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A REVIEW OF INDIA'S ENVIRONMENTAL ACCOUNTING AND REPORTING

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Abstract:-

Globally speaking, the environment is becoming a far more significant issue from an economic, social, and political standpoint. Concern for the environment has become one of the most important aspects of civic duty in recent years. Given how quickly environmental externalities are occurring, caused by corporations have grown, it is imperative that strong environmental protection policies be implemented. This directly led to a large number of associations and organizations realizing the seriousness of the situation and beginning to strive to further and defend this cause. In the present world, environmental consciousness and the need to take it into account are becoming increasingly important issues. As a result of growing environmental consciousness and the creation of a more sustainable industrial sector, a state-of-the-art and entirely new area of these issues have led to the development of accounting known as environmental accounting. Environmental accounting will be able to more precisely ascertain the costs that are actually incurred by clarifying the environmental effects that result from the acquisition and processing of materials as well as the manufacturing, sales, distribution, use, maintenance, and disposal of products. It can help businesses and organizations come up with creative ways to change how resources are used, get rid of resource constraints, meet legal requirements, and avoid environmental issues. Green accounting, sometimes referred to as environmental accounting, is a relatively new area of accounting that is rapidly expanding as a topic of study with an emphasis on the long-term sustainability of the environment. With regard to environmental norms, the field of environmental accounting is only now beginning to gain traction. This is true even when Indian companies abide by the laws and regulations pertaining to environmental protection. This is true even when Indian companies abide by the laws and regulations pertaining to environmental protection. Giving a thorough overview of environmental accounting and reporting in India is the aim of this study. In light of this, the research aims to offer variable remedies for several environmental accounting procedures that India lacks. The study's major focus is also on the primary environmental criteria that Indian firms disclosed as part of their environmental reporting routine. In addition this, the report intends to present potential solutions to a number of environmental accounting practices that are lacking in India. The main environmental criteria that Indian corporations reported as a part of their environmental reporting procedure are also a primary focus of the study.

Keywords: - Environmental accounting, Green Accounting

Introduction:-

For nations like India, environmental resources that are more likely to be a natural phenomenon than the result of human action are immensely valuable. All forms of development are intrinsically tied to the availability of natural and environmental resources. Growing the economy at the expense of the environment causes environmental health issues and lowers the standard of living for both the present and future generations. Two major

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consequences of development are increased pollution and harm to the environment. Consequently, environmental responsibility is becoming a global issue. The growth of their separate "green economies" is the top priority for all emerging countries, including India, in an effort to promote social justice and human well-being, reduce environmental dangers, and address the depletion of biological resources. Monitoring the condition of the country's natural and environmental resources has become increasingly important in recent years, as it is only natural that business sectors around the world, and particularly in India, will place more importance on how environmentally beneficial the results are as a result of environmental degradation. Understanding how the natural environment affects the business can be accomplished through the use of environmental accounting. Environmental accounts include information that highlights the value that natural resources add to economic well-being in addition to the costs of pollution or resource degradation. Utilizing a wide range of natural resources is essential to the continuous operation of commercial organizations. The various companies should prioritize preserving biological balance and allocate a portion of their resources to this end. Consequently, businesses are expected to evaluate the usage of substances that have the potential to harm the environment. Environmental consciousness is one of the many factors that India is concentrating on as it continues its development. Environmental consciousness is one of the many factors that India is concentrating on as it continues to develop. India is still in the process of developing into a developed country. Furthermore, in order to raise environmental consciousness, sufficient proof must be obtained by keeping an accurate record of the environment. Alternative words that might be used in support of environmental accounting include accounting for resources, green accounting, and integrated accounting. The goal of "Professor Peter Wood," who coined the phrase "environmental accounting," is to keep financial records in a way that is environmentally beneficial. It is a completely new accounting fact that has emerged directly from the topic's increasing relevance and importance. "Green accounting" refers to accounting procedures used by companies that are able to account for the costs, benefits, and effects of their actions on the environment. The word “green accounting” refers to the process of collecting data that links environmental factors to financial factors of a company and has an impact on the organization’s economic and environmental policies over the long term.

Objectives of the Study:-

The objectives of the study are as follows:

1. To become acquainted with the environmental accounting concept
2. Investigating the environmental bookkeeping procedures used in India.
3. The ability to comprehend the many stages of environmental bookkeeping and to be aware of the different applicable environmental legislation.

Environmental Accounting practice in India:-

Green accounting was first announced in 1991

According to a proposal made by the ministry of environment and forests, “every company shall in the report of its Board of Directors, disclose briefly the particulars of steps taken or proposed to be taken towards the adoption of clean technologies for prevention of pollution, waste minimization, waste recycling and utilization, Pollution control measures, investment

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in environmental protection and impact of these measures on waste reduction, water and other resources conservation.

The union Ministry of Environment and forests has given guidelines for environmental comments.

State environmental departments and the Union ministry of environment and forests must approve all new projects. Before starting, such ventures must get environmental and anti-pollution approval.

Their reports reveal the following.

- Pollution- control equipment fitted
- Measures taken to conserve energy
- Best Possible resources use.
- Waste decomposition procedures
- Measures taken to raise the product's calibre
- The concerned industry is required to include information in this environmental statement on
- Water and raw material consumption
- Pollution was produced
- The types of hazardous and solid wastes generated and the disposal techniques used Environmental protection steps taken
- Measures taken to increase corporate sector awareness of the advantages of environmental accounting and reporting.

In India, there is little environmental monitoring and supervision. There are no fundamental rules governing environmental costs and duties, with the exception of the Companies Act of 2013, which permits businesses to investigate resource viability and environmental preservation. Corporate social responsibility was encouraged by the Ministry of Corporate Affairs' 2011 National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business (NVGs). According to NVG principles, "businesses must provide safe and sustainable goods and services throughout their life cycles." "Enterprises should respect, conserve, and try to re-establish the environment," according to NVGS principles are 6 essential components.

❖ Through the removal, reutilization, recycling and waste control of garbage, organisations can allow the most effective and efficient use of natural and human capital to preserve the reuse of materials.

❖ Companies have a responsibility to control and prevent pollution and contamination. They ought to look at the harm done to the environment and give proper consideration to the expense of reducing pollution.

❖ Their environmental loss will be immediately reduced by using ecologically friendly production techniques, energy- efficient technologies and give proper consideration to the expense of reducing pollution.

❖ Organizations will be transparent stakeholders about their environmental performance, including an assessment of any Potential environmental risks associated with their operations.

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Conceptual model of Environmental Accounting in India.
The study developed a model that lists six factors to be taken into account in environmental bookkeeping in order to evaluate the organization's overall environmental performance. The purpose of this model is to offer a fresh perspective on the different tasks that organizations need to complete to make environmental accounting and reporting easier. The adoption of green bookkeeping practices in India has gone through several stages. As stated by
Minimol and Makesh (2014). They state that in order to implement ecological bookkeeping methods in India, the following actions must be followed.

Determination of environmental Accounting Parameters: Environmental policy, health, safety, and the environment, energy conservation, corporate sustainability and environmental initiatives, sustainability, reporting, waste management, wind and renewable energy sources, environmental information system, environmental disclosure practices, environmental targets, environmental reporting indicators, and environmental costs and benefits are some of the parameters that organizations first decide on for their own environmental reporting.

Definition of Environmental Reporting Parameters: - As a second step, organizations will give a detailed explanation of the importance of each operational before attempting to assess the environmental performances over the long run.

Assess Environmental Performance Indicators: - Companies must assess their true environmental needs during this time in order for the company to develop them in the fourth stage. A framework for environmental policy, health and safety norms, energy-saving methods, waste management initiatives, and water management rules should all be part of these indicators.

Summarize the outcomes of the environmental Performance: - Finally, in order to ascertain how the environment influences their financial success, firms consider both their financial performance and their environmental effect.

Green Accounting:-

Professor Peter Wood was the first to adopt the term "environmental accounting" in the 1980s. Green accounting, often known as environmental accounting, is a relatively new area of accounting that focuses on accounting for the environment and its health. Despite being a brand-new area of research and practice, its significance is quickly making it more relevant. Environmental or green accounting is a developing discipline that focuses on or offers for accounting for the environmental impact that specific circumstances may cause to a business or organization, in addition to just reviewing a company's profit or loss or its income and expenses. The implementation of green accounting demonstrates an organization's dedication to the environment.

To put it simply, green accounting, often known as accounting, is a trend that incorporates environmental resources and assets into business accounts. The goal of environmental accounting is to include aspects that are not included in public or private accounting books in the accounting frameworks used to evaluate economic performance. These disparities arise because the different costs of exploiting nature are often overlooked since they are viewed as externalities that can be deferred or transferred to other parties. Green accounting attempts to include "soft" factors like pollution costs, social implications, and the savings from new

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technology in addition to standard accounting's "hard" costs like labor or energy. The'soft' costs might be difficult to manage.

Environment management costs:-

Green accounting identifies costs hidden, ignored or misallocated by conventional methods:

- Decreased use/ waste of raw materials and supplies
- Decreased use/waste of utilities
- Reducing use of non- renewable resources
- Reducing regulatory costs.

Importance of Green Accounting for Business:-

Over time, businesses have come to understand the benefits of environmental reporting. This has the immediate effect of increasing the number of businesses reporting their operations using a range of methods. Early reporters quickly realized that environmental disclosure was more of a political and governance issue than a straightforward reporting tool. This insight came to light really fast. Regardless of the reporting technique used, companies are obliged to comply with both national and international reporting obligations.

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Financial Accounting	Green Accounting
Supervision and guidance	Promotion and education
Ministry of Finance: National Taxation Bureau. Financial Supervisory Commission: Securities and Futures Bureau. GAAP GAAS Users of statement.	Environmental Protection Administration, Taiwan. Ministry of the Environment, Japan. US Environmental Protection Agency. International Federation of Accountants. (IFAC) UN Division for Sustainable Development.
↓ (Compelling)	↓ (Not compelling)
Financial information and statement	General disclosure statement of Green Accounting
↓ (Following of current laws)	↓ (Formation of laws and regulations)
1. Avoidance of corporate social responsibility. 2. Acquisition of maximum benefits of shareholders.	1. Internalization of external cost. 2. Reconsideration of **product design.**
↓ (Result)	↓ (Result)
1. Deteriorating environment. 2. Resource fighting of enterprises.	1. Economic sustainable development. 2. Sustainability of enterprises.

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Steps to incorporating Green Accounting:

- A company before starting green accounting must clearly define its accounting goals and environmental Policies.
- Identify the stake holders, the relationship that the organizations has with it and also the level of risk involved.
- Identify the environmental factors involved, their mode of measurement and cost of achieving the goals.
- Identify the resource efficiency and cost saving techniques by encouraging innovative ideas.
- Keep record of how environmental costs decline over time with continuous green accounting.
- The income statement should include cost and benefits attributable to ecological factors.

Conclusions:-

Natural resources provide us with benefits and income, but there are costs associated with maintaining them somewhere. India must decide whether to preserve the environment or simply accept its degradation; the country cannot choose between protecting the environment and expanding its economy, as the former will inevitably lead to the latter's growth. It is not enough to simply understand the value of green bookkeeping intellectually; one must also put it into practice all of the essential steps must be performed. Green accounting is the term used to discuss the environment from a business perspective. Accounting is the language used in business. India's environmental bookkeeping is still in its infancy at this time. These days, businesses create their own distinct environmental plans, reduce emissions, adhere to relevant regulations, and adequately report on environmental issues in their annual reports. The integration of social values into relevant assumptions, estimating economic value, and the lack of trustworthy data from commercial sources are some of the difficulties that environmental accounting and reporting face. Environmental accounting is an essential component that cannot be neglected because it incorporates both environmental and commercial data into its reports. The implementation of green bookkeeping practices at the national level would lead to the growth of the Indian economy.

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