

ANALYSIS OF SOCIAL WELFARE LEGISLATION ON ENVIRONMENTAL LAW

Devshree Chauhan, Assistant Professor, IPEM Law Academy, Ghaziabad

ABSTRACT

With a population of more than 1.3 billion, India is a lower middle-income nation. Although the country has made significant progress in improving overall economic outcomes, productivity levels are still comparatively low. India's industrial sector has a lower labour productivity than China, Russia, South Africa, Malaysia, and Brazil. India was placed 68th out of 140 nations in the 2019 World Economic Forum (WEF) Global Competitiveness Report. This is largely a result of the nation failing to keep up with other nations that are ranked similarly. In categories like ICT adoption, skill base, product market efficiency, and trade openness, India has substantial deficiencies in several of the fundamental enablers of competitiveness.

Some new issues, such as uneven governance consequences, significant variations in economic growth, and social welfare inequalities, are emerging with the adoption of regulatory regulations. Theoretical justifications for the aforementioned occurrences are required in order to encourage the sustainable growth of the economy and the environment. Consequently, this Article develops a theoretical model of the impacts of social well being.

Keywords: Global Competitiveness Report, Social Welfare Theory, Utilitarian Theory, Economic Growth, Sustainable Development

INTRODUCTION

An environmental Kuznets curve with an inverted U shape represents the relationship between environmental pollution and economic growth^{1 2}. China's economic development level is still in the neoclassical model's current stage³, which is on the left side of the Kuznets curve's U-shaped environmental curve. Environmental contamination, however, drives up the cost of social health care and undermines long-term economic growth. To halt the trend of environmental and ecological degradation, development, and social well being it need to include ecological civilization with economic development and make the link between environmental protection and economic growth in China reaches a turning point and The Kuznets curve's right side.

The Chinese government has put in place a number of administrative regulations, economic policies, and laws and regulations aimed at regulating the environment. For instance, the national carbon emissions trading system in 2017⁴, more than 110 environmental documents⁵, river chiefs and lake chiefs, and an environmental tax in 2018⁶ are just a few examples from the state and local administrations.

Given that there aren't enough jobs being created to accommodate India's growing working-age population, economic development has slowed down during the previous two years. This low performance has a productivity problem at its core ability productivity growth and the creation of jobs, especially high-quality jobs, by Micro, Small, and Medium-Sized Businesses (MSME2) sector has a crucial role in the competitiveness of the broader industry and has the capacity to offer

¹ Grossman, G.M.; Krueger, A.B. Environmental Impacts of a North-American Free-Trade Agreement; NBER: Cambridge, MA, USA, 1993; pp. 13–56.

² Selden, T.M.; Song, D.Q. Neoclassical growth, the j-curve for abatement, and the inverted u-curve for pollution. *J. Environ. Econ. Manag.* 1995, 29, 162–168.

³ LI, D.; Xu, X.; Jiang, H. An analysis of the welfare economics of China's economic national investment rate. *Econ. Res. J.*

⁴ Wang, Y.; Zhao, H. The impact of China's carbon trading market on regional carbon emission efficiency. *China Popul. Resour. Environ.*

⁵ Bao, Q.; Shao, M. Does environmental regulation inhibit pollution emissions? *Econ. Res. J.*

⁶ Fan, Q. Environmental regulation, income distribution imbalance and government compensation mechanism. *Econ. Res. J.*

specialised to inputs and support activities are added to the value chain. But many of these businesses are ineffective and are undynamic, adding little value to each worker.

By successfully addressing the primary sources of environmental pollution, these environmental control policy initiatives have enhanced the quality of the environment. For instance, the percentage of prefecture-level cities with satisfactory air quality reached 79.3% in 2018, while the number of cities that met air quality regulations climbed by 6.5% from 2017. When it comes to freshwater resources, the percentage of I-III water was 71% in 2018, up 6.5% from 2017.

However, issues with regulatory goals, geographical imbalances, significant inequalities in economic harm, and unequal distribution of environmental benefits still exist as a result of environmental regulation.

The selection and application of environmental regulation policies are made challenging by these issues. We can only achieve the twofold benefit of increasing environmental quality and preventing a loss of economic gains by thoroughly examining the unique features of environmental regulation and the circumstances for implementing environmental regulations .

On the basis of this background, this paper develops social welfare models, which are used to thoroughly analyse both market structure conditions of environmental regulation objects and environmental regulation measures. These models include the government, businesses, and consumers. The social welfare consequences of environmental control laws in various market conditions are also examined using a scenario analysis.

This study exposes the connections between consumer choices, market structure, environmental control measures, and societal welfare. To the best of our knowledge, this is the first paper to examine the social welfare effects of environmental control measures in relation to consumer preferences and market structure. More importantly, this research offers some fresh perspectives on how to execute environmental regulating laws given varied market systems and consumer preferences.

LITERATURE REVIEW

By bringing the connection to the Kuznets curve's turning point, environmental regulation policy is the key to achieving the twin dividend of environmental pollution reduction and economic growth ⁷. Environmental taxation and environmental subsidy policies are frequently used in environmental regulation because of their low cost and capacity to encourage compatibility for polluters, however the outcomes of environmental governance vary depending on the circumstances ⁸.

The benefit of environmental taxes is that through government taxation, the difference between the marginal societal cost and the private cost is once more applied to the company cost. The efficiency of environmental taxation programmes, however, varies depending on the the complexity of accurately estimating societal costs and the design of the taxation system. showed that increasing the severity of environmental regulation in China would slow down economic growth by 1% and that the environmental tax policy could not yield "blue dividends". Goodstein discovered that after 15 years of the introduction of clean air standards, 3 million workers were out of employment. According to an empirical study, environmental regulations have a favourable effect on employment in businesses. Environmental subsidies typically serve as incentives for the favourable environmental externalizes yet environmental subsidies also have varied outcomes. For instance, it was discovered that increasing green energy subsidies while eliminating fossil fuel subsidies will help reduce pollutant emissions with little to no negative effects on the economic growth.

⁷ Porter, M.E.; Vanderlinde, C. Toward a new conception of the environment-competitiveness relationship. *J. Econ. Perspect.* 1995, 9, 97–118.

⁸ Tao, J.; Hu, X. Research on the impact of environmental regulation on the quality of China's economic growth. *China Popul. Resour. Environ.* 2019, 29, 85–96

BACKGROUND

However, according to some academics, the economy would suffer some losses as a result of the energy subsidy reform. The other hand On the other hand, technical subsidies enhance environmental quality by encouraging innovation to Pollution of the environment and its effects on the economy are both uncertain. The findings from Wei and He⁹ demonstrated how technology subsidies could promote both economic and energy growth. While Nemet and Baker believed that the impact of technical advancements on energy Impact of subsidies on economic growth was unclear.

THE ROLE OF FEMALE SECTOR

For India's growing working-age population, economic growth hasn't been able to create enough jobs, and in the last two years, the rate of growth has slowed. The problem of productivity is what's causing this subpar performance. The Micro Small and Medium Enterprises (MSME2) sector is crucial to the competitiveness of the broader industry because it has the potential to specialise the value chain through inputs and support activities, thereby promoting productivity growth and the creation of jobs, particularly high-quality jobs. Many of these businesses, however, are under productive, lack dynamism, and generate little value per employee. This is made worse by policies that restrict the growth of the country's most productive producers and overprotect its least productive ones. Low MSME productivity rates have resulted as a result.

Outside of the agricultural industry, there are now around 10 million more female business owners, a growth that is mostly attributable to the increase in unstaffed businesses over the past ten years. Their percentage increased across all industries, and women currently make up nearly half of all manufacturing entrepreneurs. Their shares in commerce and services have also increased, but they are still only approximately 10% of the total. This could be a result of a lack of wage employment options elsewhere in the Indian economy, given the frequently marginal character of these activities.

Despite strong GDP development over the past ten years, just 4 million new jobs for women were generated between 2000 and 2010, the majority of which were salaried positions in cities, even though the number of women of working age who were not enrolled in school rose by 60 million during that time. Men only took the remaining 58 million net new jobs. This shows that a lack of alternative work possibilities may be the cause of the increase in female entrepreneurship. If they just work for a portion of the month or year, the employment numbers might not fully reflect the surge in entrepreneurship.

The proportion of female business owners that hire at least one person is tiny and has stayed largely consistent over the past ten years. This implies that despite the Indian economy's strong, steady growth over the past ten years, difficulties still exist for women seeking to launch their own businesses. In the South and East of the nation, they are most active. As with labour force participation, the regional distribution of entrepreneurs implies that cultural variables may influence female entrepreneurship in India (Sorsa, 2015).

Services are where female business owners with employees are most prevalent, followed by manufacturing and trade. Men's and women's activities are very different, as seen by a more in-depth sectoral split. Nearly half of female entrepreneurs with employees work in traditionally feminine industries, aside from retail commerce, which is the most significant industry for both genders. Clothing, education, health care, and other personal services are among them (beauty treatment, hairdressing, cleaning of textile, household maintenance etc.). Male business owners, on the other hand, are spread out across a wider variety of activities. The average amount of education for female business owners who employ staff is roughly six years, compared to four for those who do not.

⁹ Nemet, G.F.; Baker, E. Demand subsidies versus r&d: Comparing the uncertain impacts of policy on a pre-commercial low-carbon energy technology. *Energy J.* 2009, 30, 49–80.

This supports earlier research's conclusions regarding the effects of entrepreneurship's various educational degrees (Ardagna and Lusardi, 2008). It's interesting to note that while there are significantly fewer female business owners with employees than there are male business owners with employees, female owned businesses employ more people and are more likely to maintain accounts and utilise computers.

ENVIRONMENTAL AND SOCIAL LAWS, REGULATIONS AND POLICIES:

- National Environment Policy, 2006
- Environment (Protection) Act, 1986 (as amended in 1991) and Environment (Protection) Rules, 1986
- Environmental Impact Assessment Notification, 2006 and subsequent amendments
- Water (Prevention and Control of Pollution) Act, 1974 (as amended in 1988) & Water (Prevention and Control of Pollution) Rules, 1975 (as amended in 2011)
- Water Cess (Prevention and Control of Pollution) Act, 1977 (as amended in 1992) & Water Cess (Prevention and Control of Pollution) Rules, 1978. 32
- Air (Prevention and Control of Pollution) Act, 1981 (as amended in 1987) and Air (Prevention and Control of Pollution) Rules, 1982
- Noise Pollution (Regulation and Control) (Amendment) Rules, 2000
- Municipal Solid Wastes (Management & Handling) Rules, 2000
- The e-waste Management (Management & Handling) Rules 2011
- Bio-Medical Waste (Management and Handling) Rules, 1998
- Hazardous Wastes(Management, Handling and Transboundary Movement) Rules, 2008
- The Forest Conservation Act, 1980 (as amended in 1988).
- The Wildlife Protection Act, 1972 (amended in 2006)
- Coastal Regulation Zone (CRZ) Notification, 2011 and subsequent amendments Apart from these, there are guidelines:
- CPCB & SPCBs Guidelines for Classification of Industries in to Red, Organic and Green Category.
- CPCB & SPCBs Standards for Emissions or Discharge of Environmental Pollutants from Various Industries.
- Eco-sensitive Zones and Protected Area declared under Environmental (Protection) Act 1986.

HEALTH & SAFETY REGULATIONS:

- The National Environment Tribunal Act, 1995
- The National Environment Appellate Authority Act, 1997
- Factories Act, 1948, Factories Rules, Factories (Amendment) Act, 1987 and Model Rules
- Manufacture, Storage and Import of Hazardous Chemical (MSIHC) Rules, 1989 and subsequent amendments
- Chemical Accident (Emergency Planning, Preparedness and Response) Rules, 1996
- Public Liability Insurance Act, 1991 amended in 1992 and public liability Insurance Rules 1991 amended in 1993
- The Biological Diversity Act, 2002 and Biological diversity rules 2004
- The Insecticides Act, 1968 and the Insecticide Rules, 1971.
- National Green Tribunal Act, 2010 (No. 19 of 2010)

SOCIAL LAWS:

- Child Labour (Prohibition and Regulation) Act, 1986
- Bonded Labour System (Abolition) Act, 1976
- Minimum Wages Act, 1948 step and they will not know
- Workmen's Compensation (Amendment) Act 2009
- The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act (RFCTLARR), 2013
- The Payment of Wages Act, 1936

- The Maternity Benefit (amendment) Act, 2017
- The Payment of Gratuity Act, 1972
- The ESI (Employee state insurance) Act, 1948
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- Building & Other Construction workers (Regulation of Employment & Condition of Service) Act, 1996
- The Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006
- The Right to Information Act, 2005

CONCLUSION

The immediate effects are because the project aimed to help the current Government's MSME programme by introducing improvements through soft studies on technical and institutional reform fronts not important in terms of E&S. An exclusion list hasn't been proposed because the Indian government already has a well-established screening process in place for monitoring MSMEs' permits.

Although the implementation framework to handle the environmental issues of the Program has to be reinforced, both the national and state governments have well-developed environmental legislation. It is suggested that a strategy document called "Strategy to Strengthen Environment and Social Management" be created in order to address this issue. This document will outline the risk screening and management procedures connected to MSME operations at the federal and state levels, as well as the communication, behaviour change, and capacity building plan around E&S aspects. Before talks with the Department of Economic Affairs, GoI, the draught strategy paper will be completed, and throughout the project's first year of execution, stakeholder consultations will be used to finalise it.

More conclusions are as under:

First, externalities, market structure, and consumer preferences will have an impact on the social welfare impacts of environmental subsidy policies and environmental tax policies. It is hard to adequately quantify the social welfare benefits of either environmental regulation policy when market power and externalities cannot be measured.

Second, regardless of whether the market structure is monopolistic or completely competitive, the social welfare effect of environmental subsidy policy is greater than the social welfare effect of environmental tax policy when the absolute difference between the external value of environmentally friendly goods and non-environmentally friendly goods is less than 7.4 units.

Although the analysis of environmental regulation laws in this Article incorporates market structure and consumer preferences, it is constrained to a comparatively static analysis and cannot take into account the dynamic changes in environmental pollution or governance. Research conducted by earlier researchers has taken this into account. Therefore, it will be beneficial in future study to incorporate market structure and consumer preferences with growth models & general equilibrium models.