DELHI POLLUTION CONTROL COMMITTEE

Report of The Committee Constituted for Deciding Methodology for Assessing Environmental Compensation to be Levied on Industrial Units

1. Delhi Pollution Control Committee has been imposing Environmental Compensation towards damages caused by the polluting units as a deterrent, in compliance of court orders. In the absence of any basis for calculating Environmental Damages in terms of money, the quantum of penalties imposed is being challenged by the units. Keeping in view the complexities involved on the issue of assessing Environmental Damages, which may have an element of arbitrariness, it was decided that a Committee under the Chairmanship of Member Secretary with following members may be formed to finalize formula/device/mechanism to resolve the issue on the basis of 'Polluters Pay Principle', as enumerated in various Court Orders:

   - Dr. Chandra Prakash, SEE, CMC-II
   - Sh. D.K. Singh, SEE, WMC-II
   - Sh. Pankaj Kapil, SEE, EIA Cell
   - Sh. Dinesh Jindal, ALO

2. The imposition of penalties vis-à-vis available enabling provisions were deliberated in the Committee.

   CPCB had forwarded a Record Note of Discussion on 'Environment Compensation to be levied on Industrial Units' in 63rd Conference of Chairmen and Member Secretaries of Pollution Control Boards and Committees held on 18.03.2019. In the said conference, it was decided that "SPCBs/PCCs may frame their Guidelines on Environment Compensation based on CPCB's Report". Accordingly, the chapter regarding 'Environment Compensation to be levied on Industrial Units' as recommended by CPCB was taken as the basis for framing the guidelines of DPCC.

   The following formula for calculating Environmental Compensation arrived by CPCB, has been taken as the basis for deciding the Environmental Compensation (to be levied) for the polluting units operating in Delhi.

Methodology

The formula recommended by CPCB for calculating Environmental Compensation (EC) is reproduced as below:

$$EC = PI \times N \times R \times S \times LF$$

Where,

EC is Environmental Compensation in Rs.
PI= Pollution Index of Industrial Sector
N=Number of days of violation took place
R= A factor in Rupees for EC
S=Factor for scale of operation
LF=Location Factor

4. After deliberation, the members of the committee unanimously arrived on the following recommendations:

a) The average Pollution Index (PI) is a factor based on Pollution potential of a unit. The CPCB has categorized industrial units into Red, Orange, Green on the basis of Pollution potential, Red being the highest category of polluting units followed by Orange, and Green being the least polluting. As suggested by CPCB, Pollution Index for Red, Orange and Green Industries may be adopted as 80, 50, 30 respectively.

b) "R" is a factor in Rupees, which may be minimum of 100 and maximum of 500. We may adopt "R" as 250 as average Rupee factor as recommended by CPCB.

c) The Location Factor (LF) in NCT of Delhi may be adopted based on combination of 2 distinct factors such as (i) Population of the city/area near which unit is located (LF_1) and (ii) Type of industrial cluster in conformity with the Master Plan of Delhi in which unit is located (LF_2).

As recommended by CPCB, the Location Factor (LF_1) could be based on population of the city/area near which the industrial unit is located and the factor may be adopted as follows:-

S.No.	Population (million)	Location Factor (LF_1)
1.	1 to <5	1.25
2.	5 to <10	1.5
3.	10 and above	2.0

Since Delhi Metropolitan area has a population exceeding 10 Million, location factor (LF_1) may be adopted as 2 uniformly for every part of the city.

As discussed above, another location factor (LF_2) may be adopted based on the type of industrial cluster in conformity with the Master Plan of Delhi in which unit is located i.e. a lower factor may be considered for approved industrial estate (conforming area), a higher factor for industrial cluster notified for re-development under Master Plan and a highest factor for non-conforming land use where industrial activity is not allowed. Accordingly, the same are depicted in the table as below:-

S.No.	Type of area as per Master Plan	Location Factor (LF_2)
1.	Notified industrial area	1.0
2.	Industrial cluster notified for re-development	1.25
3.	Non-conforming to the land use	1.5

By adopting these factors, the formula will simplified as below:

S.No.	Category of Industries	Calculation ($EC=PI \times N \times R \times S \times LF_1 \times LF_2$)	Simplified Formula
1.	Red	$80 \times 250 \times 2 \times N \times S \times LF_2$	$40,000 \times N \times S \times LF_2$
2.	Orange	$50 \times 250 \times 2 \times N \times S \times LF_2$	$25,000 \times N \times S \times LF_2$
3.	Green	$30 \times 250 \times 2 \times N \times S \times LF_2$	$15,000 \times N \times S \times LF_2$

d) The "S" Factor which is a measure of scale of operation of a unit or facility may be based on small/medium/large industry categorization. It may be 0.5 for micro or small, 1.0 for medium and 1.5 for large units.

S. No.	Activity	S Factor
1.	Micro/Small Scale	0.5
2.	Medium Scale	1.0
3.	Large Scale	1.5

5. a) In order to include deterrent effect for repeated violations, EC may be increased on exponential basis, i.e. by 2, 4, 8 ..... times on each repeat violation.

b) For trades other than industries such as hotels, restaurants, banquet halls, hospitals, office complexes etc. a separate chapter will be prepared.

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