

## ***PREFACE***

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**I**n 1996, the National Institute of Public Finance and Policy (NIPFP: New Delhi) and Madras School of Economics (MSE: Chennai) joined the World Resources Institute (WRI: Washington D.C.), in conducting a cross-country study on Fiscal Instruments for Environmental Sustainability. Sponsored by the World Resources Institute and conducted in three countries namely, India, Mexico, and Poland, the purpose of the study was to probe into the relevance and effectiveness of fiscal mechanisms for addressing the environmental problems. The critical issue for the study was: can economic and fiscal mechanisms effectively address the environmental problems?

The NIPFP and the MSE undertook this study in India, in respect of three sectors i.e., energy, water, and solid wastes which are the principal sources of environmental pollution in Indian cities. As part of the study, the pricing and charging policies and practices in respect of energy, water and solid wastes were examined on the basis of the secondary evidence and published reports. NIPFP conducted studies on water supply and solid wastes; MSE concentrated on the energy sector. The studies were completed in the latter part of 1996 and submitted to the WRI in early 1997. The findings of India studies are being integrated with those of other two countries by the WRI, Washington, D.C.

Considering that the results of these studies may be of wider interest, NIPFP and MSE have decided to put out a summary version. I am happy to release this summary version titled as, *Economic Instruments for Environment Sustainability* for wider audience and dissemination.

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The studies have been conducted jointly by Om Prakash Mathur (Professor, NIPFP) and U.Sankar (Director, MSE), with assistance from Dr. B.C. Barah on water supply and Dr. G.Mythili on energy. Others who have contributed to the study include R. Anuradha (MSE), Purnamita Dhar, Sandeep Thakur, Sucharita Sen, and Vandana Sipahimalani (NIPFP). I am grateful to them for their painstaking search for the secondary material and analysis of the same for this study. The contribution of Rita Wadhwa in editing the book is appreciated. The camera ready text for printing was ably designed and prepared by S.B. Maan. I would also like to acknowledge the smooth manner in which the partnership arrangement between the NIPFP and MSE functioned on this study.

The views expressed in the publication are solely the responsibility of the authors.

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