

## “GREEN ACCOUNTING – NEED FOR THE GLOBE”

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### ABSTRACT

At present, the globe approaching towards industrialization rapidly without showing consent towards environmental issues. The increasing industries help countries to grow economically stronger. But accounting of such resources did not find place in existing accounting system. In this background, This study mainly focuses on Green Accounting practices in India. An Empirical study was conducted by administered questionnaire. The study carried out with the help of collecting collective responses from 50 academicians. It provides the perception of academicians on the Green accounting and other disclosing reports. The result was analyzed with the help of t-test. The result shows that; academicians are not satisfied with the existing environmental standards.

**Keywords:** Industrialization, environmental issues, Green Accounting,

### INTRODUCTION

At present, the globe approaching towards industrialization rapidly without showing consent towards environmental issues. The increasing industries help countries to grow economically stronger. The growth of the any country affects the quality of the environment in different channels. Firstly, larger scale of economic activities leads to environmental degradation. Second, it helps to raise GDP gradually, lastly is investing in advanced environmental technology to remove dirty technology. On the other hand, growth of the country will be measured with the help of standard tool called GDP. The GDP, provides a single number that indicates the monetary value of all finished goods and services within a country at specific periods<sup>1</sup>. But measuring GDP, it only considers marketable goods and services and not industrial activity impacts on the environment. It does not consider the important role played by environment for the development of economy. The environment provides various services in various forms like to provide clean air for public consumption, supplier of raw materials in the form of natural resources, a receptacle for pollutants in the way of rain forest and space location. In fact, these precious resources have already lasted its originality due to industrial pollution because it reached at peak level and it creates and distract ecosystem through loss of forest cover, availability of contaminated water, floods, climate change, global warming and greenhouse gas emission. Now a day's people started realizing the importance of environmental resources, if resources are polluting in the same direction it leads to so many consequences such has reduced average life span of human beings, increasing health issues and scarcity of available quality resources

### Green Accounting in India

In India, in the year 2011 committee has been formed under the chairmanship of Prof Partha Dasgupta to develop green national accounts and prepare a roadmap for India to implement the framework<sup>2</sup>. This group submitted a report during 2013 after making shortcoming of previous version. There were many workshops are organized, many expert groups participated and recommended, after deliberate inputs from expert group, the central statistical office (CSO) has identified a list of indicators for compilation of asset accounts for the selected sector. On 28.01.2015 under the chairmanship of DG, CSO constituted An Inter-Ministerial Group (IMG) on Environmental and Economic Accounting. It shows India also made efforts to bring certain accounting standards to value natural resources. There was an organization called the Green Indian States Trust (GIST) is a forerunner in providing environmentally adjusted accounts under the Green accounting for Indian states project practicing Green Accounting since 2003. They are working to develop natural resource accounts of forest, land and soil.

### LITERATURE REVIEW

Literature review helps to provide a glimpse of existing work on a particular topic. Here by providing earlier work on environmental accounting and reporting practices in India.

Dr. Anita Shukla and NidhiVyas (2013) concluded that insufficient availability of environmental data provides very less environmental information in the annual report and accounts of such information not found in the financial statement of the company. Shavita Deshwal (2015), the author

<sup>1</sup> <https://www.investopedia.com/ask/answers/030415/what-functional-difference-between-gdp-and-gnp.asp>, dt 12.12.18

<sup>2</sup> Green National Accounts in India- A Framework

conducted a study by considering 50 companies to analyses the extent of environmental accounting practices between the Manufacturing and Non-manufacturing companies. The result shows that, there is a difference in the practicing of environmental accounting between the sectors. Hence, the author suggests that, there is need of strict rules in adherence to environmental norms. Moreover, the concern towards environmental safety should be developed among the people and industries. Preeti Malik and Alka Mittal (2015), the study is carried out by highlighting few Board of Directors' report of Asian Paint Ltd, Goodlass Nerolac Paints Limited, Maruti Udyog Limited, normally directors' report contains information such as verified sample checks as per environmental standards, details of environmental monitoring activities, details about tree plantation moreover most of the companies provide such information in a descriptive way. Hence, the author suggests that, Environmental accounting is in beginning stages in India, there is an urgent need of standards accounting methods to account such resources.

### **OBJECTIVES OF THE STUDY**

- The study is conducted to know the green accounting practices in India.
- To know the paradigm, shift in the non-financial disclosure practices.

### **RESEARCH METHODOLOGY**

#### **Samples:**

The present study was carried out with the help of structured questionnaire were administered to the participants of the survey. filled questionnaire were collected from 50 Academicians.

#### **Methodology:**

The pilot study had been conducted among academicians. The questionnaire was sent through Email or hard copy. These questionnaires were prepared with the help of referring the current situation of the industries. The questionnaire framed with the intention of getting a maximum view of academicians.

#### **Content Analysis:**

Content analysis is a method used to codify the text of the piece of writing into various categories, based on some criteria. Likert scale was used to codify the data. The collected information is divided into 5 parts, i.e. Score 1 – Strongly Disagree, Score 2- Disagree, Score 3- Neither agree nor disagree, Score4-Agree, Score 5- Strongly Agree. The response given by academicians was tested with the help of 't' analysis.

#### **Hypothesis**

**H0: There is no difference in the perception of academicians with respect to following statements.**

- 1) Large scale organizations provide more environmental information compared to MSMEs.
- 2) Multinational companies provide more environmental information than domestic companies.
- 3) An environmentally concerned company earns higher profit in the long-run through increased confidence of customers.
- 4) An environmentally concerned company enjoys high level confidence of investors in the form of higher stock prices,
- 5) An environmentally responsible company enjoys higher reputation and goodwill

**H1: There is difference in the perception of academicians with respect to above statements.**  
**ANALYSIS AND INTERPRETATION**

The analysis of perception of academicians are presented below.

**Table :01 The below table used to show the result of Descriptive statistics**

	N	Mean	Std. Deviation	Std. Error Mean
Large scale organizations provide more environmental information compared to MSMEs.	50	3.4200	1.14446	.16185
Multinational companies provide more environmental information than domestic companies.	50	3.2800	1.08872	.15397
An environmentally concerned company earns higher profit in the long-run through increased confidence of customers.	50	3.9200	1.00691	.14240
An environmentally concerned company enjoys high level confidence of investors in the form of higher stock prices	50	3.7800	1.03589	.14650
An environmentally responsible company enjoys higher reputation and goodwill	50	4.2200	.78999	.11172

(Authors compiled)

From the above table, it clear that, variation between statement of reporting variable vary from .78999 to 1.14446. The majority of respondent consistent in reporting variable and it found in statements like 'An environmentally responsible company enjoys higher reputation and goodwill' because mean value is 4.22 and other statement also consist in reporting practice. The below table shows the result of hypothesis. the result is exhibited in below table 2

**Table 2: One-Sample Test**

	Test Value = 3.8		
	t	df	Sig. (2-tailed)
Large scale organizations provide more environmental information compared to MSMEs.	-2.348	49	.023
Multinational companies provide more environmental information than domestic companies.	-3.377	49	.001
An environmentally concerned company earns higher profit in the long-run through increased confidence of customers.	.843	49	.403
An environmentally concerned company enjoys high level confidence of investors in the form of higher stock prices	-.137	49	.892
An environmentally responsible company enjoys higher reputation and goodwill	3.759	49	.000

(Calculated with the help of trail version of SPSS)

As from the above table, 'p' value shows less than 0.05 in the following statements, Hence, we reject the null hypothesis ( $p < 0.05$ ). a). Large scale organizations provide more environmental information compared to MSMEs ('p' value 0.23).b). Multinational companies provide more environmental information than domestic companies ('p' value 0.01).c). An environmentally responsible company enjoys higher reputation and goodwill ('p' value 0.00).

In other hand, the statements like 'An environmentally concerned company earns higher profit in the long-run through increased confidence of customers' and 'An environmentally responsible company enjoys higher reputation and goodwill' statements 'p' value is more than 0.05. Hence, accepted the null hypothesis ( $p < 0.05$ ). Hence, there is no significant difference of opinion among academicians with regard to these statements. The below table shows importance of Green accounting and reporting in view of academicians.

**CONCLUSION**

Annual reports, Sustainability reports and Business Responsibility reports are one of the important communication vehicles. It communicates both financial and non-financial information of a business to the external stakeholders. These reports gaining momentum nowadays due to rapidly growing industrialization, complexity in business, growing competition, challenges in business and

sustainability practices. Such reports helpful for management to make effective strategic policy and make effective strategic decisions. But after the study of primary data, it can be concluded that, the non-financial information provided by business organizations is varied because the non-availability of environmental standards. Even though reliable on such information is not useful. So in order to make mandatory reporting guidelines and bring harmony between the reporting companies, there is an urgent need of environmental reporting standards

### SUGGESTIONS

The present study includes the opinion of Academicians. Keeping in view of the primary study, suggestions have been made. A). Environmental information provided by large scale organization more comparatively with MSME. B) There is no difference in environmental information provided by MNCs and Domestic companies. C)Academicians inclined that more environmental concerned companies make higher profit in the long run. D)Academicians have similar perception on various parameters such as companies must be more environmentally conscious, environmental information fosters the goodwill of the company, it is necessary to disclose environmental information, integrate environmental friendly technology, it's necessary to follow environmental accounting and auditing for better environmental performance. E)Academicians have similar perceptions of lack of existing guidelines to account and value natural resources of the company.

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