

A Study on Green Accounting

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ABSTRACT

For overall sustainable development of a country it is dual problem about saving environment along with economic development. Green Accounting is a significant tool used to assess environmental resources which do not have market price which was earlier ignored in traditional practices for economic development. It highlights how Green Accounting helps in sustainable development.

It is responsibility of every individual to understand the damage caused to the environment by each one of them and take action to restore the environment resource and preserve for the future generation as well.

Keywords: Green Accounting, Environmental Cost, Sustainability Growth, Environmental Degradation Costs, Accounting practices

INTRODUCTION

In today's world knowingly or unknowingly our day to day activities are resulting in depletion of natural resources and also Organizations fail to identify the extent of damage caused by their operations. As there is scarcity of resources, it is important to ascertain the cost relating to damage caused by the organization which is not considered as a part of financial statements.

Traditional practices ignore the natural resources which do not have market price utilized for business development. GDP accounts for environmental resources through their use as their factor of production which has a market price. GDP does not consider environment resources that do not have market price. It may also not include depletion of natural capital, pollution of natural resources caused by environmental externalities and expenditure incurred to recover or restore environmental degradation

To overcome this, Green Accounting focuses on Accounting for depletion of scarce natural resources and measuring the cost of diminution of natural resources and for accounting for it. To assess the environmental degradation costs and its elimination.

The System of Environmental-Economic Accounting mainly focuses on prevention of depletion of scarce resources.

Green accounting measures the impact a company has on the environment but in a physical unit rather than a monetary unity. Ex: kilograms of waste produced.

STATEMENT OF PROBLEM

Green Accounting is not followed by all organizations and there is lack of awareness of Green Accounting it is difficult to assess the cost of natural resource that does not have market value and the cost of damage and restoration.

OBJECTIVES

1. To comprehend the concept of Green Accounting.
2. To understand how Green Accounting helps in sustainable development.
3. To estimate the perspective of the respondents about Green Accounting.

RESEARCH METHODOLOGY

The data for the intended research on Green Accounting users collected majorly through primary data resources being simple structured questionnaire distributed to various professionals and personal interview with them. Focus group discussion was also held amongst the first year and second year post-graduate of Mount Carmel College to enable their understanding of the concept as they constitute the millennial generation who will be hitting the work force in future by 2020/2021.

LITERATURE REVIEW

Dr. Minimol M.C, (2014) “Green Accounting and reporting practices among Indian Corporates”, the main objective of the study is to find out major environmental parameters reported by the Indian Corporates as part of their environmental reporting practices. The study concludes by a clear cut policies are framed and formulated at the National, State or even at the company level.

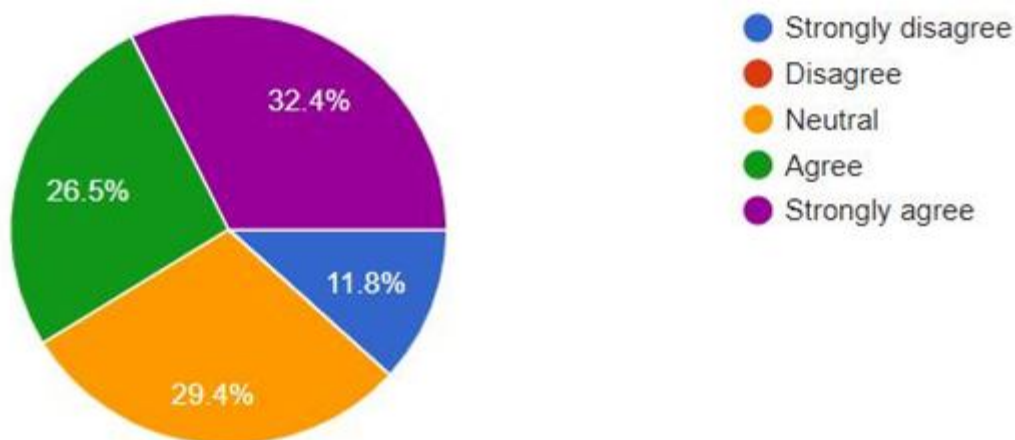
Harazin, (2011) Relationship between Environmental Accounting and Pillars of Sustainability”, the objective of the study was to find out and come to a conclusion whether the social and integration point of view outside of the environmental accounting concept. The author infers that environmental accounting cannot be beyond social and integration challenge of sustainability.

Dr. Varsha Agarwal & Kalpaja L, (2018) “A study on the importance of Green Accounting”. The main objective of this study is to create awareness of Green Accounting and understand its need and importance. The study concludes that Green Accounting helps the company as well as the environment in different ways and has to be strictly implemented in all levels of organization.

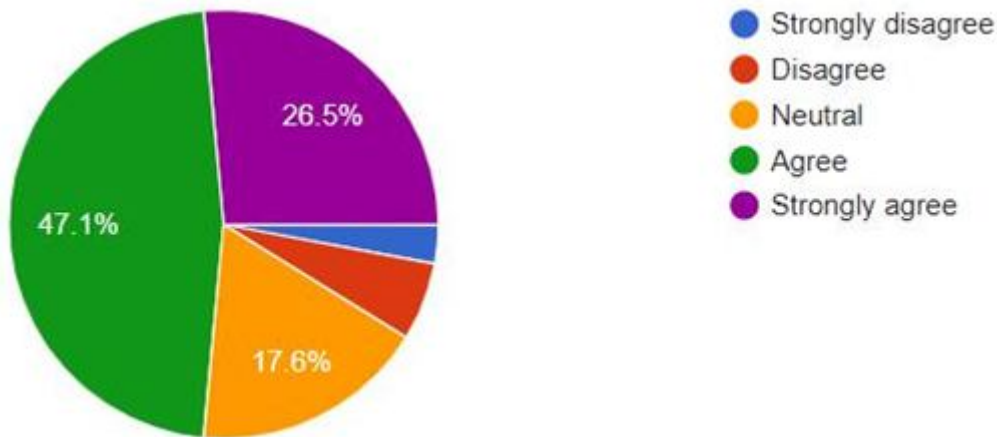
FINDINGS

1. Majority of the respondents are professionals in the field of accounting.
2. Respondents majority found between the age group of 25-40 with a minimum experience of 5 years.
3. Most of the organizations are not implementing Green Accounting.
4. Green Accounting is not implemented because there are no standard accounting methods.
5. Respondents with more experience seemingly understand difficulty in implementing Green Accounting.
6. Based on the simple interaction with professionals (with experience less than 3 years) there seems to be lack of awareness on the concept of Green Accounting.
7. They are not aware of the benefit of Green Accounting because due consideration is given to the operations of the organization.
8. Organization fails to recognize the social responsibilities.
9. Implementation of Green Accounting is challenging because of the lack of expertized knowledge in professionals.
10. Ascertaining the environmental cost is another hurdle in the process of implementing Green Accounting.
11. Experienced professionals having understood the challenges in implementing Green Accounting await the initiative by Ministry of Corporate office.

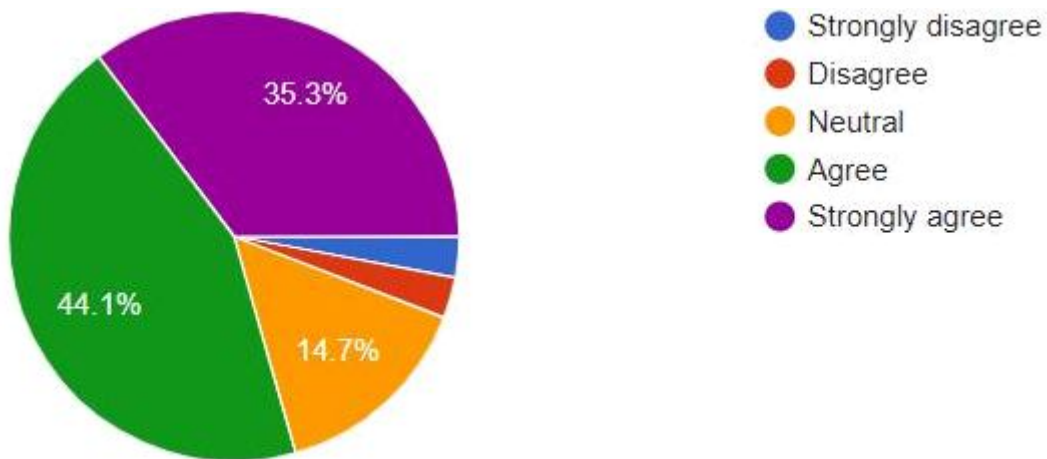
MAJOR FINDINGS



Majority of the respondents agree that green accounting can be used as major tool for the sustainable development. Few respondents feel that taking environmental cost into account will not contribute to the sustainable development and they believe that implementing environmental cost in financial statements will not reflect the true profit figures which is the primary objective of the organization.



Respondents are of the opinion that cost of depletion can be ascertained because Green Accounting uses the scientific methods of ascertaining the cost of environmental degradation. Some of the respondents are even handed about the ascertainment cost of depletion by Green Accounting.



It is also believed that the Government must implement such measures because the ascertainment of environmental cost helps in creating the awareness of damage caused by the organization when the government imposes the strict rules and regulations regarding the implementation and adoption of Green Accounting.

SUGGESTIONS

1. To enhance the awareness among the students Green Accounting should be Implemented in the curriculum.
2. As legal requirements are yet to be met with Standard Green Accounting Practices (SGAP) should be established.
3. Adequate training programs must be conducted so far to enhance the knowledge about Green Accounting among the professionals.
4. Committee to be formed by the government to understand the challenges in implementing Green Accounting and to suggest the solution.
5. Government should implement Green Accounting in small scale to understand the challenges in ascertaining environmental cost.
6. Establish different accounting procedures for Green Accounting in different sectors according to their operations because the consumption of resources varies accordingly.

CONCLUSION

Based on our study we infer, though implementation and adoption of Green Accounting is challenging, government has to take necessary steps and conduct a proper research for the establishment of standard accounting methods as it helps in sustainable development. By undertaking these steps government will help to put a ceiling on excessive use of natural resources which leads to non-availability for the future generation. By implementing this change in accounting practices, it helps in wealth maximization of the organization. Necessary steps to be taken to create awareness about the significance of Green Accounting.

IMPLICATIONS FOR FUTURE RESEARCH

As the concept is still in its infant stage it requires more of deliberation and awareness amongst the users of accounting. The discussion above also highlights a small percentage of professionals themselves being unaware of the Green Accounting. In future efforts may be directed towards implementation by PSU's whereby the pros and cons can be ascertained and the same shall be incorporated on a large scale for other organizations too.

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