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Green accounting: An overview and implications on emerging India

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Abstract
Green Accounting simply is an analysis of environmental costs and benefits. It gives emphasis on systematic maintaining separate accounting for use of natural resources. Green Accounting is the newly adopted concept that helps business organizations by systematically recording all the environmental costs and benefits incurred in terms of damage and depletion of natural resources as a result of their use. It is an expanding field that focuses on factors like resource management and environmental impact on human beings. Companies are incorporating the concept of environmental element in their business operation and to maintain records o and identification of resource utilization and incurred cost. Support from government is required for making its mandatory for large scale companies to follow green accounting. Green Accounting in India is in introductory or developing stage both at national level and at the corporate level. This paper makes an attempt to concentrate on understanding the concept and implication of Green Accounting on India.

Keywords: Green accounting, resources accounting, environmental impact, environmental cost, economic development

Introduction
21st Century age is an age of prosperity and progress. Humans are giving more and more emphasis on technological advancement, but at the same time due importance is also given to the nature and environmental surroundings near us. Humans have already damaged the environmental beyond the repairs. However recognising the importance that environmental plays vital role in our survival is really appreciable. In present era there are so many organizations and associations are working not for only protecting the environment but also creates awareness among the masses about the importance of environment. Corporate and Businesses are also taking steps towards understanding and formulating steps to promote green and environmental friendly causes for the present and future. Amongst the various steps taken towards preservation of environment a new branch of Accounting is developed which is called as "Green Accounting" or "Environmental Accounting". It is also called as Resource accounting or Integrated accounting.

Meaning and history
Environmental Accounting was first discussed by Prof. Peter Wood in four decades ago. But at present also so many business units are not giving due consideration to the Environmental Accounting.

Environmental Accounting or Green Accounting is a new branch of accounting that aims at accounting for the environment and its well-beings. The adoption of green accounting depicts the commitment of saving environment by an enterprise. It deals with three most important factors namely People, Profitability and Planet.

Green Accounting provides vital information for the use, impact, status and value of natural resources in a particular country. It also gives an idea about expenditures on resources management and environmental protection.

India's Former Environmental Minister Mr. Jayram Prakash when in power stressed the need and importance to bring green Accounting practices to the forefront of accounting in India.

Green/environmental in India

In India it is a beginning to recognise that protecting the environment and its biodiversity along with its ecosystems is an extremely critical national priority.

Understanding the need for companies to become morally and socially responsible, the government of India made Corporate Social Responsibility (CSR) mandatory in New Companies Act 2013 for companies in three categories:

a) Companies having Net worth of Rs. 500 Crore or more,
b) Companies having Turnover of INR 1000 Crore and
c) Companies having Net Profit of Rs. 5 Crore or more.

Every Such Companies falls in any category shown above has to spend at least 2% of its average net profits of last 3 years on CSR activities and also has to disclose in Board/Director's Report.

In addition to this every company in India also have to disclose particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo.

Green accounting around the world

The adoption of Environmental accounting is supported world-wide from United Nations, International Monetary Fund, European Commission and Organization for Economic Corporation and Development.

Norway is the first country to introduce Green Accounting into the system in the 1970s. Environmental accounting is discretionary across the world, but some countries have passed legislation which makes it mandatory to publish environmental reports. Denmark, Finland and Australia are some of the countries which have strict legislation for environment preservation and reporting. Australia is bound to a policy in which accounting for natural resources like water, coal & energy and timber are done annually. Botswana is also attempting provisions to evaluate its diamonds and other minerals.

Objectives of green accounting

Green Accounting or integrated accounting is a contemporary topic which focuses on the effective and efficient use of natural resources which does not affect nature negatively. Following are some of the core objectives for the need of Green Accounting:

1. Segregation and elaboration of all the Environmental flows and stocks of traditional accounts
2. Linkage of physical resources accounts with mandatory environmental accounts
3. Assessment of environmental costs and benefits for organization as well as for the society.
4. Accounting for the maintenance of Tangible wealth of the organization.
5. Elaboration and Measurement of indicators of environmentally adjusted Product and Income which helps in fulfilling social responsibilities of an organization towards society.

Implications of green accounting on emerging India

Green Accounting or Environmental Accounting provides due consideration and importance to the uses of natural resources. India is filled up with so many natural resources, but during last decade focus is given on preserving natural resources. As These resources plays vital role in the development of India.

i) Effects commercial plantation on forest cover

Commercial Plantation like palm and soya are one of the main causes of clearing rain forests. These crops not lead to clearing forest but also lead to infertility of the soil due to excessive use of chemical fertilisers and pesticides in order to increase the level of output. Palm oil and soya products are used for production of almost all processed food like Chips, Noodles, and Chocolates etc. These can be substituted for other kinds og oils and ingredients.

ii) Electricity generation and its implications on natural capital

During 2016-17, 72.4% of India's electricity is generated through fossil fuels which are non-renewable sources of energy and lead to depletion of natural capital. Industrial consumption of electricity in India is at 44.20% which is expected to grow owing to the fact that we are a developing Country. Generating electricity from fossil fuel is cheaper due to abundance of coal reserve in India, but the coal is exhaustible resource and at the rate at which it is being consumed will deplete the reserve in short future. The share of electricity produced from renewable source was only 28.6% in 2016-17 which was increased to 36% in 2018-19. In 2018-19 the installed capacity of generating electricity through solar energy is 11%. The investments involved in setting up solar power plants are relatively very high in the short run but it will be beneficial in long run due to low operating cost and its sustainability. Solar power will prove to be extremely beneficial in many aspects as given here:

a) We will guarantee consistent supply of energy, benefitting producers.
b) There is no pollution involved in the process of generating electricity, benefitting consumers.
c) The operating costs incurred are low and the cost per unit of electricity generation is low, therefore the selling price will also reduce, benefitting consumers.

iii) Biodiversity protection and tourism industry in India:

During the year 2016, India received 9.6% of its GDP from its tourism industry. India's tourism industry thrives on its biodiversity because of the extravagantly high levels of species richness apart from our cultural heritage. India is 2nd ranked amongst the world's 25 biodiversity hotspots our Government gives extreme importance to protect it. Green accounting is going to help the government track the state of the quality of the environment and biodiversity.

iv) Advantage of going paperless in the average Indian Offices

We consider the below while calculating number of trees that would be saved per year by going paperless. A single firm will save 300 trees in a year and in totality of all the firms we could possibly save 32 crore trees in a year. This is very high amount of saving trees which can be done by going paperless. Further, going paperless would mean increase use of digital records which uses electricity to operate if they manage to use clean sources f electricity. Look at a glance for use of Paper in govt offices:

a) Assuming that there are 250 employees in an average office
b) A single sheet of paper costs 0.50 rupee.
c) The number of sheets of paper an average Indian offices uses per year is 12,000

d) A single tree provides raw material for the production of approx 8000 sheets of paper.
e) These are around 16.74 lakh registered offices, but there are only 12.45 active offices.

Conclusion
All throughout, we can observe that accounting for environmental costs provides a basis for managerial decisions, policy making and taking measures to reduce the cost that will ultimately help to save our environment.

Green accounting gives us a more authentic picture of the actual development taking place. Mandatory green accounting will prove to be a successful policy implementation only with government and businesses collectively making efforts. Business needs to aim at minimizing their environmental costs in the present and plan and redesign their products and operations to reduce them in the future. The government needs to regulate the standard to be followed for the business and also has to make sure they are being complied with.

Once India impalements green accounting successfully we will start pacing faster on our road map to becoming developed country from developing country.

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