

A Survey of Green Accounting For India

K Thirupathaiah

HOD, Dept of MBA

Lords Eng college, Telangana, India

Abstract- *Green accounting is one of the crucial areas in today's corporate social responsibility. Companies are incorporating the concept of environmental element in their business operations. Green accounting will help the organizations to identify the resource utilization and the incurred cost. This method records cost and benefits rendered by the ecosystem to a business concern. The present research paper concentrates on understanding the concept of green accounting. 50 companies were selected for the study from Delhi, Faridabad, Ghaziabad and Gurgaon. Fifteen aspects related to green accounting were considered in scale for data collection. The results disclosed that there is significant difference between manufacturing and non-manufacturing companies in terms of green accounting practices.*

I. INTRODUCTION

Green accounting is considered to be an important tool for understanding the influential aspects of natural environment with respect to the economy. The data and information provided by environmental accounts are determined to be in relation to the involvement of natural resources in economic development and costs occurred due to pollution or resource degradation. The advantage of corporate environmental accounting initiative is identified as the ability to determine and create awareness regarding costs related to environment, which in turn helps in identifying the techniques for reducing and avoiding costs of such type. Due to this advantageous feature, the performance of the environment has also been improved. The environmental costs that occur due to the financial outcomes of the firm's operation can be determined by means of a green accounting tool. Green accounting is using management tools to conduct in various purposes for example, improving environment performance, controlling costs, investing in cleaner technologies, developing greener processes, and performing related to product mix, product retention and product pricing (Boje, 1999).

Accounting for environment helps in accurate assessment of costs and benefits of environmental preservation measures of companies. It provides a common framework for organizations to identify and account for past, present and future environmental costs to support managerial decision-making, control and public disclosure.

This chapter seeks to overview and categorise the concepts – because it is a new area of science – and history of environmental accounting. Sustainability and the social corporate responsibility programmes of companies can be found in Hungarian professional literature, but we are not aware of any Hungarian language literature specifically exploring the tendencies of environmental accounting. In order to be able to grasp the concepts of environmental accounting one must go as deep as the economic activity performed in the natural environment, which has unfolded under the concepts of sustainable development. With the intensification of environmental problems, the corporate social responsibility of organisations operating in the economy comes to the forefront; the first occasion on which accounting reacts to this is within the framework of social accounting, meaning that the relationship of environmental protection and accounting is rooted in social accounting

The phases of development of social and environmental accounting

After clarifying the concepts, it becomes obvious that the historical summary should be started by examining the path of the development of social accounting. Based on the professional literature it may be established that the following main phases of development may be distinguished in the course of the development of social accounting (Adams, 2004; Mathews, 1997; Eugénio et al., 2010; Gray et al., 2008; Parker, 2005; Perego, 2005)

Evolution Increasing awareness of social accounting began in the 1960s (Gray, 2002; Dillard et al., 2005), first evolving in the areas of corporate ethics, social responsibility and ecological issues (Loew et al., 2004).

In the beginning Interest in the topic increased (in the 1970s), but there is still a certain decline expressed in terms of questioning the role of accounting and the merits of publishing information about environmental activity

The new wave The natural disasters of the 1980s (e.g. Exxon Valdez) increase interest in the topic, because corporate activities are now causing problems on a global scale. Intensive development is also prompted by the fact this was the time when specialised accounting periodicals first

appeared. This is the period when environmental accounting first starts to separate from social accounting

Maturation phase In the 1990s, the awareness of environmental accounting within social accounting increases and becomes a key topic of research, gaining recognition within accounting research.

Environmental accounting today Environmental accounting helps measure environmental performance, which is closely tied to the social role played by companies. From a business perspective, more and more interest is being expressed in understanding, measuring and managing environmental costs and revenues

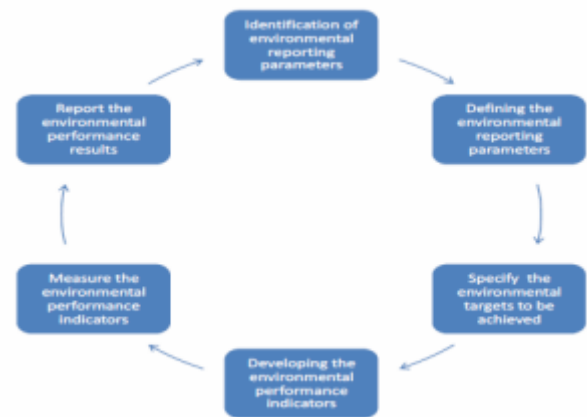
The various developmental phases will be examined separately, with the exception of the first phase. In the 1960s the major environmental disasters encourage people to pay more attention to the environmental impact of human activity (Loew et al., 2004; Parker, 2005)

Publications in the topic deal fundamentally with the system of relations between the environment and the business sector as more and more negative effects impact the environment originating in the business sector (Brown et al., 2006; Herath, 2005). We must mention two publications from this period; the first is a book by Howard Bowen entitled *Social Responsibilities of a Businessman* (1953), which coined the term “corporate social responsibility”. The other is the work of Rachel Carson titled *Silent Spring* (1962), which focuses on the issue of environmental protection and sustainability.

In the first years of environmental accounting – the 1970s – the number of researchers, primarily Americans, focusing on the ethical issues and social impact of the operation of companies increases sharply (Csáfor, 2009). These researchers mainly dealt with what responsibility companies owe to society (Mullerat, 2009; Gray, 2002). In 1972, the Club of Rome report entitled *The Limits to Growth* is published (Meadows et al., 1972). The report calls attention to the harmful consequences of the sharp increase of the volume of economic activity; the utilisation of natural resources and environmental pollution will in time reach an extent that will have a catastrophic effect on humanity. Interest increases, culminating in the Stockholm Conference of 1972, which deals with the destructive impact of human activities on the environment. By the 1970s, it becomes clear that human activities – including corporate activities – have a destructive impact on the natural environment (Brown et al., 2006).

II. REPORT THE ENVIRONMENTAL PERFORMANCE RESULTS

In the last stage, organizations integrate their environmental performance with that of financial performance, so as to give the environmental impact on the financial performance



With increasing global concern over the protection of the environment, India too has set up a Union Ministry of Environment with the object of coordinating among the states and the various ministries, the environmental protection and antipollution measures. Necessary legislation has also been passed.

The various laws relevant to environmental protection are as under:

(a) Directly related to environment protection:

- Water (Prevention and Control of Pollution) Act, 1974
- Water (Prevention and Control of Pollution) Cess Act, 1977
- The Air (Prevention and Control of Pollution) Act, 1981
- The Forest (Conservation) Act, 1980.
- The Environment (Protection) Act, 1986

(b) Indirectly related to environment protection:

- Constitutional provision (Article 51A).
- The Factories Act, 1948
- Hazardous Waste (Management & Handling) Rules, 1989.
- Public Liability Insurance Act, 1991.
- Motor Vehicle Act, 1991.
- Indian Fisheries Act, 1987.
- Merchant of shipping Act, 1958.

- Indian Port Act.
- Indian Penal Code.
- The National Environment Tribunal Act, 1995.

III. LEGAL FRAMEWORK FOR ENVIRONMENTAL ACCOUNTING IN INDIA

While industrial licensing has been abolished for all practical purposes, environmental clearance from various Government authorities has now taken the centre stage. With increasing global concern over the protection of the environment, India too has set up a Union Ministry of Environment with the object of coordinating among the states and the various ministries, the environmental protection and antipollution measures. Necessary legislation has also been passed

IV. CONCLUSION

Environmental accounting is in preliminary stage in India and whatever shows in the accounts in this regard is more or less compliance of relevant rules and regulation in the Act. Actually, unless common people of India are not made aware towards environmental safety, development of accounting in this regard is a little bit doubtful. It is the call of the time that corporates prepare a firm environmental policy, take steps for pollution control, comply with the related rules and regulations, and mention adequate details of environmental aspects in the annual statements. For sustainable development of country, a well-defined environmental policy as well as proper follow up and proper accounting procedure is a must.

REFERENCES

- [1] Abdel Rahim, Heba Y. and Abdel Rahim, Y. M (2010), Green accounting – a proposition for EA/ER conceptual implementation methodology, *Journal of Sustainability and Green Business*, Green Accounting, 1-18.
- [2] Alok Kumar, Pramanik(2002).*Environmental Accounting and Reporting*.Soujanya Books, Delhi.
- [3] Burrirt, R. L. (2002). *Environmental reporting in Australia: current practices and issues for the future*. *Business Strategy and the Environment* 11, (6).
- [4] Haripriya Gundimeda.Pavan Sukhdev. Pushpam Kumar. Rajiv Sinha. And Sanjeev Sanya (2005). TERI Press, December
- [5] Malarvizhi P, Ms.Sangeeta Yadav(2008),*Corporate Environmental Reporting on the Internet: An Insight into Indian Practices*, 11th Annual Convention of the Strategic Management Forum, May 8 – 10,Indian Institute of Technology, Kanpur, India

- [6] Mohamed A. Raouf A hamid(2002), *Theoretical Framework for Environmental Accounting-Application on the Egyptian Petroleum Sector*, Ninth Annual Conference of the Economic Research Forum ,26-28 October
- [7] Mukesh Chauhan(2005), *Concept of Environmental Accounting and Practice in India*, *The Chartered Accountant* November 720-726
- [8] Nasir Zameer Qureshi et.al.,(2012).*Environmental Accounting and Reporting: An Essential Component of Business Strategy*, *Asian Journal of Research in Banking and Finance*, Vol.2 Issue 4, April
- [9] Parameswaran,V(2011), *Environmental accounting: Indian Perspective*, *International seminar on Green economy and Official Statistics*, 6-8, July
- [10] Sherine Farouk, Jacob Cherian & Jolly Jacob, *Green Accounting and Management for Sustainable Manufacturing in Developing Countries*, *International Journal of Business and Management*; Vol. 7, No. 20; 2012