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REVOLUTION OF GREEN ACCOUNTING: A CONCEPTUAL REVIEW

Jitendra Vyas*1

*1Asst. Prof. SBP Govt. College, Dungarpur, Rajasthan, India.

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ABSTRACT

Green accounting is indeed a common word for accounting for the environment and natural resources. It is a growing field that focuses on variables such as management of resources and environmental consequences, as well as the income and expenditures of the company. Green accounting will assist the organization in identifying the use of resources and the costs incurred. Essentially for developing nations issues are identical for saving the environment and economic development. Green Accounting is revolving both national and multinational level in India. This paper focuses on the idea of Green Accounting.

I. INTRODUCTION

Green accounting, being an environmental accounting, was introduced in 1980 by an economist and Professor Peter Wood. It plays a vital role in today's corporate social responsibility. It integrates environmental sources and resources into the records of the company. It monitors the effect of company on society, the economy and the environment. It is one that has emerged as a framework for sustainable development. It is a fresh type of accounting that seeks to take into account the environment and its well-being. It is a type of accounting that takes into account the economic cost of calculating a firm's revenue. Revised accounting technique, which involves environmental costs, needs to be calculated.

The dual issue of defending the environment and encouraging economic development is confronted by developing nations like India. A trade between protection of the environment and growth is necessary. To discover the secure boundaries of environmental degradation and the required level of growth, thorough evaluation of the advantages and expenses of environmental damage is needed. Environmental responsibilities are considered as essential fields of social responsibility. The early years have witness growing concern about the degradation of environment, which existed primarily in the form of different kinds of pollution, i.e. Air, water, sound, deforestation, soil erosion, etc.

Reporting of Green Accounting: A Conceptual Framework

Popularly referred to as environmental accounting; accounting of resources or consolidated financial and environmental accounting relates to accounting procedures that integrate natural expenses, impacts and implications. Which is regarding information accumulation that connects the environment with the company's finance, which will evidently have a long-term effect on the organization's environmental and economic policy. It is more than just carrying out social cost-benefit analysis of the company's multiple projects or practices or profitability of produced environmental goods and services. Green accounting is about making accounts transparent as far as environmental expenses are concerned. It somehow tries to measure the expenses and benefits envied by a firm due to its engagement to environment-related activities, both in terms of money as well as in physical units. In general, green accounting includes identifying, measuring and allocating environmental expenses, integrating these expenses into business, identifying environmental liabilities and communicating the outcomes as part of the financial statements to the company's stakeholders (Pramanik and Alok Kumar, 2002).

Green Accounting or Environmental Reporting is the word that is popularly used by countries to disclose information linked to the environment, whether audited or not, in terms of environmental hazards, expenses and liabilities of environmental impact measures. Commercial environmental protection should include the company's environmental reporting measures, the negative quantitative and qualitative effect of its manufacturing system and goods on the environment, and its process and product innovation projects to achieve viable development. Usually, information revealed by businesses in their financial report on environmental reporting and accounting includes current and future product expenses and also procedures for redesigning, current and future pollution and monitoring capital expenditure, toxicity and waste reduction physical data, range of forecasted environmental expenses and advantages, current environmental costs accumulated from present and previous operations and products, etc (Roome, 1992).

II. IMPORTANCE OF GREEN ACCOUNTING IN INDIA

Green Accounting being a twin aspect of protecting the environment and our economy is practically for developing nations like India. As the financial situation of the nation is bad, therefore it should be enhanced at the first position. An estimated drawn from World Bank that India lost about 35,000 crores owing to harm to the environment. India is facing a catch 22 Scenario like all developing countries: on the other hand, there's a force to sustain GDP development as it is the assumed basis on which its rising population's future economic security is based. By contrast, India must also take account of growth expenses and not self-cannibalize its wealth of capital and jeopardize the future of the individuals it seeks to safeguard. It can be misleading to over rely on GDP as a measure of financial health. Any depreciation methods used, however, will only be responsible for capital and not the adverse effect of development on natural things such as water, soil, forest, biodiversity and the adverse health and welfare impacts.

To this end, the loss of biodiversity means not only species loss, but also the loss of the functioning of the ecosystem. While India's economic growth is to be courageous, the double fixation of GDP threatens India's ecosystem and its long term development and safety ironically. To the whole, biodiversity loss implies the loss of species as well as the loss of the functioning of the ecosystem. While India's financial expansion needs to be brave, the double GDP fixation ironically threatens the biodiversity of India and its long-term development and safety. To represent the contribution to human well-being of biodiversity and ecosystem services, better macroeconomic and cultural indicators are required.

III. LITERATURE REVIEW

Qureshi et al (2012) have studied on Environmental reporting and accounting: an essential component of the business strategy, defined as the business strategy's environmental element, produces the performance review reports required and acknowledges the different skills needed to evaluate, summarize and analyse the data required. The particular emphasis of research was on report generation and its level for the spectrum of enterprise and administrative purposes. Researchers also recognized the barriers to environmental reporting and accounting indicated that a proper defined policies related to environment and also Adequate monitoring and accounting procedures are a must for the country's environmental sustainability. Except when ordinary people in India are unaware of environmental damage and safety, it is really difficult to develop accounting in this regard.

In an online corporate environmental reporting research: an understanding of Indian practices has attempted for the determination of the strategy and extent of environmental reporting and accounting as it exists currently. Malarvizhi and Yadav (2008) have derived the research from a sample study of 24 research papers that included environmental or sustainable development reports, annual reports, as well as other appropriate previous year reports. The sample was initially categorized as manufacturing and non-manufacturing industries. Because companies work in both investigated areas, the task was described on the grounds of the primary operation of the company. For acquiring internet corporate environmental reporting practices, a structured data analysis sheet was used. The information collected and analysed was designed to obtain information on main environmental indicator fields as recognized initiative of World Business Council for Sustainable Development and the Global Reporting. Environmental policy; environmental effects; management mechanisms for the environment are the most appropriate kinds of data as recognized by environmental objectives and disclosure of environmental performance.

Gundimeda and Haripriya (2008) have argued the case for Green Accounting for India (i.e. domestic accounts and government accounts displaying real net wealth additions) and presenting preferred methodologies and models for reflecting natural resources and human capital external costs in India's national accounts; to measure the depletion of natural resource extraction and future pollution expenses as a depreciation, and to award academics as an appreciation to wealth creation asset. The aim of the research was to demonstrate that Green Accounting was advantageous, viable, practical and desirable for India and that a beginning can be designed on accessible data already gathered by official Government sources. They also realized that there is a shortage of concentrated sustainability assessment and data given at the state and national level in India to policymakers. As a consequence, without a sustainable structure, the procedures of public discussion, government planning, budget allocation, and financial outcome measurement are in effect being undertaken. High GDP development generally goes hand in hand with the expenditure in public aids, which puts increasing push on the environmental assets of the country. Moreover, the degradation in the former reflects in GDP accounts, there is an asymmetry between manmade and natural capital, and the latter does not. Acknowledging the growth of GDP, was too small evaluation of economic growth rather than assessment of national wealth, they are proposing a "Green Accounting" structure for Nation and its member countries.

Chauhan and Mukesh (2005) have also described the multiple types, scope, constraints and legitimate framework of Indian Environmental Accounting. He came up with a proposed structure for the implementation of green management methods in India, concluding that it is time for companies to draw up a powerful environmental policy, take action to regulate pollution, in the annual statements, provide appropriate information of environmental elements in accordance with the related rules and regulations. Sustainable development is a must for a structured environmental policy as well as appropriate follow-up and appropriate accounting process.

Hecht and Joy (2000) have described Green Accounting as an essential technique for knowing the role played in the economy by the natural environment. Environmental accounts include information that highlights the importance of resources present in natural environment to financial well-being and the expenses of deterioration of assets. This also describes why it is important how who works on it is achieved and how to get started. It speaks of the National Accounts System (SNA), which belongs to the accounting groups, frequently collected by national governments to monitor the operation of their markets. In addition to gross national product (GDP), gross national product (GNP), savings and trade balance statistics, SNA data was used to calculate important economic indicators. For a huge range of reasons of less advertised but equally valuable policy analysis and economic tracking, the data governing these aggregate indicators is used.

Mitchell, Percy and McKinlay (2006) have used content analysis to examine the environmental disclosures of twenty Australian companies subjected to a successful EPA prosecution between 1994 and 1998, finding the disclosures produced by their sample companies to be predominantly positive.

TERI (2001) has discovered that although a company has a particular corporate environmental policy, the reporting of environmental efficiency information to stakeholders is a small concern. She found that Australian companies prefer to reveal their operations and particular initiatives rather than their R&D, capital spending, policies, or results.

Gamble et al (1995) has recognized reporting methods in the form of codes by the multiple organizations helpful for disclosing environmental practices and found that the multiple organizations had increased environmental reporting methods. The businesses that are important to waste processing and steel associated sectors reveal the environmental accounting's high-quality reporting methods. He further indicated that the lack of instructions from the concerned jurisdiction was also reason for some of the organizations not to reveal the environmental accounting reporting procedures.

IV. SCOPE

Green accounting involves the level of corporations, domestic and global. Green Accounting includes the Internal and External Aspects. Investment made by the corporate sector from a n internal point of view to minimize environmental losses. It involves investments in saving the environment. Losses have arisen as a result of the exploitation of non-renewable natural resources such as minerals, water, gas, etc. This sort of accounting is not simple because it is not possible to measure environmental losses precisely in currency value. Furthermore; it is very difficult to decide how much loss due to a specific sector has happened to the environment. Green Accounting includes estimating environmental expenditure / cost, capitalizing environmental expenditure, and identifying environmental liability and environmental liability measurement.

This research attempted to evaluate Green Accounting's Importance, Concept, Need and Limitations. No effort has been created, however, to conduct a comparative analysis of variables at corporate, national and global level among the Green Accounting. In order to reflect the contribution of biodiversity and ecosystem services to human well-being, better macroeconomic and cultural indicators are required. For researcher it provides an opportunity to take this study ahead with reasons, causes and effects. In the same way it will give a guideline to policy makers to make policies related to the green accounting as it is very important to maintain a balance between eco system and business development. It also provides the glasses through which businessman can see the problems and can see the importance of the green accounting for both the business development and environment losses in terms of cost

V. CONCLUSION

Green Accounting's main aim is to assist companies recognize and handle the opportunity between classical economic objectives and environmental objectives. The Green Accounting Countries are Norway, Philippines, Namibia, Chile, USA, and Japan. While Indian corporations comply with environmental protection laws and regulations, so far no clear cutting policies have been drafted and developed at the international even business level to ensure compliance with environmental standards. The study focused on the extent to which compulsory climate reporting was acknowledged in terms of environmental parameters in Indian Commercial practice.

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