

**Amravati Municipal Corporation
v.
Ganesh Dadarao Anasane & Ors.**

(Civil Appeal No. 4020 of 2020)

04 August 2026

[Pamidighantam Sri Narasimha and Alok Aradhe, JJ.]

Issue for Consideration

Issue arose as regards the need for institutionalization of the process of solid waste management; formulation of principles for determination of environmental compensation.

Headnotes[†]

Solid Waste Management Rules, 2026 – rr.18(1)-(3), 17(2) – Environmental Compensation – Determination and imposition of – Principles formulated – Central Implementation Committee constituted *vide* Office Memorandum dtd.09.03.2026 – Under sub-rule 17(2), the Central Implementation Committee is mandated to prepare guidelines for imposition and collection of environmental compensation – Principles laid down:

Held: Environmental compensation cannot be seen as a replacement for penalties levied against the erring polluter – It is restitutionary in nature and is paid in addition to the penalty or fine that the polluter is liable to pay – The temporal extent of paying compensation by the polluter ends only when the damage caused is reversed – The appropriate authorities of the State have a duty to undertake an exercise of valuing the damage caused by the polluter and collect such compensation required for restoration of the environment – While determining the amount of environmental compensation, both tangible and intangible damage caused by the polluter must be considered – Even if actual harm is not caused but is imminent or the actions/activities of the polluter have the potential to cause harm, the liability to pay compensation will come into place – Factors such as the financial capacity of the polluter, the cost involved in assessing the damage and loss suffered by individuals and the environment as well as the cost of remediation or restoration are also to be taken into account while valuing such compensation – Any environmental compensation

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levied must be proportional to the damage caused by the polluter and must have some rational nexus to the pollution caused – All courts and tribunals must record reasons while determining environmental compensation, listing the factors considered, the valuation standard used to assess such damages and the formula or guidelines applied to quantify the compensation payable – Central Implementation Committee can also take guidance from certain Rules already in force viz. Plastic Waste Management Rules enables the Central Pollution Control Board to formulate and notify guidelines for environmental compensation for plastic waste management violations; Revised Guidelines for Assessment of Environment Compensation to be levied for violation of Plastic Waste Management Rules, 2016 laying down a detailed formula to calculate environmental compensation based on various factors; Guidelines for Determination of Environmental Compensation to be recovered for violation of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016; Environment Protection (Manner of Holding Inquiry and Imposition of Penalty) Rules, 2024 – MoEF&CC to take into account the principles for determination and imposition of environmental compensation, as also the Rules that operate in the field, to formulate the necessary guidelines to be issued u/r.17(2) of the Solid Waste Management Rules, 2026 – MoEF&CC shall file an affidavit and shall place on record the progress in the making and the issuance of the regulations. [Paras 8, 17-25]

Case Law Cited

T.N. Godavarman Thirumulpad v. Union of India and Ors. [2024] 1 SCR 1194 : (2024) 15 SCC 302; *Lifecare Innovations v. Union of India*, 2025 INSC 269 : [2025] 2 SCR 727; *M.C. Mehta v. Union of India* [1987] 1 SCR 819 : (1987) 1 SCC 395; *Vellore Citizens' Welfare Forum v. Union of India* [1996] Supp. 5 SCR 241 : (1996) 5 SCC 647; *M.C. Mehta v. Kamal Nath* [2000] Supp. 1 SCR 389 : (2000) 6 SCC 213; *Research Foundation for Science (18) v. Union of India* [2005] 1 SCR 115 : (2005) 13 SCC 186; *Vellore District Environment Monitoring v. District Collector, Vellore and Ors.* [2025] 1 SCR 1265 : 2025 SCC OnLine SC 207; *Delhi Pollution Control Committee v. Lodhi Property Co. Ltd.* [2025] 8 SCR 362 : (2026) 2 SCC 670; *Sterlite Industries (India) Ltd. v. Union of India* [2013] 6 SCR 573 : (2013) 4 SCC 575; *Rhythm County v. Satish Sanjay Hegde*, 2026 INSC 102 – referred to.

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Solid Waste Management Rules, 2026; Plastic Waste Management Rules, 2016; Guidelines for Determination of Environmental Compensation to be recovered for violation of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016; Environment Protection (Manner of Holding Inquiry and Imposition of Penalty) Rules, 2024.

List of Keywords

Solid waste management; Institutionalization of process of solid waste management; Solid Waste Management Rules, 2026; Environmental Compensation; Central Implementation Committee; Central Pollution Control Board; Plastic waste management.

Case Arising From

CIVIL APPELLATE JURISDICTION: Civil Appeal No. 4020 of 2020

From the Judgment and Order dated 22.09.2020 of the National Green Tribunal in OA No. 60 of 2019

With

Civil Appeal No. 8630 of 2022

Appearances for Parties

Ms. Shibani Ghosh, *Amicus Curiae*.

Advs. for the Appellant(s):

Nikhil Nayyar, Sudhanshu S. Choudhary, Sr. Adv., Sangram Singh R. Bhonsle, Nrupal A. Dingankar, Ms. Pushkara A. Bhonsle, Ms. Sneha S. Bhonsle, Ms. Sugandha Batra, Sanmitra Y. Pol, Ms. Shruti Sharma, Ms. Anshula Vijay Kumar Grover, Prashant S. Kenjale, Ms. Damini Vishwakarma, B. Dhananjay, Ms. Srishty Pandey, Karunakar Mahalik,

Advs. for the Respondent(s):

Ms. Archana Pathak Dave, Sr. Adv., Vaibhav Dwivedi, G. S. Makkar, Mukesh Kumar Singh, Narendra Kumar Goyal, C.M Driwedi, Chirayu Sharma, Ms. Komal Singh, Ms. Kajal Rani, Kadam Hans, Jitendra Kumar, Subodh, Harsh Chaturvedi, M/s Mukesh Kumar Singh And Co., Omkar Deshpande, Siddharth Dharmadhikari, Aaditya Aniruddha Pande, Shrirang B. Varma, Mukesh Verma, Ms. Vatsala Tripathi, Kamal Kumar Pandey,

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Mrs. Vatsala Tripathi, Shashank Singh, Pankaj Kumar Singh,
Ms. Sohini Sanyal, Ms. Ahona Chatterjee.

Respondent-in-person.

Judgment / Order of the Supreme Court

Judgment

1. Our endeavour is to institutionalise the process of solid waste management for our country. An integral part of which relates to making of enforceable laws governing the subject, and this is already achieved with the issuance of the Solid Waste Management Rules, 2026. However, the mission to institutionalise solid waste management does not end here.
2. In fact, it only begins from here¹. Constitutional Courts, as also the National Green Tribunal, have the duty to follow it up to ensure that the mandate of a statute, coupled with the Rules and Regulations made thereinunder are translated into an effective and a robust system of enforcement. If the Rules contemplate establishing a regulatory body, we must ensure that they are not only constituted but also notified to commence work. If they are notified, then we must ensure that the members are appointed and take charge. We must enquire if they have the infrastructure and human resources to function effectively. Their powers and duties must be recognized and fine-tuned with accountability. It is also necessary for the constitutional court to provide that much of hand-holding, as is necessary for these regulatory bodies to evolve with discipline, creativity, expertise, efficiency and fairness in action. With this kind of judicial review, while moving away from micromanaging environmental governance, constitutional courts will enable entrenching regulatory institutions that will earn public trust and confidence.
3. So, we picked up the thread from where the executive left it. The Solid Waste Management Rules, 2026 contemplate the constitution

¹ *T.N.Godavarman Thirumulpad vs. Union of India and Ors.* (2024) 15 SCC 302, where it was held, "22. As new bodies, authorities and regulators for environmental governance emerged from time to time, their institutionalisation assumes extraordinary importance. Institutionalisation means that these bodies must work in compliance with institutional norms of efficiency, integrity and certainty..."

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of the Committee for Effective Implementation at the Central Level.
Rule 18 is as follows:-

“18. Committee for Effective Implementation at Central level. —

(1) A committee shall be constituted by the Central Pollution Control Board under chairpersonship of the Chairman, Central Pollution Control Board to recommend measures to Ministry of Environment, Forest and Climate Change for effective implementation of these rules.

(2) The committee shall monitor the implementation of these rules and also take such measures as required for removal of difficulties.

(3) The committee shall also be tasked with the guiding and supervision of the development and operation of the online centralised portal.

(4) The committee shall comprise of representatives from concerned Central Ministries or Departments, all State Pollution Control Board, expert institutions such as National Environmental Engineering Research Institute and stakeholders such as associations representing obligated entities, treatment facility providers and any other stakeholders as invited by the chair of the committee.”

4. By our order dated 12.05.2026, we had directed the Ld. ASG, to take instructions about appointment of the committee as provided in Rule 18(1). Following our directions, the ASG has placed before us an Office Memorandum dated 09.03.2026 appointing the Central Implementation Committee. This is a good development and we must appreciate the efforts of the Ld. ASG and also the prompt action of MoEF&CC in issuing the OM. The OM, which is comprehensive in all respects is as follows:-

“Office Memorandum

Subject: Constitution of Central Implementation Committee for effective implementation of Solid Waste Management Rules, 2026-reg

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Ministry of Environment, Forest and Climate Change (MoEFCC) has notified the Solid Waste Management (SWM) Rules, 2026 on 27 January 2026 under the Environment (Protection) Act, 1986, which shall come into effect from 1 April 2026, in supersession of the Solid Waste Management Rules, 2016, to ensure environmentally sound management of solid waste in the country.

Clause 18 and Clause 38(3) of the SWM Rules, 2026 directs that the CPCB shall constitute a Central Implementation Committee under the Chairmanship Chairman, CPCB for the effective implementation of these rules and recommend measures to MoEF&CC and for making it robust.

In view of the above, a Committee comprising of following members is hereby constituted for the effective implementation of SWM Rules, 2026 w.e.f. 01.04.2026

<i>1 Chairman, Central Pollution Control Board</i>	<i>Chairperson</i>
<i>2 Representative from MoEF&CC</i>	<i>Member</i>
<i>3. Representative from Ministry of Housing and Urban Affairs, MoHUA</i>	<i>Member</i>
<i>4 Representative from Ministry of Panchayati Raj</i>	<i>Member</i>
<i>5 Representative from Ministry of Chemicals and Fertilizers</i>	<i>Member</i>
<i>6 Representative from Department of Drinking Water and Sanitation</i>	<i>Member</i>
<i>7 Representative from National Environmental Engineering Research Institute</i>	<i>Member</i>
<i>8 Representative from Bureau of Indian Standards</i>	<i>Member</i>
<i>9 Chairman of the 36 SPCBs /PCCs</i>	<i>Member</i>
<i>10 Representative from Federation of Hotel and Restaurant Associations of India</i>	<i>Member</i>
<i>11. Representative from Cement Manufactures Association</i>	<i>Member</i>
<i>12. Member Secretary, Central Pollution Control Board</i>	<i>Member Convener"</i>

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5. Interestingly, this OM also specifies the scope of the work entrusted to the Committee. We will reproduce it here for ready reference;

“Scope of Work of the Committee:

- i. The Committee shall monitor the implementation of these rules and also take such measures as required for removal of difficulties as per Clause 18(2) of SWM Rules, 2026.*
- ii. The Committee shall recommend measures to MoEF&CC for effective implementation of these Rules.*
- iii. The Committee shall also be tasked with the guiding and supervision of the development and operation of the online centralised portal as per Clause 18(3) of SWM Rules, 2026.*
- iv. The Committee shall prepare guidelines for imposition and collection of environment compensation from entities involved in collection, sorting, transportation and treatment or processing of solid waste and disposal, in case of violation or noncompliance under these rules, as per Clause 17(2) of SWM Rules, 2026.*
- v. The Committee shall recommend the modalities for utilization of the funds for solid waste management (as levied & collected under environmental compensation by State Pollution Control Board or Pollution Control Committee) and approved by the MoEF&CC, as Clause 17(4) of SWM Rules, 2026.*
- vi. The Committee shall meet at least once in six months to submit its report and recommendations to MoEF&CC for effective implementation of these rules, as per Clause 38(3) of SWM Rules, 2026.*
- vii. The tenure of the committee shall initially be one year, which may be extended or re-constituted thereafter.*
- viii. To address any other matter as referred to the Committee.”*

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6. The above-referred Committee is constituted in exercise of powers under Rule 18 read with Rule 38(3) of the SWM Rules, 2026. The committee is the duty bearer for monitoring and implementing the SWM Rules as it exercises its power to take such measures as may be required for “effective implementation of Rules”. The committee’s functioning and its decisions will have the force of law.² Rule 18(3) specifically tasks the committee to guide and supervise the development and operation of the Online Centralised Portal contemplated under Rule 16.
7. Continuing the process of institutionalisation of solid waste management, we enquired from the Ld. ASG about the next important step of formulating a method and manner of determination and collection of environmental compensation for transgression of the Solid Waste Management Rules. It is high time that the determination and imposition of environmental compensation is not left to the discretion of regulatory bodies, tribunals, or Courts. There must be a structured regime through which people will know with clarity and certainty, as to, for which type of environmental violation, what consequential punitive action will follow. This clarity and certainty will sub-serve the twin purposes of deterrence as also the imminent consequence of a violation. Rule 17 is the statutory incorporation of the need to evolve the principles for determination, imposition and collection of compensation. Rule 17 is as follows;

“17. Imposition of Environmental Compensation-

(1) The Environmental Compensation shall be levied based upon polluter pays principles on persons, who are not complying with the provisions of these rules, including the following activities:

(a) entities carrying out activities without registration as mandated under these rules;

(b) entities providing false information or willful concealment of material facts by the entities registered under these rules;

² *Lifecare Innovations vs. Union of India (2025) INSC 269*, wherein it was observed that committees set up under statutory regimes have the force of law for enforcing the legal mandate that is entrusted to them.

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(c) entities submitting forged or manipulated documents by the entities registered under these laws;

(d) entities engaged in collection, segregation, sorting, transportation, processing, and disposal of solid waste.

(2) Central Implementation Committee constituted by Central Pollution Control Board under these rules shall prepare guidelines for imposition and collection of environment compensation from entities involved in collection, sorting, transportation and treatment or processing of solid waste and disposal, in case of violation or non-compliance under these rules.

(3) The environment compensation shall be levied by the concerned State Pollution Control Board or Pollution Control Committee for non-compliance of responsibilities and obligations set out under these rules, as per guidelines prepared by Central Pollution Control Board based upon the provisions in these rules. In case, the State Pollution Control Board or Pollution Control Committee does not take action in reasonable time, the Central Pollution Control Board shall issue directions to the State Pollution Control Board or Pollution Control Committee.

(4) The funds collected under environmental compensation shall be kept in a separate escrow account by State Pollution Control Board or Pollution Control Committee, for the purpose and the funds collected shall be utilised related to collection, segregation, transportation and treatment or processing of solid waste and disposal. Modalities for utilization of the funds for solid waste management would be recommended by the Central Implementation Committee and approved by the Ministry of Environment, Forest and Climate Change.

5. In addition to the provisions of Environmental Compensation in sub-rule (1) of rule 17, action under section 15 of the Environment (Protection) Act 1986, may also be taken."

(emphasis supplied)

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8. Under sub-rule 17(2), the Central Implementation Committee is mandated to prepare guidelines for imposition and collection of environmental compensation. Our task is now to help the Central Implementation Committee to prepare and issue the necessary guidelines for imposition and collection of environmental compensation. For this purpose, we will first refer to the principles that have been evolved through legal precedents commencing from the decision of this Court in *M.C. Mehta v. Union of India*³ and culminating in some of the recent decisions on the subject and formulate the essential principles evolved therefrom. We will also refer to certain rules that have been issued by the executive from which guiding principles can be gathered.

(I) *Judicial precedents for determination of environmental compensation evolved by the Supreme Court.*

9. The method and manner of determining environmental compensation, up till now, has only been the judge-made law. In *M.C. Mehta* (supra), this Court held;

“31. We would therefore hold that where an enterprise is engaged in a hazardous or inherently dangerous activity and harm results to anyone on account of an accident in the operation of such hazardous or inherently dangerous activity resulting, for example, in escape of toxic gas the enterprise is strictly and absolutely liable to compensate all those who are affected by the accident and such liability is not subject to any of the exceptions which operate vis-a-vis the tortious principle of strict liability under the rule in Rylands v. Fletcher.”⁴

32. We would also like to point out that the measure of compensation in the kind of cases referred to in the preceding paragraph must be corelated to the magnitude and capacity of the enterprise because such compensation must have a deterrent effect. The larger and more prosperous the enterprise, the greater must be the amount of compensation payable by it for the

3 (1987) 1 SCC 395. (para 31 and 32)

4 (1868) LR 3 HL 330; 19 LT 220; (1861-73) All ER Rep 1.

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harm caused on account of an accident in the carrying on of the hazardous or inherently dangerous activity by the enterprise.”

(emphasis supplied)

10. Similarly, in *Vellore Citizens' Welfare Forum v. Union of India*,⁵ this Court has held:

“12. “The Polluter Pays Principle” has been held to be a sound principle by this Court in *Indian Council for Enviro-Legal Action v. Union of India* (1996) 3 SCC 212. The Court observed:

“... we are of the opinion that any principle evolved in this behalf should be simple, practical and suited to the conditions obtaining in this country.”

The Court ruled that:

“... once the activity carried on is hazardous or inherently dangerous, the person carrying on such activity is liable to make good the loss caused to any other person by his activity irrespective of the fact whether he took reasonable care while carrying on his activity. The rule is premised upon the very nature of the activity carried on”.

Consequently, the polluting industries are “absolutely liable to compensate for the harm caused by them to villagers in the affected area, to the soil and to the underground water and hence, they are bound to take all necessary measures to remove sludge and other pollutants lying in the affected areas”. The “Polluter Pays Principle” as interpreted by this Court 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. Remediation of the damaged environment is part of the process of “Sustainable Development” and as such

5 (1996) 5 SCC 647.

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the polluter is liable to pay the cost to the individual sufferers as well as the cost of reversing the damaged ecology.”

11. In *M.C. Mehta v. Kamal Nath*,⁶ this Court held that:

“24. Pollution is a civil wrong. By its very nature it is a tort committed against the community as a whole. A person, therefore, who is guilty of causing pollution has to pay damages (compensation) for restoration of the environment and ecology. He has also to pay damages to those who have suffered loss on account of the act of the offender. The powers of this Court under Article 32 are not restricted and it can award damages in a PIL or a writ petition as has been held in a series of decisions. In addition to damages aforesaid, the person guilty of causing pollution can also be held liable to pay exemplary damages so that it may act as a deterrent for others not to cause pollution in any manner.”

12. In *Research Foundation for Science (18) v. Union of India*⁷, which dealt with illegal disposal of domestic and imported hazardous waste, this Court held that environmental compensation should cover both tangible and intangible damage caused by an environmental harm, by observing the following:

“29. The polluter-pays principle basically means that the producer of goods or other items should be responsible for the cost of preventing or dealing with any pollution that the process causes. This includes environmental cost as well as direct cost to the people or property, it also covers cost incurred in avoiding pollution and not just those related to remedying any damage. It will include full environmental cost and not just those which are immediately tangible. The principle also does not mean that the polluter can pollute and pay for it. The nature and extent of cost and the circumstances in which the principle will apply may differ from case to case.”

6 (2000) 6 SCC 213.

7 (2005) 13 SCC 186.

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13. With regard to assessing the temporal extent to which compensation should be paid, in a recent decision of *Vellore District Environment Monitoring v. District Collector, Vellore and Ors*⁸, this court held that until the damage caused by the Polluter is reversed, the polluter continues to pay compensation in the following words:

“91.1. In the light of the principles outlined above, this Court has the duty to foster a more comprehensive, balanced, and sustainable approach to curb the water pollution in the river. The principles mentioned not only ensure compliance but also encourage long-term strategies for environmental protection, public health, and sustainable development. Moreover, the legal position is clear: until the damage caused by the tanneries to the ecology is reversed, the polluters have a continuing duty to pay compensation and further, it is the bounden duty of both the Central and State Governments and local authorities to prevent, protect and preserve natural resources and maintain a healthy and clean environment.”

14. In the case of *Delhi Pollution Control Committee v. Lodhi Property Co. Ltd*⁹, it was reiterated that the aspect of compensation is restitutionary in nature as opposed to a punitive action. Mere payment of a fine would not absolve the polluter or the authority to pay compensation. The State, apart from preventing such acts in the future, should take immediate steps for restoration of the damage already done; undertake an exercise for determining the valuation of the damage done and recover it from the persons found responsible for causing such a damage.

“32. More recently, in T.N. Godavarman Thirumulpad, In re [T.N. Godavarman Thirumulpad, In re, (2025) 2 SCC 641], this Court while considering the issue of illegal construction in the Corbett Tiger Reserve drew the distinction between action against persons violating the law and measures for restoration of the environmental damage. The Court held: (SCC pp. 728-29, paras 173 & 175)

8 2025 SCC OnLine SC 207, [91.1]

9 (2026) 2 SCC 670, [23]

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“173. ... However, the principle of restoration of damaged ecosystem would require the States to promote the recovery of threatened species. We are of the considered view that the States would be required to take steps for the identification and effective implementation of active restoration measures that are localised to the particular ecosystem that was damaged. The focus has to be on restoration of the ecosystem as close and similar as possible to the specific one that was damaged.

175. We find that, bringing the culprits to face the proceedings is a different matter and restoration of the damage already done is a different matter. We are of the considered view that the State cannot run away from its responsibilities to restore the damage done to the forest. The State, apart from preventing such acts in the future, should take immediate steps for restoration of the damage already done; undertake an exercise for determining the valuation of the damage done and recover it from the persons found responsible for causing such a damage.”

11. Principles

33. *Based on a review of precedents on this issue, the following legal position emerges:*

33.1. *There is a distinction between a direction for payment of restitutionary and compensatory damages as a remedial measure for environmental damage or as an ex ante measure towards potential environmental damage on the one hand; and a punitive action of fine or imprisonment for violations under Chapters VII of the Water Act and VI of the Air Act on the other hand.”*

(emphasis supplied)

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15. Financial capacity of the polluter could also be a guiding principle while determining environmental compensation. In *Sterlite Industries (India) Ltd. v Union of India*,¹⁰ the size and financial capacity of the polluter was taken into account, wherein a lumpsum Rs. 100 crore was charged as environmental compensation after the Court examined the financial statements of the company. The following passage is instructive;

“47. In the Annual Report 2011 of the appellant Company, at pp. 20 and 21, the performance of its copper project is given. We extract hereinbelow the paragraph titled “Financial Performance”:

“PBDIT for the financial year 2010-2011 was Rs 1043 crores, 40% higher than PBDIT of Rs 744 crores for the financial year 2009-2010. This was primarily due to higher LME prices and lower unit costs at Copper India and with the improved by-product realisation.”

Considering the magnitude, capacity and prosperity of the appellant Company, we are of the view that the appellant Company should be held liable for a compensation of Rs 100 crores for having polluted the environment in the vicinity of its plant and for having operated the plant without a renewal of the consents by the TNPCB for a fairly long period and according to us, any less amount, would not have the desired deterrent effect on the appellant Company. The aforesaid amount will be deposited with the Collector of Thoothukudi District, who will invest it in a fixed deposit with a nationalised bank for a period of five years. The interest therefrom will be spent for improving the environment, including water and soil, of the vicinity of the plant after consultation with TNPCB and approval of the Secretary, Environment, Government of Tamil Nadu.”

16. In the recent judgement of *Rhythm County v. Satish Sanjay Hegde*¹¹, this Court has placed an important pre-condition for imposing

¹⁰ (2013) 4 SCC 575.

¹¹ 2026 INSC 102, [37] at para 46.2

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environmental compensation by holding that any compensation that is awarded must be proportionate, bearing some rational nexus to the pollution caused by the polluter in question¹² by holding that, *“this Court has consistently underscored that environmental compensation must rest on a foundation of rationality, proportionality and reasoned assessment.”*

17. On the basis of the principles laid down in the above-mentioned cases, we can formulate the principles as under:
 - I) Environmental compensation cannot be seen as a replacement for penalties levied against the erring polluter. It is restitutionary in nature and is paid in addition to the penalty or fine that the polluter is liable to pay.
 - II) The temporal extent of paying compensation by the polluter ends only when the damage caused is reversed.
 - III) The appropriate authorities of the State have a duty to undertake an exercise of valuing the damage caused by the polluter and collect such compensation required for restoration of the environment.
 - IV) While determining the amount of environmental compensation, both tangible and intangible damage caused by the polluter must be considered.
 - V) Even if actual harm is not caused but is imminent or the actions/activities of the polluter have the potential to cause harm, the liability to pay compensation will come into place.
 - VI) Factors such as the financial capacity of the polluter, the cost involved in assessing the damage and loss suffered by individuals and the environment as well as the cost of remediation or restoration are also to be taken into account while valuing such compensation.
 - VII) Any environmental compensation levied must be proportional to the damage caused by the polluter and must have some rational nexus to the pollution caused.

¹² Id, [46.5]

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VIII) All courts and tribunals must record reasons while determining environmental compensation, listing the factors considered, the valuation standard used to assess such damages and the formula or guidelines applied to quantify the compensation payable.

(II) *The Central Implementation Committee can also examine the following rules that have been issued by the Pollution Control Board or such other authorities.*

18. Apart from the judicially evolved principles as formulated hereinabove, the Central Implementation Committee can also take guidance from certain Rules already in force.
19. Rule 18 of the Plastic Waste Management Rules enables the Central Pollution Control Board to formulate and notify guidelines for environmental compensation for plastic waste management violations. Rule 18 is as follows;

“18. Imposition of Environmental Compensation- The Environmental Compensation shall be levied based upon polluter pays principle, on persons who are not complying with the provisions of these rules, as per guidelines notified by the Central Pollution Control Board.”

20. In August 2024, CPCB issued Revised Guidelines for Assessment of Environment Compensation to be levied for violation of Plastic Waste Management Rules, 2016. The guidelines lay down a detailed formula to calculate environmental compensation based on factors such as; a) per ton environmental compensation to be charged, b) increased environmental compensation in case of repeat offenders, c) category of plastic waste generated and d) type of polluter. This is a graded approach wherein the quantum and the type of waste generated as well as the frequency of the polluter are taken into account for determining compensation.
21. A similar approach has been adopted by the CPCB in the case of hazardous waste. Rule 23 of the 2016 Rules reads as follows;

“23. Liability of occupier, importer or exporter and operator of a disposal facility-

(1) The occupier, importer or exporter and operator of the disposal facility shall be liable for all damages caused to

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the environment or third party due to improper handling and management of the hazardous and other waste.

(2) The occupier and the operator of the disposal facility shall be liable to pay financial penalties as levied for any violation of the provisions under these rules by the State Pollution Control Board with the prior approval of the Central Pollution Control Board."

22. Supplementing the power to levy environmental compensation, the CPCB issued Guidelines for Determination of Environmental Compensation to be recovered for violation of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016. The Rules categorise the type of violation into Category A and Category B.

- 22.1 Category A includes only procedural violations of Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 which has not caused damage to environment or third party for which the polluter only attracts a penalty.

- 22.2 Category B includes environmental damage caused by the Polluter making him liable for both environmental compensation and penalty. This category is further sub-divided into two parts:

- i) Damage Caused When Assessable: The Environmental Compensation is to be determined by the Procedure given in Annexure I. The methodology given for calculation includes a) Immediate Response Liability: Rs. 10,00,000; b) Assessment Liability: Rs. 20,00,000 – Rs. 45,00,000; c) Remediation Liability depending on nature of breach; d) Compensation Liability depending on nature of damage caused which is to be valued by the District Magistrate.
- ii) Damage Caused When Not Assessable: A formula is prescribed to take into account where the valuation of damage is imputed based on samples taken of damage caused by similar waste by similar polluters.

- 22.3 It is evident that the guidelines prescribe that the compensation levied by the appropriate authority is subject to the type of violation caused by the polluter and the extent to which such

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damage harms third persons and the environment as a whole. It also provides for compensation in a stage wise manner for restoration.

23. Yet another instructive source that the Central Implementation Committee can look into could be Rule 6 of The Environment Protection (Manner of Holding Inquiry and Imposition of Penalty) Rules, 2024. The said Rule is as follows;

“6. Factors to be considered while determining quantum of penalty- *The adjudicating officer, while adjudicating the quantum of penalty shall have due regard to all or any the following factors in addition to factor stated in sub-section (4) of section 15C of the Act, namely:*

- (a) place of operation of project;*
- (b) size of the project whether large, medium or Small;*
- (c) category of industry;*
- (d) type of contravention or violation such as,-*
 - (i) working without prior environment clearance as required under the notification number S.O 1533(E) dated the 14th September, 2006 issued under the Act;*
 - (ii) non-compliance of environmental safeguards and standards prescribed under the Act;*
 - (iii) violation of conditions of environment clearances granted under the notification referred to in sub-section*
- (iv) non-compliances of orders or directions;*
- (e) quantum of deviation or contravention from the standard prescribed under the Act;*
- (f) health impacts or loss likely to be caused;*
- (g) undue gain or benefit derived out of contravention or non-compliance;*
- (h) the amount of disproportionate gain or unfair*

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advantage, wherever quantifiable, made as a result of the contravention or non-compliance;

(i) the repetitive nature of the contravention or non-compliance;

(j) any other factor as may be considered by the adjudicating officer to be relevant for the protection of environment.”

- 23.1 Analysis of these parameters shows that factors such as the geographical location of the polluter, the type of entity involved in the act of pollution or non-compliance, any undue advantage gained by the polluter and the health impact such pollution or non-compliance has on the general public can be considered as principles for determining compensation.
24. In conclusion, we direct the MoEF&CC to take into account the above-referred principles for determination and imposition of environmental compensation, as also the Rules that operate in the field, to formulate the necessary guidelines to be issued under Rule 17(2) of the Solid Waste Management Rules, 2026.
25. The MoEF&CC shall file an affidavit and shall place on record the progress in the making and the issuance of the regulations.
26. List these appeals on 29.09.2026.

Result of the case: Directions issued; Appeals to be listed on 29.09.2026.

†Headnotes prepared by: Divya Pandey