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Case Law

Supreme Court Quashes NGT Penalty:
Highlights of Environmental Compliance and
Legal Principles

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JUDICIAL INSIGHT

Case Title

Benzo Chem Industrial Pvt. Ltd. Vs. Arvind Manohar Mahajan & Ors. [Civil Appeal No(s). 9202-9203/2022].

"SUPREME COURT QUASHES NGT PENALTY: HIGHLIGHTS ENVIRONMENTAL COMPLIANCE AND LEGAL PRINCIPLES"

Facts of the Case:

- Benzo Chem Industrial Pvt. Ltd. (the appellant) faced penalties imposed by the National Green Tribunal (NGT) in 2022 for environmental non-compliance.
- The NGT had found the appellant non-compliant with environmental requirements based on reports dating back to 2010 and continuing until 2020.
- The appellant, however, presented reports from the Maharashtra Pollution Control Board (MPCB) and the National Environmental Engineering Research Institute (NEERI), which stated that no violations had been observed.
- Despite the appellant's claims and supporting reports, the NGT imposed a penalty of ₹25 Crores, calculating it based on the appellant's reported revenue, without proper justification linking revenue and environmental penalties.

Issue Involved:

Whether the NGT's order imposing a penalty of ₹25 Crores on the appellant was justified, considering the appellant had presented contrary evidence regarding compliance with environmental standards.

Supreme Court Verdict:

The Supreme Court, in its judgment, quashed the NGT's order.

- The appellant had presented inspection reports from both MPCB and NEERI showing compliance with environmental standards. The NGT's conclusion that violations persisted from 2010 to 2020 was unsupported by the evidence.
- The penalty of ₹25 Crores was based solely on the revenue range (₹100 Crores to ₹500 Crores) of the appellant, which lacked a clear connection to the environmental violations.
- The NGT had not provided an adequate opportunity for the appellant to contest the proposed penalty, nor did it justify the exact amount of the fine imposed.
- The Supreme Court found that the penalty methodology used by the NGT was inconsistent with legal principles and quashed the order.



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