IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

"GREEN ACCOUNTING AND REPORTING PRACTICES AMONG INDIAN CORPORATES"

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ABSTRACT :

Green accounting is one of the crucial areas in today's corporates social responsibility. Companies are incorporating the concept of environmental element in their business operators. Green Accounting and Reporting will help the organizations in India to identity the resources utilization and the incurred cost. Recent years have witnessed rising concern for environmental degradation which is taking place mainly in the form of pollution of various type like, air, waters, sound, soil erosion, deforestation etc., Even though Indian corporate comply with the rules and regulations with regard to environment protection, till now no clear cut poleis are framed and formulated at the National, state or even at the company level for ensuring the level of compliance to environment norms. The aim of this paper is to present a view of the different activities to be undertaken by organization to facilitates environmental accounting and reporting.

Key Words:

Social responsibility, Environmental Accounting, Environmental Reporting, Environmental performance.

Introduction:

The developing countries like India are facing the twin problem of protecting the environment and promoting economic Development. A careful assessment of the benefits and cost of environmental damages is necessary to find the safe limits of environmental degradation and the required level of development. Responsibility towards environment has become one of the most crucial areas of social responsibility. Corporate enterprises are facing the challenges to determine their true profits, which are environmentally sustainable. For this, companies need to account for the environmental. They should take account of its most significant external environmental impact and in effect, to determine what profit level would be left if they attempted to leave the place in the same state at the end of the accounting period as it was in the beginning.

Green Accounting and Reporting : Conceptual Framework Green Accounting refers to accounting practices incorporating the environmental costs, impact and consequences. It is something more than merely undertaking social cost benefit analysis of various projects of the company or valuations of environmental goods and services produced. Generally, green accounting involves the identification, measurement and allocation of environmental costs, integration of these costs into business, identifying environmental liabilities and communication the results to the stakeholders of the company as part of financial statements.

Green Reporting is popularly used across nations for disclosure of environmental related data, audited as not, regarding environmental, risks, environmental impacts, policies, costs and liabilities. Corporate environmental protections should include environmental reporting initiatives taken by the enterprise, the address impact of its production process and produce on the environment both in quantities and qualities terms and its initiatives in process and product innovation in order to achieve sustainable growth.

The basic objectives of environmental accounting includes segregation and collaboration of all environment related flows and stocks of assets or resources, taking the total stock of assets or reserves related to environmental issues and changes, there in, minimizing environmental impact through improved product and process design, estimation of the total expenditure on protection or enhancement of environment, assessing changes of environment in terms of costs and benefits, to identify that part of GDP this reflects the costs necessary to compensate for the negative impact of economic growth.

Scope of Green Accounting :

The scope of green accounting is very wide. It includes corporate level, national and international level.

The following aspects included in green accounting internal and external aspects:

- From internal point of view investment mode by the corporate sector for minimization of losses to environment. It includes investment made into the environment saving equipment devices. This type of accounting is easy as money measurement is possible.
- From the external point of view all type of losses are indirectly due to business operations or activities.

It mainly includes:

- Degradation and destruction like soil erosion, loss of bio diversity, air pollution, heater pollution, voice pollution, problem of solid waste, coastal and marine pollution.

- Depletion of non-renewable natural resources i.e., loss emerged due to over exploitation of non-renewable natural resources like mineral water, gas etc.,

- Deforestation and land uses. This type of accounting is not easy, as losses to environment cannot be measured exactly in monetary value. Further, it is very hard to decide that how much loss was occurred to the environment due to a particular industry.

Green accounting and reporting practice in India

Green Accounting and Reporting in India is in developing stage both at the corporate level and the National level. The entire process of Green Accounting encompasses 3 distinctive phases such as :

- Physical Accounting

  Determines the state of the resources type and extent is spatial and temporal terms

- Monetary valuation

  Valuation of resources – tangible and intangible in terms of its monetary aspects.
- Integration with Economic Accounting

  Integration of money value of environmental resources with that of other resources.

Review of Literature :

Green Accounting is also known as environmental Accounting, is to measure, record and disclose the impacts of corporate environmental activities on its financial status through a set of accounting systems. The definition of green accounting in different countries are similar as said below:

- “Denmark, 1995 Green Accounts Act” – About 1200 high – pollution enterprises must announce green accounting report. Besides, 200 enterprises voluntarily provide the reports.

- "Netherlands, 1999 environmental Mgmt. Act" – About 260 enterprises are compelled to disclose the environmental report. Besides 40 enterprises voluntarily provide the report.
- U.S. Environmental Protection Agency, 1995 an Introduction to environmental accounting as a business Mgt. toll environmental cost accounting means adding environmental cost information to the current cost accounting system. Identifying hidden environmental cost and allocating it to proper products or manufacturing.

- "UN Division for sustainable development 200 environmental Mgt. accounting" – Regarding corporate cost. Product design production and investment decision making EMA can provide immediate and visionary information. EMA is also the decision- making and support tool.

- "International Federation of Accountants, 2005 environmental Mgt. Accounting guideline" – Environmental Mgt. Accounting manager environmental and economic performance by Development . and execution of a proper environmental accounting system. Including reports and auditing of corporate information and environmental Mgt. accounting.

- "Ministry of the environment, Japan, 2005 environmental accounting guidelines" – Green accounting is a quantification assessment of the cost and effectiveness of enterprises in environmental protection activities.

  Enterprises are required to have systematic records & reports and are guided to maintain a positive relationship with ecological environmental to impalement effective & efficiencies environmental activities.

- "Environmental protection administration, Taiwan, 2008 Industrial environmental accounting guidelines" – By measurement, records analysis and explanation, enterprises resource invested in environmental improvement & protection & executive outcomes are completely recognized and outcomes provided to stockholder.
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Statement of the problem :

Green According is an important tool for understanding the sole played by the natural environmental in the economy. Environmental accounts provide data which highlights both the contribution of natural resources to economic well being and the costs imposed by pollution or resource degradation. Business houses are using various natural resources to carry out the business activities without any hindrance. The industries should focus and set aside a part of their funds for environmental protection and ecological balance. Thus business organizations are expected to account for the use of substances which may damage the environmental. Environmental accounting is in preliminary stage in India. Corporate are now prepare a separate firm environmental policy. Take steps for pollution control, comply with the related rules and regulation, mention adequately details of environmental aspect in the annual statements. There are several challenges of environmental accounting and reporting such as environmental accounting method, social values in applicable assumptions, economic value and lack of reliable industrial data. The present study is conducted to develop a theoretical model of green accounting and reporting practices in Indian Corporates.

Objectives of the Study:

General objections

The overall objective of the study is to develop a theoretical model explaining the entire procedure of green accounting for corporation in India.

Specific Objectives:

- To identify the key parameters on which environmental reporting is done by Indian corporate.
- To find out the extent to which Indian corporate practice voluntary environmental reporting.
- To identify the major factors considered by Indian corporate for environmental reporting.

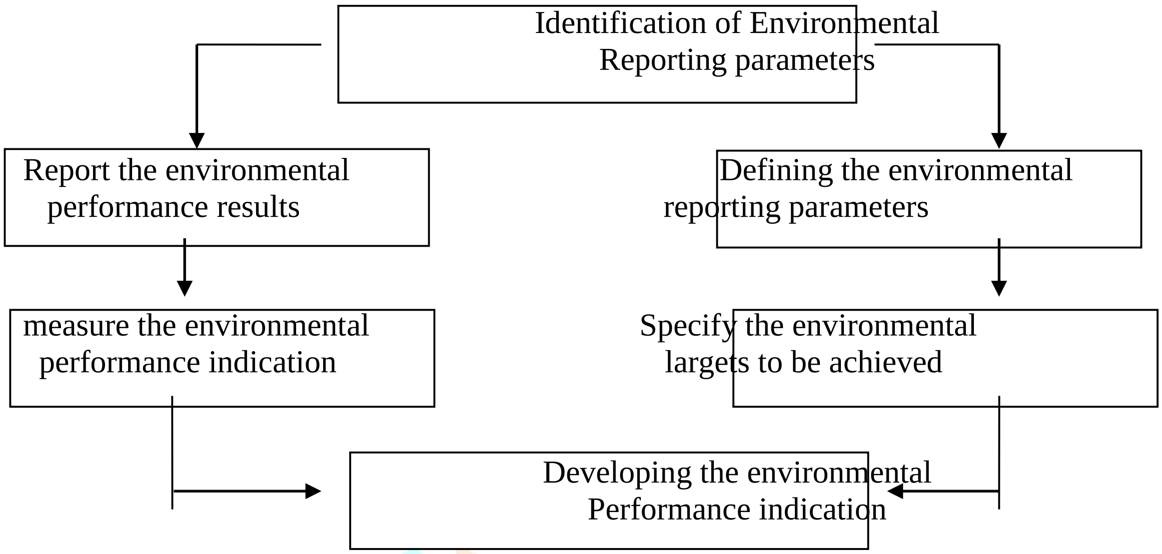
Methodology

This study sets out to examine the general trends in corporate environmental accounting and reporting practices. Aim of this study is to gain an insight into the corporate environmental and reporting practices of selected companies. Companies are classified into two broad categories such a manufacturing and non-manufacturing. The purpose is to understand the sector wise practices of corporate environmental reporting. This can provide an important input to the varied environmentally sensitive groups in understanding the relevance of corporate environmental accounting and reporting practices.

Green Accounting – The conceptual Model.

The study developed a model which specifies six aspects to be covered in environmental accounting in order to measure the ultimate environmental performance of the organization. The aim of this model is to present a novel view of the different activities to be undertaken by organizations to facilitate environmental accounting and reporting.

Green Accounting Model



Identification of Environmental reporting parameters.

This is the first stage in environmental accounting process where in organizations identify their respective environmental reporting parameters such as environmental policy, health safety and environmental, energy conservation, environmental cost & benefits, environmental liabilities & environmental assets etc.,

Defining the Environmental Reporting Parameters

In this second stage the organizations requires to clearly spell out the operational meaning of each parameter they identified and on the basis of which they wanted to measure the environmental performance in long run.

Specify the environmental targets to be achieved

In this stage, the organizations tries to formulate the environmental targets to be achieved both in short run & long run.

Developing the Environmental performance indicates

In this stage, organizations need to think about the indicators of their environmental performance such as environmental policy framework, health & safety standards to be followed, energy conservation practices to be followed etc.,

Measure the environmental performance Indication

Here, organization tries to measure the actual environmental performance in terms of the predetermined standard performance indication, measurement may be either qualitative of quantitative in nature.

Report the environmental performance results

Here, organization integrate their environmental performance with that of financial performance, so as to give the environmental impact on the financial performance of the organizations.

Conclusions:

Environmental accounting and reporting practices are in the nascent stage in India. Even though Indian corporate comply with the rules & regulation with regard to environmental protection, till now no clear cut polices are framed and formulated at the natural, stats as even at the company level, for ensuring the level of compliance's to environmental norms. This study was intended to find out the major environmental parameters reported by the Indian corporate as part of their environmental reporting practice. The study also focused on the extent to which Indian corporate practice, Voluntary environmental reporting with regard to the environmental parameters identified.

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