



A STUDY OF IMPORTANCE OF GREEN ACCOUNTING TO BUSINESS AND ITS PRACTICES IN INDIA

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Abstract :

Green Accounting has become the popular term for natural resource accounting. Companies are adopting the green accounting concept around the world. Green accounting helps the organization to identify the resource utilization and incurred cost. Green accounting accounts the cost and the advantages of a business. In my research i will study the importance of Green Accounting to business and analyses and assess the practice of Green Accounting in India. In my research I have used the descriptive research design and research is based on secondary data. For developing countries like India, it is a twin problem to save environment and economic development. In India, Green Accounting still in developing phase but still India is making restless efforts to encourage

Key Words : Green Accounting , Economic development ,Corporate Social Responsibility, Environmental Laws.

1. Introduction:

Green Accounting is also known as Environmental Accounting. The concept of Green Accounting was first introduced by well-known economist and professor Mr. Peter Wood in 1980. Over the period of time concept of green accounting gain popularity. It is the type of accounting which consider environmental cost to calculate income of a company. Environment accounting incorporates the environmental resources and assets into enterprise's accounts and measures social , economic and the impact of environment of business. It is a new type of accounting with the objectives of accounting for environment and the wellbeing of it. Nowadays Green Accounting plays inevitable role in Corporate Social Responsibility. It plays very important role in sustainable development.

Types of Environmental Accounting:

1. **Environmental management accounting**
2. **Environmental financial accounting**
3. **Environmental national accounting**

1. Environmental management accounting: Environmental accounting uses following two types information :

- (i) **physical information:** Physical Information is related to the physical use of resources which are scarce and how much waste of resources are occurs?
- (ii) **monetary information:** monetary information is related to the environmental earnings, costs and savings.

2. Environmental financial accounting: EFA is applicable for accounting of transactions which have an impact on financial performance of the company.

3. Environmental national accounting: National accounting is done for green cost and natural resources.

A. Environmental Protection Laws:

As per Articles 51 A of Directive Principles of State Policy (DPSP) of Indian Constitution “ It shall be the duty of every citizen of India to protect and improve the natural environment including forests , lakes and wildlife and to have compassion for living creatures. To protect the environment the Government of India set up the Department of Environment in 1980 with the aim to ensure a healthy environment of the country. In 1985, the Department of Environment was renamed the Ministry of Environment and Forests (MOEF).To ensure the healthy environment for the country the government of India formulated and implemented various laws, rules and acts, like Factories Act 1948 , Prevention and Control of Pollution Act 1974, Forest (Conservation) Act 1980 , Air (Prevention and Control of Pollution) Act 1981 , Municipal Solid Wastes (Management and Handling) Rules ,2000; Ozon Depleting Substances (regulation and Control) rules, 2000; noise Pollution (regulation and Control) Rules, 2002; Biological Diversity Act 2002.

In 1984, Bhopal gas Tragedy happened at that time the environment laws of India was not strong due to which no action had taken against the accused, therefore the Government of India had decided to formulate the Strong laws to deal with such type of grievous incidence and after this incidence the Environment Protection Act , 1986 came into force and it is the umbrella legislation because various gaps filled by this laws.

(a) Laws Directly related to environment protection are :

1. Water (Prevention and Control of Pollution) Act, 1974.
2. Water (Prevention and Control of Pollution) Act, 1977.
3. The Forest (Conservation) Act, 1980. Act, 1981.
4. The Environment (Protection) Act, 1986.

(b) Laws Indirectly related to environment protection:

1. Constitutional provision (Article 51A).
2. The Factories Act, 1948.
3. Merchant of shipping Act, 1958.
4. Indian Fisheries Act, 1987.
5. Hazardous Waste (Management & Handling) Rules, 1989.
6. Public Liability Insurance Act, 1991.
7. Motor Vehicle Act, 1991.
8. The National Environment Tribunal Act, 1995.

2. Literature Review :

1. **Dr. k. Kanaka Raju (2018)** in his study “ Green Accounting Practices” found that that only 1/5th of performance environment was explained by the various green accounting parameters.
2. **Dr. Ashima Saxena (2018)** in her study “ Environmental Accounting practices in India” found that environmental accounting is still in developing stage companies and residential have to develop a specific environmental policy , take measures to control pollution and comply with the relevant rules and regulations.
3. **Nasir Zameer Qureshi (2012)** in their research paper, environmental accounting and reporting: an essential component of the business strategy, explains the environmental component of the business strategy, provides the performance reports necessary and recognizes the multiple skills needed to calculate, collect and analyze the data needed. The research's particular emphasis is on report generation and its standards for the range of business and regulatory purposes. They also described the major obstacles to environmental accounting and monitoring, and agreed that a well-defined environmental policy as well as proper follow-up and proper accounting procedure is a must for the country's sustainable development. If common people in India are not made aware of environmental damage and health, it really will be difficult to develop accounting in this regard.
4. **N Anil Kumar, T Sai Pranitha, N Kiran Kumar (2020)** in their study “A Study on Green Accounting and Its Practices in India” explain the concept of Green Accounting and also found that green accounting in India is still in developing phase.
5. **By studying environmental accounting principles Heba Y M & Yousuf (2010)** discussed methods that can be used in environmental reporting. Green monitoring helps companies become more conscious about their corporate responsibility and the government can use the green audit to keep track of the company's environmental behavior. The report has noted that there is a simultaneous rise in the assessment of environmental efficiency as the environmental accounting needs grow.

6. **Lehmann, 2011** explains about IAR (interpretive accounting research) in this article. IAR's main aim is to explore how accounting discipline such as accounting management can help to overcome or prevent issues pertaining to climate change and sustainability considerations. The researcher further explains how interpretive accounting analysis allows individuals to reconsider the framework and approaches to the natural world.
3. Objectives of the Study

3. Research Methodology:

Research Design

I have used Descriptive research design for the study.

Source of Data :

I have collected secondary data for the study, information has been collected from various websites.

Objective of the study :

1. To study the importance of Green Accounting to business
2. To analyse and assess the practice of green Accounting in India.

4. Analysis :

1. Importance of Green Accounting for Business:

1. Green accounting improves the environmental behaviours, which reduce the cost of related to utilities and waste.
2. It also improves the image of the organization in the public due to which sales of the organization's products increased.
3. Company can escape from paying the heavy fines by following green accounting because companies have to pay heavy fines by harming the environment.
4. It helps the organization to understand their moral duty as a corporate citizen and help to reduce the pollution as they do the environment.

Environmental Accounting Practice in India :

1. The Green Accounting was announced in 1991.
2. Various instructions and guidelines have been issued by The Ministry of Environment and Forests to prepare environment statements.
3. Ministry of Environment proposed that every organization shall have to disclose the action taken or to be taken to adopt the clean technologies to prevent the pollution , pollution control measures , to minimize the waste and how much they have invested to protect environment and the impact of the actions on pollution control, water conservation and waste reduction in the report of their Board of Directors.
4. Government of India has made it mandatory for all the organization and also issued guidelines that if any organization has to take the environmental and antipollution clearance of all project before setting up the project which can affect the environment

5.Findings :

1. During my study I found that Green Accounting is very important for the business to reduce cost , improve the image of the organisations among the customers which increased the sales of the organisations.
2. It helps the organization in discharging the moral duty of the company as a corporate citizen to reduce population which is done to the environment and also help in escaping from heavy penalties.
3. During my study I found that, Government of India has tried to encourage the organization to adopt the Green Accounting by formulation various laws , rules and act but still green accounting is in developing stage.

6.Suggestions :

1. To encourage the organisation to adopt the Green Accounting, India should give the tax incentives to the organisation.
2. Government of India should aware the organisations and the public about the benefits of the Green Accounting.

5.Conclusion:

Green Accounting is gaining popularity day by day globally. Today every organization are giving importance to the environment. The main objective of Green Accounting is to help business to maintain balance between economic goals and environmental goals and to protect environment. During my study I found that every organization is giving importance to environment all over the world. I found that most of the organizations are practicing Green Accounting in India. And government is also making it compulsory for the organization to compliance the environment laws. During my study i also found that Green Accounting is very important for the business, it has multiple advantages to the businesses.

Nowadays many countries and organization are adopting Green Accounting which includes USA, Japan , Norway etc. Many organizations in India have also use Green Accounting but still it is in developing stage. Green Accounting is very important for the sustainable development of the country as well as for the business.

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