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Green Bookkeeping and Reporting Practices Among Indian Corporates

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Abstract

Green bookkeeping is one of the most important activities of corporate society today. Companies have integrated the concept of environmental friendliness into their work. Green accounting and reporting will help organizations in India analyze resource usage and resulting costs. In recent years, there have been growing concerns about environmental damage caused mainly by various types of pollution such as air, water, sound, soil erosion, deforestation and whether Indian businesses are complying with the said rules and regulations. Environmental Protection: To date, no clear standards have been established at the national, state or organizational level to ensure compliance with environmental regulations. The purpose of this article is to provide insight into the different activities undertaken by organizations to promote green businesses and advertising.

Keywords: Green accounting, environmental reporting, corporate sustainability, environmental regulations, Indian corporates

INTRODUCTION

India and other developing nations must balance advancing economic growth with environmental preservation. To determine safety limits for environmental damage and construction levels, a thorough evaluation of the advantages and disadvantages of environmental damage is necessary [1]. One of the most crucial areas of duty nowadays is environmental responsibility. Businesses face the challenge of determining their true value, which is a sustainable environment. To do this, companies must take environmental issues into account. They must consider their priorities in the setting and decide how much income they will have left over if they try to leave the venue at the same time at the end of the term. They should count the money as it was at the beginning of time.

Green Accounting and Reporting

Conceptual framework for green accounting refers to accounting that includes environmental costs, impacts and results. It is more than a cost benefit analysis of the company's own activities or an evaluation of the environmental products and services produced [2]. In general terms, accounting includes identifying, measuring and distributing environmental costs, integrating these costs into business processes, determining environmental responsibilities and communicating the benefits to be obtained from the financial statements to the company's stakeholders. Publishing environmental analysis documents regarding the environment, risks, environmental impacts, regulations, costs and responsibilities in various sectors and countries. The company's environmental protection policy should include the announcement of environmental

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initiatives by the company, copying strategies to deal with the environmental impacts of its production processes and products by quantity and quality, and leaders in process and new products to achieve growth [3, 4].

The aim includes the separation and integration of relevant assets, capital flows and their products, including the impact of all assets or related capital on the environment and change and reduces environmental impact by improving products and production processes and estimating expenditures to protect or improve the environment. The promotion of economic growth measuring environmental changes in costs and benefits to determine the proportion of GDP that reflects the costs that must be paid for adverse impacts.

Scope of Green Accounting

Green accounting has a wide range of applications. It encompasses three levels: corporate, national, and international [5]. Internal and external aspects of green accounting include the following: From an internal perspective, the capital structure of companies minimizes damage to the environment. It also includes investing in environmentally friendly equipment. This type of accounting is easy as financial analysis can be done efficiently [6]. Externally, any losses are attributed to business operations or its activities including impacts such as air pollution, noise pollution, garbage problems, environmental degradation of beaches and oceans and land usage concerns. This type of accounting is not easy to do because environmental losses cannot be accurately measured in financial terms. Determining the extent of environmental harm caused by an enterprise is similarly challenging.

Green Accounting and Reporting Practice in India

In India, both at the corporate and national levels, green accounting and reporting is still in its infancy. There are three major steps to the full Green Accounting process, including:

1. Physical Accounting determines the kind and extent of resources in terms of space and time.
2. The appraisal of money evaluation of resources, both material and immaterial, about their financial implications.
3. Economic accounting combining the financial worth of natural resources with that of other resources.

REVIEW OF LITERATURE

Green accounting, also known as environmental accounting, uses financial methods to measure, document and present the impact of a business's environment on its finances. The principles of cash accounting is similar in many countries: Denmark, 1995 "Green Accounting Act" - About 1,200 highly polluting companies are required to publish green reports.

In addition, 200 companies provide information voluntarily. Bill mandates that about 260 companies are forced to disclose environmental information. In addition, 40 companies voluntarily submitted reports. Environmental cost accounting means adding environmental cost information to current cost accounting [7], helping to identify the hidden costs and allocate them to appropriate products or production. Accounting Pertaining to Operating costs.

Environmental management accounting (EMA) can provide immediate and insightful information on product design, manufacturing and investment decisions. EMA is also a decision and support system. Businesses are required to have records and reports to show that businesses are in harmony with the ecological environment and use good environmental protection activities. Explain that the resources and actions invested by the company in improving and protecting the environment are fully recognized and the results are provided to shareholders [8].

Statement of the Problem

Environmental accounts provide information about the contribution of natural resources to health and the cost of pollution or damage [9]. Commercial organizations have used many natural resources for business without encountering any obstacles. Businesses need to allocate some of their money to environmental protection and balance. Therefore, the usage of chemicals that might harm the environment must be the responsibility of corporate entities. In India, environmental accounting is still relatively new. Companies are now developing policies to manage the business environment. Implement measures to control pollution, comply with relevant laws and regulations, and address environmental issues in annual reports. Environmental accounting and reporting face many problems, such as environmental finance methods, use of social theories, financial costs and lack of reliable information [10]. This study aims to establish a theoretical model of green accounting and teaching practices of Indian companies.

Objectives of the Study

General Objections

The study's main goal is to create a theoretical framework that explains the complete green accounting process for Indian corporations [11].

Particular Goals

- To determine the main criteria that Indian corporations use when reporting on their environmental activities.
- To determine how much voluntary environmental reporting is practiced by Indian corporations.
- To determine the primary elements that Indian corporations take into account when reporting on their environmental impact.

METHODOLOGY

This study aims to explore all trends in business marketing and teaching practices. The purpose of this study is to provide a deeper understanding of the company environment and make report on the practices of selected companies. Companies fall into two broad categories: manufacturing and non-manufacturing. The aim is to understand the business practices of advertising relevant to the business environment. This can provide important insights into understanding the impact of business marketing and advertising practices on different environmental groups [4].

Green Accounting – The Conceptual Model

This study has developed a model that illustrates the five factors that environmental accounting must cover to measure an organization's environmental performance. The purpose of this model is to offer a new perspective on the different activities that organizations undertake to facilitate environmental analysis and reporting [10].

Identification of Environmental Reporting Parameters

This covers things like an organization's environmental policy, environmental health and safety, energy conservation, environmental costs and benefits, environmental responsibility, and environmental assets, among other things. It is the first stage of the environmental finance process where they decide on environmental reporting.

Indicating the Environmental Goals that Must be Met

During this phase, the organization works to develop environmental goals that will be met in the near and far future.

Improving the Environmental Performance Shows

Organizations must consider environmental performance indicators at this stage, such as the framework for environmental policies, the health and safety regulations to be adhered to, the energy-saving measures to be implemented, etc.

Measure Environmental Performance

Here the organization tries to measure environmental performance against previously measured standards and the measurement can be qualitative or quantitative.

Provide the Outcomes of Environmental Performance

In order to determine the influence of environmental factors on financial performance, firms here combine their environmental and financial performance.

LEGAL FRAMEWORK FOR ENVIRONMENTAL ACCOUNTING IN INDIA

While business licenses have been abolished for all practical purposes, environmental licenses from various federal authorities have now come to the fore. With international interest in environmental protection, India has also established an environmental governance to coordinate environmental protection and prevent pollution of states and projects [9, 12]. Important laws were also passed.

Various laws regarding environmental protection are as follows:

1. Inextricably linked to environmental preservation:
   - The Water (Pollution Prevention and Control) Act of 1974.
   - The Water Cess Act of 1977 (Prevention and Control of Pollution).
   - The Air (Pollution Prevention and Control) Act of 1981.
   - From 1980, the Forest (Conservation) Act.
   - The 1986 Environmental Protection Act.
2. Indirectly associated with environmental conservation:
   - Article 51A of the Constitution.
   - The 1948 Factories Act.
   - Rules for the Management and Handling of Hazardous Waste, 1989.
   - The 1991 Public Liability Insurance Act.
   - The 1991 Motor Vehicle Act.
   - The 1987 Indian Fisheries Act.
   - The 1958 Merchant of Shipping Act.
   - The Indian Port Act.
   - The Penal Code of India.
   - The 1995 Act of the National Environment Tribunal.

LIMITATIONS AND FUTURE ISSUES RELATED TO GREEN ACCOUNTING

The majority of businesses plan for HSE (health, safety, social) concerns, according to a KPMG survey of the top 250 Global Fortune 500 (GFT 250) corporations and the top 100 companies from 19 countries and/or environmental issues (safety and environment). There are now almost no countries where it is illegal for companies to independently publish information in the company's work environment. In Sweden, since 1989, all workplaces requiring special permits due to environmental hazards have been submitted to the authorities for an annual environmental report. Since 1996, Danish companies with a significant impact on the environment must publish a "cash balance" showing complete information on energy, water and raw materials. Since 1999, the Netherlands has required companies to submit environmental information to the government and the public. Environmental reporting is also required in the UK (Abdel-Rahim & Abdel Rahim, 2010) [1]. A survey of 80 senior executives from different sectors showed that the business world is aware of the importance of environmental reporting. They are also aware of environmental problems. Business leaders have also expressed support for environmental media marketing [12]. Despite the awareness and consensus on environmental advertising, the actual practices of Indian companies are not good [2]. The environmental report shows that little information is presented in annual reports. Therefore, detailed project-level reporting on health, safety and environment is required for all companies in India, whether small, medium or large. Most companies in India reportedly present environmental information in a descriptive format rather than a financial format, for example, the destruction of natural resources is not included in calculating the company's profit. However, today the use of water and non-renewable energy resources such as coal, oil, carbon and natural gas need to be measured. Therefore, more discussion and economic evaluations are needed on the management and evaluation of water and non-energy uses [8].

In addition to preparing detailed information and briefings on water resources and non-renewable energy resources, detailed information should also be prepared on the use of renewable energies such as solar energy and wind energy. The integration of renewable and non-renewable energy sources into industry needs to gain more ground [12]. The announcement of the "Green India" goal and the "Swachh Bharat Abhiyan" or "Clean India" campaign four years ago raised questions. Only 39% of companies allocate money to health, safety and environmental issues. Most Indian companies invest in environmental issues in the form of financial assistance. Therefore, every company now needs to have a proper strategy for Corporate Social Responsibility (CSR) rather than philanthropy [13]. For this, NGOs will be asked to produce strict and transparent reports.

CONCLUSION

In India, environmental reporting and accounting techniques are still relatively new. Although Indian businesses comply with laws and regulations regarding environmental protection, so far no clear policy has been formulated by bodies, statistics and organizations to ascertain the level of compliance with environmental standards. This study aims to identify key environmental factors that Indian companies do not report as part of their environmental training. The degree to which Indian businesses voluntarily report on environmental audits is another main topic of this study.

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