

GREEN ACCOUNTING: ENVIRONMENTAL SUSTENANCE FOR INDIAN ECONOMY@75

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ABSTRACT

Green Accounting, also known as environmental accounting, is an emerging accounting concept in India. India has completed its 75 years of independence and could see rapid growth in all sectors and is one of the fastest developing countries with a GDP of 8.7% in FY 2022. But analysing from environmental protection and green accounting point of view, India is still a blossoming bud, where there is no stable policy framework and guidelines yet, in spite of all the initiatives by Government of India. Globally, one strategy that is gaining traction is "green accounting," which involves adjusting national accounts to account for the value of nature's products and services. The green accounting concept needs a straightaway action with a clear road map with proper norms and create awareness among the organisations and society for effective implementation of this accounting concept. Therefore, this paper will focus on the current scenario of green accounting in India and the sustainable goals to be achieved for environmental and economic sustainability.

Keywords: Green Accounting, Environmental protection, Sustainable goals, Economic sustainability, Government of India.

Introduction

In this rapidly growing world, every aspect is getting updated and digitized, the value for all the products is in the sky and organizations are making huge profits, but unfortunately the organizations are not much keen on the ecosystem or the environment from which they are extracting a quiet lot of resources. Environmental changes are a global problem that requires a global solution that has the potential to slow down economic growth. Although modern business entities are directly or indirectly involved with the environment in such complex ways that they also have an impact on their surroundings and are dependent on this environment for their very existence, financial reporting measurements of business entities only concentrate on the traditional accounting data and ignore the accountability of nature resources.

Green accounting the term was first brought into common man use by Economist MR Peter Wood in the 1980s. In India, this concept was voiced by Mr. Jairam Ramesh -Former environment minister, Government of India. The system of Environmental-Economic Accounting (SEEA) is an International statistical framework that includes the economy and the environment together and indicates the importance of the environment on the economy. SEEA is described as a satellite system by the United Nations System of National Accounts. Green accounting is a tool for the future and long-run survival of an organization, if this accounting form is ignored by the organization it will lead to a scarcity of natural resources and any business cannot be successful by sidelining the environment and eco-system. Looking into the Indian economy, the GDP which depicts the economic status of the country shows that the country's economy is growing and has reached 8.7% (US\$3.05 trillion) GDP in the FY 2022. But by observing the prime benchmark indicators which are considered for the calculation of GDP, we could observe that the environmental factors and green accounting are not included in prime indicators. This shows that in India the green accounting concept is still in the infant stage and if it is delayed to implement the sustainability of the nation will be moving downwards. But on the other end, there are environmental accounting and environmental protection initiatives taken by the government of India and striving to achieve sustainable goals.

Review of literature

(Gola, Gupta & Dharwal-2022) Environmental accounting is a concept which includes the environmental sources for all the business but in India the green accounting is still in the creation stage, and to analyse the awareness of green accounting among organisations two major reporting standards that is IFRS and GRI is taken into consideration and finds out that GRI standards gives more relevant framework for disclosing non-financial parameters of the organisation.

(Raju-2018) India environmental accounting is not widespread and there is no clarity or transparency in the policy framework. And all parameters are not considered for environmental sustainability. The majority of businesses include information about their environmental initiatives in their annual reports, but this is only a minimal practice because it does not include information about the financial implications or the company's policy regarding the costs associated with the environment. This is because it is unable to estimate the financial value of both the environmental assets and liabilities, and it may be difficult to fully integrate all environmental data with the current accounting system at the micro level.

(Agarwal, Kalpaja -2018) Creating awareness among organizations, employees and the general public is very important. And also, strict rules should be implemented by the government against organizations who don't implement green accounting.

(Kiranmai , Shwetha-2018) If corporations ensure to maintain a positive relationship with ecological resources it will help organisations to have a long run efficiently. But the developing country is still lagging back to address two issues that are environmental conservatism and economic development.

(Malik , Mittal-2015) Green accounting practices are still in the preliminary stage in India and they cannot be successful until and unless the common people are educated about this concept. It is the right time for corporations to take up proper action and give ample number of details in their final financial statements.

(Jayanthi-2015) There should be more empirical research in this field so that we can evaluate each company's or organization's environmental performance using the green accounting system. Globally, one strategy that is gaining traction is "green accounting," which involves adjusting national accounts to account for the value of nature's products and services.

(Ligi -2014) Green accounting as an ongoing activity and this accounting is not only supported by environmentalists but also a global corporation. And also states that green accounting will add value to the environment and natural resources.

(Farouk, Cherian & Jacob-2012) There is a need to concentrate on green accounting and how their needs are to be valid and feasible critical theoretical policy prescriptions. In the case of emerging and under developed nations, their socio-economic conditions are significantly different as are the corporate motives for doing social and environmental accounting. Even if projects are very profitable and effective, accountants and managers might not accept the fact that they won't be allowed if they violate important ecological functions.

(Heba , Yousuf-2010) Environmental accounting, and exploring techniques that can be used in environmental reporting are main point of concern here. Environmental reporting not only helps businesses better understand their social duty, but it also gives the government a way to monitor how they are treating the environment.

(Rout-2010) Incorporating traditional accounting systems will not give accurate results as it fails to consider environmental factors. Thus, implementing green accounting will strongly contribute towards building a sustainable nation.

Research gap

After verifying the available literature on green accounting in India, no research confines the goals to be achieved by India to achieve sustainability in the economy and successfully implement green accounting.

Research question

Identify the goals to be achieved to meet sustainability in the economy and to successfully implement green accounting by India.

Objectives

- To study the current scenario of green accounting in India
- To identify the goals to be achieved for ensuring sustainability in the economy and effective implementation of green accounting in India
- To suggest strengthening the green accounting practices in India.

Research Methodology

The data collected are secondary data for this study, gathered from various research papers, journals, and Government websites.

Green accounting-current scenario in India

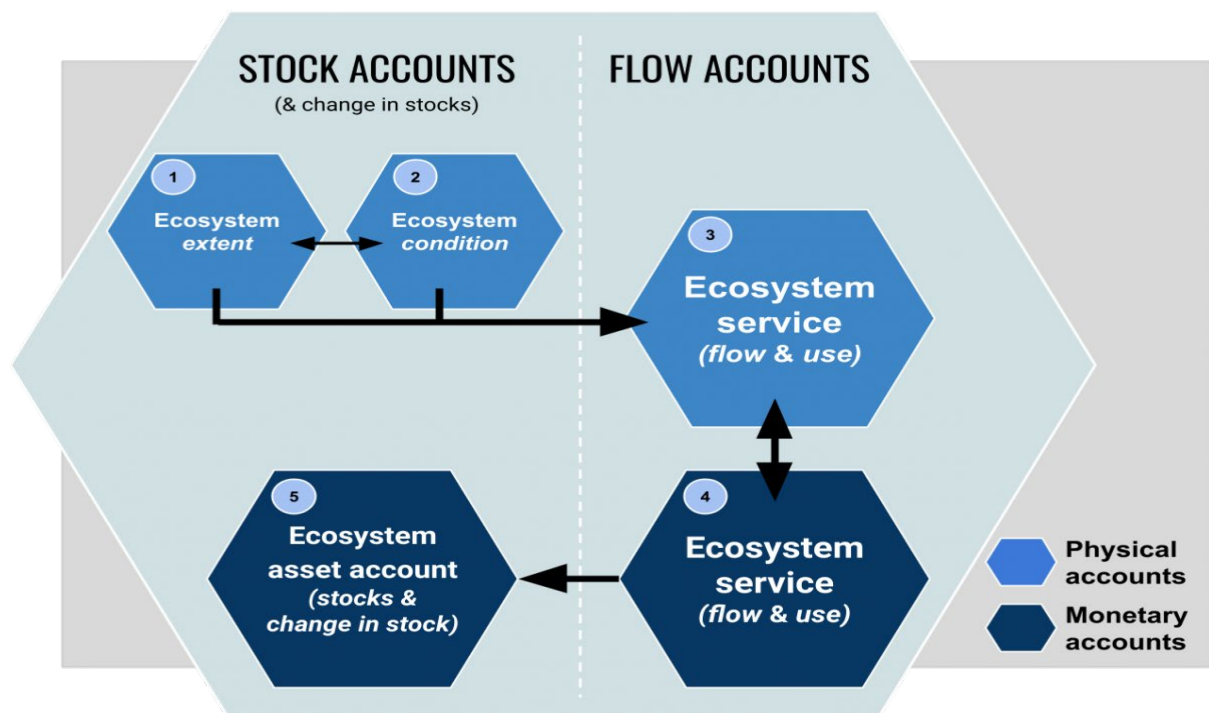
Green accounting is a process that cannot happen with fortnight planning. It needs a lot of attention and involves a planning process, as there are a lot of parameters to be analysed, and observed before implementing and framing a guideline.

Now looking into the Indian scenario in the year 2011 the National statistical office (NSO) under the Ministry of Statistics and Programme Implementation (MOSPI) framed an expert committee under the chairmanship of Prof. Sir Partha Dasgupta, Frank Ramsey Professor Emeritus of Economics, University of Cambridge, UK for advising on the implementation of “Green National in India”. The committee submitted a report in 2013 and recommended adopting and following SEEA Framework in a phased manner. The following figure 1 illustrates the phases of the SEEA framework:

Figure 1: Ecosystem Accounts

Source: <https://seea.un.org/ecosystem-accounting>

So, considering the recommendation of the expert committee, the first layer of SEEA the asset accounts published in the year 2018 called Envi Stats India and MOSPI has implemented a five-year strategy for accumulating green accounting in India-2022-2026 which will follow the SEEA structure.



And there are many initiatives taken by the Government of India under the Ministry of statistics and program implementation to transform green accounts in India:

- The Economics of Ecosystems and Biodiversity (TEEB)
- Biodiversity Finance Initiative (BIOFIN)
- India Business and Biodiversity Initiative (IBBI)
- Natural capital accounting and valuation of ecosystem services (NCAVES)

Despite all these initiatives taken by the Government of India but still the studies confine that due to a lack of framework and guidelines the implementation of green accounting in India is still a blossoming bud.

Goals to be achieved by India for sustainability in the economy

A multidisciplinary country like India with the second largest population in the world has seen tremendous growth in technology, economy, GDP, imports and exports, and so on. At the same time, there are certain Goals to be achieved by India for ensuring sustainability in the country and to contribute globally. Before understanding the sustainable goals to be achieved by India for sustainability in the economy, let's have a glance

at the contribution and expenditure done by the government of India and organisations in the form of CSR for the environment and biodiversity.

NCAVES (Natural capital accounting and valuation of ecosystem services) , one of the major projects led by MOSPI, analysed the expenditure made by the government for environmental protection from 2012-13 to 2016-17.

Financial year	2012-13	2013-14	2014-15	2015-16	2016-17
Gross Domestic product (GDP)	99,44,013	1,12,33,522	1,24,67,959	1,37,71,874	1,53,91,669
Total Government expenditures (Current prices)	23,67,444	26,40,163	29,50,715	33,90,734	37,16,655
Total government environment protection expenditure (current prices)	1,366	2,296	1,656	1,791	1,545

Table 1: Expenditure on environmental protection by the Government of India (INR in crores)

Source: [NCAVES_INDIA_Report_Jan2116112101605301612372985451.pdf](https://www.ncaves.org.in/Reports/Jan2116112101605301612372985451.pdf)

At the same time the biodiversity related expenditure is also estimated in first set of biodiversity expenditure review exercise from 2012-13 to 2016-17 and it is calculated as follows:

$$\begin{aligned}
 & \text{Indian's total domestic biodiversity expenditure} = \\
 & \quad \text{Central government (biodiversity attributable expenditure)} \\
 & \quad + \\
 & \quad \text{State Government and union territories (Nominal)} \\
 & \quad + \\
 & \quad \text{Biodiversity share in Corporate social responsibility (CSR)} \\
 & \quad + \\
 & \quad \text{Expenditure under externally aided projects (grants and loan) real}
 \end{aligned}$$

The above method is used for calculation of biodiversity expenditure and we can see the rise in attributable biodiversity expenditure is increasing from 2012-13 to 2016-17 and even few of the organizations are showing interest towards implementation of green accounting and contributing towards safeguarding biodiversity. Table 2 will give us a clear picture of India's biodiversity expenditure.

FY	Central Government		State Government and UT's		Corporate social responsibility (CSR)		Externally aided projects	
	Total biodiversity expenditure	Biodiversity attributable expenditure	Real	Nominal	Potential CSR expenditure	Biodiversity share in CSR	Real	Nominal

2012-13	89221	15195	28648	30921			812	1392e
2013-14	92480	15707	28160	32275	15245	453	896	1642
2014-15	92632	16148	21298	25224	16412	487	875	1652
2015-16	128891	25390	23726	28681	17784	528	859	1756
2016-17	136587	27717	27040	30142	18343	545	845	1831

Table 2: India’s Biodiversity expenditure from 2012-13 to 2016-17(INR crores)
Source-[NCAVES_INDIA_Report_Jan2116112101605301612372985451.pdf](https://www.ncaves.org/ncaves/INDIA_Report_Jan2116112101605301612372985451.pdf)

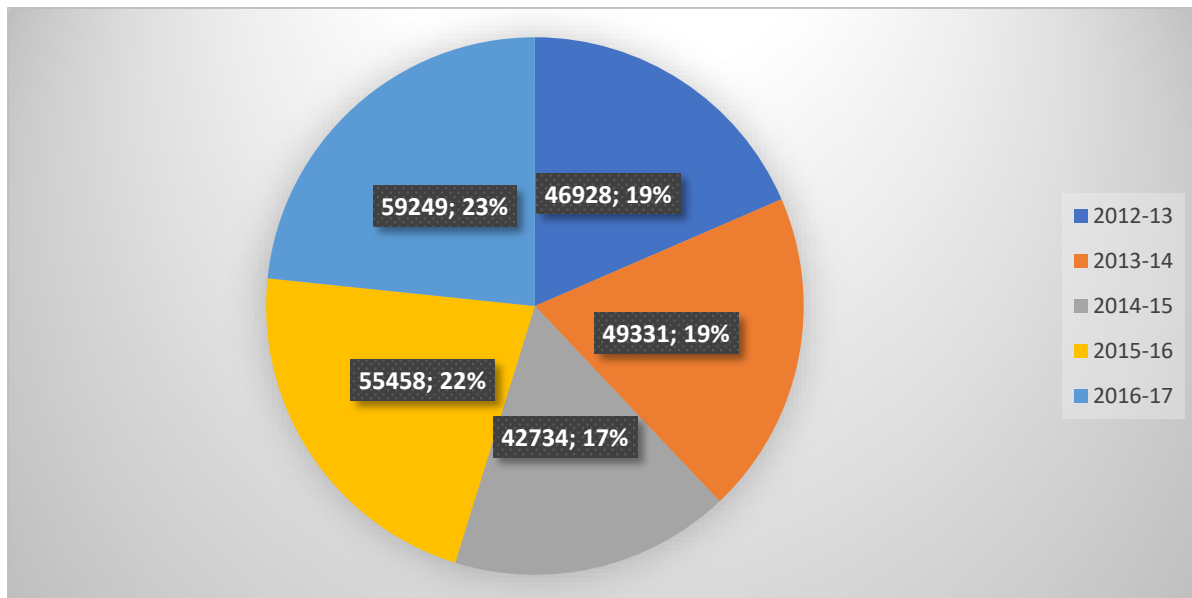


Figure 2: India’s total domestic biodiversity expenditure
Source-Self

Therefore, analysing the above statistics indicates that the progression towards environmental protection by the government.

Now focusing on goals to be achieved by India for ensuring sustainability in the economy, the United Nations members in 2015 adopted a “Sustainable Development Goals” which should be completed by 2030 with a blueprint for the betterment of people and the planet. These are also considered global goals that apply to developed and developing countries. The following are the 17 SDG’s.



Figure 3: Sustainable Development Goals,

Source: <https://education.nationalgeographic.org/resource/sustainable-development-goals>

Environmental goals to be achieved by 2030 for a sustainable economy

- To improve water quality by reducing pollution, eliminating dumping and excretion of hazardous chemicals into the water, and increasing safe recycling.
- By 2030 industries to adopt environmentally sound technologies and industrial processes, with all countries in their respective capabilities
- Special attention towards air quality, waste management, sustainable management, and use of natural resources
- Increase substantially the share of renewable energy in the global energy mix
- Double the global rate of improvement in energy efficiency
- Considerably to reduce waste generation through prevention, reduction, recycling, and reuse.
- By 2030, improve progressively in resource efficiency, consumption, and production and endeavour to decouple economic growth from environmental degradation.
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Impact of the study

- This article has deeply analysed the current scenario of green accounting in India.
- The study identifies that there are efforts made by the Government of India to ensure effective environmental accounting through various projects and Envi stats Publication.
- Table 1 and 2 show the expenditure involved in environment protection and biodiversity safeguarding.
- Figure 2 analyses the total domestic biodiversity expenditures from the year 2012-13 to 2016-17.
- This article identifies the environmental goals to be achieved by 2030, to ensure sustainability in the economy.
- Overall, this paper has studied green accounting and current scenarios and thrown light on various environmental goals to be achieved.

Suggestions

- Green accounting and its implementation can efficiently be implemented when there is a standard framework and policy framed.
- After analysing various reports issued by the MOSPI-GOI it is clear that there are initiatives taken up by the government but it should also focus on educating and training the organization.
- Strategic planning is very much essential to ensure sustainable development by 2030.
- A strict regulatory framework should be set up for mandatory implementation of green accounting.

Conclusion

Green accounting is still in the infant stage in India irrespective of initiatives by the government, and few companies are taking it as a part of CSR activity and are unable to show it in their accounting system as there is no particular format or framework for recording. And looking at sustainable goals a clear roadmap is to be built up for achieving the goals within the period set and creating awareness among organisations and public will also

bring tremendous changes in green accounting implementation. Therefore, this paper concludes by stating green accounting should be compulsorily adopted by all organizations for environment and economic growth and to achieve sustainability in the nation.

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