

Environment Reporting Practices- A Case Study of *Indian Pharmaceuticals Companies*

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Abstract

This study helps to understand that how responsible are our Indian industries towards sustainable development and environmental reporting standards and how much they are investing on this aspect. To understand it in a more conclusive manner some pharmaceuticals companies from Indian pharmaceutical industry have been undertaken. Responsibility towards the environment is a most crucial part of social responsibility for these industrial establishments. In the recent years, concerns for environmental degradation are at hike. Various types of pollution viz., air, water, sound, soil erosion, deforestation, etc. have arisen drastically. This evil is spreading all over the world and is polluting water, affecting health, global warming and deteriorating productivity. It is desirable for the industries to report on the efforts made by them as a part of social responsibility to protect the global environment. To study the environmental reporting practices followed by the industries becomes more important for a developing country like India which are facing twin problems of protecting the environment on the one hand and promoting economic development on the other. A careful assessment of cost-benefit analysis is required to understand environmental damages and to find safe way to achieve both the goals without any serious harm. A well-functioning pharmaceutical industry can contribute directly a lot to social wellbeing. Environmental reporting in corporate social responsibility is an important precondition for the further development and growth of the industry, society and nation's economy. Proper environmental reporting according to standards will help India to regulate this concern with more earnest to minimize the evil of degradation of the environment and in sustainable development in the future. Keeping these aspects in mind the present study on environment reporting has been undertaken with reference to Indian Pharmaceutical Companies has been undertaken.

Key Words: Social Responsibility; Environmental Impact; Environmental Reporting; Environmental Cost; Environment Accounting.

Introduction

Company being a separate legal identity needs to work for the society in which it exists. Its actions, activities and initiatives towards community and environment build its goodwill and image in the society for which it works. Primary responsibility of an enterprise is to make optimum utilization of their resources, both men and material. But in real terms they seem to be

ignoring their responsibilities expected from a good citizen. That's why regulating authorities of India are forcing them to fulfill their social responsibilities by way of imposing different regulations and rules to ensure their contribution for the development of economy.

In recent years, the adverse environmental effect of economic development becomes global concern. Environment is becoming most crucial economic, social and political problem. In the beginning stage itself companies are facing problems to measure true profit i.e., environmentally sustained. The level of degradation is rising at such a pace, that it is difficult to say whether any profit would be left; if we want to leave the earth in the same state as it was in the beginning.

A joint workshop is conducted by the United Nations Environment Program (UNEP) and the World Bank to examine and analyzing the feasibility of monetary and physical accounting of natural resources and the environment. Simultaneous to this, the statistical division of the United Nations (UNSTAT) has developed methodologies for a system of Integrated Environmental and Economic Accounting (SEEA) and issued a handbook on Integrated Environmental and Economic Accounting. As a whole, it can be inferred that environmental accounting and reporting should be treated as a measuring tool of efficiency and effectiveness of business and environmental conservation activities. Environmental Reporting and accounting is a mean of identification and disclosure of specific environment costs, such as liability cost, waste disposal costs etc. It is responsible for every social cost benefit that firms are generating from their production and operations, directly or indirectly impacting bio-diversity.

It becomes imperative to understand the concept of environment, environmental impact, environmental reporting, environmental cost and environmental responsibilities.

Concept of Environment

Environment may be understood as building factors of our surroundings. The environment is something that makes up our surroundings and affects our ability to live on the earth. It forms the origin of our subsistence. It encompasses the air we breathe, the water that swathe most of the earth's surface, plants and animals around us, and much more. 'Environment' refers to the sum total of conditions which surround man at a given point in space and time.

The environment is of two types- natural environment and manmade environment.

Natural environment

The natural environment encompasses both the non-living (a biotic) and living (biotic) components, which occurs naturally on earth. Environment referred to as natural environment consists of physical or abiotic aspect of planet earth, such as land, air, water, gas etc. and biotic component like plants, animals, including man and his functions.

Man-made environment

With the advancement of time and progress of civilization, man extended his environment through his social, economic and political function. This type of environment is manmade environment, which includes the areas and components which are majorly affected by man. This type of environment consists of cultural elements viz., political, social and economical.

Environmental Impact

Environmental impact is an impact (favorable or adverse) made by the organization on the environment in the sphere of natural, social and economic aspects. Environmental impact refers to the biophysical, social and other relevant effects on the environment by the economic activities carried on by an organization. Environmental impact assessment can prevent, limit, or require liability or insurance coverage based on its likely harms on the environment.

Adverse environmental impact leads to degradation of environment due to destruction and depletion of natural resources, such as, water, land, marine, and air and wildlife extinction. Impulsive uses of environmental resources, from last few periods, industrial organizations are the main cause of this drastic damage to the flora and fauna. Our industrial sector is adversely impacting environment directly or indirectly. This causes soil erosion, deforestation, pollution to air, water, land & marine, bio-diversity loss, over exploitation of resources etc. Global warming is the main result of our modernization and civilization.

Environmental Reporting

Green/Environmental Reporting is used for disclosing environment related data, its related risks, causes, initiatives for prevention, policies and liabilities, audited or not. Corporate should include details of initiatives and activities related to environmental protection and adverse impacts of production activities and products on environment quantitatively and qualitatively, with the help of environmental reporting. Environmental reporting also helps in the achievement of sustainable growth.

Environmental reporting has variety of meanings. In simplest form, Environmental reporting denotes reporting of environment specific costs after the identification and measurement of actual or potential impact of company's economic activities on the environment.

Environmental Cost

Environmental Cost directly places a cost on every environmental aspect, and the cost of all types of related action such as pollution prevention, environmental design and environmental management etc.

Environmental cost can be distinguished between internal costs/ private cost (those borne by the organization) and external costs/social cost (those passed on to society). Internal environmental costs to the firm are composed of direct costs, indirect costs, and contingent costs. External costs are the costs of environmental damage external to the firm on which firm shows less interest unless the external costs lead to liabilities for the firm. Contingent or intangible environmental costs are costs that may arise in the future to impact the operations of the firm. Contingent costs can fall into both internal and external cost categories.

The distinction between internal and external environmental costs is illustrated in Table-1

Table-1: Internal and External Environmental Costs

| External Environmental Costs | |
|--|---|
| Examples: Depletion of natural resources Noise and aesthetic impacts Residual air and water emissions Long-term waste disposal Uncompensated health effects Change in local quality of life | |
| Internal Environmental Costs | |
| Direct or Indirect Environmental Costs | Contingent or Intangible Environmental Costs |
| Examples: <ul style="list-style-type: none"> • Waste management • Remediation costs or obligations • Compliance costs • Permit fees • Environmental training • Environmentally driven R&D • Environmentally related maintenance • Legal costs and fines • Environmental assurance bonds • Environmental certification/labeling • Natural resource inputs • Record keeping and reporting | Examples: <ul style="list-style-type: none"> • Uncertain future remediation or compensation costs • Risk posed by future regulatory changes • Product quality • Employee health and satisfaction • Environmental knowledge assets • Sustainability of raw material inputs • Risk of impaired assets • Public/customer perception |

Source: Adapted from: Whistler center for business and the Arts Environmental Accounting. Prepared by T. Berry and L. Failing, 1996

Environmental Responsibilities

Environmental Reporting is helpful for the awareness that whether companies are initiating and performing their responsibilities for environment or not. For becoming an environmental responsible company they have to discharge following responsibilities:

- a. Concentrate on sustainable development
- b. Take initiatives for reducing existing and potential pollution
- c. Properly dispose, decompose and emit the related hazardous material
- d. Disclose the measures and amount of preventive initiatives taken and their nature to your stakeholders.

- e. Promote wide and long term view towards environment and move towards with a socially and environmentally responsible attitude.
- g. choose the best way for operating your activities that can control costs for raw materials, waste management and pollution.

Accountants are the custodian of economic development, as they can't ignore environmental issues arising due to company's management, accounting, disclosures, reporting etc. So an accountant should possess proactive role in environmental related initiatives. With these aspects in mind, the present study has been undertaken to assess the status of environmental reporting practices adopted by pharmaceutical companies in India. For this purpose, the present study is divided into two sections – Section-I comprises of Review of Literature and Research Methodology and Section-II contains Analysis, Findings and Conclusion.

Section-I : Review of literature and Research Methodology

Review of Literature

Many researchers and academicians are attracted towards the proposed topic environmental accounting and reporting for their research and articles on several important aspects of environmental reporting. But in depth study on the reporting practices and status of environmental disclosure in quantitative terms of Indian companies is very limited. Accordingly, some of the research papers and articles help me out in assessment of the past work on the proposed topic and make me aware about different aspects of environmental accounting and reporting practices. Following are the some good articles and researches I have been gone through:

Cheema and Singh (2004) in their study, Cheema and Singh tried to examine influence of stakeholders of Indian companies on their environmental disclosure status. The objectives of the study were: (a) extent of relationship between status of environmental disclosure and company size. (b) Creditors' influence on the status of environmental disclosure. (c) Foreign influence on the environmental disclosure status.

The researchers concluded that: i) big size companies are much better than the small size companies as they have more stakeholders' environmental accommodation and reporting practices. ii) Companies having foreign customers are more environmental conscious in disclosing their status. iii) There is no creditor's influence on environmental disclosure.

Authors concluded that Indian creditors are more concerned about the economic status of the company than corporate environmental responsibility. But companies having foreign customers are more concerned to environmental disclosures. Due to huge pressure of large stakeholders of big companies, makes them more responsible about environment.

Pramanik, Shil, and Das (2007) observed that both quantitative and qualitative disclosure status of environmental initiatives and practices in corporate annual reports are not satisfactory. No regulatory and statutory bodies and law like company law, accounting standards or guideline

issued by ICAI prescribes norms related to environment disclosure in corporate financial statements. It implies that level of voluntary environmental disclosure status is not satisfactory. The author concluded that, voluntary nature of environment disclosure and lack of commitments on the part of companies are the main reason of poor status of environmental disclosure. Poor environment performance by company can also enforce and bind them for non-disclosure or poor disclosure of such information.

So, it can be concluded that the absence of standardized environmental accounting practices and disclosure techniques at both the national and international level, as well as legal enforcement weakens the environmental accounting practices to consider other alternatives from a global perspective.

Shukla and Vyaas (2013) observed that BPCL and ONGC are directly related to the major issues of environment and hampers the environmental performances. This is their duty that they should disclose detailed information about environmental disclosures but they are not that much conscious, that they have to. They provide very less information about their environment related initiatives and social cost benefits. Quantitative information related to environment disclosures in annual reports are also lacks on their part.

Asia Pacific journal of research (2014) found that environmental accounting and reporting is at budding stage in India. India has different rules and regulations related to environmental protection, but still there are no compulsory clear-cut and strict policies at the National, State or company level, for disclosing satisfactory environmental indices. This study is proposed to analyze the main environmental parameters disclosed by corporate in their environmental reporting practice. This study also concentrated on the extent of voluntary disclosure on the part of Indian Corporate.

Prakash (2016) observed that In India, there is no regulatory and statutory compulsion on the corporate part to disclose, account and report for the environmental issues. That is why companies are unconscious and disclosing environmental parameters and initiatives on voluntary basis in a positive and qualitative manner only. Thus, need to popularize the benefits of environmental reporting among the industrial's community become more important. In this context, the author made the suggested that: (i) to frame environmental policy and strategy at the organizational level. (ii) To make environmental accounting mandatory and its strict enforcement should be done. (iii) To conduct an environmental audit at regular intervals. (iv) to create awareness about the benefits of conserving the natural resources, their effective utilization, etc by conducting workshops conferences and seminars, inviting academicians, etc. and the involvement of top management, professional and managerial executives should be compulsory. (iv) to take steps like as protection of surroundings adoption of non-polluting technology, green belt, waste management treatment, recycling of waste, etc. to save the ecological balance.

Singh (2005) in his study tried to analyze the voluntary environmental disclosure status of top 200 Indian companies. The major objectives of the study were: (i) study the voluntary environmental disclosure status on the basis of 20 environmental disclosure parameters of Indian companies. (ii) Study the length of qualitative environmental disclosure reporting. (iii) Study the place of such disclosure.

The findings of the study were: i) the disclosure status of those parameters which have adverse effect on company's goodwill was very unsatisfactory poor. But the statuses of other disclosures are more or less satisfactory. ii) The company-wide status of voluntary disclosure was very discouraging. iii) Highly polluting industries were more responsible for disclosing environmental information than low polluting industries.

From above, as a whole we can conclude that voluntary environmental reporting in India was very poor and not self-explanatory.

There are some main reasons pinpointed by the author for the poor environmental disclosure: (a) voluntary nature of environmental disclosure practices in India. (b) Costly affair. (c) Lack of awareness and commitment on the part of Indian companies about the social and environmental responsibility. (d) Poor environmental performance of the Indian companies. (e) Regulation and enforcement of the environmental protection law is also very poor.

Research Gap

From the preceding literature review made, it is evident that in the last decade, pressure from environmentalists, social groups and scientists compelled the corporate world to realize that they had a role to play to save the mother earth. The role of business in society is shifting dramatically. Corporate social responsibility and corporate environmental responsibility became two major decision areas of corporate management. Various frameworks of environmental management and reporting emerged in different corners of the world. But till today corporate environmental performance in a comprehensive form has not been dealt with seriously. There is no sincerity to provide environment reporting in quantitative form. Considering this research gap, an attempt has been made in this study to study the environmental reporting practices of Indian pharmaceutical companies.

Research Methodology

The present study was carried out with the purpose of finding the status of environmental reporting in India, with the help of a sample of 10 companies from the pharmaceutical industry. For this purpose, annual reports of these companies for the year 2016-2017 & 2017-18 were accessed through the internet. An environmental reporting index was developed to measure the extent of the environment reporting by comparing annual reports of these companies. The index was developed by listing all the possible environmental disclosures identified through the annual reports. The scoring procedure assigned one point for each environment related item disclosed by the company (listed in the index) and zero otherwise. Each sample firm, thus, obtained an environmental disclosure score; with a higher disclosure score representing a more environmental conscious firm. Further, mean was used to find out the average score and evaluate, as to which firms have more or less than the average environmental score.

Section-II :Objective, Scope and Need of Research

Objectives of the Study

The objectives of the study are to:

- (i) examine the needs and importance of environmental accounting and reporting practices in India;
- (ii) Assess the nature and status of corporate environmental accounting and reporting practices of the selected companies in India;
- (iii) Develop the Environmental Disclosure Index (EDI) of selected Indian companies on the basis of the accounting and reporting performance of sample companies;
- (iv) Assess whether there is any correlation between the size of the selected companies and Environmental Disclosure Index (EDI);
- (v) Suggest the appropriate measures for improving the existing accounting and reporting practices in India.

Scope of the Study

The study has been undertaken in respect of selected companies operating in India. The sample unit for conducting the present research study comprises 10 major listed companies (falling under either BSE or NSE or both) chosen from pharmaceutical industry operating in India. The study period has been covers the period of 2016-17 & 2017-18 financial year. It is expected that the study will help to improve and rationalize the existing status of environmental accounting and reporting practices in India.

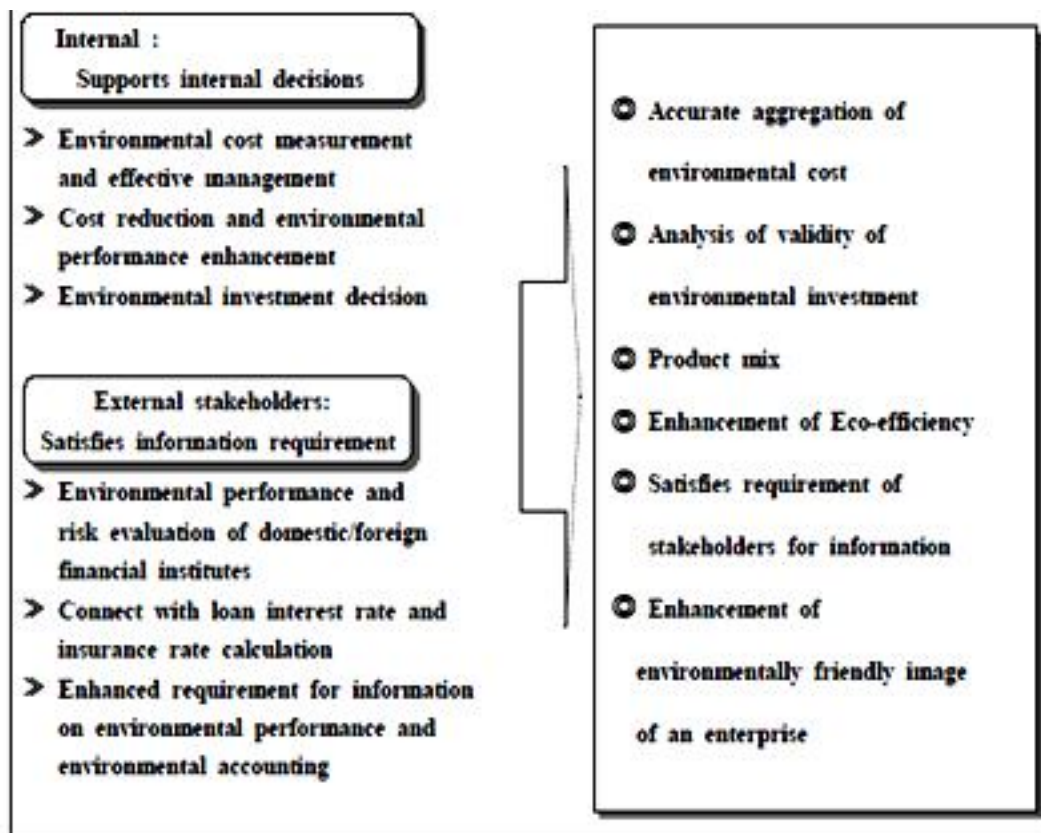
Need for the Study

'Environment Protection' and 'Economic Development' both the matters are crucial for India. But a tradeoff between the two is required strictly, so that goal of sustainable development would be achieved. Proper environmental accounting and reporting is required to measure and reducing the impact of enterprise's economic activities. A standard and regulated accounting system is required for this concern.

This piece of research provides an insight into the concept in the Indian perspective. Through this research, has attempted to examine the environment reporting practices of Indian companies. Main focus of the study is on theoretical as well as practical foundation of environmental accounting and reporting, with special emphasis on environment reporting practices of Indian pharmaceutical industry. Environmental accounting is in initial stages across the world and more particularly in India. In India, whatever is shown in the accounts in respect of environment is mainly to be compliant with the relevant rules and regulation in the Act. Currently, this is the demand of the time for the corporate sector to make a proper

environmental policy, initiate steps for control of pollution, comply with the rules and regulations, and disclose adequate details of aspects of environmental in the annual reports. There are many challenges to environmental accounting and reporting as discussed above, including but not limited to social values in applicable assumptions, economic value and lack of reliable industrial data. To overcome these challenges various research accounting standard / guidance's and measures for Environmental accounting and proper implementation at corporate level is necessary. For sustainable development of economy and the nation a definite policy of environmental accounting and reporting, also proper accounting procedure is a required at the global level, which can be achieved by initiatives at country levels.

Table 2: Necessities of Environmental Accounting and Reporting



Source: "A study of environmental accounting and reporting practices of some selected polluting industrial units in India", 2012

SectionIII: Analysis, Findings and Conclusion

The present study is descriptive research. It was carried out with the purpose of finding the status of environmental reporting in India, with the help of a sample of 10 companies from Indian pharmaceutical industry. An index was developed to measure the extent of environment reporting by these companies. The index was developed by listing all the possible environmental disclosures that were identified through the annual reports. The selected 10 Indian pharmaceutical companies for the study are listed in following table 3:

Table 3: list of sample companies

| Serial No. | Company's Name |
|-------------------|-------------------------------------|
| 1. | Aurobindo Pharma Limited |
| 2. | Bilcare Research |
| 3. | Biocon Limited |
| 4. | Cipla |
| 5. | Divi's Laboratories Limited |
| 6. | Dr. Reddy's |
| 7. | Piramal Enterprise Limited |
| 8. | cadila |
| 9. | glenmark |
| 10 | Sun Pharmaceuticals Industries Ltd. |

Environmental reporting index was developed to measure the extent of environment reporting by these companies. The index was developed by listing all the possible environmental disclosures identified through the annual reports of the selected 10 companies. Following are the environment disclosure index used in this study as shown in following table 4:

Table 4: Environment disclosure index

| Serial No. | Items |
|-------------------|-------------------------------------|
| 1. | Green Chemistry |
| 2. | Under CPCB/ SPCB limit |
| 3. | Green Belt – tree plantation |
| 4. | Water treatment/ management system |
| 5. | Reducing carbon footprints emission |

$$\begin{aligned} \text{Average disclosure score} &= \frac{6+2+6+4+8+7+6+3+6+8}{10} \\ &= 56/10 = 5.6 \end{aligned}$$

Abbreviations:

| |
|--|
| MCA = Ministry of Corporate affairs |
| CPCB = Central Pollution control Board |
| SPCB = State Pollution Control Board |
| ltd. = limited |

With the help of online annual reports 2016-2017 and 2017-2018 of the 10 selected pharmaceutical companies for this research all the possible environment disclosures are assessed and the index was developed by listing all of them. Score are provided to the each selected companies for the each environment activities they performed which is disclosed under environment disclosure index.

One (1) score is given to the companies for each environment activities they have mentioned or performed in their annual report, two (2) score is given for the detailed qualitative information mentioned related to that disclosure index, three (3) score given for the activities that companies have given detailed information in terms of qualitative and quantitative as well and zero if they didn't consider this in their environment reporting according to their annual reports.

Table 5:units' measures

| Scores | Meaning |
|--------|---|
| 0 | Didn't consider in annual report |
| 1 | Mentioned in annual report |
| 2 | Qualitative details mentioned in annual report |
| 3 | Qualitative and quantitative details mentioned in annual report |

For the year 2016-2017

Here, each sample firm has their disclosure scores and each environment disclosure activities have their performance scores according to the analysis of their annual reports for 2016-2017.

Table 6: environmental disclosure scores of sample companies

| Environment Reporting Practices in Indian Pharmaceuticals Companies for the F.Y. 2016-2017 | | | | | | | | | | | | |
|--|-------------------------------------|---------------------|---------------------------|------------|-----------|-----------------|------------------------|-----------------------------|---------------------------------|-----------------------------|------------|--|
| S.No. | Company's Name | Market Cap (in cr.) | profit after tax (in cr.) | csr budget | csr spend | Green Chemistry | under CPCB/SP CB limit | Green belt - tree plantatio | water treat- ment/ manage- ment | reducing carbon footprin ts | Total (15) | |
| 1 | Aurobindo Pharma Limited | 39,557.04 | 1,076.76 | 39 | 19 | 1 | 1 | 1 | 3 | 0 | 6 | |
| 2 | Bilcare Research | 124.44 | -65.93 | NA | NA | 0 | 0 | 1 | 1 | 0 | 2 | |
| 3 | Biocon Limited | 22,670.00 | 671.8 | 9 | 9 | 0 | 1 | 1 | 3 | 1 | 6 | |
| 4 | Cipla | 47,650.54 | 1,042.41 | 33.38 | 28.25 | 1 | 0 | 0 | 2 | 1 | 4 | |
| 5 | Divi's Laboratories Limited | 16,568.06 | 1,060.42 | 24.51 | 16.25 | 3 | 1 | 0 | 3 | 1 | 8 | |
| 6 | Dr. Reddy's | 43,646.85 | 1,257.20 | 42.67 | 42.67 | 1 | 2 | 0 | 2 | 2 | 7 | |
| 7 | GlaxoSmithKline Pharmaceuticals | 23,167.96 | 336.81 | 12.1 | 12.11 | 0 | 0 | 0 | 1 | 0 | 1 | |
| 8 | Piramal Enterprise Limited | 32,822.46 | 1,082.14 | 9.17 | 29.17 | 0 | 1 | 2 | 2 | 1 | 6 | |
| 9 | cadila | 45,388.80 | 1,483.00 | 29.17 | 19.03 | 0 | 0 | 1 | 2 | 0 | 3 | |
| 10 | glenmark | 24,203.13 | 1,108.75 | 23.22 | 24.09 | 1 | 1 | 2 | 2 | 0 | 6 | |
| 11 | Sun Pharmaceuticals Industries Ltd. | 164,999.86 | 7,836.30 | 38.66 | | 2 | 0 | 3 | 3 | 0 | 8 | |
| Total (30) | | | | | | 9 | 7 | 11 | 24 | 6 | | |

Table 6 shows the scores provided to each company for performing selected environmental activities in financial year 2016-2017.

Average disclosure score was calculated by dividing the total of total environmental disclosure scores of all the companies by the number of companies in sample.

Average disclosure score = $\frac{6+2+6+4+8+7+6+3+6+8}{10}$

$= \frac{56}{10} = 5.6$

Figure 1: disclosure scores of sample companies

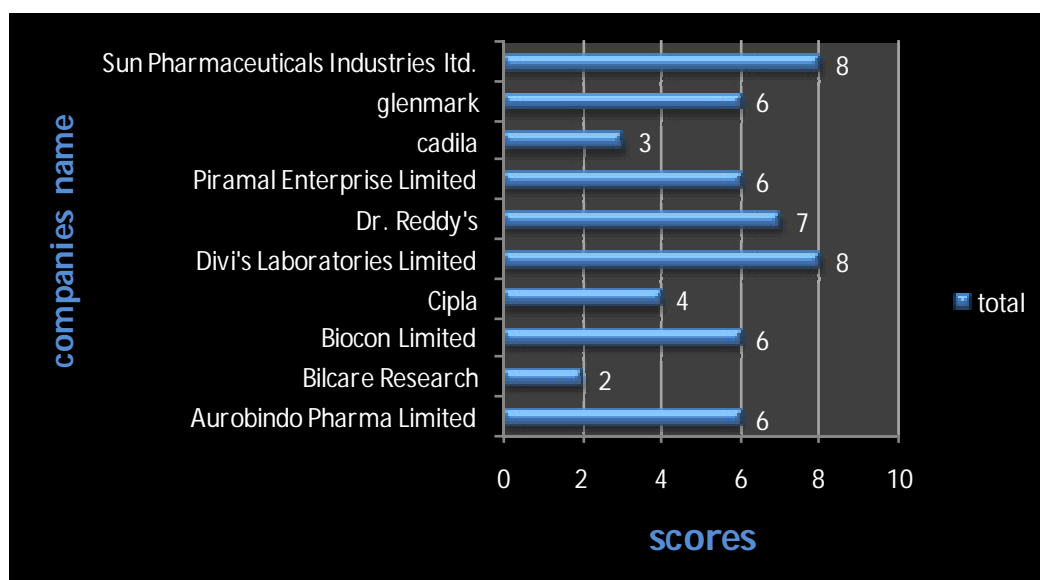
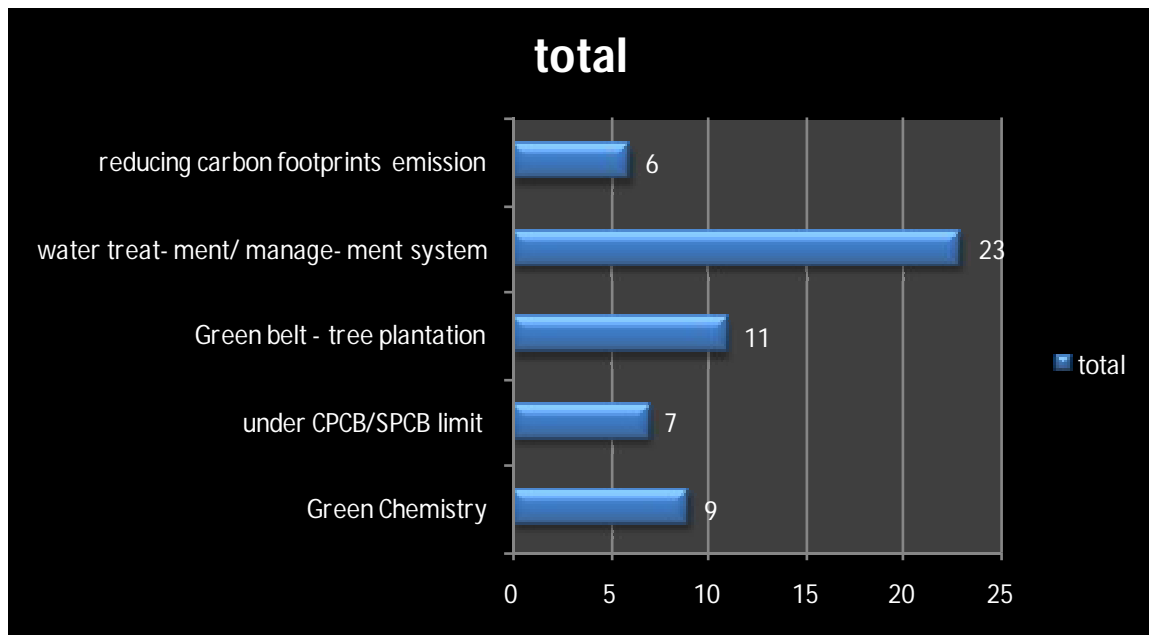


Figure 2 scores to different environmental disclosure index



Findings

From the above table 6 and figure 1 & 2 it can be found that:

1. Most of the companies have their environmental disclosure scores below or approximately near the average score (represented in figure 4 by the red line)
2. It also means if we include 6 score companies at on average than 7 companies i.e. 70 % companies have their disclosure index at or below the average scores. This means after having so many rules and regulations in this regard, environmental practices are taken as for granted. The main reason could be negligence of regulating authority and weak ethical issues of companies.
3. It can also be observed that sun pharma and Divi’s lab. Were at highest place with 8 points out of 15. It means this highest performing company is too performing their responsibility to 53% only. But still these companies are environmentally conscious
4. Another observation is that the most important environment issue i.e. carbon footprint emission is at minimum level of consciousness on behalf of pharma companies. Most of the companies are at 0 score as they didn’t even mention this issue in their report. There is no detailed information and initiatives are mentioned regarding to this in the annual reports companies are taking care.
5. Another observation is that bilcare and cadila pharma are at last position with 2 & 3 score respectively. This reflects negligence and poor attitude towards environmental concerns.
6. Water treatment disclosure was considered as a most important environment activity, where companies are more actively participating and disclosing its details and initiatives in monetary terms also.
7. Results also reports that there are many little environment activities that are scored 3, it means companies are not properly disclosing their environmental reporting in monetary and quantitative terms.

- Green chemistry initiative is taken by only one company i.e. Divi's laboratory properly
- Similarly green belt initiative properly by sun pharma.

For the year 2017-2018

Here, each sample firm has their disclosure scores and each environment disclosure activities have their performance scores according to the analysis of their annual reports for 2017-2018.

Table7: environmental disclosure scores of sample companies

| Environment Reporting Practices in Indian Pharmaceuticals Companies for the Financial Year 2017-2018 | | | | | | | | | | | |
|---|-----------------------------|---------------------|---------------------------|------------|--------|-----------------|-----------------------|------------------------------|--------------------------------------|-------------------------------------|-------|
| S.No. | Company's Name | Market Cap (in cr.) | profit after tax (in cr.) | csr budget | spend | Green Chemistry | under CPCB/SPCB limit | Green belt - tree plantation | water treat-ment/ manage-ment system | reducing carbon footprints emission | Total |
| 1 | Aurobindo Pharma Limited | 32649.28 | 181277 | 20.00 | 17.72 | 1 | 1 | 3 | 3 | 1 | 9 |
| 2 | Bilcare Research | 125.61 | -79.94 | NA | NA | 0 | 0 | 0 | 1 | 1 | 2 |
| 3 | Biocon Limited | 35652.00 | 431.80 | 8.8 | 8.8 | 0 | 1 | 1 | 3 | 2 | 7 |
| 4 | Cipla | 43737.06 | 141935 | 31.05 | 32.2 | 1 | 0 | 0 | 2 | 1 | 4 |
| 5 | Divi's Laboratories Limited | 28920.78 | 877.01 | 27.19 | 16.98 | 3 | 1 | 0 | 3 | 1 | 8 |
| 6 | Dr. Reddy's | 34568.67 | 912.40 | 32.79 | 32.81 | 1 | 1 | 0 | 2 | 2 | 6 |
| 8 | Piramal Enterprise Limited | 43990.01 | 4840.19 | 14.06 | 28.31 | 1 | 1 | 2 | 2 | 1 | 7 |
| 9 | cadila | 38,773.76 | 1,747.60 | 26.24 | 26.24 | 0 | 0 | 1 | 2 | 0 | 3 |
| 10 | glennark | 14,874.59 | 803.87 | 38.48 | 29.33 | 0 | 0 | 2 | 2 | 0 | 4 |
| 11 | SunPharmaceuticals Industr | 118,861.32 | 2,633.79 | 38 | 26.97 | 2 | 0 | 3 | 3 | 0 | 8 |
| Total | | 392,153.08 | 15,398.84 | 236.61 | 219.36 | 9 | 5 | 12 | 23 | 9 | |

Table 7 shows the scores provided to each company for performing selected environmental activities in financial year 2017-2018.

Average disclosure score was calculated by dividing the total of total environmental disclosure scores of all the companies by the number of companies in sample.

$$\text{Average disclosure score} = \frac{9+2+7+4+8+6+7+3+4+8}{10} = 58/10 = 5.8$$

Figure 3: disclosure scores of sample companies

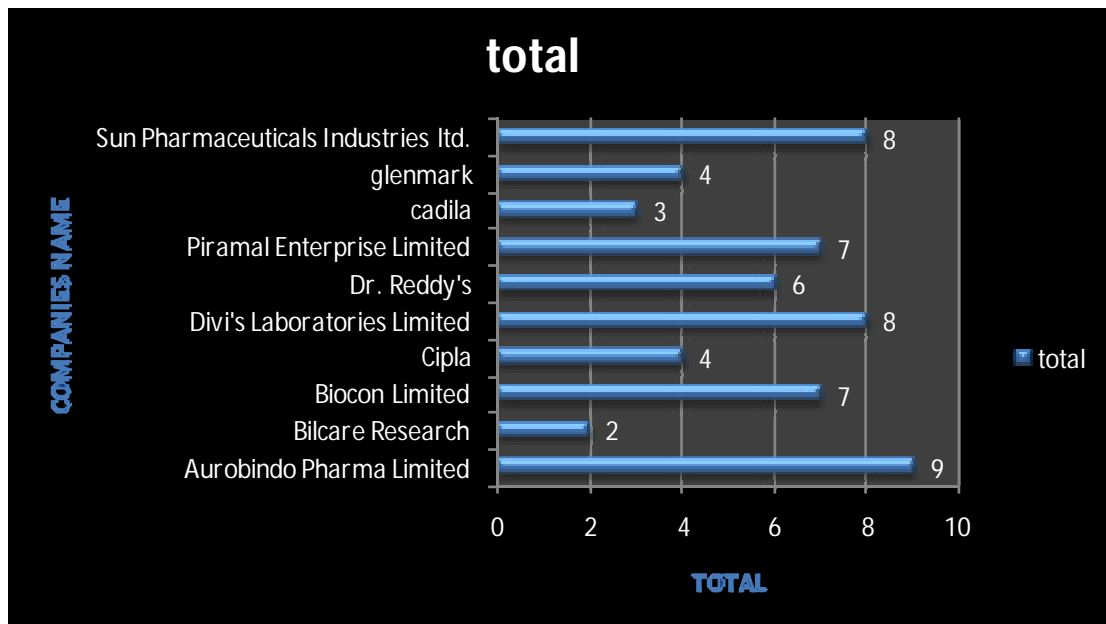
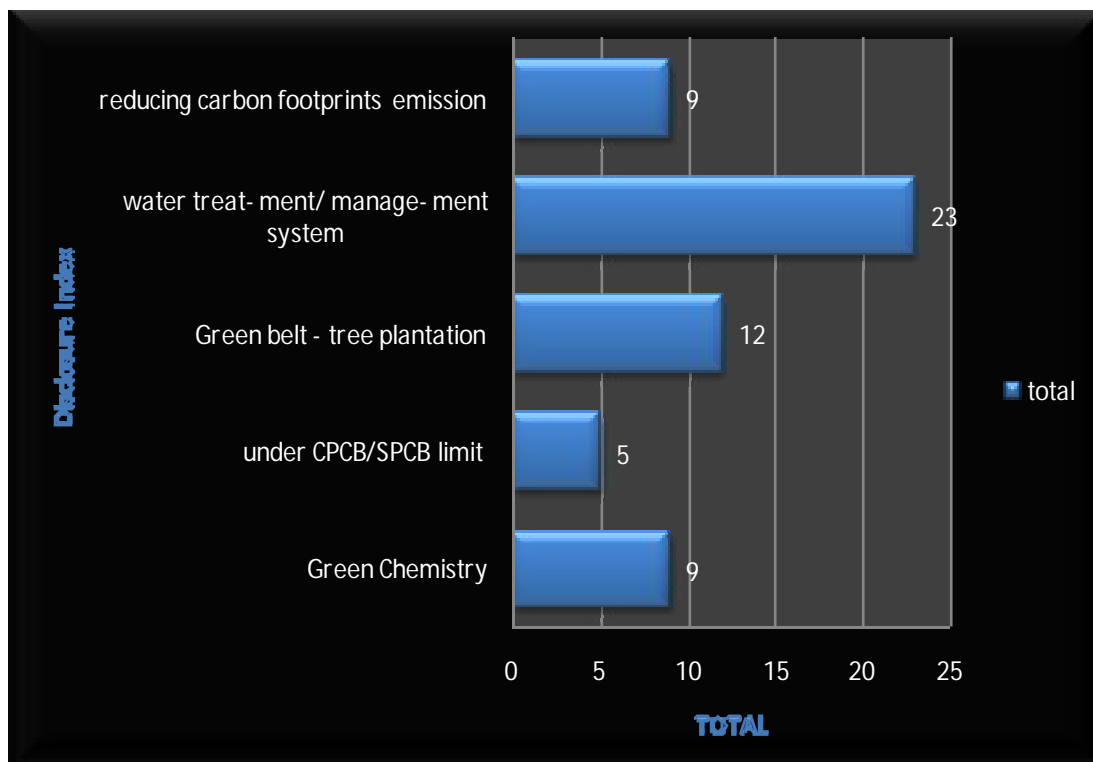


Figure 4: scores to different environmental disclosure index



Findings

From the above table and figure we can compare the changing trend in environmental reporting in India in pharma industry from the AY2016-17 to AY 2017-18. From the analysis and study of above tables and figures we can find that:

1. Firstly we can notice there is a minor change in the average score of disclosure index i.e., 5.6 to 5.8. it reflects that no major changes or initiatives are taken by companies in the field of environmental reporting.
2. Companies are getting quite conscious about carbon footprint emission but still there is a long way to implement and plan it well.
3. There are still some companies which are not registered or mentioned under cpcb/spcb limit and having 0 score in this disclosure, which is to be taken as a serious issue by our regulating authority.
4. Bilcare and Cadila healthcare are still at last position with 2 & 3 score and showing negligence nature for the environmental reporting field.
5. Out of 10, 5 companies are under average disclosure score that means only 50% companies are conscious about environmental reporting. The main reason of negligence is absence of a formal lawsystem for environmental accounting and reporting.

Conclusion

On the basis of above findings, it can be concluded that Indian pharmaceutical companies are not doing enough to protect the environment. Pharmaceutical companies must take action to prevent pollution, climate change and global warming through green chemistry initiatives. This can be attributed to absence of enforcement of environment laws. Also, environmental reporting is not mandatory for e.g. Environmental (protection) Act, 1986, each company covered by the law, has to submit an annual environmental Audit Report to its local State Pollution Control Board. But it does not mandate to report this information to the public. It has observed that the environmental reporting performances of Indian pharmaceutical companies are advancing very slowly with poor environmental disclosure practices. The majority of disclosures are descriptive with little quantifiable data. Thus, it can be concluded that environment reporting is still an unmanaged and ignorable activity because of unawareness of its merits and necessity and absence of proper law.

There is a common saying 'what touches all, should be decided by all.' Environment is such an aspect. No one can avoid environment and nobody can have the opportunity to sustain without environment. Disregarding environment is a greatest blunder. This reporting will also cater to needs of taking necessary preventive measures to prohibit environmental degradation as well as for taking requisite penalty or other measures that can be taken for the defaulting business house. This will provide the necessary framework for protecting and conserving the global environment not only for the present world but also for the future generations too

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