



ENVIRONMENTAL DISCLOSURE AND ACCOUNTING IN INDIA: A CRITICAL ANALYSIS

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ABSTRACT:

Environmental issues are gaining traction worldwide, influencing economic, social, and political domains. Protecting the natural world has become a vital civic duty in modern times, driven by the rapid escalation of ecological harm linked to corporate activities. This urgency has prompted various groups and institutions to recognize the issue's severity and advocate for meaningful action. Today, awareness of environmental impacts and the need to monitor them are pressing priorities. In response, a pioneering field called environmental accounting has emerged, spurred by heightened accountability demands and the shift toward sustainable industrial systems. This discipline enhances cost transparency by examining the ecological effects of sourcing materials, processing them, and managing production, sales, distribution, usage, maintenance, and disposal. It empowers organizations to devise resourceful approaches to optimize resource use, eliminate limitations, adhere to regulations, and prevent ecological damage. Known also as green accounting, this expanding field emphasizes sustainable environmental stewardship. In India, this practice is still emerging. Although firms comply with environmental laws, no robust policies exist at national, regional, or corporate levels to enforce ecological standards consistently. This research aims to deliver a detailed examination of environmental accounting and reporting in India, suggest solutions for gaps in current practices, and identify the core ecological factors Indian companies highlight in their disclosures.

KEY WORDS: *Environmental Accounting, Green Accounting, Green Economy, Environmental Disclosure etc.*

1. INTRODUCTION:

India, like many nations, treasures its natural resources—gifts of nature rather than products of human labour. These assets are deeply intertwined with all forms of development. However, pursuing economic progress at nature's expense often compromises ecological health, diminishing quality of life for current and future



generations. Progress can degrade landscapes and amplify pollution, making environmental care a global imperative. Developing countries, India included, are prioritizing a “green economy” to promote fairness, human welfare, and resilience against ecological risks and resource scarcity. As businesses in India and beyond grow more attuned to environmental decline, they increasingly value sustainable practices. Keeping tabs on the nation’s ecological wealth has become a critical task in recent years. Environmental accounting provides a lens to explore how nature shapes commerce, shedding light on the expenses of pollution or resource depletion while revealing the economic benefits of natural assets. Commercial operations depend on a broad array of natural resources, urging companies to maintain ecological harmony and dedicate funds to this goal. Firms are thus expected to weigh the environmental consequences of their material choices. As India advances toward development, it juggles multiple focuses, including ecological awareness. Building a solid evidence base through detailed environmental records is key to elevating this consciousness. Approaches like resource tracking, green accounting, and holistic accounting offer pathways to achieve this. The concept of “environmental accounting” traces back to Professor Peter Wood in the 1980s, aiming to align financial documentation with ecological care. This fresh accounting branch has grown due to its rising relevance. Green accounting captures how a company’s actions affect the environment, tying ecological variables to financial outcomes and guiding long-term economic and environmental policies.

2. OBJECTIVES OF THE STUDY:

The objectives of the study are as follows:

- 1) To grasp the essence of environmental accounting.
- 2) To investigate India’s environmental bookkeeping methods.
- 3) To understand critical environmental regulations and the phases of ecological accounting.

3. RESEARCH METHODOLOGY:

Type of Research: Descriptive/Expressive Research

This study employs a secondary data collection strategy, drawing insights from existing research articles, journals, and published works on the subject.

4. REVIEW OF LITERATURE:

1. **(Karlapudi & Reddy, 2022)** A study explored ESG disclosure trends among Indian power sector firms, aiming to pinpoint which ESG aspects are most and least reported. It analyzed five power companies from



both public and private sectors, reviewing ESG and sustainability reports from 2019 to 2022 via content analysis. Findings revealed significant variations in disclosure practices across and within these sectors.

2. **(Mishra , Jethy , & Digal, 2022)** Research assessed how environmentally sensitive industries impact certain Indian firms, focusing on how disclosures influence ecological performance. Data came from sustainability reports for performance metrics and annual reports for financial details. Covering six industries—petroleum, power, oil and gas, ferrous and non-ferrous metals, and mining—over 2015–2021, it used regression, correlation, and content analyses. Results showed standalone sustainability reporting hinges on managerial attitudes toward social duty, not just finances.
3. **(Maheshwari, Gupta, Bhayani, & Gaur, 2022)** An analysis delved into environmental sustainability within the CSR efforts of public-sector oil firms in India. It evaluated five companies (BPCL, EIL, HPCL, IOCL, OIL) from 2014–15 to 2019–20, using secondary data from CSR portals and annual reports. The study found environmental sustainability to be a key CSR focus, vital due to the oil sector's ecological footprint.
4. **(Arshe & Mulla, 2022)** In order to understand how we can manage the environment, the research paper, *Environmental Accounting A Basis of Corporate Sustainability in India*, used the qualitative method of research based on secondary data or information taken from various types of sources, such as the review of literature, articles, books, etc. for sustainable environmental accounting, and the interpretive approach of methodology. The study's objective was to examine various national and international articles on Environmentally Sustainable Corporate Development and its uses in India. The paper fully focusses on environmental accounting and its management and culture with a comparative impact in India and worldwide. The outcome of the study was that environmental accounting is a benefit for society in several ways, like the decrease of pollution, removal of environmental effects, reducing different forms of disasters, and reducing disease from air & water pollution.
5. **(Harsh, 2021)** The study looked at the significance of green accounting developments in India. Its goals were to assess the environmental costs and benefits of green accounting, and it congregated data from secondary foundations like books, journals, and research studies. The study's limitations included the statistic that input for green accounting is tough to obtain because environmental costs and benefits are difficult to quantify. The research's findings showed that environmental accounting and reporting practices are in their burgeoning stage, and that stringent regulations are necessary to ensure the level of compliance with environmental standards.



6. **(Kriplani & Bhanawat, 2021)** The research paper shows environmental disclosure practices in Indian corporations with special orientation to the Business Responsibility Report. The Aim of the study remained to construct a weighted environmental disclosure index to identify the near of revelation made by Indian corporations with admiration to BRR. A sample of 70 NSE-listed businesses constructed on the market capitalisation for the financial year 2019-2020 was selected for study purposes. According to the Energy Conservation Act of 2001, these businesses were categorised into 12 energy-intensive industries. Secondary sources are used to get data. For hypothesis testing, the Karl Pearson Chi-Square test is utilised. The study's overall weighted score, which is 68%, shows how much environmental information Indian listed firms must publish in the BRR.
7. **(Sharma & Verma, 2021)** The study's objectives are to investigate and evaluate the impact of company environmental performance (CEP) on firm value (FV) and the extent of carbon creation disclosure by the sampled firms in India, where CSR practices are required. The analysis was constructed on secondary statistics collected from 40 Indian Carbone-indexed firms between 2015 and 2019, using market-based measures such as Tobin's Q proxies and accounting-based measures such as ROA to measure firm value. The study's results specify that there is an optimistic association between CEP and FV, and that, despite being required, the data pertaining to CSR/CEP disclosure of 34 out of 74 non-finance Carbone companies is either unavailable or only partially obtainable.
8. **(Sudha, 2020)** The research focused on the association among company environmental performance and financial performance in India. Using metrics for eco-efficiency. The study's goal was to try and objectively investigate how Indian companies' company financial performance (CFP) was affected by disaggregated, eco-efficiency-based measures of corporate environmental performance (CEP). Additionally, current hypotheses that argue for a reciprocal fundamental association between them are also examined. The study's foundation was entirely secondary data. There were 224 Indian S&P 500 firms in the research sample. The study was accompanied among 2002 and 2011. The study's ends indicated that here was an optimistic bi-directional causal link between CEP and CFP for a single time lag, suggesting the potential for mutual reinforcement in the CEP–CFP interaction.

5. ENVIRONMENTAL ACCOUNTING PRACTICE IN INDIA:

The notion of green accounting debuted in India in 1991. The Ministry of Environment and Forests proposed that "Every company shall, in the Report of its Board of Directors, disclose briefly the particulars of steps taken or proposed to be taken towards the adoption of clean technologies for prevention of pollution, waste minimisation, waste recycling and utilisation, pollution control measures, investment in environmental



protection, and impact of these measures on waste reduction, water and other resources conservation.” The Union Ministry provides guidelines for environmental statements, mandating approval from national and state environmental bodies for new projects, alongside anti-pollution clearances. Reports typically cover:

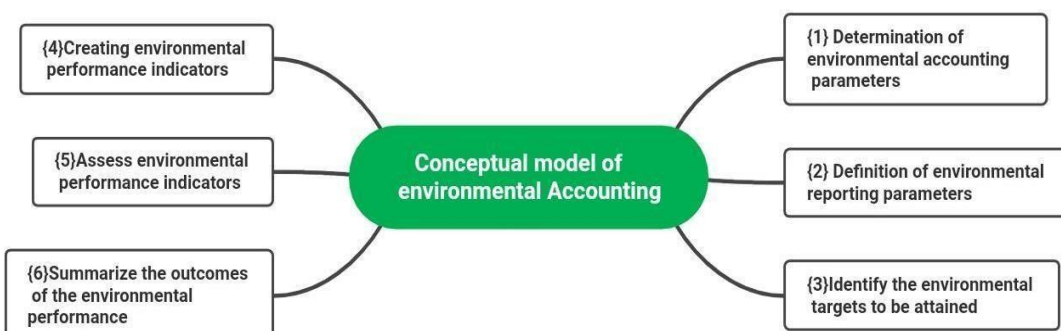
- ❖ Deployment of pollution-control and energy-efficient systems.
- ❖ Efficient resource use and waste breakdown methods.
- ❖ Efforts to enhance product quality.
- ❖ Details on water and raw material consumption.
- ❖ Pollution levels.
- ❖ Effects of pollution control on resource preservation.
- ❖ Types and disposal methods of solid and hazardous waste.
- ❖ Initiatives to boost corporate awareness of environmental reporting benefits.

India’s environmental oversight remains limited. Beyond the Companies Act of 2013, which supports resource and ecological viability studies, no core regulations govern environmental costs. The Ministry of Corporate Affairs’ 2011 National Voluntary Guidelines (NVGs) promote CSR, with Principle 2 urging safe, sustainable products and Principle 6 advocating environmental respect and restoration. Key elements include:

- ❖ Promoting resource reuse through efficient waste management and recycling.
- ❖ Assessing ecological damage and balancing pollution control costs with sustainable technologies.
- ❖ Ensuring transparency with stakeholders about environmental performance and risks.

6. CONCEPTUAL MODEL OF ENVIRONMENTAL ACCOUNTING IN INDIA:

This study proposes a framework with six steps to gauge organizational ecological effectiveness, offering a



new angle on tasks needed for environmental accounting in India:

6.1 Determination of Environmental Accounting Parameters:

Firms establish factors like policy, safety, energy saving, sustainability efforts, waste and water management, renewable energy, disclosure practices, targets, and cost-benefit analysis.



6.2 Definition of Environmental Reporting Parameters:

Companies detail each factor's role in long-term ecological performance evaluation.

6.3 Identify the Environmental Targets to be attained:

Short- and long-term ecological objectives are outlined.

6.4 Creating environmental performance indicators:

Metrics are created, covering policy frameworks, safety standards, energy conservation, and waste/water management.

6.5 Assess Environmental Performance Indicators:

Actual performance is measured against benchmarks, using both numerical (e.g., waste) and qualitative (e.g., policy) methods.

6.6 Summarize the outcomes of the environmental performance:

Firms assess how ecological impacts tie to financial outcomes.

7. IMPORTANCE OF ENVIRONMENTAL ACCOUNTING FOR BUSINESS:

Over the past decade, firms have recognized environmental reporting's value, sparking a rise in diverse reporting practices. Early adopters saw it as a governance and political matter beyond mere documentation. Companies must meet global and local reporting standards, regardless of method. Poor environmental conduct can tarnish reputations, prompting consumer boycotts and sales drops, while some nations impose hefty fines or clean-up costs. Adjusting ecological practices can cut expenses. As responsible entities, firms bear a moral duty to lessen environmental harm, focusing on:

- People
- Profitability
- Planet

This approach highlights costs and gains from ecological efforts. Sustainable development meets today's needs without jeopardizing tomorrow's. It helps firms use resources wisely, trimming waste and energy costs.



Employees favor socially conscious employers, and stakeholders increasingly track ecological impacts. Management accountants should weave environmental concerns into long-term planning.

CONCLUSION:

Sustaining natural resources carries costs and rewards, birthing environmental accounting. While nature offers wealth, its upkeep demands investment. India must choose between ecological care and decline, though preservation fuels economic progress. Intent alone won't suffice—green accounting requires action, not just theory or haste. It frames environmental issues in business terms, using accounting as its voice. In India, this practice is budding, with firms crafting eco-strategies, cutting emissions, following laws, and reporting progress. Challenges include valuing ecological impacts, integrating social factors, and securing reliable data. Combining business and ecological insights, environmental accounting is vital. Its nationwide embrace could boost India's economy.

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