

3.0 Market Drivers

3.1 Regulatory Drivers

Environmental markets exist, in part, due to the existence of regulation. Despite tough legislation on paper, however, authorities are often ill-equipped to enforce regulations. Pollution control is seen by industry as a non-productive expenditure, creating little incentive for compliance. Industry in general is only receptive to technology that may reduce waste, increase efficiency and production, and therefore increase profitability. In recognition of this, the MoEF has moved toward pollution prevention and voluntary measures in a shift away from a traditional command and control system.

3.1.1 Environmental Policy and Legislative Framework

India is the first country in the world to have incorporated protection of the environment as one of the fundamental duties of every citizen in its constitution under Article 48-A.

"It shall be the duty of every citizen of India to protect and improve the natural environment including forests, lakes, rivers and wildlife and to have compassion for living creatures."

Several key government agencies orchestrate the path of development in India's environment sector. The Ministry of the Environment and Forests (MoEF) is by far the most important, with other major players including the State Ministries of the Environment, the Central Pollution Control Board (CPCB) and the State Pollution Control Boards (PCB). The MoEF, constituted in 1985, is central to planning, promoting and coordinating environmental programs. A number of enforcement agencies assist the MoEF in executing its assigned responsibilities.

The CPCB has the executive responsibilities for industrial pollution prevention and control, and has statutory authority under the MoEF. State Departments of Environment and State Pollution Control Boards perform these functions at the state level, either independently, or directly linked to the MoEF.

The major environmental statutes include:

- The Water Prevention and Control of Pollution Act (1974) deals with prevention and control of water pollution and maintaining or restoring water quality.
- Water Prevention and Control of Pollution Cess Act (1977) provides for the levy and collection of a tariff on water consumed by persons, certain industries and by local authorities to augment resources for the Pollution Control Boards.
- The Air Prevention and Control of Pollution Acts (1981) concerns prevention, control and abatement of air pollution.