CHAPTER III

OVERVIEW OF PAST EMPIRICAL STUDIES

This chapter deals with the review of empirical studies related with the status of environmental disclosure in the corporate annual reports. Some studies conducted in India and abroad relating to the corporate environmental reporting have been reviewed. The review of empirical studies helps in the identification of problem areas, construction of disclosure index and the choice of statistical techniques for the conduct of the study.

Mahaptra (1984) in his study using a large sample and time period, compared the pollution control expenditures across six different industries to the average market returns in those industries. He concluded that the pollution control expenditures are a "drain on resources which could have been invested profitably and don't reward the companies for socially responsible behaviour". Of course higher firm expenditures on pollution control do not necessarily translate into better environmental performance.

Sen Gupta (1988) studied 82 annual reports and found that only 14 annual reports referred to the pollution control issues and measures.
Guthrie and Parker's (1990) in the analysis of 1983 annual reports of 147 corporations reported that the 14 per cent of the UK companies, 53 per cent of the US companies and 21 per cent of the Australian companies provided environmental information in their annual reports.

Erfle and Fratantuono (1992) in their study analysed CEP's reputation indices of environmental performance, which classified 49 companies as high, medium or low environmental performers based on anecdotal information about regulatory compliance and the existence or lack of proactive environmental programs such as recycling or waste reduction programs. They concluded that environmental performance for these firms is positive and significantly correlated with return on assets, return on equity and return on investment.

Sikidar (1994) conducted a study of 85 Indian companies to know the level of environmental disclosure in the annual reports. He found that only 15 companies disclosed pollution awareness in their annual reports, of these 15 companies 8 were in the public sector, 6 in the private sector and only 1 in the foreign sector. He found that the place of disclosure of information about environmental impacts and activities was not the same in the 15 companies. 46.6 per cent companies provided this information
in the Directors' Reports, 6.6 per cent companies provided it in the Notes to Financial Statements, 26.6 per cent companies provided it in the Social Income Statement and Social Balance sheet, 6.6 per cent in the supplement to the annual reports and 13.3 per cent provided it in the Chairman's Statement. It was also found that 66 per cent of the companies gave descriptive information, 26.6 per cent gave only quantitative information and 13.3 per cent companies gave both quantitative as well as qualitative information. He also found that 53.3 per cent reports provided information about the pollution control measures and project undertaken, 26.6 per cent reports provided information about the social cost entailed in degrading environment and 20 per cent reports provided information about the social benefits rendered in abatement of pollution. However, no report provided information about major items of pollutants, amount spent in monitoring pollution, accounting treatment of revenue or capital expenditure on pollution control, types of pollution i.e. air, water, noise etc. and impact of pollution control measures adopted.

Bebbigton et al (1994) solicited the views of finance directors and accountants through a questionnaire.
They concluded that the accountants from different countries, age groups etc. tend to have similar views regarding the environment, they lack knowledge of the possibilities of environmental accounting and they are not involved in deriving the environmental agenda in their companies.

UNCTAD (1994) conducted a study of 203 corporations. In this study, it was found that the reporting on matters like policies and views on environmental demands, major environmental issues and programs, targets, standards and other output measures, product and services and research and development activities were disclosed by the sample corporations to a large extent. But reporting as regards the environmental related capital investment activities, financial expenditure and the information release by way of note to the financial statement was not encouraging.

UNCTAD (1995) conducted a survey on environmental reporting practices with the assistance of C.Noppeney. The environmental reporting practices of 28 Transnational Corporations (TNCs) operating in India, Malaysia and the Philippines were studied. Findings of the survey were not encouraging. So far as, the Indian condition is concerned, annual reports of seven Indian companies for the year 1993-94 were studied. It was found that the information regarding environmental disclosure was given only in the
Directors' Reports of all the seven companies studied. The information was descriptive only given under various headings in one or two paragraphs. It was concluded that the disclosure of the information regarding environment protection measures and policies of organisation was very poor in India.

Gray et al (1995) in their study on corporate social and environmental reporting stated that the corporate environmental reporting appears to be unsystematic, not related to the profits in the same period, related to the company size, the industry type, the country of reporting and ownership, the capital intensity. They reported that the age of company, the strategic posture of company, the Senior Executive's attitude and the existence of social responsibility committee also effected the corporate environmental reporting.

Gamble et al (1995) confirmed that there are differences between industries and that there was an increase in environmental disclosure over time. They further reported that the quality of environmental reporting was not very encouraging and generally the informational needs of the stakeholders were not adequately met.
Deegan and Gordon (1996) conducted a study on the status of environmental reporting by the Australian Companies. They stated that the amount of voluntary environmental information provided was low, disclosures were typically self laudatory, the amount of environmental information increased over time, companies in environmentally sensitive industries were more likely to report on environmental issues, and the firm size has an influence on the amount of disclosure.

Rankin (1996) concluded that the users in Australia demand more environmental information than they were getting. A total of 68 per cent of the users wanted to receive environmental information in the annual reports. The most sought after information was regarding environmental contingent liabilities, extents of land contamination, fines for breach of environmental laws, legislative compliance and waste management.

Buhr and Freedman (1996) in their study on "A comparison of mandated and voluntary environmental disclosures: The case of Canada and the United States" analysed whether there was any difference between the level of disclosure of voluntary and mandatory environmental information in the two countries, Canada and the United States i.e. a comparison has been made between the Canada
and the United States i.e. a comparison has been made between the Canada and the United States on the level of disclosure of voluntary and mandatory environmental information. The sources of information used in this study were annual reports and the security exchange filings (The 10K in the US and the Annual Information Form (AIF) in Canada) for the year 1999. Originally a total of 266 companies were chosen for the purpose of this study. In order to meet the objective of matching publicaly traded Canadian companies involved in resource-based or high environmental impact industries with the US companies, on an industry and size basis, the sample were reduced to 68 i.e. finally 68 Canadian firms from resource based or high environmental impact industries were matched with 68 US firms on size and industry basis. Content analysis was used to assets the quality of environmental disclosure in each of the three documents. Disclosure of 18 items of environmental information was divided into 4 categories of mandatory nature and 2 categories of voluntary nature. Paried t-test, Kruskal Wallies test and one way ANOVA statistical tests were used in the study to analyse the data. This study concluded that the Canadian Companies provided more disclosure than its American counterparts. Overall, there
was no significant difference in the extent of environmental reporting by the US and the Canadian companies. Companies in both the countries failed to provide adequate environmental disclosure. Canadian companies provided more voluntary disclosure, US companies provided more mandatory disclosure. There were resource-based companies in both the countries that choose to disclose absolutely nothing about the effect of their activities on the environment. Canadian companies tended to provide more disclosure in their annual reports than their Annual Information Form (AIF) whereas US companies tended to provide more disclosure in the 10K form than in the annual reports.

Thomas and Kenny (1997) in their study on "Environmental Reporting: A comparison of Annual Reports Disclosure and Popular Financial Press Commentary" analysed the level of voluntary reporting of environmental items (including lawsuits, voluntary recycling plans, contingent liabilities etc) in corporate annual reports. They also made a comparison of the size, scope and nature of environmental disclosure in annual reports to environmental reporting in the popular financial press.

This study conducted on a sample of 86 non US based multinational corporations concluded that 42 (49 per cent) companies in the sample produced no environmental
disclosures in the 1994 annual reports. 35 (41 per cent) of the sample companies provided at least one environment disclosure and remaining companies contained missing data fields in the data box. The researchers analysed the occurrence of environmental disclosure by country of origin and noticed no discernible pattern of the existence of disclosure by country. They analysed the format of the presentation and the location of voluntary environmental information within the annual reports and found that only the UK firms were giving supplementary monetary schedule presentation in the annual reports. They observed that the UK firms in the sample tended to present extensive verbal discussions of environmental issues and responsibilities as well. The Japanese firms in the sample were inclined to present lengthy verbal discussion of environmental issues, but tended to avoid monetary quantification of environmental issues, obligations and activities. The environmental disclosure was found in various parts of the annual reports and there was no clear pattern or preferential location for such disclosures.

In the second phase of their study, they explored the popular financial press to determine the extent of environmental reporting. They noticed the paucity of reporting in the financial press, particularly regarding activities that have negative impact on environment.
Choi (1997) in his study, "An investigation of the Initial Voluntary Environmental Disclosures made in Korean semiannual Financial Reports" analysed the general nature of Voluntary Environmental Disclosure made in 1997. He also studied the corporate characteristics that are significant in distinguishing a disclosing firm from its non-disclosing counterpart. He further studied the corporate characteristics that were either positively or negatively related to the amount and/or degree of specificity of disclosure.

This study was conducted on a sample of 128 firms, consisting of 64 non-disclosure firms and 64 disclosure firms. These 128 companies belonged to 14 different industry groups. Data for evaluating voluntary environmental disclosure was collected from the footnotes of the financial statements of 64 disclosure firms. Content analysis was used to evaluate the environmental disclosures. Disclosure of a total of 16 items of environmental information grouped into 3 categories was examined. To consider the quality of disclosure, a score of 0 to 3 was assigned to an item depending upon its quality of disclosure. This study also examined the length of disclosure of environmental information. Line counts was used to measure the length of disclosure. The 14 industry categories covered in this study
were divided into 2 groups, high profile and low profile, on the basis of Korean stock exchange industry pattern.

This study reported that so far as the nature of voluntary environmental disclosure was concerned there appears to be a systematic relationship between the nature of industry and the corporate social environmental disclosure. The values of various items of environmental disclosure were consistently higher in high-profile group than in low-profile group. There was found a distinct lack of specificity in disclosed information. Very less space was devoted by firms in their annual reports for disclosure of voluntary environmental information. The line counts exhibited a mean value of 7, which was roughly equivalent to one third of a page in typical Korean semiannual reports. The highest and lowest length was noticed in the paper and pulp and the textile industry respectively.

So far as, the determinants of voluntary environmental disclosure are concerned, various determinants considered by this study were financial performance (as measured by net profit, net profit ratio, Return on Equity, Earning per share, Cash Inflow per share, Sales Growth Rate and Profit Growth Rate), Corporate size (as measured by number of employees and sales volume), stakeholder influence i.e. owners (as measured by percentage of outstanding common
stock held by major stakeholders i.e. who own 1 per cent or more of the stock), Creditors (as measured by total liability as a percentage of owner's equity, interest as a percentage of sales), regulators influence (SECT: assumes the value of 1 if company belongs to section 1 of Korean Stock Exchange (KSE) and 0 otherwise: CHBL: assumes the values of 3 if the company belongs to top 10 conglomerates, 2 if 11-30th largest conglomerates, 1 if remaining conglomerates and 0 if independent), auditor's influence (CPA: the relative size of auditing firm in terms of number of client companies as on June 1997. Risk involved in the company (as measured by Beta), Age and foreign influence (as measured by percentage of export of total sales).

Parametric two sample t-test, non-parametric wilcoxon rank sum test, multiple logistic regression, one-way ANOVA and Kruskal-Wallis tests were used in this study. Alongwith these tests rotated factor loading test was also used to study the degree of relationship between the level of disclosure of voluntary environmental information and various determinants considered in this study. Analysis of results of these statistical tests revealed that when the type of industry was controlled to discriminate disclosure firms form nondisclosures, it was found that firm size and auditors influence were significantly associated with
disclosure decisions, financial performance showed only weak and sporadic evidence in support of the positive relationship. The corporate size was found to be positively associated with the propensity to disclose, the size of auditing firms was stated to be negatively associated. The sales growth rate was also found to be moderately associated with the disclosure decisions. The study further reported that when analysis was confined within the disclosure firms only, the financial leverage and the corporate age emerged as significant variables for the level of environmental disclosure. As for high profile industries, leverage ratio was found to be the single most important explanatory variable, implying that the creditor's influence matters for corporate environmental disclosure in this type of industry. In low profile industry age was found to have positive relationship with the level of corporate voluntary environmental disclosure.

Villers (1998) in his study on "South African Environmental reporting: What it is, What it should be" aimed to establish the direction which environmental reporting should take in South Africa if it is to further the needs of the country. This study also aimed to establish the status quo of environmental reporting and recommend changes, if any required.
This study was conducted on annual reports of South African Companies for the year 1995 and 1996. Sample size was 596 for 1995 and 606 for 1996. The study reported that only 23 per cent companies reported environmental matters in their annual reports. The level of disclosure was high in top 100 companies as compared to all the companies listed on stock exchange, companies in environmentally sensitive areas disclosed more environmental information. Survey of users of South African companies showed that they want more environmental information than they are getting, they want information to be disclosed in the annual reports.

Tilt and Symes (1998) in their study on "Commerce not Conscience: Environmental Disclosure by Mining Companies" analysed the disclosure of environmental information in annual reports of mining companies of Australia. This study focused on the effect of tax incentives given under the Income Tax Assessment Act for expenditure incurred for rehabilitation of mines sites, on the level of disclosure of environmental information in annual reports by mining companies.

This study discussed the various theories related to environmental disclosure and also the various provisions related to deduction of environment related expenses under
While discussing various sections of division 10 AB of the Income Tax Act, which contains provisions regarding deduction of environment related expenses, this study stated that it seemed that not all mining companies might have taken advantage of the taxation benefits provided in the legislation.

Initially the study was started with the sample of 500 public companies listed on the Australian Stock Exchange. In order to examine the site rehabilitation and other environmental disclosure provided by the mining companies, the annual reports of these companies for the year 1994 were collected from the Australia Graduate School of Management's Database. After this, the authors reduced the sample size to 70 companies, because the authors wanted to study environmental reporting practices of only those companies that had environmental policy in place and there were only 70 such companies. These 70 companies belonged to five industry groups. The annual reports were analysed using content analysis.

The items of environmental disclosure were divided into two main categories i.e. rehabilitation related and other environment related, with other environment related category further divided into 23 sub-categories. Therefore
in all, the disclosure of 24 items of environment related information in the annual reports was examined in this study. This study also considered the place of disclosure of environmental information on the premise that disclosure on rehabilitation found in the financial statements (including the notes to the financial statements) was being disclosed for different reasons other than disclosures.

The results as reported by this study stated that on an average the number of sentences that can be classified as relating to environmental disclosure in the annual reports was 12.3 (median 6.5), with a minimum number recorded as zero and maximum in any single report as 78 sentences. So far as, the category wise level of disclosure was concerned this study reported that rehabilitation related sentences produced a mean of 2.4 sentences and other categories produced means between 0.01 and 1.0 sentences (average of 0.4). When industry wise level of disclosure was considered, the study reported that it was the highest in the mining and the chemical industry with a mean of 17.6 sentences in the annual report. The stury presented that the reason for the high level of environment disclosure among the mining companies was the incentives given under the income tax act. Under this act the mining companies were allowed to deduct the rehabilitation cost, both revenue and
capital in nature from their income. To very this presumption the Kruskal Wallis H. Test and Mann Whitney U Test were used in the study on two industry groups i.e. the first consisting of mining companies and the second group of other companies. These findings of both the groups were reported to be significant at 5 per cent level of significance.

Further, disclosure with regard to rehabilitation was shown to be very prominent and significantly different from all other categories. The disclosure was found to be average of 4.6 rehabilitation related sentences, when mining and chemical industry was considered alone. To test the hypothesis, the author reran the Kruskal Wallis test on the sample excluding the rehabilitation disclosures found in the financial statements. It was found that all the differences disappeared. This indicated that the significant difference that appeared originally was caused by the inclusion of rehabilitation disclosures found in the financial statements and notes. The study finally concluded that the recent increase in the environmental disclosure by the Australian mining companies and non-mining companies was not due to various theories but because of tax incentives given to mining companies under the income tax assessment act of Australia.
Tilt (1998) in his study titled "The content and Disclosure of Corporate Environmental Policies: An Australian Study" analysed a sample of Corporate Environmental Policies (CEPs) to determine the extent to which they conform to the format suggested by literature. This study also examined the level of environmental disclosure found in the annual reports and other disclosure media with particular reference to the content of the corporate environmental policies.

The study was conducted on a sample of top 500 Australian companies, which stated that they have a formal documented corporate environmental policy in place and which were listed on the Australian Stock Exchange. The sources of disclosure covered in this study were the Corporate Environmental Policies, Annual Reports, Press releases, Advertisements, Employee Magazines or Newsletters, separate booklets on internal documents etc. Out of a total of 500 companies included in the study, the annual reports of only 70 companies, CEPs of 41 companies and other items of disclosure of only 37 companies could be obtained. The content analysis was used to examine the disclosure of only environmental information in the above stated disclosure media. The results reported by this study were the size of Corporate Environmental Policies (CEPs) varied from a few
short sentences to a booklet containing 59 sentences. The mean number of sentences was stated as 14.2 with a standard deviation of 10.6 sentences. Most CEPs were approximately one A4 page and contained a general statement of policy. The category most often included in CEPs was found to be staff involvement with the policy (93 per cent). Environmental law was stated in 80 per cent of the CEPs indicating that compliance with laws was a major part of the policies. 51 per cent CEPs included industry environmental standards. Besides these, waste recycling and environment management were also among the frequently reported items. It appeared that for the most types of disclosure industry and/or size had little effect on the size of the CeP or its contents.

In this study, Kendall's coefficient of concordance (W) test for related sample was performed to determine which items had a significantly greater number of sentences. The staff involvement and environment laws were the two equally most common elements found in CEPs.

So far as, the analysis of annual reports was concerned the study reported that 43 per cent companies reported about rehabilitation, 34 per cent companies mentioned their CEPs and other environment related policies, 21 per cent mentioned their environment objectives, 37 per cent mentioned their environmental management plans and
30 per cent companies discussed environmental laws in their annual reports. The average number of sentences that could be classified as environmental disclosure in the annual reports was 12.3 (median 6.5), with the minimum number recorded as zero and the maximum in any single report as 78 sentences. The highest number of average sentences reported for any item was of rehabilitation with an average of 2.40.

87 per cent of the annual reports contained information of declarative nature and very few being sentences that contained quantified information.

So far as, the other means of disclosing environmental information were concerned, the study reported that not all the companies included in this study used these other means and there was wide disparity regarding the disclosure of items in these other media. This study also reported that the companies were developing objectives and CEPs. They were however not referred to very often in the annual report and other media. Similarly, the results of performance against these objectives and policies were not reported in the annual reports and other media considered in this study. When compared with United Nations, (1994) Survey of MNCs from fortune magazines global 500, Australia was reported to be lagging behind somewhat in disclosure of its policies and general commitment to the environment.
Compared to UK companies, study the Australian companies reported to be similar in the reporting of policies in their annual reports (Harte & Owen, 1992).

Public Initiative Reporting Corporation (PIRC, 1999) conducted a study to assess the range and scope of environmental reporting by companies by taking a sample of 363 companies. Sources of information were the reports and accounts, separately produced documents and the corporate web-sites. 70 per cent of the companies in the sample provided information regarding environmental activities, 35 per cent of the companies used corporate web-sites for providing information about environmental matters. It was found in the survey that the reporting cycle for the environmental report was rarely synchronised with the financial reporting cycle and usually not integrated. It was found that there were still a very few reporting companies that quantified their impact, an area of great importance. A similar survey was conducted by PIRC in 1998 of 350 companies. This survey concluded that as compared to previous survey there was improvement in environmental reporting practices, but the pace of improvement was frustratingly slow.

Ince (1999) in his study on "Determinants of Social and Environmental Disclosure of the UK companies in
Environmental Policy Statements examined the Corporate Social Reporting practices of the UK corporate entities in Environmental Policy Statements from a stakeholder point of view. It also examined the relationship between corporate characteristics (industry and size) with the level of disclosure of environmental information in Environmental Policy Statements.

This study was conducted on a sample of 93 environmental policy statements. Content analysis was used to categorise the data into different relevant categories. The regression analysis and the independent samples t-test were used to analyse the data. 93 firms included in this study belonged to six different industries. The study reported that the number of words analysed in the environmental policy statements were the higher for the utility industry (29) and the lowest for the manufacturing industry (17.12). The study also reported that the employee related disclosure requirements by regulators may be said to be taken into account by the companies, while they were setting up their environmental policy statements. A detailed analysis of the employee related social and environmental information disclosed in the Environmental Policy Statements suggested that the responsibility distribution or employee responsibilities for environmental issues were the most
mentioned subjects. The detailed analysis of the community related information disclosed in CEPs suggested that the companies which operate in utility industry tend to participate, cooperate make partnership and consult the community and other community bodies for and about the environmental and environmentally related issues while setting up their Environment Policy Statements. It was also found that the companies/industries, which were environmentally damaging, disclosed more social and environmental information than non-environmentally damaging companies/industries. The findings further suggest that the industry and the size effect appear to be existed in stakeholder related social and environmental information disclosure in the Environmental Policy Statements.

Cheema (1999) in his study on "Environmental Reporting" analysed the international initiatives on environmental reporting and information disclosed in environmental reports of some companies producing chemicals in Canada.

The study reported that the environmental reports were made up of two parts and (I) provided qualitative information and (II) quantitative information. The structure of environmental reports was stated to be like annual reports of companies. All the Canadian corporations
(100 per cent) provided environmental information in the Environmental Reports which were separate but published along with the annual reports.

Institute of Chartered Accountants in Australia (ICAA, 1999) in a study titled "Users and Preparers of Annual Reports" examined the views of both preparers and users regarding,
- the need or desirability for the inclusion of environmental accounting information within the annual reports
- Whether the disclosure of environmental information should be voluntary or mandatory.
- Whether the disclosure of environmental information is a threat or an opportunity to the disclosing firm.
- Whether the guidelines for disclosure of environmental information should be issued not. If yes, by whom these should be issued.
- Whether the environmental policy should be described in the annual reports.
- whether the environmental audit is required. If yes by whom it should be conducted.

This study was carried out on the responses of 116 preparers and 118 users. The study reported that the overall view of preparers and users tended to differ on a number of issues. The majority of users wanted that this information
be disclosed in annual reports. The views of stockbrokers, however, tended to differ from all other user groups in terms of the importance of environmental issues. The amount of environmental information currently being provided in the annual reports fell short of the requirements of users. Where users perceive all categories of environmental information to be at least important, very few preparers plan to disclose this information in their annual reports. The preparers prefer to disclose most of the environmental relating information in CEO's review or the notes to the accounts, while users who responded to the survey want the information be disclosed in annual reports.

Nikam and Wickramarachchi (2002) in their study titled "Environmental Reporting and its Application by Listed Companies in Sri Lanka" analysed the current practice of environmental disclosure by the listed companies in Sri Lanka. It also examined the relationship between the disclosure as the dependent variable and the total assets and the number of stakeholders as the independent variable. The study was conducted on a sample of 24 annual reports selected out of a total of 240 annual reports. The Stratified random sampling method of probability sampling was used to select the sample companies. The environmental disclosure variables were classified into two categories.
(i) the Physical Environment and (ii) the Social Environment disclosure. The correlation and the regression analysis were used to examine the relationship between the status of environmental disclosure and the company characteristics. This study reported that the annual reports of all the companies in the sample have disclosed information about the environment. 29 per cent of the companies had disclosed the physical environment information and 100 per cent of the companies disclosed the social environmental information. Whereas the disclosure of bad environmental information under the physical environment disclosure category was found in the annual reports of very few companies, bad environmental information under the social environmental category was found in the equal number of annual reports. The companies in the Banks, Finance and the Investment group had the highest level of disclosure. The companies in the Hotel and the Travel business were found to have the lowest level of environmental disclosure. The results of the simple and the multiple regression reported that there was a positive relationship between the status of environmental disclosure and the dependent variables. The relationship between the total assets and the environmental disclosure was found to be significant. However, the relationship between the size of the stakeholders and the environmental disclosure turned out to be insignificant.
Imam (2002) in his study titled "Environmental Disclosure in Bangladesh" analysed the status of environmental disclosure in the annual reports of 40 companies listed on the Dhaka stock exchange. The study reported that only 9 (22.5 per cent) companies disclosed environmental information in their annual reports and the remaining companies did not show any concern for environmental issues. Only the positive information was disclosed in the annual reports. The most frequently reported disclosure variables in the annual reports of these companies were protection of environment, control of pollution and plantation of trees. However, waste generation, conservation of energy, and water wastage and recycling of waste, odour and noise nuisance disclosure variables were not reported at all.

Pradhan and Bal (2002) in their study titled, "Corporate Environmental Reporting: Perceptions of Corporate Managers" examined the views of the 80 corporate managers on corporate environmental reporting. To obtain the views of the corporate managers a questionnaire containing 36 questions was given to them. The study reported that the majority of the respondents felt the need for environmental disclosure. Most favoured disclosure variables, among the respondents, were the environmental audit reports, corporate environmental policy, quantifiable future targets
and goals on environmental issues, disposal of toxic or hazardous substance and the environmental spending.

Gautam and Bora (2002) in their study titled, "Environmental Accounting; Its Relevance and Significance in the Context of Corporate Information Disclosure" examined certain fundamental and theoretical aspects of the concept of Environmental Accounting. It was also examined that whether the environmental awareness of the companies as expressed in different statements was translated into action program or not. The sample of the study comprised the annual reports of 25 companies situated in the state of Assam. The findings of the study were not very encouraging. Out of a total of 25 companies only 12 (48 per cent) provided information regarding environmental matters in their annual reports. Among the disclosure companies, 9 provided environmental disclosure in descriptive terms covering the space of quarter to one page. Two companies used pictures along with little descriptive note for the disclosure of environmental information. So far as, the item wise disclosure of environmental information was concerned out of a total of 25 companies, 10 (40 per cent) reported about pollution control measures, 5(20 per cent) reported about environmental hazards, 3(12 per cent) reported about raw material conservation, 6(24 per cent) reported about waste management and
almost all the companies reported about the protection of surroundings and energy conservation. However, the quality of the information was found to be very poor and was in the form of generalised statements.

The review of empirical studies provided that the amount of voluntary environmental information provided was low, disclosures were typically self laudatory, the amount of environmental information increased over time but the pace of improvement was frustratingly slow. The status of environmental reporting was reported to be better in the high polluting industries than in the less polluting industries. Different media such as the corporate environment policy, the websites, the annual reports and the financial press were used by the companies for the disclosure of environmental information. The environmental disclosure was found in various parts of the annual reports and there was no clear pattern or preferential location for such disclosures. Some companies even used multiple sections for the disclosure of environmental information. However, the most favoured section was found to be the Directors' Report. The Canadian Companies provided more voluntary disclosure, US companies provided more mandatory disclosure. The Japanese firms were inclined to provide lengthy verbal discussions of environmental matters and avoided monetary
quantification of environmental issues and obligations. So far as the determinants of environmental disclosure were concerned studies reported that the financial performance showed only weak and sporadic evidence in support of the positive relationship. The corporate size was found to be positively associated and the sales growth rate was found to be moderately associated with the disclosure decisions.

The review of empirical studies provided detailed insight about the subject matter included in disclosures, overtime trend of environmental disclosure and the general relationship between the corporate characteristics and the propensity to disclose environmentally relevant information. However, the above review reveals that there is dearth of studies on corporate environmental disclosure. No comprehensive study has been conducted in India to examine the status of corporate environmental disclosure. At present, when the usefulness and the importance of environmental accounting and reporting have been recognised by all efforts should be made for the development of the same. The present study is an attempt in this direction. In this study, an analysis of the corporate environmental reporting practices in India has been made. The perceptions of the Chartered Accountants regarding the various issues relating to environmental accounting and reporting have also been examined.