

# **Polluters Pay Principle**

Polluters Pay Principle is used in order to make a party or an individual to pay for the damage caused to the environment. This article will give a brief description of the Polluter's Pay Principle within the context of the IAS Exam.

## **Overview of the Polluter's Pay Principle**

In environmental law, the polluter pays principle is enacted to make the party responsible for producing pollution responsible for paying for the damage done to the natural environment. It is regarded as a regional custom because of the strong support it has received in most Organisation for Economic Co-operation and Development (OECD) and European Community (EC) countries.

The polluter pays principle underpins environmental policy such as an ecotax, which, if enacted by government, deters and essentially reduces greenhouse gas emissions. Some eco-taxes underpinned by the polluter pays principle include: the Gas Guzzler Tax, in US, Corporate Average Fuel Economy (CAFE)- a "polluter pays" fine.

## **Importance of Polluters Pay Principle**

Greenhouse gases have the potential to cause harm and damage through climate impacts. As such they are considered a major source of pollution. In a 2012 survey the World Health Organisation estimated that to 12% deaths were caused by air pollution. Despite this society has been rather slow in recognizing the link between human activities and the increasing rates of greenhouse gases emissions that cause climate change. As a result those that emit these gases are not held responsible for their actions.

When the pollution cost from the release of greenhouse gases is not imposed on emitters, these costs are thus 'externalised' to society, representing what economists describe as a 'market failure'. Society bears these costs as greenhouse gases are emitted into the atmosphere, which is described as a 'global commons' as everyone shares and has the right to use.

Thus the Polluters Pays Principle can be applied to greenhouse gas emitters in the form of a carbon price. The charges imposed can be equivalent to the corresponding potential cost caused through future climate change – thus forcing emitters to internalise the cost of pollution. In this way, a financial incentive is created for a factory, for instance, to minimise its pollution costs by reducing emissions.

### **Frequently Asked Questions related to the Polluters Pay Principle**

In India, Which is the first case where the polluter pays principle is applied?

In India, the 'polluter pays principle' was for the first time applied and defined in the 1996 case of Indian Council of Enviro-Legal Action vs Union of India. In this case, Justice Dalveer Bhandari

determined that reversing the imbalance caused to the ecology is the part and parcel of the industrial process.

How effective is the polluter's pay principle?

The difficulties of implementing the polluter pays principle doesn't undermine its validity. It just means in the real world it will be hard, if not impossible to get a perfect approximation of the external cost.

When was Polluters Pay Principle introduced?

The Polluter Pays Principle was first introduced in 1972 by the Organization for Economic Cooperation and Development (OECD) Guiding Principles concerning International Economic Aspects of Environmental policies where under the polluter was held responsible for the environmental damage and pollution.

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