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"THE GREEN PRACTICES OF INDIAN CORPORATES: ACCOUNTING AND REPORTING"

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ABSTRACT

One of the most important aspects of corporate social responsibility in the modern world is green accounting. Businesses are starting to integrate the idea of the environmental element into their operations. Organisations in India will be able to identify resource utilisation and associated costs with the use of green accounting and reporting. Concern over environmental deterioration, which mostly manifests as pollution of various kinds in the air, water, and land as well as deforestation and soil erosion, has grown in recent years. Even while Indian corporations abide by environmental protection laws and regulations, there are currently no clear-cut policies established at the federal, state, or even corporate levels to guarantee the degree of adherence to environmental standards. .. This paper's goal is to give an overview of the many actions that organisations should take to make environmental accounting and reporting easier.

Key words: environmental performance, environmental accounting, environmental reporting, and social responsibility.

INTRODUCTION

India and other developing nations must simultaneously address the issues of environmental preservation and economic growth. To determine the acceptable levels of development and the safe boundaries of environmental degradation, a thorough evaluation of the advantages and costs of environmental damages is needed. Environmental responsibility has emerged as one of the key pillars of social responsibility. Determining their genuine revenues that are environmentally friendly presents issues for corporate organisations. Companies must take the environment into consideration for this. In order to calculate what profit level would remain if they tried to leave the location in the same condition at the conclusion of the accounting period, they need consider its most significant external environmental impact as it was the beginning.

Green Reporting and Accounting: An Interdisciplinary Framework Green accounting is the term for accounting procedures that take into consideration the costs, effects, and consequences on the environment. It involves more than just doing social cost-benefit analyses of the company's various projects or valuing the products and services that are generated in terms of the environment. Green accounting often entails identifying, quantifying, and allocating environmental expenses; incorporating these costs into operations; determining environmental responsibilities; and communicating the outcomes to the company's stakeholders as part of financial statements.

Around the world, green reporting is widely used to provide information about environmental risks, impacts, policies, costs, and liabilities—whether or not it has been audited. In order to achieve sustainable growth, corporate environmental protections should include initiatives in environmental reporting, addressing the impact of the enterprise's production process and produce in terms of both quantity and quality, as well as initiatives in process and product innovation.

The primary goals of environmental accounting are the following: separating and coordinating all flows and stocks of resources and assets related to the environment; calculating the total stock of assets or reserves related to environmental issues and changes; minimising environmental impact through improved process and product design; estimating the total amount spent on environmental protection or enhancement; evaluating environmental changes in terms of benefits and costs; and determining the portion of GDP that represents the costs required to offset the negative effects of economic growth.

AREA OF APPLICATION:

Green accounting has a fairly broad application. National, international, and corporate levels are included. These are some of the internal and external components of green accounting: The corporate sector's internal investment method aimed at minimising environmental losses. Investing in environmentally friendly devices is included. The ability to quantify money makes this kind of accounting simple. All forms of losses are indirectly caused by business operations or activities when viewed from an external perspective. Included in it are primarily:

Degradation and devastation, such as soil erosion, biodiversity loss, air, heater, and voice pollution; problems with solid waste; and coastal and marine pollution.

Natural resources that are not replenishable being depleted for example, loss resulting from overuse of non-renewable natural resources such as gas, mineral water, etc.; deforestation; and land usage. Since environmental losses cannot be precisely valued in money, this sort of accounting is difficult. Additionally, determining the exact amount of environmental damage caused by a specific industry is quite difficult.

Indian practices for green accounting and reporting India is in the early stages of creating green accounting and reporting, both nationally and within corporations. Three distinct phases make up the complete Green Accounting process, including:

There are three major phases to the complete Green Accounting process, which include:

- Physical Accounting: establishes the type and scope of the resources in terms of space and time.
- In monetary terms evaluation of resources, both material and immaterial, from a financial perspective.
- Combining Economic Accounting with combining the environmental resources monetary worth with that of other resources.

REVIEW OF LITERATURE

Using a variety of accounting techniques, green accounting, also referred to as environmental accounting, measures, documents, and discloses the effects of a company's environmental initiatives on its financial standing. Many nations have similar definitions of "green accounting," as stated below:

Irene & Cormier (2001), An analysis of reporting techniques in the social and environmental domains: The study addressed disclosures about the environment and society. It concluded that the relationship between the costs and benefits of environmental disclosures and social disclosures is unaddressed.

According to Burritt (2002), businesses today understand the value of environmental accounting and that it need not be disregarded when analysing the company's financial statements. He further stressed the need to take into account the financial results of social and environmental accounting in addition to the current standard accounting in order to accurately and fairly portray the company's operations.

Ministry of Environment, Japan, 2005 Environmental Accounting Guidelines, Green accounting measures how much it costs businesses to safeguard the environment and how successful those efforts are. In order to carry out effective and efficient environmental operations, businesses must have organised records and reports. They are also advised to establish a friendly relationship with the ecological environment. Achieving sustainable development is the ultimate aim.

Dr. Minimol M.C and Dr. Makesh K.G(February 2014), In their study, "Green accounting and reporting practises among Indian corporate," the authors have devised a model that outlines six key elements that need to be considered in order to assess a company's performance. Additionally, it has investigated the extent to which environmental reporting is genuinely implemented in India. In India, both at the corporate and national levels, green accounting is still in its infancy. It has three facets: integration with economic accounting, monetary valuation, and physical accounting. The parameters by which businesses implement green accounting were determined with the aid of this study. The research findings indicate that while environmental pollution legislation exist, precise guidelines and protocols to enforce them are lacking.

Dr.R.K.Tailor (July-Sept., 2017)the study examines how green accounting affects sustainable development and attempt to assess the concept of green accounting in India. Money is not the only unit of measurement for growth. The emphasis on "green accounts" is on including environmental costs into the company's financial statements. This will enable us to assess the company's environmental impact. However, this has numerous issues. For instance, it can be challenging to understand the natural stock accounting flow or change in stock level when the stock is not frequently sold on the market. Natural capital depreciation is therefore recorded as income. Rich countries can perform far better in the first years, but eventually they will have to deal with the issue of sustainability.

STATEMENT OF THE PROBLEM

Green accounting is a valuable resource for comprehending the role that the environment plays in the economy. Data from environmental accounts show the expenses associated with pollution and resource degradation as well as the value of natural resources to economic well-being. Businesses employ a variety of natural resources to conduct commercial operations without interference. The enterprises ought to concentrate on and reserve a portion of their revenue for ecological balance and environmental conservation. Therefore, it is expected of corporate organisations to report on the usage of materials that could harm the environment. In India, environmental accounting is still in its infancy. Companies are currently drafting their own distinct corporate environmental policy. Implement pollution control measures, abide with relevant laws and regulations, and make sure the yearly reports include sufficient information on environmental issues. Environmental accounting and reporting face a number of difficulties, including the environmental accounting approach, the incorporation of social values into relevant assumptions, economic value, and the scarcity of trustworthy industrial data. The goal of this study is to create a theoretical framework for green reporting and accounting procedures used by Indian corporations.

OBJECTIVES

Creating a theoretical model that explains the complete process of green accounting for corporations in India is the study's main goal.

- To determine the essential criteria by which Indian corporations report on the environment.
- To ascertain the degree of voluntary environmental reporting that Indian corporations engage in.
- To determine which important variables Indian corporations take into account while reporting on the environment.

METHODOLOGY

The goal of this study is to investigate the broad patterns in environmental accounting and reporting techniques used by corporations. The purpose of this study is to learn more about the reporting and corporate environmental policies of a chosen group of companies. Businesses are divided into two main categories: manufacturing and non-manufacturing. The aim is to comprehend corporate environmental reporting procedures sector-wise. The various environmentally sensitive groups can use this as a valuable resource to comprehend the importance of business environmental accounting and reporting standards.

THE CONCEPTUAL MODEL OF GREEN ACCOUNTING.

In order to gauge the organization's overall environmental performance, the study created a model that outlines six topics that environmental accounting must address. This approach aims to provide a fresh perspective on the various actions that organisations need to take in order to support environmental reporting and accounting.

Determining the parameters for environmental reporting.

Identifying an organization's specific environmental reporting parameters: such as environmental policy, health, safety, and the environment, energy conservation, environmental cost and benefits, environmental liabilities, and environmental assets, is the first step in the environmental accounting process.

Establishing the Guidelines for Environmental Reports: The organisations must specify in detail the operational meaning of each parameter they identified in order to measure the environmental performance over the long term in this second step.

Indicate the environmental goals that need to be met:At this point, the organisations work to develop environmental goals that must be met in the near and long terms.

Creating the Environmental Performance : shows Organisations must consider environmental performance indicators at this point, such as the framework for environmental policies, the standards to be followed for health and safety, the energy-saving techniques to be employed, etc.

Assess the environmental performance indicator: In this case, the organisation may use a qualitative or quantitative approach to measure the actual environmental performance in relation to the predefined standard performance indicator.

Provide a report on the environmental performance outcomes: In order to determine how the environment affects an organization's financial performance, it is necessary for them to combine their environmental and financial performance.

CONCLUSION:

India has only recently begun to adopt environmental accounting and reporting standards. Although Indian corporations adhere to environmental regulations, there are currently no explicit policies in place to guarantee environmental standards are met, either at the corporate or natural state level. The primary goal of this research was to ascertain which environmental factors Indian corporations reported on as part of their environmental reporting practices. Furthermore, the study examined the degree to which voluntary environmental reporting, as practiced by Indian corporations, complies with the specified environmental standards.

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