

Policy Instruments for Environmental Protection

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In this article, we discuss the policy instruments for environmental protection.

(A) The Polluter Pays Principle (PPP):

For the last two decades, many economists have suggested that firms discharging polluting effluents to the environment should somehow be made to pay a price for such discharges related to the amount of environmental damage caused. OECD has suggested the Polluter Pays Principle (PPP) as a general basis for the environmental policy. It states that if measures are adopted to reduce pollution, the costs should be borne by the polluters.

The OECD Council defines the Polluter Pays Principle thus. “The principle to be used for allocating costs of pollution prevention and control measures to encourage rational use of scarce environmental resources and to avoid distortions in international trade and investment is the so-called Polluter Pays Principle.” The essential concern of this principle is that polluters should bear the costs of abatement without subsidy.

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The Polluter Pays Principle, as interpreted by the Supreme Court of India, means that the absolute liability for harm to the environment extends not only to compensate the victims of pollution but also the cost of restoring the environmental degradation. Thus, it includes environmental costs as well as direct costs to people or property.

Remediation of the damaged environment is part of the process of sustainable development and as such the polluter is liable to pay the cost to the individual sufferers as well as the costs of reversing the damaged ecology. The application of this principle depends upon the interpretations, particular cases and situations. This principle has brought more controversial discussions during the Rio Earth Summit 1992.

The South has demanded more financial assistance from the North in combating the environmental degradation in the South. There are practical an implication on the allocation of economic obligations in relation to environmentally damaging activities, particularly in relation to liability and the use of economic instruments.

(B) The User Pays Principle—(UPP):

It is considered as a part of the PPP. The principle states that all resource users should pay for the full long run marginal cost of the use of a resource and related services, including any associated treatment costs. It is applied when resources are being used and consumed.

(C) The Precautionary Principle (PP):

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The main objective of the precautionary principle is to ensure that a substance or activity posing a threat to the environment is prevented from adversely affecting the environment, even if there is no conclusive scientific proof of linking that particular substance or activity to environmental damage. The words ‘substance’ and ‘activity’ are the result of human intervention.

The Rio Declaration in its Principle 15 emphasizes on this principle wherein it is provided that where there are threats of serious or irreversible damage. Lack of full scientific certainty shall not be used as a reason for postponing cost effective measures to prevent environmental degradation.

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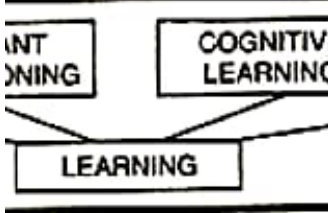
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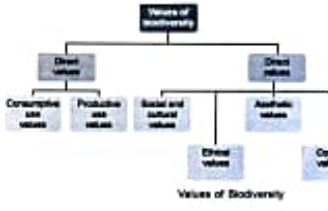
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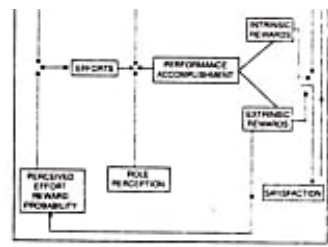
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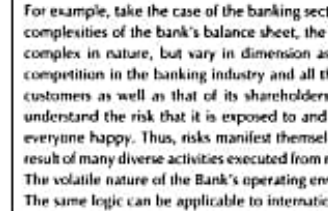
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