

GREEN ACCOUNTING: INTRODUCTION AND IMPORTANCE OF A NEW INITIATIVE

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ABSTRACT

Green accounting is an instrument which can help to many of the environmental costs could be exclude or reduce the global warming, carbon footprint and pollution as well as can help saving our environment. It may also help in eco-friendly means of production, recording the same data or transactions on computers or through digital resources. It will add the value to environmental responsibilities. Protecting the environment and encouraging economic growth in the third world countries is Becoming a new normal. Maintenance of the air quality, water resources, soil, and forests is now a part of global awareness.

KEYWORDS: *Green Accounting, Environmental Costs, Global Warming, Carbon Footprint.*

Introduction

There are multiple branches and types of accounting emerged in the new millennium e.g. financial accounting, managing accounting, green accounting etc. the most recent and relevant Concept of green accounting is also known as environmental accounting. In 1980, the eminent economist prof. Peter Wood has introduced the concept of green accounting green accounting plays a pivotal role in the corporate social responsibility (CSR) because it focuses on the environment and the issues related to that. Nowadays, it flourishes as the index of sustainable economic welfare (ISEW) OR Genuine Progress Indicator (GPI).this very concept of Green accounting focuses on the surrounding and its welfare and well-being. It also focuses on the thought of environmental cost for balance sheet of an enterprise. We need some extensive methods to include the use of green accounting. Accountability towards the atmosphere has become the most decisive area of social responsibility. Environmental contamination I spoils the public health, reduces the productivity leads to the damage of conveniences. Corporate sector is facing the challenges to control its profits, for this, the sector should become more thoughtful about the surroundings and green accounting will help making the world more green and glad.

Objectives

- Awareness about the importance of green accounting.
- Study of the origin and development of green accounting.
- To assess the pros and cons of green accounting.
- To develop a unitary method of the cost of green accounting.
- To understand and analyze the demerits of green accounting cost into balance sheet.

Significance of the Study

The key advantage of can be described as follow:

(Shah VysiFarhad&Selmanian Mohammed, 2007)

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- Adequate green accounting system is the support line to achieve sustainable development that to be measure of the main tools extent for measurement, control and decision making.
- The environmental costs either of current costs or capital costs will increase salient from day to day.
- Management is needed for financial information about environmental costs.
- Fundamental cost planning requires basic financial information.
- Environmental costs maybe hidden in overhead accounts or otherwise overlooked.
- Beneficiaries need (government, investors, traders, banks, NGOs etc.) Financial information on the environment is increasing organizations' concern about green accounting.
- Many environmental activities have qualities of financial nature. Therefore, they have multiple impacts on costs, assets and liabilities of the organization.
- Each business entity or unit is meant to produce one or the other thing and environmental pollution is a byproduct to that which may cause adverse effects on the lives of all kind of creatures including human beings. We are given to understand that the cost of the environmental Pollution is to be nearby the same entity. Otherwise it is to be bear by the society.
- Appropriate resource management is a friendly approach towards the environment leads to direct benefits such as creating a higher goodwill or better image of the organization.
- An environment friendly approach will create a competitive advantage for the organizations.
- Environmental costs and performance accounting can support the development and implementation of environmental management system (EMS) and credential of ISO 14000.

Because of the above reasons there is a belief that the accounting should be responsible towards the evaluation and disclosure of environmental performance in financial statement with the footnotes. There is no doubt that environmental performance measurement depends on the accounting system but in order to do this, there should be more information as compare to the conventional accounting.

Monetary approach to environmental issues is not correct in general, but economists and accountants have to make the best estimates according to the conventional techniques.

Effectiveness of the Environmental Accounting

Manufacturing and service companies bear various type of cost is one of them. Environmental performance is one of the most important factors in evaluating a company's success. Environmental costs and performance of the companies are worthy of special attention to management due to the following reasons.(khoshtinat mohesen and Jafari Seydeh Mahabobeh,2005).

- Many environmental costs can ben considerably reduced or even eliminate them with use of better business decision making to invent in more compatible with green industry and redesigning processes and products because some of these costs may not create any value added to the system or product.
- Better management of environmental costs can also improve corporate environmental performance (by reducing pollution and protecting public health) and bearing substantial benefits the entire society.
- Understanding and awareness of the environmental costs and environmental performance of the products can buy correct and well-priced products to improve and companies to assist in the design of the environment friendly processes and products.
- It is proved that with respect to the processes and products comply with the environmental best competitive advantage for the company's product to the customers.

Methodology

This research is carried out with the purpose to give an introduction of the green accounting and the role of Corporate Social Responsibility (CSR). Besides, this research papers is only an elementary narrative in nature and hence, no complicated theories, methods and ideas have been Analyzed in order to maintain the simplicity and understand of this new and latest socio-economical practice,

Conclusion

This paper has explored into the various ways in which diverse researchers have carried out in their respective researches in relation to environment accountability and sustainability. As of now in India, very limited sources are available on environmental accounting. Managers who are more environmentally inclined will persuade clients to accept responsibility for a bigger share in their participation when it comes to global clean-up activities. The political and social realities of the current scenario of our country is also very complicated in nature. This research paper makes an attempt to point out that there is a need of sensitivity towards the green accounting practices. That academicians should be sensitive and should have neutral approaches related to green accounting promotion and assemble risks so that the problems of contemporary green accounting practices are recognized and a viable instrument.

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