

# **DISSERTATION–SYNOPSIS**

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**A STUDY OF LEGAL PRINCIPLES GOVERNING IN CORPORATE  
ENVIRONMENTAL LIABILITY IN INDIA**

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# **A Study of Legal Principles Governing Corporate Environmental Liability In India**

## **INTRODUCTION**

*“ Greatest menace to our environment is the optimism that someone else will save it. ”<sup>1</sup> - by Robert swan*

The protection of the environment is a responsibility and an opportunity. In the past 100 years, human beings have plundered and destroyed the natural environment for economic development and their immediate interests, such as the threat of global warming India with emergence of industrialization and wide growth of the business sector has inevitably created a position of parlance in the global economy. Right from the mother's womb, one needs unpolluted air to breathe, uncontaminated water to drink, nutritious food to eat and hygienic conditions to live in. These elements are sine qua non for the sound development of human personality.<sup>2</sup> So the environment is very important part of human world in wake of the Stockholm conference held in 1972 that advocated environmental protection at the international level and was one of the most devastating incidents of all time, the Bhopal gas tragedy of 1984 highlighted an urgent need for a comprehensive law with respect to environmental protection, domestically, the

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<sup>1</sup> Sakshi Arya, Corporate Environmental Liability In India, <https://ylcube.com/c/blogs/> (last visited on jan 12<sup>th</sup>, 2024)

<sup>2</sup> Dr. H.N. Tiwari, Environmental Law, Pg no. 1, Allahabad law publication, faridabad (harayana)

need of environmental protection act, 1986 was felt The preamble of the act states the objectives of the act to be the protection and improvement of the environment. It seeks to protect human beings, other living creatures, plants, and property from environmental hazards. It extends to the whole India and aims to prevent, control, and abate environmental pollution. The concern for the environment in India is nothing new. From ancient times we have believed in “vasudhaiva kutumbakam”, i.e. the entire world is one family. Indians have believed that all creatures on the earth are family, including all the plants, animals and microorganisms. So the protecting the environment is each and individual responsibility but today’s world the more harm were caused by the human beings under that corporate is one factor were environmental damages caused by them to resolve it and some were making the corporates liable to some extent some of the principles and laws were made to protect the environment<sup>3</sup> Many corporate practices contribute to environmental damage. With the increase in the scale of industrialization around the world, the degree of environmental damage is going to be large-scale and irreversible. With the advancement of scientific research and development, there is an increased awareness among companies and the community about the harmful environmental impacts in measurable terms. The current scale of industrial activity is causing the depletion of the ozone layer, global warming, soil, water, air, and noise pollution etc. there is strong scientific evidence that most of the global warming caused over the last 50 years is a result of human activities.<sup>4</sup> The speed with which the ecosystem is being exploited to meet the commercial needs of current day civilization has the potential to consume, within a few centuries, those natural resources that have taken millennia to develop. Moreover, corporate activities affect even those living beings or natural resources who have no role to

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<sup>3</sup> N.L. Mitra and S.V. Jogo Rao, at page no.98, Environmental Law, Distance education department law school of India, Bangalore

<sup>4</sup>Sumati Reddy, Corporate Social Responsibility (The environmental aspects), pg. no.1, ICFAI University press

play in industrial activities, but which are important in maintaining the ecological balance of nature. With this backdrop, there is an urgent need for corporate houses to take proactive measures through innovative policies and practices for reducing their harmful intended or unintended environmental effects.<sup>5</sup> The scope of these practices can extend beyond the internal practices of the business to include those which can be implemented in collaboration with other organisations or entities. Collaboration with other organizations is important as corporate houses cannot fulfil this responsibility all by themselves. This responsibility rests on all those stakeholders who contribute to the growth of industrial activity. Consciousness of the full and far-reaching effects of their actions will enable organizations to take proactive steps to build and design systems in a manner that will surpass the need to take corrective action at a time when things go out of hand for those who initiated the action.<sup>6</sup>

Awareness building among all concerned is one way of raising consciousness. International and national conferences among industry, political and opinion leaders have arrived at goals and policies to enable organizations to take suitable action at their ends. Other methods are through the sponsorship of 'Earth Day', 'Environmental Day', 'Water Day', and the like, to encourage discussion and to take some steps, although small, in the right direction.

Milton Friedman said that "the basic mission of any business is thus to produce goods and services at a profit, and in doing this, business is making its maximum contribution to society and in fact being socially responsible" Nowadays managers of companies are not only expected to reduce lead times, improve quality, decrease costs but also expected to more environmentally responsible it

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<sup>5</sup> Ibid

<sup>6</sup> Ibid pg.no 2

is found that the companies have a great sense of responsibilities and has implemented through various strategies, marketing plans and course in their core values corporate environmental responsibility is nothing but a step beyond compliance not required by law, and is an environmental friendly engagement. Voluntarily making the extra mile by every way in protecting and safeguarding the environment which includes the three they are Reduce, Recycle and Reuse for sustainable environment then corporate has to compensate it for its damages to escape from this compensation policies and guidelines have been evolved by prominent organization with high credibility in the international arena, corporate houses around the world have taken a range of actions and different levels of activity to promote green corporate practices. Moreover globalization is leading industries to become eco-friendly and thereby achieve a relatively level playing field at the global platform as this is becoming a key competitive edge for international commerce.<sup>7</sup>

Large, global organizations tend to become the prime targets of environmental activism. This acts as a great incentive for them to undertake large-scale actions to maintain a green and friendly image. Moreover, large organizations must take the lead in the field of environmental sustainability as they have the expertise and the funds to support research and development.<sup>8</sup> Protection of the environment is a responsibility and opportunity. In the past 100 years, human beings have plundered and destroyed the natural environment for economic development in that main role which played by the corporate sectors to control that statutory responsibility imposed on corporations of preventing the environment is based on the idea that one who has the capacity of causing the harm must invoke necessary

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<sup>7</sup> Ibid pg.no. 3

<sup>8</sup> Ibid

precautions, remedies, and actions to minimize the same. The doctrine of environmental liability is a twofold mechanism- on one end it aims at a cost-recovery based on the polluter 'pays principle 'where the onus of monetary compensation is one who causes damage to the environment and on the other end provides incentives to potential polluters for prevention of environmental harm.<sup>9</sup> Corporations should follow the corporate social responsibility (CSR) law that restricts the activity of the corporate sectors when it comes to environmental matters. They have to use techniques that cause minimal damage to humans and the environment. And technique should use to reduce their liability in related to environment.

## **STATEMENT OF THE PROBLEM**

According to the Company's Act 2013, Corporate Social Responsibility on the environment is an obligation of the companies to protect. Companies follow different strategies, and techniques for different research programmes conducted by the companies to resolve environmental harm.

There are several legal principles that refer to corporations to protect the environment damages. These principles are included in statutory, legal principles imputed for corporate to environmental protection and are not used effectively because of several reasons.

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<sup>9</sup> Supra at number 1



## **HYPOTHESIS**

Corporates are playing a significant role in harming the environment by their industrial activities. Laws are in place to prevent and protect the environment but they are not always followed. In the same way, Corporates must also be held liable for their harmful activity. It effects on corporates too. Since therefore there is a necessity for proper environmental protection and economic development India.

## **AIMS AND OBJECTIVE**

In light of the above hypothesis, the objective of the study is to examine the legal framework of legal principles governing corporate environmental liability. The specific objectives are.

To understand the mandatory legal provisions which are applied under environmental laws.

1. To study the legal principles relating to environmental protection with reference to corporate liability.
2. To assess the issues involved in and liabilities of corporations under environmental protection laws.

## **RESEARCH QUESTIONS**

1. What are the statutory mandates imposed by the environmental laws?
2. Which are the principles giving environmental protection?
3. What are the issues and liabilities faced by the corporations in environmental protection?
4. What are the corporate's recent trends to take care of environmental protection?

## **RESEARCH METHODOLOGY**

Researchers will adopt a doctrinal research method. This research will be based on review of secondary data. The data will be obtained from the reports of recent initiatives taken up by the companies. Several research papers, books, articles are analysed. The study is analytical and descriptive in nature. The focus on companies' contribution towards protection of the environment under environmental laws. Further studies focus on legal principles applicable to corporations liable under environmental policies.

## **LIMITATION OF THE STUDY**

To suggest the companies about initiatives that can be undertaken in protection of environment and betterment facilities, then about their liability under environmental laws and its contribution in the name of corporate environmental responsibility, then investing on initiatives of corporate to resolve the issues.

## **CHAPTER SCHEME:**

The research work divided into six chapter

### **Chapter 1: Introduction**

This chapter deals with introduction of the topic, definition, theories, literature review, the statement of the problem, hypothesis, research question, research methodology, the importance of the study, aims and objectives of the study, scope, and limitation of the study, Chapterisation and Bibliography.

### **Chapter 2 : Development v/s Protection Issues**

This chapter covers how the corporations are balancing corporate profit making intention and environmental protection. It studies the technique followed by the corporate sector to resolve environmental issues. Further research also included measures taken for protection of sustain development in India.

### **Chapter 3: Liability Of Corporations Under Environmental Laws**

This chapter deals with some of the principles under the environmental protection act of 1986, and then acts which makes corporations liable for the environment. Water prevention and control of pollution act 1974, air prevention and control of pollution act 1981 and about the MOEFCC, CPCB, SPCB'S rules and regulation then about the environmental policy specifically related to hazardous industry then judicial interpretation on it are all discussed here.

### **Chapter 4: Liability Under Public Liability Insurance Act**

This chapter covers the need of compulsory insurance for establishing hazardous substances and procedure with regard to the amount of insurance policy. objectives of the act, scope and applicability of the act creation of emergency relief fund.

### **Chapter 5 : Corporate Initiatives In Resolving The Environmental Damages.**

This chapter covers the necessities taken by the corporates to resolve the environmental damages made by them during the industrial activities

- a. **Environmental management programmes** : conducting the programmes related to environmental friendly production activities in the corporation
- b. **Corporate social responsibility strategy** : keeping the plans for betterment of environment making the contribution under heading of CSR

### **Chapter 6 : A Review Of Legal Principles Relating To Environmental Protection**

This chapter deals with principles of absolute liability, polluter pay principle, precautionary principle are all discussed here.

## **Chapter 7 : Findings And Analysis Of Reports:**

The review of the reports is liabilities of the corporations with regard to environmental harm and the analysing the corporate principles.

### **Review of literature.**

For every research doctrine is the basis, so the theory part is a very important aspect in research. To know that researcher referred some books, journals which are as follows;

#### **BOOKS REFERRED**

1. *Sumathi Reddy, Corporate Social Responsibility The Environmental Aspects, Icfai, University, Nagarjuna Hills, Hyderabad*
2. *N.L. Mitra and S.V. Joga Rao, Environmental law , Distance education Department Law School Of India University, Nagarbhavi, Bangalore*
3. *DR. H.N. Tiwari, Environmental law, Allahabad Law Agency Law Publication, Faridabad(HARYANA)*

### **Conclusion.**

The conclusion is based on findings and analysis in the review of the reports. Suggestions are mentioned in order to resolve the environmental harms and reduce the liability of the corporations in environmental laws.