

## The Study on Green Accounting –Significance and Awareness

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### **Abstract**

*An industry uses various resources for its functioning whether it is human, monetary or material. One such resource which is used by industries and is often overlooked is the environmental resource. A company exploits these resources but never cares to give it back to environment. Every company has an accountant which shows way to the company for its economic development but they also owe their profits to the environment which can't be overlooked because economic development without environmental considerations causes crisis. More used today leaves lesser for tomorrow. Everything taken has to be paid back one day, keeping this concern in mind; different corporate are moving towards a new concept called GREEN ACCOUNTNG. It is a concept in which a firm subtracts the cost of environment degraded because of its operations from its profits and eventually uses that money for environmental up liftent. This paper focuses on the concepts of green accounting and its significance. It also shows the approach of various corporate towards this concept and attempts to make suggestions for adoption and implementation of green accounting.*

**Keywords-** Environment; Green Accounting; Benefits; profit

### **INTRODUCTION-**

The ecology has been imbalanced since last few years, because of rapid growth of industrialization as it leads to exploitation of natural resources, realizing of ill treatable waste leading to pollution. But on the other hand, industrialization is the base of economy empowerment. A company exploits these resources but never cares to give it back to environment. Every company has accountants which show way to the company for its economic development but they also owe their profits to the environment which can't be overlooked because economic development without environmental considerations causes crisis. More used today leaves lesser for tomorrow. Everything taken has to be paid back one day and keeping the impact of creating a balance between monetary and environmental resources, different corporate are moving towards a new concept called GREEN ACCOUNTNG. This fact is ignited by the global acceptance of importance of environment.

However, this concept is not new to the corporate of India as it is mentioned in the Indian constitution that is also the fundamental right of every citizen who lived in various countries to protect and improve the natural environment.

## Concept of Environmental Management and Green Accounting-

The concept of green accounting is associated with the management of activities of industry which exists in environment. It aims to create an environmental corporate policy. The practice of green accounting starts with goal setting; continued by collecting and managing information, making decision and plan for environment. It further adds to making and implementing environmental management practices including control, communication and audit. Current situation of environment, forces management to think upon new techniques of doing business else the environmental conditions are not far from being a nightmare. To implement it, one such tool of great help is technology as it helps to rectify the excess of cruelty towards environment. For all this to happen, there's a need for proper accounting and reporting system hence the concept of green accounting. Green Accounting focus on the approach of using accounting practices with Sustainability aspect.

### Accounting + Sustainability= Green Accounting

#### Objective of Research Work-

- To study and understand the concept and significance of green accounting.
- To study the corporate agenda, environmental accounting and awareness in India.
- To make recommendations for the adoption and implementation of green accounting.

## Significance of Green Accounting for Environmental Management-

Environment provides every resource which is required by the corporate to work, but overlooking the environment, may cause serious harm to both the biology and corporations. Human greed and population are intensifying the harm caused to endorsement every single second. However, sustainable development provides a balance between ecology and corporate needs, by keeping in mind the requirements of upcoming generation as well. Environmental management provides better and clearer production, proper waste management, green purchases and eco-friendly management of resources. This is also one tool known as environmental management. There are various principles and approaches under EMA which helps to take decisions in the matters considering environment and also different managerial functions skydiving on eco-chic efficiency. Green approaches assists in building internal synergies by associating the financial and sustainable policies to generate positive environmental or climate benefits. (Kaur, 2019)

This intern helps the organizations to strengthen the public trust. Apart from it, environmental management with green accounting practices also receives advantages like:

- Helps in marking records about the pollution spread by the organization.
- Leads to overhaul development keeping in mind that industry, economy society and nation.
- Leads to sustainable development as it pours emphasis on environment in the party of organization.

- Fosters Negotiation between the management and society.
- Supports green reporting
- Benefits natural and human environment by reducing environmental costs.
- Incorporation of new factors by obliging the organization's to adopt change.
- Enhances global reputation.
- Reflects unsound methods of production and management.
- Optimal allocation of scarce resources

Environmental management is important to measure the overall nations development keeping in regard the social development, economic development, and industrial development and also keeps in mind the needs of the government. However the system has not been yet developed in all the countries and there is a long way to go to and with time and proper research it can be developed ,which will lead to reducing environmental problems in future.

Environmental management helps to know the quantity and costs of resources consumed and also their cost in environment by maintaining environmental accounts. It thus becomes the responsibility of every corporate individual to keep a record of benefits and costs of engaging an environmental management system. It makes environmental management of high use in resource planning, management cost and benefits analysis, spoliation control and management analysis.

### Corporate Aspect -

Bookkeepers are no less important in handling environment management, it is the responsibility of the accountant to create concern regarding environment at each and every level so that everyone in the organization give equal importance to environment and it's becomes easier to install an environment management system. This out becomes important to install an agenda in the organization asking with the following agendas:

- Clearly stated environmental goals;
- Treating environmental goals with the same seriousness as other goals;
- These goals should be created and implemented pervasively in the organization;
- Provision for punishment in case of failure to abide the laws should also be made;
- Changing the structure or ingredients of product to make it more environment friendly;
- Try to incorporate renewable sources of energy like solar power;
- Incorporating preventive maintenance management method;
- Avoiding the use of non-biodegradable products or raw material to the best possible extent;
- Being proactive rather than reactive is the key in every scenario. For eg: before installation/adoption of a new technology, it's implication on the environment should also be calculated.
- More social and eco-friendly activities should be initiated;

This work is to be handed over to the accountant and once implemented all over the organization; proper control systems should be incorporated. Let accountant be the

spokesperson of the organization at least in environment decisions. There is an equal need of control systems to have check on seriousness of the implementation of such system.

### **Prominence of Environmental Balance Sheet -**

Preparing an environmental annual report is of equal importance. It performs the same function as that of a balance sheet, the only difference being that the environmental balance sheet provides the record of the take ways from nature and the corresponding contribution. In other words, it highlights the corporate loyalties to the environment and shows the profit and loss in terms of environment.

Environmental annual report may include the following heads:

- **Environmental Assets:** All the action plans, pollution control systems, renewable sources of energy used, biodegradable materials used and all other actions taken for protecting environment.
- **Environmental Liabilities:** Compensation amount to be paid, hazard caused to environment in respect of profits earned etc. If properly taken into consideration, these liabilities may change the profits of business firm upside down. Therefore it becomes necessary to pay attention while preparing such balance sheet.

This is right to state that environmental investment must be in proportion to environmental liabilities.

### **Necessity of Accounting Standard -**

When an organization takes steps to incorporate green accounting into practice, it becomes important to maintain some standards for accurate records and results because calculating the damage caused to environment by a trade is a difficult task as the degree of loss depends on various factors like the type of industry, nature of work, miss of technology, processing methods etc. Standard practice of reporting should also be started clearly according to national and international standards.

### **Benefits of Environmental Management Accounting -**

EMA discusses to environmental management and monetary aspect with the growth and execution of adequate accounting methods and practices related to environment. It naturally contains reporting/recording, doing audit, full-cost accounting, life-cycle costing, profits calculation and sustainable planning for ecological management. It recognises and utilizes two forms of information for making internal making.

1. First is the physical information which includes water and materials (including wastes) ,flows and destinies of energy.
2. Monetary information on environment related charges, incomes and investments.

## Awareness of Environment with reference to India -

### Issues faced

#### (A). Population-

The population of World is rising around 74 Million people per year as well as India is growing by 1.2 % of annual growth. It is one of the major aspects to affect the environmental management. Studies suggest that we have used up more sources in the last 50 years than the whole of people.

Influence of humans on green accounting includes two major forms:

Depletion of Resources Like fossil fuels, land, water, air, minerals and food,

Waste products as outcome of depletion like water and air impurities, noxious, ingredients and conservatory grasses.

#### (B). Pollution-

Ecological management displays the level of pollution reduced by corporate units. Man has been speedily and knowingly misusing the ecological properties with the advent of current tools. Economic development is required for natural life, but evils associated it cannot be avoided.

The industrial activities are most danger, which surface the pollution. Now even in technologically developed countries, pollution is a serious problem. The industrial development is primarily apprehensive with bodily environmental. Indian rivers in majority are severely polluted by industrial wastes leading to floating syndromes.

#### (C). Unplanned Urbanization-

Unexpected development and creation of water assignments help modification the environmental science and epidemiology of syndromes. Unfortunately, today urban ecosystem is no sounder and has many health exposures and weakened human action. Atmosphere and instinctive are spoiling each and every one. Unprocessed hospital destruction in the rubbish places is disturbing the healthiness of both human and animal. Inferior animals get unprotected to thoughtful biochemical pollution from station wagon exhaust that deteriorates their fitness, efficiency and similarly reproductive competence. In India, green pollution has become a staid difficult currently and main hard work are being taken too aware community and its security.

#### (D) Other

The Complication of environmental safety is becoming growingly serious thereby increasing the requirement for allowing for the value of services of ecological wealth. International administrations had a trend to show non-monetary facts as well as that of environment; they have requested the companies to act seriously in the direction of the environmental issues and be responsible to society, extending the part of subject to monetary information to all users. A lot of countries require the commercial to announcement on their ecological presentation, in

India; trade are necessary to make a so-called “Green Account”. But, Environmental management does not show effective impact being followed in India.

### Awareness-Regulatory Aspects

S.No.	Particulars	Years	Implementations
1	The environment preservation laws were passed in India	1970	Environmental recognition has grown at a great pace among the public. The Prime Minister of India believed the need for strong as well as fresh environment and communicated the strong estimation in favour for the matter at the United Nation’s Conference based on social surroundings in Stockholm.
2	Diversified rules and law etc.	1972 to 1990	It has been enforced from periods and India has been surface solid competition mainly following liberalisations.
3	Public Announcement	1991	The first public announcement related to environment was made by the Central Government. Ecological management over and done with environmental accounting would help in preventing the depletion of natural resources.
4	Companies Act	2013	Appreciative the requirement for Corporations to become ethically and on a social basis in charge, the government of India over and done with the new Corporate Social responsibility (CSR) is compulsory as per the Companies Act of 2013 for Corporations who fall inside of the below stated categories- 1. Companies who have clear wealth of INR 500 crore 2. Companies who have revenue of INR 1000 crore or 3. Companies who have clear income of INR 5 crore

Maximum number of the corporate units has taken writing report on ecological features as a legislative obligations rather than social duty. Although environmental management is a controlled exercise in India, the administrations reporting on environmental concerns in their declarations enjoy several reimbursements such as better appearance of the merchandise or trade.

### Government Recent Initiatives-

The Indian Government is contributing a huge amount for controlling noise pollution, water pollution, air pollution, etc. The Central Board which is working to Control and prevention of Water Pollution is working for compressing and testing the water pollution all over the country.

One of the initiatives of Government for launching Central Ganga Authority for cleaning the Water of Ganga and this arrangement must be stretched to all other rivers. The control

regulation of air pollution has led to the development of air contamination boards at the Central as well as State levels in India. Old mining sites should also be converted interested in forests and other forms of land use. Experimental and moral clearance of domestic and industrial wastes has to be thought properly. Educating people apprehensive straight and secondarily regarding the products and services of the animals and is required. Man should attain positive attitudes towards animals so that they are not fearful of human, and there should be improved collective bound between animal and man. This is satisfying the worldwide motto "Health and Wealth for All". It can be expected the GRREN INDIA-2017 scheme would be a courageous footstep. The request for collective audit and ecological audit is progressively growing.

### Recommendations -

The energy audit is keys in judgement constructing and design in the intensity organization curriculum. Energy audit is one of the operative energy maintenance tools. It is essential to all trades announce energy audit deprived of shortfall and also the Indian government must claim for similar to all business entity.

- ✓ A systematic and planned assessment respecting the prevalent situations and progresses effected vis-a'-vis the reserves finished.
- ✓ Fulfilment of the plants with a motive not single of financial development of resources but also to selection of the substances within them.
- ✓ Careful attentions that attempt at the nationwide and commercial level don't run antithetical to everyone.
- ✓ Formation of nationwide gardens for safeguarding the plants and wildlife to safeguard the atmosphere from dilapidation.
- ✓ Improvement of the book-keeping setups for safekeeping records for all the determinations as well as quantifiable, national compensations and difficulties.

It can be optimistic to sign that productiveness is considering the government recommendations on atmosphere. On the other hand, the key recommendations of the study to display that there is nonappearance of identical green accounting, equally at whole the world and hence their authorised implementation is serious to form the methods and applies in concern to environmental problems.

### Conclusion -

Environment is necessary for everyone and hence the corporate should not abolish environment financial statement relatively it should plan to generally subsidise for continuous progress of a country. Growing attention and acknowledgement of the protection of ecological belongings worldwide has to be resulted in the progress of ecological management. Assessment of environmental products and services and inclusion of environmental facts has different techniques. The perseverance with which work for the ecological preservation is take place on the confidence produce to ecological management permeating a further established situation in the forthcoming. Although complications related

with ecological management, a huge number of countries around the world have genuinely make an effort to take up the fresh encounters. Monetary movement should not be govern by ‘profit motive’ unaided, but it should likewise count for “excellence of lifecycle” and “environmental stability”.

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