

Vedanta Limited vs The State Of Tamil Nadu on 29 February, 2024

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Bench: Dhananjaya Y Chandrachud

2024 INSC 175

Reportab

IN THE SUPREME COURT OF INDIA
CIVIL APPELLATE JURISDICTION

SPECIAL LEAVE PETITION (CIVIL) NOS 10159-10168 OF 2020

Vedanta Limited

... Petition

Versus

The State of Tamil Nadu & Ors

... Respondents

WITH SPECIAL LEAVE PETITION (CIVIL) NOS 10461-10462 OF 2020 AND CIVIL APPEAL NOS 276-285 OF 2021 JUDGMENT Table of Contents A. SLP (C) Nos 10159 10168 and 10461 10462 of 2020 3 i. Background 3 ii. The judgment of this Court in 2013 4 iii. The decision in this case 6 a. Violations of environmental norms and consequent harm 6 b. The High Court did not commit an error of jurisdiction 8 c. Interference under Article 136 is not warranted10 B. Civil Appeal Nos. 276 285 of 2021 17 A. SLP (C) Nos 10159-10168 and 10461-10462 of 2020 i. Background

1. The Special Leave Petitions arise from a judgment dated 18 August 2020 of a Division Bench of the High Court of Judicature at Madras in a batch of ten petitions under Article 226 of the Constitution of India.

2. A series of orders passed in April and May 2018 by the Tamil Nadu Pollution Control Board¹ and by the Government of Tamil Nadu and an order dated 29 March 2013 passed by the former form the subject of the challenge.

3. By the orders impugned, the copper smelter operated by the petitioner (Vedanta Limited) at the

SIPCOT industrial complex in Thoothukudi in Tamil Nadu was directed to be closed for violations of numerous environmental norms.

4. Initially, there was a challenge before the National Green Tribunal. The order of the Tribunal was placed in issue before this Court by the TNPCB and became the subject matter of a judgment delivered by this Court on 18 February 2019, reported as Tamil Nadu Pollution Control Board v. Sterlite Industries (India) Limited.² While coming to the conclusion that there was an absence of jurisdiction on the part of the National Green Tribunal, this Court granted liberty to the operator of the unit to move the High Court in appropriate proceedings under Article 226 of the Constitution.

¹“TNPCB” 2(2019) 19 SCC 479.

5. This resulted in the institution of the petitions before the High Court, as noticed above, and the judgment of the High Court which has been questioned in these proceedings.

ii. The judgment of this Court in 2013

6. An earlier judgment of this Court, reported as Sterlite Industries (India) Limited v. Union of India,³ concerned the same unit as in the present proceedings. Environmental clearances were granted to the unit in 1995 and it commenced production in 1997. Separate writ petitions were instituted before the High Court, inter alia for directions to cancel the environmental clearances; close the operation of the unit; and to the state to take action against the unit for its failure to take safety measures to remedy pollution and to protect against industrial accidents. By an order dated 28 September 2010, the High Court allowed the writ petitions and directed that the unit be closed. On appeal, a two-Judge Bench of this Court in Sterlite Industries (supra) adjudicated the validity of this order. This Court held that:

a. The High Court was not justified in interfering with the decision to grant environmental clearance on the ground of procedural impropriety; b. The High Court was not justified in directing the closure of the plant on the ground that it was located in the SIPCOT industrial complex which was within a 25 km radius of four ecologically sensitive islands in the Gulf of Mannar. This is because one of the consent orders permitted the establishment of the 3(2013) 4 SCC 575.

plant at this location. However, the possibility of shifting the plant in the future was not precluded, if it became necessary for the purpose of conserving the environment;

c. The High Court ought not to have interfered with the exercise of power by the TNPCB, which reduced the width of the mandated green belt in the no- objection certificate;

d. Article 21 of the Constitution empowered the High Court to direct the plant to be closed if it was found to be polluting the environment, notwithstanding the fact that environmental clearances had been granted. This could be done if no other remedial

measure was available; and e. Inspections of the unit indicated that some emissions and effluents were beyond the permissible limit prescribed by TNPCB. The unit was polluting the environment in violation of legal norms (detailed in the following paragraphs).

7. In terms of the directions of this Court, TNPCB issued directions for the removal of deficiencies. It was then claimed on behalf of the unit that the deficiencies had been removed. On the basis of a joint inspection by National Environmental Engineering Research Institute⁴ and the Central Pollution Control Board,⁵ this Court found that several suggestions towards remediation had been complied with. This Court was of the view that closure was therefore not the only remedy. Though there was a suppression of fact by the unit, the Court was not inclined to order closure at that stage and imposed instead a 4 “NEERI” 5 “CPCB” requirement of compensation quantified at Rs. 100 crores for non-compliance with environmental parameters and operating without consent in terms of the applicable environmental law:

“47. ... 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.”

8. While setting aside the order of closure, this Court nonetheless observed that its judgment would not prevent TNPCB from issuing directions to the unit including a direction for closure, if required.

iii. The decision in this case a. Violations of environmental norms and consequent harm

9. Before assessing the submissions of the parties, it is necessary to understand the basis for the decision of the High Court as well of this Court in 2013. It is not possible for this Court to assess the merits of the submissions, shorn of the context in which the decision(s) were rendered. Both this Court in Sterlite Industries (supra) as well as the High Court in the impugned judgment found that the unit of the petitioner was guilty of serious violations of environmental and other laws.

10. In 2013, this Court in Sterlite Industries (supra) found that the unit had violated the law in more than one way:

a. The unit had caused pollution between 1997 and 2012; b. The reports of NEERI indicated non-compliance with environmental standards;

c. The unit had operated without a renewal of the consent to operate for a long period of time; and d. There was an act of suppression and misrepresentation on the part of the unit in the proceedings before this Court.

11. In the impugned judgment, the High Court inter alia found that:

- a. The unit had operated without consent from TNPCB for about sixteen years;
- b. The unit had operated without hazardous waste management authorisation for about ten years;
- c. The unit did not have appropriate systems in place for the disposal of hazardous waste;
- d. There was a substantial presence of Total Dissolved Solids (TDS) in the water;
- e. The unit dumped large amounts of copper slag, leading to air and water pollution. The dumped copper slag also caused the river in Thootukudi to flood. This was a violation of the conditions in terms of which the relevant authorities had granted consent;
- f. The unit failed to comply with the requirement of maintaining a green belt;
- g. The regulator, TNPCB, did not exercise its powers in a timely and effective fashion, as mandated by law; and h. TNPCB established that the unit flouted the law for over twenty-two years. There was no error in the decision of the authorities to direct the closure of the unit.

12. This Court must have due regard to these findings of fact and law while adjudicating whether grounds for interference with the impugned judgment are made out.

b. The High Court did not commit an error of jurisdiction

13. Essentially, five grounds were urged in the orders for the closure of the unit.

They are:

- a. The unit had failed to furnish ground water examination reports to ascertain the impact on ground water quality;
- b. An extensive amount of copper slag lying on third party land had not been removed. A physical barrier had not been constructed between the copper slag and the river to prevent the slag from reaching the river; c. The unit had applied for authorization to generate and dispose of hazardous waste but did not have an extant licence; d. There was a failure to measure emissions in terms of the National Air Quality Ambient Standards; and e. The requirement of a gypsum pond (mandated by guidelines issued by CPCB) had not been observed.

14. Apart from the merits, the principal submission which has been urged on behalf of the petitioner by Mr Shyam Divan, senior counsel (supported by Mr Krishnan Venugopal, senior counsel) is that

since the closure was founded on the above five grounds, the High Court was not justified, while exercising its writ jurisdiction under Article 226 of the Constitution, in enquiring into other grounds of environmental violations.

15. The above submission has been opposed both by Mr CS Vaidyanathan, senior counsel appearing on behalf of the TNPCB and Mr Gopal Sankaranarayanan, senior counsel appearing on behalf of the Government of Tamil Nadu. They have submitted, on the basis of the reliefs which were sought in the writ proceedings, that the petitioners had not merely challenged the orders adverse to them but had, in addition, sought a mandamus for the issuance of renewal permissions. Hence, it was urged that in such an event, it was open to the High Court not only to enquire into the grounds on which closure had been directed but to determine whether the petitioner was entitled to a renewal of permissions.

16. From a reading of the judgment of the High Court, it has emerged that the petitioner had expressly consented to the High Court enquiring into all the facets of the matter so as to determine fully and finally as to whether the petitioner would be entitled to a renewal of the permissions which were granted to it. Otherwise, even if the orders impugned were to be set aside, both the Board and the Government would have been justified in requesting the High Court to remand the proceedings back to the competent statutory authorities for re-determination afresh. This course of action was obviated on the petitioner submitting to the High Court that it was ready and willing to have the High Court evaluate the entirety of the matter in its full perspective.

17. The petitioner having agreed to this course of action, we are not inclined to entertain the submission that the High Court has committed an error of jurisdiction. The hearing before the High Court spanned forty-two days and the High Court has rendered a judgment on all factual and legal aspects, after considering as many as thirty-eight issues.

c. Interference under Article 136 is not warranted

18. In considering the merits of the challenge, this Court would have to apply settled principles of judicial review bearing on whether the findings which have been arrived at by the High Court are borne out from the record or conversely, are based on misappreciation of law and fact. This Court may exercise its power under Article 136 sparingly and only when exceptional circumstances exist which justify the exercise of its discretion.⁶

19. From the material which has emerged on the record and having considered the rival submissions, we are of the view that the areas which are matters of 6 Chandi Prasad Chokhani v. State of Bihar, AIR 1961 SC 1708; Pritam Singh v. State, 1950 SCC

189. serious concern are:

- a. The failure of the petitioner at the material time to remove the copper slag which was dumped indiscriminately at almost eleven sites in the vicinity including private land adjoining the river;

b. The failure to abide by the conditions in the ‘consent to operate’ governing the disposal of gypsum;

c. The failure to obtain authorisation for the disposal of hazardous waste;

and d. The failure of the petitioner to continue remediating the pollution caused by it despite findings and directions by multiple judicial fora at different points in time, including by this Court in 2013.

20. The judgment of this Court in Sterlite Industries (supra) afforded the petitioner sufficient opportunity to take remedial action. The consequence of the adjudication by this Court was not to obliterate the environmental violations which had preceded it. This Court came to the conclusion that there indeed were environmental violations, which were additionally compounded by a suppression of material facts. As the court held:

“48. We now come to the submission of Mr Prakash that we should not grant relief to the appellants because of the misrepresentation and suppression of material facts made in the special leave petition that the appellants have always been running their plant with statutory consents and approvals and misrepresentation and suppression of material facts made in the special leave petition that the plant was closed at the time the special leave petition was moved and a stay order was obtained from this Court ... There is no doubt that there has been misrepresentation and suppression of material facts made in the special leave petition but to decline relief to the appellants in this case would mean closure of the plant of the appellants. ... For these considerations of public interest, we do not think it will be a proper exercise of our discretion under Article 136 of the Constitution to refuse relief on the grounds of misrepresentation and suppression of material facts in the special leave petition.” (emphasis supplied)

21. The Court in the earlier round of litigation would conceivably have been justified in rejecting the challenge to the judgment of the High Court but nonetheless held that closure was a matter of last option and that an opportunity for remediation ought to be granted. At the same time, while imposing an environmental compensation quantified at Rs. 100 crores, this Court clarified that TNPCB would be acting within the scope of its statutory powers including in directing closure, in the future. As the Court held:

“50. ... we make it clear that this judgment will not stand in the way of the TNPCB issuing directions to the appellant Company, including a direction for closure of the plant, for the protection of environment in accordance with law.

51. We also make it clear that the award of damages of Rs 100 crores by this judgment against the appellant Company for the period from 1997 to 2012 will not

stand in the way of any claim for damages for the aforesaid period or any other period in a civil court or any other forum in accordance with law.”⁷

22. The tenor of the reasoning and the directions of this Court, therefore, leave no manner of doubt that the industrial establishment was not exculpated of its liability for environmental violations. The High Court has, in this backdrop, 7 Sterlite Industries (*supra*).

undertaken a copious analysis of the grounds on which action adverse to the unit has been taken both by the TNPCB and the State Government.

23. In the notes of submissions which have been tendered before this Court, an alternative perspective on facts has been sought to be established. We are not inclined in the exercise of the jurisdiction under Article 136 of the Constitution to re-appreciate the findings of facts which have been arrived at by the High Court. The High Court, it must be noted, was exercising its jurisdiction under Article 226 of the Constitution to judicially review the findings of statutory authorities and bodies entrusted with requisite powers under the Water (Prevention and Control of Pollution Act) 1974 and the Air (Prevention and Control of Pollution) Act 1981. Apart from the exercise of jurisdiction by the statutory authorities, the proceedings before this Court had been preceded by an evaluation by the High Court which is not shown to suffer from error that would warrant the invocation of the jurisdiction under Article 136 of the Constitution. No special circumstances exist which justify the exercise of discretion by this Court nor is the conscience of the Court shocked by the judgment of the High Court.

24. The closure of the industry is undoubtedly not a matter of first choice. The nature of the violations and the repeated nature of the breaches coupled with the severity of the breach of environmental norms would in the ultimate analysis have left neither the statutory authorities nor the High Court with the option to take any other view unless they were to be oblivious of their plain duty. We are conscious of the fact that the unit, as this Court observed in its decision in 2013, has been contributing to the productive assets of the nation and providing employment and revenue in the area. While these aspects have undoubted relevance, the Court has to be mindful of other well-settled principles including the principles of sustainable development, the polluter pays principle, and the public trust doctrine. The polluter pays principle, a widely accepted norm in international and domestic environmental law, asserts that those who pollute or degrade the environment should bear the costs of mitigation and restoration. This principle serves as a reminder that economic activities should not come at the expense of environmental degradation or the health of the population.

25. In addition, the public trust doctrine, recognized in various jurisdictions, including India, establishes that the state holds natural resources in trust for the benefit of the public. It reinforces the idea that the State must act as a steward of the environment, ensuring that the common resources necessary for the well-being of the populace are protected against exploitation or degradation. These principles underscore the importance of balancing economic interests with environmental and public welfare concerns. While the industry has played a role in economic

growth, the health and welfare of the residents of the area is a matter of utmost concern. In the ultimate analysis, the State Government is responsible for preserving and protecting their concerns.

26. As consistently held in numerous decisions of this Court, the unequivocal right to a clean environment is an indispensable entitlement extended to all persons.⁸ Air, which is polluted beyond the permissible limit, not only has a detrimental impact on all life forms including humans, but also triggers a cascade of ecological ramifications. The same is true for polluted water, where the pervasive contamination poses a profound threat to the delicate balance of ecosystems. The impact of environmental pollution and degradation is far reaching : it is often not only severe but also persists over the long term. While some adverse effects may be immediately evident, the intensity of other kinds of harm reveals itself over time. Persons who live in surrounding areas may develop diseases which not only result in financial burdens but also impact the quality of life. The development and growth of children in these communities may become stunted, creating a tragic legacy of compromised potential. Basic necessities, such as access to potable water, may not be met, exacerbating the challenges faced by these already vulnerable populations. Undoubtedly, such adverse effects are felt more deeply by marginalised and poor communities, for whom it becomes increasingly difficult to escape the cycle of poverty.

27. This Court is also alive to the concept of intergenerational equity,⁹ which suggests that “present residents of the earth hold the earth in trust for future generations and at the same time the present generation is entitled to reap benefits from it.”¹⁰ The planet and its invaluable resources must be conscientiously conserved and responsibly managed for the use and 8 Subhash Kumar v. State of Bihar, (1991) 1 SCC 598; Vellore Citizens' Welfare Forum v. Union of India, (1996) 5 SCC 647.

9 This Court has previously recognized the importance of this principle including in G. Sundarrajan v. Union of India, (2013) 6 SCC 620 and D. Swamy v. Karnataka State Pollution Control Board, 2022 SCC OnLine SC 1278.

10 Werner Scholtz, ‘Equity’ in (Lavanya Rajamani and Jaqueline Peel, eds.) The Oxford Handbook of International Environmental Law (2nd edn., 2021).

enjoyment of future generations, emphasising the enduring obligation to safeguard the environmental heritage for the well-being of all.

28. It is an undeniable and fundamental truth that all persons have the right to breathe clean air, drink clean water, live a life free from disease and sickness, and for those who till the earth, have access to uncontaminated soil. These rights are not only recognized as essential components of human rights but are also enshrined in various international treaties and agreements, such as the Universal Declaration of Human Rights, the Convention on Biological Diversity, and the Paris Agreement. As such, they must be protected and upheld by governments and institutions worldwide, even as we generate employment and industry. The ultimate aim of all our endeavours is for all people to be able to live ‘the good life.’ Without these basic rights, increased revenue and employment cease to have any real meaning. It is not merely about economic growth but about ensuring the well-being and dignity of every individual. As we pursue development, we must

prioritize the protection of these rights, recognizing that they are essential for sustainable progress. Only by safeguarding these fundamental rights can we truly create a world where everyone has the opportunity to thrive and prosper.

29. We have heard these proceedings for several days and after a careful evaluation of the factual and legal material, we have come to the conclusion that the Special Leave Petitions do not warrant interference under Article 136 of the Constitution.

30. For the above reasons, the Special Leave Petitions shall stand dismissed.

31. Pending applications, if any, stand disposed of.

B. Civil Appeal Nos. 276-285 of 2021

32. TNPCB is aggrieved by the observations contained in the impugned judgment of the High Court dated 18 August 2020 about its failure to exercise its regulatory functions in a timely and conscientious manner and has preferred appeals in this regard. We are of the view that the High Court was justified in making the observations in regard to the lack of alacrity on the part of the Pollution Control Board in discharging its duties. The observations of the High Court do not call to be either expunged or obliterated from the record.

33. The Civil Appeals are accordingly dismissed.

34. Pending applications, if any, stand disposed of.

.....CJI.

[Dr Dhananjaya Y Chandrachud]J. [J B Pardiwala]
.....J. [Manoj Misra] New Delhi;

February 29, 2024