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## Reporting and Implementation Of Green Accounting By The Indian Companies

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### Abstract

Obligation towards the climate has become one of the main viewpoints for everyone as well as organizations. The business exercises of every venture are impacted by a natural asset which are Water, Air, Minerals, Timberlands and so forth. Likewise, the elements of an undertaking additionally influence the climate. Consequently, it is fundamental for undertakings to keep up with legitimate bookkeeping records to unveil the effect of a business endeavor on the climate. The paper is additionally centered around the arrangement of natural bookkeeping followed by Indian organizations and steps taken by the organizations for execution. It further breaks down the issues looked by them in execution. In this review, the execution of ecological bookkeeping is dissected through the yearly report of organizations.

**Keyword: Green Accounting, Environment, Environmental Reporting etc.**

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### Introduction:

Public businesses have a unique role to play in India. In India, public enterprise has been steadily expanding. The government has given them a number of environmental goals. They must implement environmental accounting practices and produce reports on them as a result. When making decisions about an enterprise's environmental practices that have a direct or indirect impact on society, environmental accounting refers to the identification, measurement, recording, and reporting of those environmental actions. Being responsible for the environment has risen to the top of the list of priorities for both individuals and businesses. All enterprise's commercial operations are impacted by national natural resources, such as water, air, minerals, and forests, among others. Similarly, an enterprise's operations have an impact on the environment. Therefore, it is essential for businesses to have accurate accounting records to reveal their environmental impact. The report also focuses on the environmental accounting practices used by Indian businesses and the steps they have made to put those practices into practice. It goes on to analyze the implementation issues they ran into. In this study, the annual reports of corporations are

used to analyze the application of environmental accounting.

### Review of literature:

**Nasir Zameer Qureshi et.al, (2012)**, The environmental component of the business strategy is discussed in their research paper, Environmental Accounting and Reporting: An Essential Component of Business Strategy, which also identifies the various skills needed to measure, compile, and analyses the necessary data. The research places a particular emphasis on report generation and standards for a variety of business and regulatory objectives. They found that a well-defined environmental strategy, effective follow-up, and proper accounting procedures are essential for the country's sustainable growth after identifying the main barriers to environmental accounting and reporting. Development of accounting in this area actually gets challenging unless the common people of India are made aware of environmental harms and safety.

**Mukesh Chauhan (2005)** outlines the several types of environmental accounting, their application, constraints, and legal framework in the Indian setting. In his report, he offered a framework for implementing green accounting practices in India and came to the conclusion that it was

imperative for corporations to create a firm environmental policy, implement pollution control measures, follow relevant laws and regulations, and provide adequate information about environmental issues in annual reports. An environmental policy that is clearly established, followed up on, and properly recorded are all necessary for a nation to develop successfully and sustainably.

**Hecht, Joy E. (1997)**, According to the international conservation union, environmental accounting is a crucial instrument for comprehending the contribution of the environment to the economy. Environmental accounts offer information that highlights both the expenses associated with pollution or resource degradation as well as the value of natural resources to economic well-being. Additionally, it clarifies what environmental accounting is, why it's important, how it's carried out, who is involved, and how to get started. It discusses the System of National Accounts (SNA), a collection of accounts that national governments regularly produce to monitor the performance of their economies. Major economic indicators such as the gross domestic product (GDP), gross national product (GNP), savings rates, and trade balance numbers are calculated using SNA data.

#### Objectives of the Study:

1. To study the provision of environmental accounting provided by government.

2. To study system of environmental accounting implemented by companies.

#### Research Methodology:

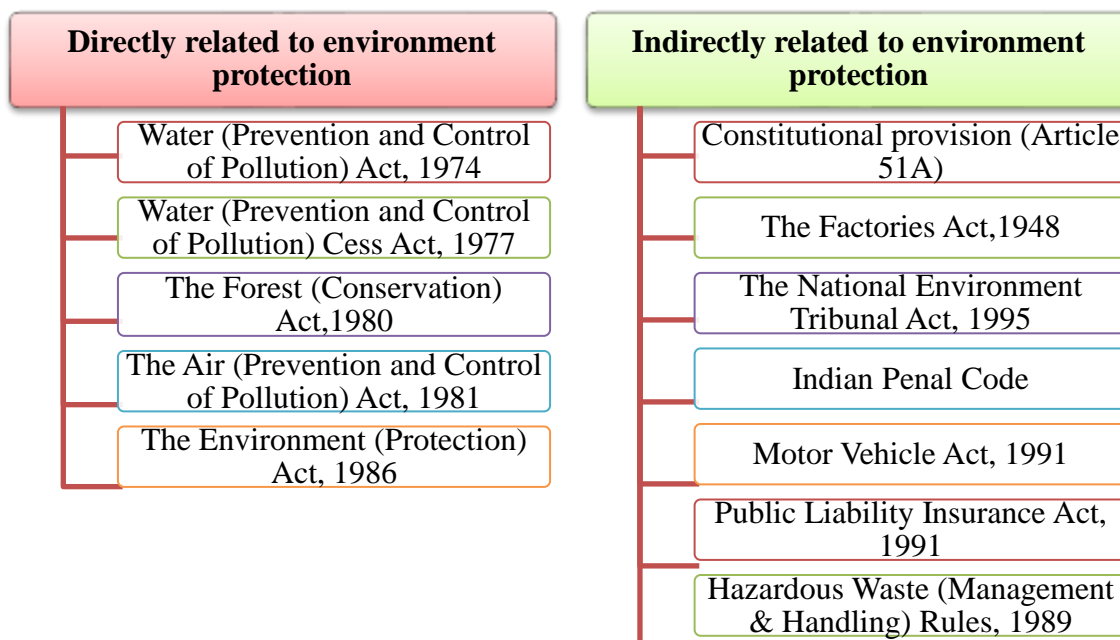
Secondary data were used for the study. Secondary data was gathered from a variety of sources, including those on the Kyoto Protocol, the National Mission for a Green India under the National Action Plan on Climate Change, the Companies Act of 2013, The secondary data thusly gathered are then validated considering the literature already in existence, and research articles.

#### Need of Green Accounting at Corporate Level:

Knowing whether a firm has been upholding its environmental obligations is helpful. Basically, a business must fulfil the following environmental obligations.

1. Complying with environmental protection regulations
2. Eliminating existing pollutants and appropriately disposing of any hazardous waste.
3. revealing to potential and current investors the size and type of the preventative measures
4. The company's management's pollution prevention measures
5. Operating in this manner prevents environmental damages from happening.
6. promoting a business with a strong environmental ethic; managing material & operational efficiency improvements brought on by a competitive global market; managing increases in the utilization of natural resources.

#### Legal Framework for Environmental Protections:



### Green Accounting Practices in Indian Companies:

In India, green accounting is only getting started. The first public announcement regarding the need for periodic environmental disclosures from corporate units was made by the Government of India in 1991, shortly following the adoption of financial reforms that liberalized the nation's economic policies. According to a suggestion 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 utilizations, pollution control measures, investment on environmental protection and impact of these measures on waste reduction, water and other resources conservation."

According to the key principles outlined in the "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business," the Securities and Exchange Board of India mandated listed companies to report on Environmental, Social, and Governance (ESG) initiatives they had undertaken in 2011.

The Companies Act of 2013 places a strong emphasis on corporate social responsibility and requires a particular class of successful businesses to fund social welfare initiatives. Companies must adopt a CSR policy if their net worth exceeds Rs. 500 crore or their annual revenue exceeds Rs. 1,000 crores. Additionally, it stipulates those enterprises must provide additional information regarding energy conservation and environmental protection in addition to their general situation and financial performance.

### Reports of Companies Regarding Green Accounting:

More than 100 companies are cover under the CSR by the Companies Act, 2013, as result of the provision of CSR some of the Indian companies take the initiative for environment.

### The practise of environmental accounting in India:

1. In 1991, the first announcement about this green accounting was made.
2. 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 utilisation, pollution control measures, investment in environmental protection, and impact of these measures on waste reduction, water and other resources conservation."

3. To produce environmental declarations, the Union Ministry of Environment and Forests has issued several directives.
  4. For all new projects that affect both the Union Ministry of Environment and Forests and the relevant State Government department of environment, environmental clearance is required across the nation. There are numerous regulations in this area, and all projects of this nature must first have environmental and antipollution clearance.
- **The following information is primarily disclosed, as can be seen from their accounts.**
    1. Pollution-control technology executed
      2. Measures are taken to conserve energy.
    2. Best use of available resources.
      4. Waste decomposition procedures.
    3. Measures performed to increase product quality.
  - **The concerned industry must include information in this environmental statement about**
    1. Raw material and water use.
      2. Pollution Control
    2. The effect of pollution control methods on the preservation of natural resources is item number
    3. The type of solid and hazardous wastes generated, and the disposal techniques used
    4. Environmental protection steps taken.
    5. Measures made to increase business sector awareness of the advantages of environmental accounting and reporting
    6. Cost incurred for green initiatives.

### Comparative Study of Green Accounting:

1. Corporate steps towards India's implementation of green accounting: The study created a model that outlines seven

areas that must be covered in environmental accounting to gauge the organization's overall environmental performance. The purpose of this model is to offer a fresh perspective on the various tasks that organizations must complete to enable green accounting and its reporting.

2. **Environmental Reporting Parameters Identification:** The first step in the environmental accounting process is for organizations to identify the environmental reporting criteria that apply to them, including environmental policy, health, safety, and environment, energy conservation, corporate sustainability/environmental initiatives, sustainability reporting, waste management, water management, wind/renewable energy sources, environmental information system, environmental disclosure practices, environmental targets, and environmental metrics.
3. **Environmental Performance Indicators Development** Organizations need to consider the indicators of their environmental performance at this stage, such as the framework for their environmental policy, health and safety standards to be followed, energy-saving techniques to be used, waste management programs to be implemented, water management policies, and so on.

#### **Findings:**

1. Implementation of green accounting is very important to protect the world from pollution & global warming.
2. As seen, companies less than 1% implement environment accounting.
3. It is observed that the companies above the turnover of Rs 1,000 crore made compulsory to provide funds for CSR.
4. It as a policy of environment control if the government declared if by law like CSR that the companies with turnover are Rs. 500 crores if made compulsory to implement 1% on Environmental Accounting it will certainly increase the percentage of implementation of the same.
5. For green accounting initiative and maintaining the proper record a separate standard accounting method is to be framed.

#### **Conclusion:**

Green accounting means identification, measurement, recording and reporting of environmental activities which may be useful for decision making with respect to environmental activities of enterprise having direct or indirect effect on the society. In India very few corporations give adequate information regarding green accounting. Green accounting provide data which indicate both the contribution of natural resources to economic wellbeing and the cost imposed by pollution or resources degradation. Many corporations are not contributing toward environmental safety. The Companies act 2013 emphasizes on corporate social responsibility that makes it mandatory for certain class of profitable enterprises to spend money on social welfare activities. It is mandatory for companies with net worth of more than Rs 500 crore, or turnover of Rs 1,000 crore to adopt a CSR policy. In the current situation that the corporate prepares a firm environmental policy to protect environment, take step for pollution control and comply with the rules & regulation and mention all details information for environmental aspect in annual reports.

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