



A REVIEW OF INDIA'S ENVIRONMENTAL ACCOUNTING AND REPORTING

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ABSTRACT

The environment is becoming a problem that is far more important on a global scale from an economic, social, and political perspective. In recent years, concern for the natural world has emerged as one of the most crucial components of societal responsibility. Because of the alarming rate at which environmental externalities caused by corporations have increased, it is absolutely necessary to put effective environmental protection measures into place. As a direct consequence of this, a significant number of associations and organizations acknowledged the gravity of the circumstance and started working to advance and protect this cause. Environmental consciousness and the obligation to account for it are rapidly growing as issues of concern in the modern world. As a consequence of rising concerns about environmental responsibility and the development of a more sustainable industrial economy, a cutting-edge and completely brand-new subfield of accounting known as environmental accounting has emerged as a response to these challenges. By elucidating the environmental effects that are the result of the procurement and processing of materials, as well as the manufacturing, sales, distribution, usage, maintenance, and disposal of products, environmental accounting will be able to more accurately determine the costs that are actually incurred. It can provide assistance to companies and organizations in the development of innovative solutions to modify resource use, eliminate resource limitations, fulfill regulatory standards, and prevent environmental problems. Accounting for the environment's long-term viability is the focus of green accounting, also known as environmental accounting, a subfield of accounting that is still in its infancy but experiencing rapid growth as a subject of study. The discipline of environmental accounting is just starting to take off in India right now. Even though Indian businesses abide by the laws and rules that pertain to the preservation of the environment, no clear-cut policies have yet been established at the national, state, or even corporate levels to guarantee the degree of compliance with environmental standards. This is the case despite the fact that Indian businesses comply with the laws and rules that pertain to the preservation of the environment. The purpose of this research is to provide a comprehensive overview of environmental accounting and reporting in India. [Citation needed] In addition to this, the report intends to present potential solutions to a number of environmental accounting practices that are lacking in India. The main environmental criteria that Indian corporations reported as a part of their environmental reporting procedure are also a primary focus of the study.

Keywords: Environmental Accounting, Green Accounting.

Introduction

Environmental resources that are more likely to be a present from nature than the product of human activity are extremely valuable natural resources for countries such as India. The availability of natural and environmental resources is inextricably linked to all types of development. Growing the economy at the expense of the natural world leads to a problem in environmental health and brings down the general level of

living for both the current generation and the generations to come. Damage to the natural environment and increased pollution are two significant side effects of development. As a result, environmental accountability is developing into a severe worldwide problem. All developing nations, including India, are placing a primary emphasis on the development of their respective "green economies" in order to advance social fairness and human well-being, as well as to lessen the risks to the environment and the scarcity of biological resources. It is only natural that as business sectors all over the world, and specifically in India, become more concerned about the deterioration of the environment, a greater amount of importance will be placed on how environmentally beneficial the outcomes are. Monitoring the state of the nation's natural and environmental resources has taken on an increasingly critical role as of late. Environmental accounting is a method that can be used to gain an understanding of the ways in which the natural environment influences the business. Environmental accounts provide data that not only emphasizes the costs associated with pollution or the deterioration of resources, but also the worth that natural resources contribute to economic well-being. The uninterrupted operation of commercial enterprises is contingent on the utilization of a wide diversity of natural resources. The various businesses ought to focus on maintaining biological equilibrium and setting aside some of their resources specifically for this purpose. As a result, there is an expectation placed on business corporations to take into consideration the use of substances that have the potential to damage the environment. India is still in the process of developing and is focusing on a variety of variables, one of which is environmental consciousness. India is still working toward its goal of becoming a developed nation. In addition to this, adequate evidence needs to be gathered by maintaining an accurate account of the environment in order to increase environmental consciousness. Accounting for resources, green accounting, and integrated accounting are some of the alternative terms that can be used in favor of environmental accounting. Professor Peter Wood is credited with being the first person to use the term "environmental accounting" in the 1980s. The primary objective of green accounting, also referred to as environmental accounting, is to maintain financial documents in a manner that is friendly to the natural world. It is an entirely new facet of accounting that has arisen as a direct result of the growing applicability and significance of the topic. Accounting practices in businesses that are able to take into consideration the environmental costs, advantages, and ramifications of their actions are referred to as "green accounting." The word "green accounting" refers to the process of collecting data that links environmental factors to financial factors of a company and has an impact on the organization's economic and environmental policies over the long term.

Objectives of the Study

The objectives of the study are as follows:

- To familiarize oneself with the concept of environmental accounting.
- Conducting investigation into the environmental bookkeeping practices that are followed in India
- To have an understanding of the different phases of environmental bookkeeping and to be knowledgeable about the various pieces of environmental regulations that are appropriate.

Research Methodology

Type of Research: Descriptive/Expressive Research

A supplementary technique of data acquisition is utilized here for the purpose of data collection. The majority of the research papers, magazines, and articles on the subject matter serve as sources for the supplementary data that is collected.

Literature Review

An analysis of the measurement, identification, and assessment of environmental expenses was made in a study by **Ramesh.L. (December 2013)** that looked at the environmental accounting methods in a few Indian businesses. The greatest problem is how difficult it is to accurately compute the business's environmental costs and benefits. As a result, there is a big danger associated with their incorporation of accounts. This research shows that most companies are conscious of environmental issues and their regulatory obligations to disclose them. Few companies, though, truly implement it. Numerous trends have also been observed, such as the fact that large companies disclose more information than small ones. In addition, the company uses detailed language rather than numeric terms when disclosing information.

According to **Solanki (2016)**, "Green Accounting" is a developing discipline that identifies resource utilization, analyzes it, and communicates the environmental costs and effects of an organization or the entire national economy. This can be done at the individual business level or at the macroeconomic level.

Research on the theoretical foundations of business environmental reporting and its legal setting is conducted by **Dr. Rabindra Kumar Swain, Roji Kanungo, and Sakti Ranjan Dash (2017)**. GRI is a widely adopted standard in the business world, so it also examines how reliably Indian companies report environmental variables. Ritu Sharma, Dr. An Overview of Environmental Accounting and Reporting in India. In line with GRI standards, it also tries to assess the extent of environmental exposure made by prominent businesses.

C. Sengottuvel, M.D. (2018), Environment accounting includes the methods for telling stakeholders about these costs as well as the identification, assessment, distribution, and incorporation of environmental costs into business processes. In this sense, it is a comprehensive plan to ensure superb corporate administration that includes transparency in its social actions. Performance falls short of standards as a result of the disregard for environmental bookkeeping displayed by some types.

Ramesh and Madegoda's (2019) survey of scholars and experts on environmental accounting and practice issues. India's government rarely offers advice. However, current environmental accounting and report norms are inadequate, requiring more variety. Environmental accounting aids decision-making, and N Navya and Yamini Apoorva believe India could grow faster if it uses it. The government must also alter this and enforce all laws.

Environmental Accounting Practice in India

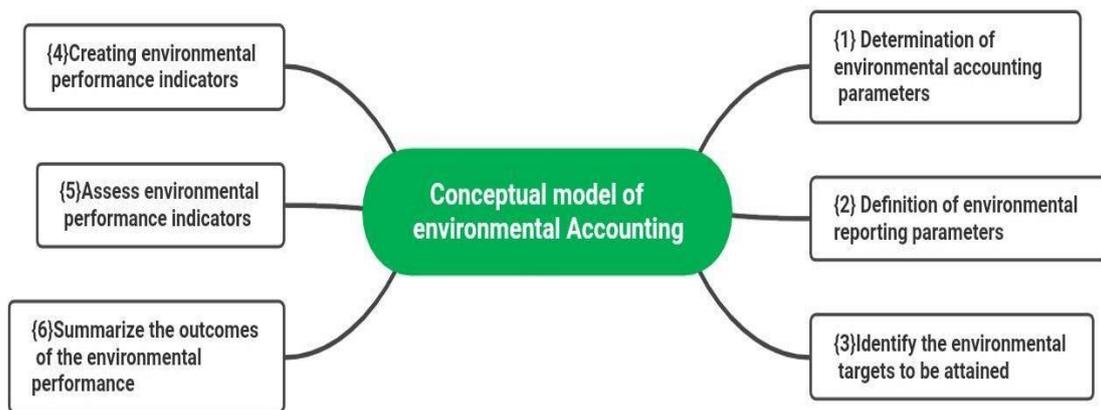
- Green accounting was first announced in 1991.
- According to a proposal made by the Ministry of Environment and Forests, "Every company shall, in the Report of its Board of Directors, disclose briefly the particulars of steps taken or proposed to be taken towards the adoption of clean technologies for prevention of pollution, waste minimization, waste recycling and utilization, pollution control measures, investment in environmental protection, and impact of these measures on waste reduction, water and other resources conservation."
- The Union Ministry of Environment and Forests has given guidelines for environmental comments.
- State environmental departments and the Union Ministry of Environment and Forests must approve all new projects. Before starting, such ventures must get environmental and anti-pollution approval.
 - ❖ Their reports reveal the following.
 - ❖ Pollution-control equipment fitted
 - ❖ Measures taken to conserve energy.
 - ❖ Best possible resource use.
 - ❖ Waste decomposition procedures.
 - ❖ Measures taken to raise the product's caliber.
 - ❖ The concerned industry is required to include information in this environmental statement on:
 - ❖ Water and raw material consumption.
 - ❖ Pollution was produced
 - ❖ How pollution control measures affect natural resource preservation.
 - ❖ The types of hazardous and solid wastes generated and the disposal techniques used Environmental protection steps taken.
 - ❖ Measures taken to increase corporate sector awareness of the advantages of environmental accounting and reporting.

Environmental tracking and oversight in India are scarce. Except for the Companies Act of 2013, which allows companies to explore resource viability and environmental protection, there are no basic laws ruling environmental costs and duties. 2011's National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business from the Ministry of Corporate Affairs promoted corporate social responsibility. (NVGs). "Companies must provide safe and sustainable goods and services throughout their life cycles," according to NVG Principle 2. The NVGs' Principle 6 states that "enterprise should respect, conserve, and try to reestablish the environment." Key elements:

- ❖ Through the removal, reutilization, recycling, and waste control of garbage, organisations can allow the most effective and efficient use of natural and human capital to preserve the reuse of materials.
- ❖ Companies have a responsibility to control and prevent pollution and contamination. They ought to look at the harm done to the environment and give proper consideration to the expense of reducing pollution.
- ❖ Their environmental loss will be immediately reduced by using ecologically friendly production techniques, energy-efficient technologies, and a sustainable energy source.
- ❖ Organizations will be transparent with stakeholders about their environmental performance, including an assessment of any potential environmental risks associated with their operations.

Conceptual Model of Environmental Accounting in India

In order to assess the organization's total environmental effectiveness, the research created a model that outlines six variables to be taken into consideration in environmental bookkeeping. This model's goal is to provide a novel viewpoint on the various duties that organizations must perform in order to ease environmental bookkeeping and reporting. There are various phases in India's acceptance of green bookkeeping methods, according to Minimol & Makesh (2014). According to them, the following steps must be taken in order to introduce ecological bookkeeping practices in India:



- **Determination of Environmental Accounting Parameters:** Organizations first determine their respective environmental reporting parameters, such as environmental policy, health, safety, and environment, energy conservation, corporate sustainability/environmental initiatives, sustainability reporting, waste management, water management, wind and renewable energy sources, environmental information system, environmental disclosure practices, environmental targets, environmental reporting indicators, and environmental costs and benefits.
- **Definition of Environmental Reporting Parameters:** Before endeavoring to evaluate the environmental performances over the long term, organizations will, as a second step, provide an in-depth description of the significance that each operational criterion has.
- **Identify the Environmental Targets to be Attained:** In this section, you should make an effort to formulate the environmental goals that need to be achieved over the course of both the short and long terms.
- **Creating environmental performance indicators:** Indicators for evaluating an organization's performance with regard to the environment need to be developed by the organization in the fourth stage. These indicators should include a structure for environmental policy, guidelines for health and safety, energy-saving techniques, trash management programs, and water management regulations.
- **Assess Environmental Performance Indicators:** During this period, companies are required to evaluate their actual environmental performance in connection to the standard performance benchmarks that have been established. Both quantitative and qualitative methods of measurement are valid alternatives. Indicators like the environmental policy framework, for example, are required to be evaluated qualitatively, whereas waste management programs are required to be monitored quantitatively.
- **Summarize the outcomes of the environmental performance:** Last but not least, businesses take into account both their financial performance and their impact on the environment in order to determine how the environment affects their financial performance.

Importance of Green Accounting For Business

Companies have realized the advantages of environmental reporting over the last ten years.

As a direct consequence of this, an increased number of enterprises reported their activities using a variety of techniques. Environmental disclosure is rapidly recognized by early reporters to be more of a governance and political problem than a simple reporting instrument. This realization occurred relatively quickly. Companies are expected, regardless of the reporting method, to adhere with both country-specific reporting requirements as well as global reporting requirements.

- Unfavourable actions toward the environment can have a detrimental effect on an organization's reputation, which may result in a loss of sales as customers choose to abandon the company's products in protest of the organization's actions. Businesses that are harmful to the environment could face significant financial penalties in a number of countries. Additionally, it is possible that companies will be required to spend a significant amount of money clearing up any contamination that is caused by their operations.
- Costs can be reduced by altering environmental behaviour.
- Businesses have a moral obligation to do their part to lessen the damage they cause to the environment as good corporate citizens.

It addresses the following three important elements:

- + People
- + Profitability
- + Planet

Additionally, it addresses the expenses and advantages or benefits that an environment offers a corporate organization.

- Sustainable development is the process of addressing present-day needs without compromising those of coming generations.
- Businesses can be aware of how and when to use their resources. They are able to cut back on waste and utility expenditures thanks to it.
- Employees even feel good about working for organizations that consider society rather than just the bottom line.
- Monitoring environmental performance as stakeholders' interest in how businesses affect the environment grows.
- Including management accountants in longer-term strategic planning for matters relating to the environment.

Conclusion

There is a cost associated with maintaining natural resources, which leads to a dual aspect that led to the development of environmental accounting. Natural resources provide us with advantages and revenue, but there is also a cost associated with maintaining them somewhere. India needs to make a decision regarding the preservation of the environment or the simple acceptance of its deterioration. The nation must avoid making a choice between protecting the environment and growing its economy because the protection of the environment will undoubtedly result in the expansion of the latter. It is not enough to merely have the intention of practicing green bookkeeping; this practice needs to be put into action. It is not enough to merely have an intellectual comprehension of the worth of green bookkeeping; one must also put it into practice. It is not sufficient to merely move urgently; all of the essential steps must be performed. Accounting is the language used in business, and green accounting is the language used to talk about the environment through the lens of business. At this point, environmental bookkeeping in India is still in its infant phases. Companies nowadays develop their own unique environmental strategies, take measures to cut emissions, comply with applicable laws, and disclose environmental issues in yearly reports in a manner that is sufficient. Environmental accounting and reporting confront a number of challenges, such as the incorporation of societal ideals into pertinent assumptions, the determination of economic value, and the absence of reliable data from commercial sources. Environmental accounting is an essential component that cannot be neglected because it incorporates both environmental and commercial data into its reports. The implementation of green bookkeeping practices at the national level would lead to the growth of the Indian economy.

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