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Green Accounting in India: Advancing the Clean India, Green India Vision

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Abstract*:* *Two significant byproducts of growth are pollution and environmental deterioration. Consequently, environmental stewardship is becoming a concerning problem on a global scale. All emerging nations, including India, are focusing on establishing a "green economy" to represent social justice and human well-being while reducing ecological dangers and shortages. Without a clean climate and a green environment, sustainable development is impossible. The two facets of sustainable development are the Government of India's "Clean India" and "Green India" initiatives. The National Action Plan on Climate Change "Green India Movement" is essential to addressing the phenomena of climate change brought on by pollution and environmental degradation.*

The current situation necessitates agreement that corporate social responsibility is an essential need for sustainable growth. Given that they only address the shifting stock and flow of man-made capital and not the natural capital and its diminishing stock brought on by various economic activities, GDP, GNP, and NNP are insufficient indicators of sustainable development. Green accounting," or accounting for the environment, has the potential to address a number of crucial concerns pertaining to sustainable development and corporate social responsibility. As part of the "Clean India Green India" campaign, the current research aims to provide an overview of the idea of "Green Accounting" and its applications in India. Additionally, the research aims to pinpoint several issues with India's Green Accounting Practices and offer remedies..

Keywords: Green Accounting, Environmental Accounting, Green India Mission

I. INTRODUCTION

Two significant byproducts of growth are pollution and environmental deterioration. Consequently, environmental stewardship is becoming a concerning problem on a global scale. All developing nations, including India, have made the development of a "green economy" their top priority in an effort to reduce environmental dangers and ecological shortages while also promoting social justice and human well-being.

To put it another way, sustainable development becomes the global anthem. The Oxford English Dictionary defines "sustainable" as human economic and cultural practices that prevent the depletion of natural resources, preserve ecological balance, and sustain a certain pace of development over an extended period of time. Without a clean climate and a green environment, sustainable development is impossible. The two facets of sustainable development are the Government of India's "Clean India" and "Green India" initiatives.

As a benchmark for sustainable development, the United Nations has established 13 agenda items in its Millennium Development under the Kyoto Protocol. Agenda 3 is about health and well-being, while Agenda 6 is about clean water and sanitation, Agenda 7 is about affordable and clean energy, Agenda 11 is about responsible production and consumption, and Agenda 13 is about climate change. These five agendas are crucial for corporate social responsibility Roy, 2017. Corporate social responsibility consensus has become a crucial need for sustainable growth.

Given that they only address the shifting stock and flow of man-made capital and not the natural capital and its diminishing stock brought on by various economic activities, GDP, GNP, and NNP are insufficient indicators of sustainable development. Therefore, it is important to choose sustainable development indicators that accurately represent economic growth and progress. Maintaining social duties, particularly environmental concerns as a crucial

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component of "Clean India" and "Green India," while continuing to expand, is now a major difficulty for corporate entities. The first step toward a green economy is green accounting. Green accounting, often known as accounting for the environment, has the potential to address a number of crucial concerns pertaining to corporate social responsibility, "Green India," and "Clean India."

GREEN ACCOUNTING – CONCEPTUAL FRAMEWORK

The term "green accounting," often known as "environmental accounting," describes resource or environmental accounting that integrates environmental assets, their sources, and their uses into conventional accounting. Green accounting, according to Pramanik entails identifying, quantifying, and allocating environmental expenses; integrating these costs into operations; determining environmental liabilities; and communicating the findings to stakeholders as part of the company's financial statements. Green accounting, as defined by Qureshi is an environmental component of the corporate strategy to provide the necessary performance reports and to acknowledge the many competencies for measuring, gathering, and evaluating the necessary data. Green accounting, according to is a developing subject that detects resource consumption, quantifies it, and conveys the environmental costs and consequences of a business or the national economy in general.

Green accounting refers to accounting procedures used by a business that have the ability to account for environmental costs, benefits, and effects. The collection of information that connects the company's financial and environmental metrics has a long-term effect on the organization's economic and environmental policies. This is known as the "green accounting" system. It goes beyond just valuing the environmental products and services generated or doing a social cost-benefit analysis of the company's different initiatives or operations. It means more than that. It is an effort to acknowledge and depict depleted resources the expenses incurred by the organization, and the advantages obtained. The goal of green accounting is to make the accounting system more transparent.

The term "green accounting" refers to an accounting system that differs from traditional accounting in terms of the environment. It assesses how the environment affects the business as well as how business operations affect the environment. While the second one could or might not be quantitative, the first one is. Environmental expenses are calculated initially in this accounting approach before being capitalized. Environmental expenditures include expenses associated with manufacturing as well as costs associated with environmental protection research and development. The identification and measurement of environmental liabilities is the second step in this accounting system. Liabilities related to the environment are the company's responsibility to lessen the harm that its operations or products cause to the environment. Since environmental liabilities cannot be measured, an estimate must be established in this regard.

OBJECTIVE OF THE STUDY

Objectives of the present study are as follows:

- To evaluate Green Accounting as a crucial component of the Government of India's "Green India" and "Clean India" campaigns.
- To have a general understanding of India's current state of green accounting.
- To draw attention to the shortcomings and potential problems with green accounting in India.

RESEARCH METHODOLOGY

The research is based on secondary data. The National Mission for a Green India report under the National Action Plan on Climate Change, the corporations Act 2013, the Companies Amendment Act 2017, the Kyoto Protocol report, and the annual reports of numerous corporations for different years are only a few of the reports from which secondary data has been gathered. The acquired secondary data is validated based on the body of existing literature.

“CLEAN INDIA”- “GREEN INDIA” VIS-A-VIS GREEN ACCOUNTING IN INDIA

On October 2, 2014, the 145th anniversary of Mahatma Gandhi's birth, the Indian government launched the Swatch Bharat Abhiyan, also known as Clean India, with the tagline "One Step towards Cleanliness. The initiative was launched with the goal of making India, including all of its cities and villages, clean. The campaign's primary goal is to create Open Defecation Free India by October 2, 2019, the 150th anniversary of Mahatma Gandhi's birth, and to

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promote development by cleanliness. The Government of India also has the aim to convert the insanitary toilets into pour flush toilets, to provide assistance for producing sanitary materials and rural sanitary marts, to clean roads and streets, to generate public awareness by promoting cleanliness programs in rural areas through linkage of people with different sanitation programmers and public health and by encouraging healthy sanitation practice, to promote solid and liquid waste management project for each Gram Panchayat, to generate scientific mechanism for processing, disposal, reuse and recycling of the Municipal Solid Wastes, to build up strong urban local bodies for proper planning, execution and functioning of total system related to cleanliness, to generate adequate Information Education Communication activities for monitoring the functioning of the relevant bodies and Government activities and to endow private sectors with required environment to contribute a handsome portion in capital expenditure for promoting clean campaign. The "Clean India" program is solely linked to the nation's sustainable growth as well as socioeconomic, cultural, and behavioral changes.

In addition to encouraging cleanliness, the Indian government wants to assist the "Green India" initiative, which aims to preserve and conserve green spaces. The "Green India" goal, one of the eight objectives of the National Action Plan on Climate Change defines the phenomena of climate change as a consequence of pollution and environmental degradation that affects human life, flora and wildlife, and natural biological resources. Through a combination of adaptation and mitigation strategies, the mission seeks to fight the negative effects of climate change. In order to improve the ecosystem's ability to adapt to climate change and the growth of populations that rely on forests, the "Green India" mission seeks to reduce environmental pollution and increase carbon sinks in the ecosystem and environment. Some of the tenets of the "Green India" goal include the preservation of biodiversity, the expansion of forest cover, water security and a clean climate, the reduction of fossil fuels, a clean environment, food security, and livelihood security. The concept of "greening" has expanded beyond just planting trees; it now includes cleaning up the environment and climate as well as restoring ecosystem variety and habitat.

It is impossible to achieve sustainable development without "Clean India" and "Green India. The fundamental component of sustainable development is the ability to meet current needs without compromising the needs of future generations. Green accounting incorporates the social and environmental aspects of an economy into conventional accounting. The Green Accounting dimension takes into account laws, rules, and restrictions pertaining to the social and environmental aspects.

The integration of environmental and societal data with financial data is known as "green accounting. It affects society, the environment, and the economy over the long term. Only by adhering to the principles of sustainable development can maximum economic growth be achieved. Social and environmental efficiency are prerequisites for economic efficiency. In order to satisfy the expectations of "Green India" and "Clean India," Green Accounting" addresses a number of important concerns pertaining to corporate social responsibility, including environmental efficiency and social efficiency.

In order to stay up with "Green India" and "Clean India," Indian corporations have selected a number of criteria, including sustainability reporting, environmental information systems, environmental disclosure practices, environmental reporting indicators, energy conservation, water management, waste management, renewable energy management, environmental initiatives, health and environmental safety, and environmental cost and benefits to be examined in green accounting systems.

LEGAL FRAMEWORK STEERING GREEN ACCOUNTING IN INDIA

In India, creating corporate environmental reports, or CERs, has become a major concern for corporate governance in general. As of right now, environmental reporting is no longer included in conventional reporting. Nowadays, mandatory environmental disclosure is insufficient to meet stakeholder expectations. In addition to required disclosure, volunteer disclosure may be included into scientific reporting. In India, the most common reporting methods have been satellite reporting, sustainability reporting, GRI reporting, and online reporting. India's green accounting is supported by a number of legislations in addition to the Directive Principles of the Indian Constitution.

While some of them affect others directly, others do so indirectly. Important laws having direct influence on green accounting include Prevention and Control of Pollution Act 1974, Water (Prevention and Control of Pollution Act 1974, Water Prevention and Control of Pollution Cess Act 1977, Water Biomedical Waste Management and Handling

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Rules 1998, The Air Prevention and Control of Pollution Act 1981, The Forest Conservation Act, 1980, The Environment Protection Act, 1986, Hazardous Waste Management & Handling Rules 1989, Municipal Solid Waste Management and Handling Rules 2000 etc. and laws bearing indirect influence on green accounting include constitutional Indian Penal Code, The National Environment Tribunal Act 1995, The Factories Act 1948, Public Liability Insurance Act 1991, Motor Vehicle Act 1991, Indian Fisheries Act 1987, Merchant of shipping Act 1958, Indian Port Act, Noise Pollution Regulation and Control Rules 2002 Amendment Biological Diversity Act 2002 et .

The Indian government mandated environmental disclosure in annual reports for businesses in 1991. As a result, information pertaining to environmental preservation is suggested in the 1993 and 1997 Companies' Bills. The corporations Act of 1956, Section 217 required Indian corporations to make reports on topics such as energy saving and technology absorption. A minimum of 2% of average net profit must be spent on CSR Corporate Social Responsibility, which includes green accounting systems, according to later sections 135 and VII of the Companies Act of 2013. Section 135 of the Companies Act of 2017 was amended to state that any company with a net worth of at least 500 crore, a turnover of at least 1000 crore, or a net profit of at least 500 crore in any given fiscal year must establish a Corporate Social Responsibility Committee of the Board with three or more directors and one independent director to handle CSR, including Green Accounting.

PRESENT SYSTEM OF GREEN ACCOUNTING IN INDIA

In his research, Parameswaran distinguished three stages pertaining to green accounting in India. They are as follows: Physical accounting to identify the kind of resource and its level of use Using monetary valuation to evaluate both material and immaterial resources Combining the monetary worth of environmental resources with those of other resources via integration with economic accounting. Several phases pertaining to Green Accounting Practices in India have been recognized by Minimol & Makesh They state that the following actions are necessary to implement green accounting practices in India:

Identification of Environmental Accounting Parameters: Environmental policy, health, safety, and the environment, energy conservation, corporate sustainability and environmental initiatives, sustainability reporting, waste management, water management, wind and renewable energy sources, environmental information system, environmental disclosure practices, environmental targets, environmental reporting indicators, environmental cost and benefits, environmental liabilities, and environmental assets are just a few of the environmental reporting parameters that each organization must first identify.

Defining the Environmental Reporting Parameters: Second, organizations provide a clear explanation of the operational significance of each metric they have discovered, but they have not yet measured the long-term environmental performance.

Specify the Environmental Targets to be achieved: Here, organizations work to create environmental goals that can be met in the near and far future.

Developing the Environmental Performance Indicators: Organizations must create indicators for assessing environmental performance in the fourth phase. Examples of these are waste management programs, water management policies, energy saving techniques, health and safety regulations, and environmental policy frameworks.

Measure the Environmental Performance Indicators: Organizations must assess their actual environmental performance using the pre-established standard performance indicators in this stage. There are two types of measurement: qualitative and quantitative. For example, waste management programs must be monitored statistically, while indicators like the environmental policy framework must be measured subjectively.

Report the Environmental Performance Results: Last but not least, businesses combine their financial and environmental performance to show how their financial success affects the environment.

The Companies Act of 2013's Schedule VII outlined a number of corporate social reporting-related activities, some of which dealt with environmental or green accounting. When preparing financial statements, it is suggested that activities that prevent healthcare and sanitation, ensure environmental sustainability, ecological balance, protect flora and fauna, protect animal welfare, practice agroforestry, conserve natural resources, and maintain the quality of soil, air, and water be acknowledged and measured.

As a result, the ICAI's corporate social responsibility guideline note offers recommendations for identifying, quantifying, presenting, and disclosing spending on CSR-related activities. All CSR-related actions, including those listed above, are covered by this guideline note. Therefore, the first step should be to recognize environmental accounting factors, including their identification and characterization. Environmental performance indicators and environmental objectives should be established in order to monitor environmental performance. Then, actual performance should be compared to predefined performance.

The Director's report should include information on environmental performance so that all parties involved are aware of it. Project-level reporting should include all environmental assets, projected incomes and expenses to be derived from those assets, and anticipated liabilities. These project reports should be combined with program-related reports that are in line with the policy formulation as required by the Companies Act of 2013. Health and environmental safety, energy conservation, water management, waste management, renewable energy management, and so on are some of the most often utilized metrics in the Indian business sector.

Generally speaking, Indian houses take into account corporate sustainability, environmental policy, environmental targets, environmental information systems, environmental disclosure practices, environmental assets, environmental liabilities, and environmental costs and benefits when evaluating environmental performance.

In various ways, the majority of businesses are working to develop sustainable development strategies. Waste, water, energy, and materials are all directly tied to business continuity, as industrial businesses investigate the connections across supply chains. Now, it is envisaged that expansion will be achieved without negatively affecting the environment. Prominent corporations such as Abuja Cement, ITC, Dalmia Bharat, and others have often stated that they are water positive.

LIMITATIONS AND FUTURE ISSUES RELATED TO GREEN ACCOUNTING

The majority of businesses have created an HSE report, according to a KPMG poll on the degree of reporting on health, safety, social, and/or environmental concerns by the top 250 corporations in the Global Fortune 500 and the top 100 companies from 19 countries. Nowadays, very few nations do not have formal laws requiring businesses to provide independent reports on their environmental performance for the whole organization. Since 1989, all operating locations in Sweden that need special permissions because of environmental dangers have been required to submit an annual environmental report to the authorities.

Since 1996, businesses in Denmark that have a major influence on the environment have been obliged to produce "green accounts," which include comprehensive statistics on their raw material, water, and energy usage. The Netherlands has required environmental reporting from businesses to the public and government since 1999. Environmental reporting is also required in the business world is fully aware of the obligations of environmental reporting, according to research done among 80 executives from various sectors.

They understand the environmental problems as well. Additionally, business leaders have voiced their support for industry-wide environmental reporting. The actual procedures of Indian firms were really subpar, even if there was knowledge and acceptance for environmental reporting. The scenario for environmental reporting shows that they don't provide enough information in their yearly reports. Therefore, in India, all businesses, regardless of size, should be required to provide comprehensive reports on environmental, safety, and health-related concerns in addition to project-level reports.

Additionally, it has been shown that the majority of Indian businesses report environmental information in a descriptive rather than a financial style, meaning that the depletion of natural capital is not taken into consideration when determining corporate profitability. However, today's need must be for quantitative assessment and value of water consumption and non-renewable energy sources including coal, petroleum, carbon, and natural gas. Therefore, more corporate activities and conversations are required for the management and value of water and non-renewable energy. A thorough report on the usage of renewable energy sources, such as solar and wind, should be provided in addition to thorough accounting and reports on water resources and non-renewable energy resources. The business portfolio's integration of non-renewable and renewable energy sources need to gain more traction.

There is a propensity for skepticism after the introduction of the Swachh Bharat Abhiyan, also known as the Clean India" campaign and the "Green India" objective, four years ago. Just 39% of businesses have set aside money for environmental, health, and safety-related concerns. The majority of Indian businesses have made charitable contributions to environmental causes. Therefore, instead of focusing on philanthropy, it is now necessary for every business to have a comprehensive Corporate Social plan. NGOs may be expected to provide rigorous and detailed reporting for that reason.

II. CONCLUSION

In India, environmental accounting is still in its infancy. Any information included in a company's annual reports is primarily an effort to adhere to the guidelines specified in the Companies Act. Green accounting, often known as environmental accounting, cannot become generally accepted unless health and environmental safety awareness is adequately raised. The management of corporate houses must develop a strong environmental policy, take the required actions to control pollution, identify environmental parameters, measure environmental assets, liabilities, income, and expenditures, adhere to relevant rules and regulations, and disclose environmental information adequately in their annual reports in light of the growing pollution and health risks. The ultimate goal of "Clean India" and "Green India" is sustainable development, which may be achieved with the aid of a well-defined green accounting and reporting strategy.

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