

# BRIEFING PAPER

CUTS Centre for Competition,  
Investment & Economic Regulation  
**CUTS C-CIER**



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## Regulatory Impact Assessment in Coal Sector in India

*Before introducing legislations, the government sometimes fail to anticipate the consequences of actions in future and unintentionally introduces anomalies in the implementing process. This often results in failure to meet the desired objectives. Hence, Regulatory Impact Assessment (RIA) comes as a facilitating tool to estimate the impacts, both positive and negative, even before the decision is taken. It is one of the ways of continuous learning as it can build in innovation standards within the process.*

*This Briefing Paper discusses CUTS' case study on coal sector in Rajasthan where it has intricately explained various steps involved in executing RIA. In addition, by identifying the problem and undertaking thorough cost and benefit analysis, optimum alternative is selected for implementation.*

### Introduction to Regulatory Impact Assessment

Regulatory instruments, such as policies, legislations, rules, and regulations etc. have pervasive impact and potential to impose superfluous costs on stakeholders thereby affecting multiple stakeholders in different ways. It is therefore imperative to understand the effect of proposed regulations (and their amendments) to achieve an optimal design. Also, inefficient regulations have the ability to raise various complications and uncertainties associated with obligations, which must be evaded. Hence, there is a need to subject regulations to greater scrutiny than in the past with an evidence-based approach to policy-making.

Regulatory Impact Assessment (RIA) is an instrument that essentially comprises stakeholder engagement in policy making and review. It is a formal as well as systematic method for assessing the costs and benefits, economic and non-economic, of regulatory

proposals and the overall aim is to ensure greatest net public benefit.<sup>1</sup>

### Problem Definition

The first step in RIA involves clear identification of the problem that the proposed regulatory intervention or assessment is intended to address in the existing regulation. The problem definition sets out the objective and scope of RIA exercise and helps in identifying relevant stakeholders.

During October 2014, the country experienced an energy deficit of 4.3 percent (increase of 0.8 percent from earlier year), which suggests increasing power generation capacity in India. Coal-based power plants contribute over 86 percent of total power generation and thus need further expansion. Rajasthan faced an energy deficit of 8.2 percent in September 2014. Of the coal thermal power plants recently commissioned in Rajasthan, a significant number of plants missed their original commissioning schedule due to operational and

regulatory delays. One of the significant reasons for this was delay in obtaining environment pollution related licenses.<sup>2</sup> Consequently, the issue of environment related licenses was identified for the project.

## Understanding the Baseline Scenario

The next step in RIA is identifying the persisting lacunae/sub-optimal provisions (impending delays in obtaining approvals). To establish a coal power plant, it is essential to obtain approval for acquiring clearances with respect to water, air and environment pollution. It is also mandatory to do an Environment Impact Assessment (EIA) to assess the adverse impacts of the power plants on the environment.

### *The Water and Air Acts*

The Water and Air Acts were enacted to prevent and control water and air pollution respectively, and maintain/restore wholesomeness of water and air respectively. The Act prohibits any person from establishing any industry (including power plants), operation or process, or any treatment and disposal system, which is likely to discharge sewage or trade effluent without previous consent of the State Board.<sup>3</sup>

### *The Environment (Protection) Act*

The Environment Protection Act (EPA) authorises the central government to take measures to protect and improve the environment, including laying down standards for environment quality and emission,<sup>4</sup> and make rules to regulate environment pollution.<sup>5</sup> The Environment (Protection) Rules, 1986 (EPR), set out the standards for emissions or discharge of environmental pollutants.<sup>6</sup>

### *The Environment Impact Assessment Notification, 2006*

The EIA (Environment Impact Assessment) Notification provides for prior environmental clearance from the central government or the State Environment Impact Assessment Authority (SEIAA) for specified projects or activities (including coal-based power plants), based on their potential impacts on the

environment, on recommendation of Expert Advisory Councils (EAC), on submission of relevant documents.<sup>7</sup>

The procedure mentioned in EIA Notification is time consuming, involves several regulatory authorities, comprises submission of multiple documents and consequently has the potential to impose greater burden on power producers as compared to Air Act and Water Act. Moreover, cumbersome process and delay in grant of environment clearance under EIA Notification has been a matter of concern for the power producers.<sup>8</sup> As on November 20, 2014, 326 proposals of environment clearance were pending.<sup>9</sup> Hence, EIA could be considered to be the most appropriate legislation for the purpose of RIA.

## Analysis of EIA

The analysis of EIA has been segregated into Clearance and Monitoring mechanisms.

### **The Clearance Mechanism**

#### *Issue 1: Absence of regulation of EIA consultants in clearance process*

The National Accreditation Board for Education and Training (NABET) and Quality Council of India (QCI) issues accreditation for EIA Consultant Organisations.<sup>10</sup> Only the EIA reports prepared by the consultants accredited by NABET/QCI are considered by the government for application.<sup>11</sup> However, concerns pertaining to sub-optimal assessment in the EIA studies have persisted, resulting in delays in clearance process.<sup>12</sup>

#### *Issue 2: Absence of accountability mechanisms for regulatory agencies*

The EIA Notification sets time frame for regulatory agencies to perform tasks but does not seek reasoning for the delays. There is also no grievance redressal mechanism if the application is stuck either at the EAC or at the regulatory authority. Absence of accountability provisions have the capacity to result in delays in the decision-making, resulting in delays in clearance mechanism.

### ***Issue 3: Sub-optimal public consultation process***

The EIA Notification envisages public consultation through public hearing. This process seems to suffer from several lacunae and might delay the decision-making process.

- ***Lack of accountability of public agencies in the public hearing process***

The State Pollution Control Boards (SPCBs) are required to conduct public hearing and forward the proceedings to the regulator within 45 days.<sup>13</sup> If SPCBs fail to comply with the requisite time limit, the regulator is required to engage another public agency to complete the process within a further period of 45 days. There is no statutory provision fixing accountability on SPCB/public agency on failure to comply with requisite time limit.

- ***Lack of clarity on persons consulted for assessment of environment impacts***

The EIA Notification envisages taking into account concerns of the following two categories of persons while assessing environmental impacts of projects:

1. Locally affected persons through public hearings and
2. Others who have plausible stake in the environmental impact of the projects.

The EIA Notification does not define the terms 'locally affected persons' and others who have plausible stake in the environmental impacts of the projects making it difficult to ascertain the identity of persons taking part in public hearing and providing responses. This results in a possibility of persons representing vested interests or not having any stake in environmental impact, being made partly to the environment clearance procedure.

- ***Delayed and discontinuous public engagement***

The public consultation is envisaged after the scoping stage, i.e. after finalisation of most important documents required for application. Then the applicant is required to address all material environmental

concerns and make appropriate changes in the draft EIA report and the Environment Management Plan (EMP). The final EIA report is submitted to the concerned regulatory authority for appraisal.<sup>14</sup> No public consultation is envisaged in the appraisal stage.

It seems that the public is consulted quite late in the environment clearance process<sup>15</sup> and the consultation is limited and perfunctory.<sup>16</sup> The public has no opportunity to ascertain if its concerns are adequately addressed and there seems to be no process to redress grievance of public, if any remains.

### ***Issue 4: Absence of effective information management system***

The applicant needs to undertake collection and analysis of data and submit the same through documents, such as the initial application form, pre-feasibility report and the EIA report. However, the Notification provides no indication on availability of relevant baseline data. This makes the task of data collection and analysis tedious and time consuming.

### **The Monitoring Mechanism**

#### ***Issue 1: Absence of feedback mechanism to the regulatory authorities in relation to conditions imposed***

There is no statutory provision to report to the EACs if the conditions imposed by them are complied with or not (except in cases of extension or expansion of the project), reasons for non-compliance, and feasibility of the conditions. Further, there is no review if the conditions imposed actually help in addressing environmental concerns, or some better alternatives exist. This might result in imposition of sub-optimal or un-compliable conditions.

### **Estimation of Costs**

The next step in RIA is to undertake a notional estimation of additional costs of the as-is/prevaling scenario, on multiple relevant stakeholders.

Table 1: Projected Revenue Loss

Power plant	Projected capacity addition* (Kw)	Estimated plant load factor (in percent)	Projected capacity utilisation (Kw)	Estimated rate of sale of power (₹/Kwh)	Projected revenue loss on commissioning (₹ in lakhs)
Suratgarh U7, U8	13,20,000	71.61	9,45,252	4.09	38.66
Chhabra U5, U6	13,20,000	63.22	8,34,504	2.89	24.12

### Revenue loss for Kalisindh Thermal Power Plant Unit 1

Kalisindh Thermal Power Plant (TPP) was one of the power plants reviewed under the project. With commercial operational date as May 07, 2014, Kalisindh TPP was expected to operate for 329 days during 2014-15<sup>17</sup> and its aggregate revenue from sale of power was estimated at ₹1,706.57 crore.<sup>18</sup> The grant of environment clearance for Kalisindh TPP was subject to inordinate delays. Had the delay in grant of environment clearance been avoided, it could have operated for entire period of 365 days during 2014-15.

Consequently, the notional loss of revenue Kalisindh Unit 1 during financial year 2014-15 for 36 days estimated to be around ₹186.73 crore. The original estimated cost of Kalisindh TPP (Unit 1 and 2) was ₹4,600 crore.<sup>19</sup> This later escalated to ₹5,416 crore.<sup>20</sup> Consequently,

the cost overrun of ₹816 crore can be substantially attributed to delay in grant of environment clearance.

The projected loss of revenue on commissioning to other power plants is shown in Table 1.

In order to meet power deficits, power was procured by Rajasthan to meet the shortage. It could be reasonably assumed that in case the power projects were commissioned as per the schedule, the requirement to purchase power from other states might not have arisen.

### Cost pertaining to monitoring mechanism

Monetary and non-monetary costs are imposed on industry through terms and conditions of the environment clearance. A snapshot of EMP costs imposed on select coal-based power plants under consideration for the study, is provided in the Table 2.

Table 2: Environment Management Plan Cost

S. No.	Company	Plant	Year	EMP cost	
				Capital cost (crore)	Recurring yearly cost (crore)
1	Adani Rajasthan	Kawai	2011	28	5.6
2	RVUNL	Suratgarh	2012	31.70	6.33
		Kalisindh (old)	2009		255*
		Kalisindh (new)	2013		33*
		Chhabra	2012	31.70	6.33
3	Shree Cement	Ajmer	2010	5	1
		Pali	2012	60	0.50
		Jhunjhunu	2009	31	0.50
4	JK Cement	Mangrol	2013	8.53	0.31
5	Banswara Syntex	Banswara	2010	3*	

\* Total EMP cost

**Table 3: Comparison of Provisions on the Performance of EIA Consultants**

Issue	Existing provisions/no change	Alternative 1	Alternative 2
Description	<ul style="list-style-type: none"> <li>No direct regulation or supervision of EIA consultants by Ministry of Environment Forest &amp; Climate Change (MOEFCC), save limited disclosure requirements.</li> <li>Accreditation with National Accreditation Board for Education and Training (NABET)/Quality Council of India (QCI).</li> </ul>	<ul style="list-style-type: none"> <li>Registration of EIA consultants with MOEFCC.</li> <li>Direct regulation and supervision by MOEFCC.</li> <li>Accreditation with NABET/QCI done away with.</li> </ul>	<ul style="list-style-type: none"> <li>Allotment of EIA consultants to projects by independent panel.</li> <li>No direct regulation and supervision by MOEFCC.</li> <li>Accreditation with NABET/QCI continues.</li> </ul>
Estimated impact on the government		<p><i>Increase in costs</i></p> <ul style="list-style-type: none"> <li>Annual basic remuneration cost - ₹60,00,000 (excluding other incentives)</li> <li>Physical and ICT infrastructure costs</li> </ul> <p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Average annual fee from EIA consultants (consolidated): ₹5 crore</li> </ul>	<p><i>Increase in costs</i></p> <ul style="list-style-type: none"> <li>Annual basic remuneration cost - ₹1 crore (excluding other incentives)</li> <li>Physical and ICT infrastructure costs</li> </ul>
Estimated impact on EIA consultants	<p><i>Costs</i></p> <ul style="list-style-type: none"> <li>Average annual fee paid to NABET/QCI (consolidated): ₹5 crore</li> </ul> <p><i>Benefits</i></p> <ul style="list-style-type: none"> <li>Fee for EIA received from project proponents</li> </ul>	<p><i>No change in direct costs</i></p> <ul style="list-style-type: none"> <li>Annual fee to be paid to MOEFCC. No change expected in the amount</li> </ul> <p><i>Increase in compliance costs</i></p> <p><i>No change in benefits</i></p> <ul style="list-style-type: none"> <li>No change expected in fee for EIA</li> </ul>	<p><i>No change in cost</i></p> <ul style="list-style-type: none"> <li>No change in payment to NABET/QCI.</li> </ul> <p><i>No change in benefits</i></p> <ul style="list-style-type: none"> <li>Lump sum EIA fee from MOEFCC. Average amount is not expected to reduce.</li> </ul>
Estimated impact on project proponents/consumers	<p><i>Costs</i></p> <ul style="list-style-type: none"> <li>Fee to EIA consultant up to ₹1 crore.</li> </ul>	<p><i>No change in costs</i></p> <ul style="list-style-type: none"> <li>No change in fee to EIA consultant.</li> </ul> <p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports, and consequent reduction in delays, owing to improved regulation and supervision.</li> </ul>	<p><i>No change in costs</i></p> <ul style="list-style-type: none"> <li>Lump sum fee to be paid to MOEFCC. No change expected in average amount.</li> </ul> <p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports, and consequent reduction in delays, owing to reduced conflict of interest.</li> </ul>
Estimated impact on society/environment		<p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports taking into account relevant concerns, owing to improved regulation and supervision</li> </ul>	<p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports, taking into account relevant concerns, owing to reduced conflict of interest.</li> </ul>

As evident from Table 2, substantial costs are imposed on the power producers to address and manage the potential damage done on the environment. In addition, the clearance is subject to various other conditions, such as installation and maintenance of pollution control equipment, sewage treatment plant, ambient air quality monitoring system, *et al.*

The monitoring mechanism must ensure that the costs imposed address and manage the

adverse effects on environment. In addition, an optimal monitoring mechanism must be linked to clearance mechanism to ensure that regulatory authorities imposing conditions are aware of the feasibility, status of compliance and impact of conditions, and only such costs are imposed, which can result in commensurate benefits. As this does not appear the case at present, the EMP cost imposed on the power producers might not achieve the desired benefits.

**Table 4: Comparison of Provisions on Public Engagement**

Issue	Existing provisions/ no change	Alternative 1	Alternative 2
Description	<ul style="list-style-type: none"> <li>Public consultation after scoping stage</li> </ul>	<p><i>Addition to current provisions</i></p> <ul style="list-style-type: none"> <li>Draft ToR subject to from interested public, and possibility of representation at EAC meeting.</li> <li>Updated draft of EIA report subject to comments from interested public, and possibility of representation at EAC meeting.</li> </ul>	<p><i>Addition to current provisions</i></p> <ul style="list-style-type: none"> <li>Grievance redressal cell for interested public, after public consultation</li> </ul>
Estimated impact on the government	<p><i>Benefits</i></p> <ul style="list-style-type: none"> <li>SPCBs receive fee from project proponent</li> </ul>	<p><i>Increase in costs</i></p> <ul style="list-style-type: none"> <li>Annual basic remuneration cost - ₹8.20 crore (excluding other incentives).</li> <li>Physical and ICT infrastructure costs.</li> </ul>	<p><i>Increase in costs</i></p> <ul style="list-style-type: none"> <li>Annual basic remuneration cost - ₹8.64 crore (excluding other incentives)</li> <li>Physical and ICT infrastructure costs</li> </ul> <p><i>No change expected in benefits</i></p>
Estimated impact on project proponents/ consumers	<p><i>Costs</i></p> <ul style="list-style-type: none"> <li>Fee to be paid to SPCBs</li> </ul>	<p><i>No change expected in benefits</i> <i>No change expected in costs</i> <i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports, and consequent reduction in delays, owing to continuous public engagement.</li> </ul>	<p><i>No change expected in costs</i> <i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports, and consequent reduction in disgruntled public, and thus reduction in delays, owing to presence of a grievance redressal mechanism for interested public.</li> </ul>
Estimated impact on society/ environment		<p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports taking into account relevant concerns, owing to continuous public engagement.</li> </ul>	<p><i>Increase in benefits</i></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of reports, taking into account relevant concerns, owing to presence of a grievance redressal mechanism.</li> </ul>

## Developing and selection of alternatives

The following sections attempt to undertake a comparison of costs and benefits of relevant provisions of EIA Notification, if any (no change in scenario), with alternatives suggested, on the basis of comparison of costs and benefits to relevant stakeholders, and recommend the most optimal alternative.

### *Sub-optimal performance of EIA consultants*

Table 3 compares the existing provisions under EIA Notification on performance of EIA consultants, with suggested alternatives.

*Recommendation:* Alternative 1 poses greater benefits as compared to alternative 2, hence, recommending alternative 1 i.e. registration of EIA consultants with MOEFCC and

consequent regulation and supervision of EIA consultants by MOEFCC.

### **Ineffective Public Engagement**

Table 4 compares the existing provisions under EIA Notification on public engagement with suggested alternatives.

*Recommendation:* It could be reasonably assumed that benefits of public engagement throughout the environment clearance process (alternative 1) would exceed the benefits of a grievance redressal mechanism (alternative 2), when compared with no change scenario. Hence, recommending Alternative 1 i.e. continuous public engagement throughout the environment clearance process.

**Table 5: Provisions to Check Abuse of Discretion**

Issue	Existing provisions/ no change	Alternative 1	Alternative 2
Description	<ul style="list-style-type: none"> <li>No specific provision to check abuse of discretion.</li> </ul>	<ul style="list-style-type: none"> <li>Disclosures by relevant regulatory agencies in recommendations/decisions.</li> <li>Disclosures by regulatory agencies in annual report.</li> <li>Reasoned explanation by relevant regulatory agencies for inability/delays in performance.</li> </ul>	<ul style="list-style-type: none"> <li>Grievance redressal of project proponents at NGT, in case of delays; imposition of unreasonable conditions; and non-performance of statutory obligations.</li> </ul>
Estimated impact on government		<p><i>Increase in costs</i></p> <ul style="list-style-type: none"> <li>Estimated annual basic remuneration cost: ₹15.40 crore.</li> <li>Physical and ICT infrastructure costs.</li> </ul>	<p><i>Increase in costs</i></p> <ul style="list-style-type: none"> <li>Annual basic remuneration cost: ₹1.08 crore</li> <li>Physical and ICT infrastructure costs.</li> </ul>
Estimated impact on project proponents/ consumers	<p><i>Costs</i></p> <ul style="list-style-type: none"> <li>Inordinate delays and imposition of unreasonable costs.</li> </ul>	<p><i>Reduction in costs</i></p> <ul style="list-style-type: none"> <li>Improvement expected in environment governance, and consequent reduction in delays and imposition of unreasonable costs, owing to increase in public disclosure.</li> </ul>	<p><i>Reduction in costs</i></p> <ul style="list-style-type: none"> <li>Improvement expected in environment governance, and consequent reduction in delays and imposition of unreasonable costs, owing to presence of a grievance redressal mechanism.</li> </ul>
Estimated impact on society/ environment	<p><i>Costs</i></p> <ul style="list-style-type: none"> <li>Imposition of disproportionate costs.</li> </ul>	<p><i>Reasonable reduction in costs</i></p> <ul style="list-style-type: none"> <li>Improvement is expected in quality of environment clearance process, and consequent imposition of proportionate costs on stakeholders, owing to increase in public disclosure.</li> </ul>	No change.

**Table 6: Provisions on Persons Consulted for Assessment of Environment Impacts**

Issue	Existing provisions/ No change	Proposed alternative
Description	<ul style="list-style-type: none"> <li>No clear description about persons to be consulted during public consultation process.</li> </ul>	<ul style="list-style-type: none"> <li>Persons providing comments in writing on environment aspects of project required to explain their 'plausible stake' in the project.</li> <li>Power to SPCBs to ascertain identity and residence of 'locally affected persons'.</li> </ul>
Estimated impact on the government		<p><b>Increase in costs</b></p> <ul style="list-style-type: none"> <li>Estimated annual basic remuneration cost: ₹2.80 crore (excluding other incentives).</li> <li>Physical and ICT infrastructure costs.</li> </ul>
Estimated impact on project proponents/ consumers	<p><b>Cost</b></p> <ul style="list-style-type: none"> <li>Consultation with persons having vested interest.</li> </ul>	<p><b>Reduction in costs</b></p> <ul style="list-style-type: none"> <li>Improvement expected in quality of EIA process, and consequent reduction in delays and imposition of unreasonable costs, owing to public consultation with genuine stakeholders.</li> </ul>
Estimated impact on society/ environment	<p><b>Cost</b></p> <ul style="list-style-type: none"> <li>Persons with genuine interest remain unrepresented.</li> </ul>	<p><b>Increase in benefits</b></p> <ul style="list-style-type: none"> <li>Improvement is expected in quality of EIA process, and consequent imposition of proportionate costs, owing to effective representation of genuine stakeholders only.</li> </ul>

#### Abuse of discretion by regulatory agencies

Table 5 compares the existing provisions under EIA Notification on checking abuse of discretion by regulatory agencies, with suggested alternatives.

**Recommendation:** Alternative 1 i.e. public disclosure at all levels, while imposes costs on the government, is expected to improve environment governance, by benefitting all categories of stakeholders.

**Table 7: Submission of Half-yearly Reports**

Issue	Existing provisions/ No change	Proposed alternative
Description	<ul style="list-style-type: none"> <li>Submission of half-yearly reports to MOEFCC/SEIAA.</li> </ul>	<ul style="list-style-type: none"> <li>Specific provision to submit half yearly reports to EACs.</li> </ul>
Estimated impact on government		No change
Estimated impact on project proponents/ consumers	<p><b>Cost</b></p> <ul style="list-style-type: none"> <li>Consultation with persons having vested interest.</li> </ul>	<p><b>Increase in benefits</b></p> <ul style="list-style-type: none"> <li>Improvement expected in environment clearance process, and consequent reduction in imposition of unreasonable costs, owing to EACs becoming aware of status of compliance of conditions, feasibility of conditions, and their impact on ground.</li> </ul>
Estimated impact on society/ environment	<p><b>Cost</b></p> <ul style="list-style-type: none"> <li>Persons with genuine interest remain unrepresented.</li> </ul>	<p><b>Increase in benefits</b></p> <ul style="list-style-type: none"> <li>Improvement expected in environment clearance process, and consequent imposition of proportionate costs, owing to EACs becoming aware of status of compliance of conditions, feasibility of conditions, and their impact on ground.</li> </ul>



### Clarity on persons consulted for assessment of environment impacts

Table 6 compares the existing provisions under EIA Notification on persons consulted for assessment of environment impacts, with suggested alternatives.

*Recommendation:* Proposed alternative i.e. ascertaining authenticity of public involved in consultation process, as it is expected to reduce the delays in the EIA process.

### Statutory requirement to submit half-yearly reports to the EAC

Table 7 compares the existing provisions under EIA Notification for submission of half year reports, with suggested alternatives.

### Development of effective information management system

Table 8 compares the existing provisions under EIA Notification for information management system, with suggested alternatives.

## Conclusion

With the given evidences, it can be concluded that there has been improper implementation of provisions of EIA, causing delay and complexity in clearing applications to establish a coal-based power plant. While the above recommendations are expected to impose substantial costs on the government, these are expected to be outweighed by projected benefits, such as significant improvement in obtaining clearances (decision-making), including ensuring transparency, accountability and reasoned decisions. Finally, conducting RIA is expected to substantially reduce delays in environment clearance process and rationalise the costs imposed on different stakeholders. Hence, the alternatives suggested above are recommended for adoption.

**Table 8: Provision for Online Information Management System**

Issue	Existing provisions/ No change	Proposed alternative
Description	<ul style="list-style-type: none"> <li>No provision</li> </ul>	<ul style="list-style-type: none"> <li>A statutory requirement obliging government to develop and maintain an online information management system (IMS).</li> <li>The database could be accessible to public on payment of fee.</li> </ul>
Estimated impact on government		<p><b><i>Increase in costs</i></b></p> <ul style="list-style-type: none"> <li>Time, efforts and expertise would be required to develop and maintain IMS, consequently increasing the costs.</li> </ul> <p><b><i>Increase in benefits</i></b></p> <ul style="list-style-type: none"> <li>The benefits received through accessing the baseline is expected to partially offset the costs.</li> <li>Reduced efforts in appraisal phase, owing to the availability of quality data.</li> </ul>
Estimated impact on project proponents/ consumers		<p><b><i>Increase in benefits</i></b></p> <ul style="list-style-type: none"> <li>While the project proponents currently pay various agencies to access baseline data, the quality is often not reliable. With the government developed IMS, reliable and quality data would be available resulting in improvement in quality of EIA, reducing delays and imposition of unreasonable costs.</li> </ul>
Estimated impact on society/ environment		<p><b><i>Increase in benefits</i></b></p> <ul style="list-style-type: none"> <li>Improvement expected in the EIA process with the availability of reliable data, and consequently, imposition of proportionate environment management costs on relevant stakeholders.</li> </ul>

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## Endnotes

- 1 Kirkpatrick C, 2001, Regulatory Impact Assessment in Developing countries: Research Issues, Centre on Regulation and Competition working paper series, University of Manchester.
- 2 As on May 01, 2014, 21 projects were delayed by more than 12 months, due to pending clearances from MOEFCC. Of these 21 projects, 6 projects have reported cost overruns, Lok Sabha unstarred question no. 302, to be answered on July 11, 2014, and Lok Sabha unstarred question no. 2545, to be answered on July 25, 2014.
- 3 Section 25 of the Water Act
- 4 Section 3 of the EPA
- 5 Section 6 of the EPA
- 6 Rule 3 of the EPR
- 7 Item 2 of the EIA Notification
- 8 Association of Power Producers, Key Issues of Consideration, June 20, 2014. Also see, Sandeep Singh, PSUs also faced environment ministry stonewalling, The Financial Express, December 27, 2013. The article notes, 'While an aggregate of 1,474 projects received the clearance in 2009 and 2010, the number of projects that received the ministry's nod in 2012 and 2013 came down to only 839, a drop of 43 percent'.
- 9 MOEFCC, Projects pending in environment clearance, Lok Sabha Questions, available at: <http://164.100.47.132/LssNew/psearch/QResult16.aspx?qref=6080>, accessed on December 09, 2014
- 10 NABET and QCI, Scheme for Accreditation of EIA Consultant Organisations, August 2011
- 11 Ministry of Environment and Forests, Office Memorandum on Accreditation of the EIA Consultants with QCI/NABET, December 01, 2009, available at: [http://www.moef.nic.in/divisions/iass/QCI\\_on\\_web.pdf](http://www.moef.nic.in/divisions/iass/QCI_on_web.pdf), accessed on November 29, 2014. Also see Office Memorandum on the same subject dated June 30, 2011, available at: <http://moef.nic.in/downloads/public-information/0m-30-07-2011.pdf>, accessed on November 29, 2014.
- 12 The High Level Committee to review various Acts administered by MOEFCC (November 2014) also observed, 'there is overdependence on the information provided by the project proponents – it should be noted that in the current dispensation, the consultant is remunerated by the project sponsor, and has no incentive to bring out all the relevant facts, some of which may be adverse to the interest of the project proponent'.
- 13 Item 7(III) of the EIA Notification
- 14 Clause 7(III)(vii) of the EIA Notification
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