61)	1 (0.96)	18 (17.30)
TRANSGENDER	0 (0.00)	1 (0.96)	0 (0.00)	1 (0.96)	2 (1.92)
TOTAL	10 (9.61)	39 (37.5)	41 (39.42)	14 (13.46)	104 (100.00)

11. TESTING OF HYPOTHESIS

Hypothesis 1:

The negligence rule generally led to lower accident prevention costs compared to strict liability.

The analysis moderately supports the hypothesis that the negligence rule generally leads to lower accident prevention costs compared to strict liability. In the context of the present study, negligence refers to a fault-based system where liability arises only when there is a failure to exercise reasonable care, thereby encouraging individuals to take only the necessary level of precaution. The survey results indicate that 39.42 respondents agreed with the statement, while a higher number of 60.57 respondents disagreed. Although the majority expressed disagreement, a notable proportion still supports the view that negligence can reduce prevention costs.

Further, Table 1 shows variation across gender categories, with male respondents forming the largest group supporting the statement, followed by female and transgender respondents in smaller numbers. This suggests that while the perception is not uniformly strong, there is still some recognition of the cost-efficiency of negligence as it avoids excessive precautionary measures. Overall, the findings provide partial validation of the hypothesis, indicating that negligence may lead to lower accident prevention costs in certain situations, though it is not universally accepted among respondents.

Hypothesis 2:

liability rule is considered more economically efficient in activities involving abnormally dangerous operations

The analysis strongly supports the hypothesis that strict liability is considered more economically efficient in activities involving abnormally dangerous operations. In the context of the present study, strict liability refers to a rule where liability is imposed irrespective of fault, ensuring that those who engage in hazardous activities bear the cost of any harm caused. The survey results indicate that a significant number of respondents 36.53 favour strict liability, while 35.57 believe that both negligence and strict liability are equally effective. Only a smaller group of respondents 13.46 prefer negligence, and 12.42 feel that the applicability depends on judicial discretion.

Further, the table shows that male respondents form the largest group supporting strict liability, followed by female respondents, while transgender respondents predominantly view both rules as equally effective. This pattern reflects a clear inclination towards strict liability in situations involving high-risk activities. The findings suggest that respondents recognize the economic advantage of strict liability in ensuring that the cost of dangerous operations is borne by those who undertake them, thereby promoting greater safety and efficiency. Overall, the empirical evidence validates the hypothesis that strict liability is more economically efficient in cases involving abnormally dangerous activities.

Conclusion:

The integration of the banking system is a pivotal reform that strengthens financial efficiency, stability, and inclusivity in India's economy. Institutional, technological, regulatory, and financial market integration collectively enhance operational efficiency, reduce transaction costs, and improve the flow of credit across sectors. The adoption of digital platforms, Core Banking Solutions (CBS), Unified Payments Interface (UPI), and mobile banking has transformed service delivery, promoting customer convenience, innovation, and financial inclusion. Policies such as the JAM Trinity, PMJDY, and public sector bank mergers have further supported this integration by bringing millions of previously unbanked citizens into the formal financial system. Banking system integration also contributes directly to economic growth by facilitating credit for productive sectors, improving investment opportunities, and supporting entrepreneurship. Legal developments, including cases on digital payment regulations, data-sharing, and competition in fintech, highlight the importance of regulatory oversight in ensuring that integration benefits both banks and consumers. Furthermore, integration strengthens the resilience and stability of the financial system by reducing NPAs, enhancing capital adequacy, and ensuring better risk management. Overall, the integration of banking systems not only modernizes India's financial infrastructure but also plays a vital role in driving sustainable and inclusive economic growth.

12.SUGGESTIONS

- i. The legal system should simplify procedures for proving negligence so that victims can obtain compensation more easily.
- ii. Greater awareness should be created among the public about their rights under negligence and strict liability through legal literacy programs.
- iii. Strict liability principles should be more effectively enforced in industries involving hazardous activities to ensure public safety.
- iv. Courts should adopt a balanced approach by applying negligence or strict liability depending on the nature of the case and level of risk involved.
- v. The government should introduce clearer guidelines and regulatory mechanisms to reduce ambiguity in applying different liability rules and to ensure faster justice delivery.

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