Chapter 2

Existing Studies
&
Their Critical Evaluation
Financial implications and accounting challenges, associated with environmental issues have been the topic of considerable academic rhetoric and research only. After 2000, a number of attempts have been made all over the world, specifically evaluating environmental disclosure practices of companies. But still, only few research works have addressed the issues relating to environmental accounting and auditing.

Pradeeptakumar, Samanta and Ashokkumar Mohanty (2005)  
Environmental Accounting is defined as an important tool for understanding the rate played by the environment in the economy as a mutual relationship is identified between the two. Environmental accounting prepares accounts, that exhibit the cost of environmental conservation during the normal course of business. This article highlights the growing importance of environmental accounting, lists the countries adopting it and finally explains its various methods.

Jean Raar (2005)  
Corporate responsibility demands that firms address environmental and social values in their firm’s policy and key performance indicators. These are integrated through strategic planning and require firms to merge the long-term environmental and social values with short-term economic objectives and performance measures. Each firm’s strategy will differ. This paper provides a normative reporting concept to connect the financial implications associated with long-term planning for environmental and social values with short-term accounting reports. Reporting variants adapted from total cost assessment. Life cycle costing and variable costing are integrated to offer upstream information based on a product segments view.

The process of social and environmental accounting seeks to embed the responsibilities of the senior management towards shareholders, as well as the other
stakeholders in the company's accounting and reporting procedures. With the likelihood of regulations on environmental and social policy coming into force in the next few years, now is the time to come to terms with this environmental Accounting.

P Malarvizhi,4(2002)

Corporate environmental accounting and reporting is almost two decades-old now. Environmental accounting provides a common framework for organizations to identify and account for past, present and future environmental costs, in order to support management decision-making, also environmental reporting consolidates and compiles the environmental performance status of an organization. Thus, accounting and reporting for the environment has become increasingly relevant to companies in this millennium.


For any educational programme to be effective, the cause and the goals should be clean. As goals, and objectives change, so do the methods in order to enhance the relevance of EE. It should be situation oriented, adapted to local circumstances and responsive to local needs. This can be achieved by working with the local communities and their institution (Renard, 1991, as cited by Schneider, 1994) Locally adapted EE can easily be perceived by the villages as pursuing their interests, taking into account, economic, political, social and cultural constraints of the locality. It should be holistic action-oriented with problem solving approach. For protection of environment and sustainable development, EE should be internalized. It had to be undertaken by genuinely local people, with their own ethical motivation and financial basis. It implies commitment of the highest order. It desired results have to be accomplished. EE should be integrated in all spheres of relevance in agriculture, industry, education and in the real life activities (day-to-day). It should be able to answer environmental, human and developmental aspects of the locality.

Dr. Mukesh Chauhan6 (2006)

Environmental Accounting has now become one of the essential part of accounting system but environmental accounting cannot be better understand at the first glance by the interested parties in the corporate units. Therefore some environmental indicators can be calculated to better understand the position of the unit environmental impact point of view.
These indicators should be part of the annual accounts. This article "Environmental Indicators" is an attempt to describe the issue of environmental indicators which can be used by the corporate units for better disclosure of facts, related to environmental, related to the unit.

Dr. Siddhartha Sarkar\(^7\)(2006)

The challenge of environmental accounting is to deliver meaningful disclosure within accounting practicing and standards. Further challenge of environmental accounting is to extend practices to include new accounting procedures for costing out and investigating possible recycling alternatives. Introducing environmental accounting and reporting the organization need to ascertain all environmental impacts from a cost benefit point of view and to measure eco-assets and liabilities for the organization. An accounting standard devoted for the purpose of measurement and reporting of environment must be pronounced. Although a global environmental Accounting standard is under consideration by the international Accounting standards committee, there is an urgent necessity of a generally accepted environmental accounting standard to keep pace with the sustainable accounting practice.

Bibhuti. B. Pradhan and Sanjib Pattnaik\(^8\)(2005)

The article explores the advancement of the concept of corporate responsibility and a continuation of the discussion on the triple Bottom Line (TBL) as an approach in achieving corporate sustainability. It present the path to sustainability that firms look for and worked act strategies to guarantee financial success, While at the same time, managing its environmental and social responsibilities. The notion of sustainability, has grown to encompass economic, environmental and social dimensions. Today, the primary concern of many organizational managers is how to bring together disparate pillars of sustainability together to form the integrated ‘TBL’ performance. Ultimately, this article seeks to find a new set of management strategies and tools through TBL approach for managing and balancing corporate responsibility.
Mukesh Chauhan⁹(2004)

Developing Countries like India are facing the problem of protecting the environment, and promoting economic development simultaneously. A trade-off between environmental protection and development is required. For this purpose, environmental accounting is required to measure the impact on the environment caused by economic activities of the corporate sector. Environmental accounting can either be in descriptive or quantitative manner, or both. A standard system of this type of accounting is still in process. In the Indian context, the corporate sector is not very enthusiastic in this regard. Wherever they are bound to fulfill the legal requirement as per the applicable Law/Act, they do so to avoid any litigation. Otherwise the corporate sector is not serious enough towards environmental protection; therefore, it is quite obvious that they are not interested in environmental.

Now, some corporate units have been describing some cost and benefit figures related to environmental impact in their directors’ report. Some sincere efforts both at the government and corporate level, are required to develop environmental accounting in the national interest at large. Although it is true that this type of accounting cannot be developed like financial accounting, due to its own limitations, it can be developed up to a remarkable level, which will fulfill the need of economic development with environmental safety. This article is an attempt to describe the concept of environmental accounting and practice in India along with suggestions to develop it.

M. C. Rathwa¹⁰(2008)

The challenge of environmental accounting is to deliver meaningful disclosure within accounting practices and standards. Further challenge of environmental accounting is to extend practices to include new accounting procedures for costing out and investigating possible recycling alternatives. Introducing environmental accounting and reporting the organization need to ascertain all environmental impacts from a cost benefit and to measure eco assets and liabilities for the organization. An Accounting standard devoted for the purpose of measurement and reporting of environment must be pronounced. Although a global environmental accounting standard is under consideration by the International accounting standard committee, there is an urgent necessity of a generally accepted environmental accounting standard to keep pace with sustainable accounting practice.
Bibhuti B. Pradhan\textsuperscript{11}(2006)

The article brings out the significance of intangibles as environmental advantages for sustainable shareholders value creation and identifies the intangible value driver, and the environmental advantage process. It is a case study on environmental reporting practices across countries.

J.K. Nandi \textsuperscript{12}(2007)

God is the creator of the world and environment. Environment is the creator and facilitator of business organizations. Without environment, there is no question of industrialization and economic augmentation of any nation. Now, the pertinent question is – Is it an indispensable condition of economic growth that the environment has to suffer? Certainly, the answer is ‘no’, where prospects of sustainable development are approaching. This article attempts to describe the concept of environmental accounting, environmental costs, various methods of environmental transmutation and practices of legal framework in India.

Alokkumar Pramanik\textsuperscript{13}(2004)

The environmental accounting and disclosure of environmental information are at its infancy. In Asian Countries, particularly in India, neither the company law nor the Accounting standards Committee prescribe any technique for environmental accounting and reporting in the corporate financial statement. Moreover, no IAAS has been issued in this regard. So the immediate steps should be taken for developing some conceptual framework of accounting and techniques for disclosure through Annual report.

C. Sekar and M. Maheshwari\textsuperscript{14} (2004)

The issue of degradation / deletion of resources assume greater significance to the countries which base their economic development on the exploitation of natural assets like land, water, forest, etc. Only careful husbandry of environmental resources can ensure resource sustainability and potentially larger cash flow in the future.
Environmental accounting physical terms is vital, particularly when it embraces collecting data that indicate the direction and speed with which the quantity or quality of a resource are exploited.

Many of the environmental resources have the nature of being common property resources and it has been known that such resources may not be efficiently used by making decentralized decisions.

**Dr. Neeta Prakash**\(^{15}\)(2006)

Present study is based on identification of annual reports of eighty-five Indian companies and shows that Indian companies are disclosing environmental accounting on a voluntary basis. Finally, the study also highlights some suggestions for the encouragement of environmental accounting in India.

**Sharma and Upadhyay**\(^{16}\)(2002)

Observed that all the companies submit environmental statements, and information on pollution control and environmental conservation under the provision of various Acts, but they seldom appear in their annual reports.

**Verma**\(^{17}\)(2002)

Studies the environment accounting policies of six companies, namely, Gujarat Ambuja Cement, Hindustan Lever Ltd., Dr. Reddy's Lab, Ranbaxy Laboratories, BalsmapurChini Mills and Shaw Wallace Group for the year 2001-02. The study showed that these companies made policy statement in director's report but didn't disclose any quantitative figure on expenditures incurred on target set and achieved in respect of natural resources.

**Baura and Gautam**\(^{18}\)(2002)

Environmental accounting and disclosure practices of twenty-five companies for the period 2001-02, were taken for study. The study showed that only 48 percent companies (12 out of 25) have disclosed environmental information in their annual report. As far as disclosures were concerned, pollution control (10 companies), environmental hazards (5
companies), raw material conservation (3 companies) and waste management of water and its disposal (4 companies) were disclosed, whereas energy conservation and protection of surrounding were disclosed by almost all the companies in their annual reports.

**Ghosh, Mishra and Gagula**\(^19\) (2003)  
Studied the environmental reporting pattern of Indian Companies and compare it with 25 major companies across the six continent of the world, which are global benchmarks in environmental accounting. The comparison showed that Indian Companies stood poorly in this sphere.

**Oza**\(^20\) (2004)  
Observed that environmental accountability by a corporate citizen needs change in mindset of people within the organization, the top management, the key managers, the supervisory staff, and front line and floor people. It should be proactive rather than reactive in fulfilling the environmental accountability to attain the ultimate aim of sustainable development. The study also suggested some suggestion like an identification of key Personal Areas (KPAs), linking environmental related performance with individual compensation and career progression, framing environmental policy, etc.

**Murthy and Kumar**\(^21\) (2005)  
Studied the methodological issues pertaining to shadow pricing, environmental sustainable industrial development, voluntary non-marketable benefits from environmental resources, environmental regulations in water polluting industries with special reference to the case study of sugar industry in India. The authors suggested that environmental values are necessary for designing economic instruments and environmental policies.

**Chakraborty and Ghosh**\(^22\) (2005) conducted study on similar pattern.

**Mohanty**\(^23\) (2005)  
Observed that a successful organization is one which integrates environment accounting into the system well, and emphasizes environmental management on an ongoing basis.
Deo\textsuperscript{24}(2005) conducted study on similar pattern.

Bhatt\textsuperscript{25}(2005)

Studies the environmental accounting practices of three companies namely Steel Authority of India Ltd., Grasim Industry Ltd., and Tata Steels for the period 2002-03. The study showed that corporates in India have become environmental conscious and steps are being taken to mitigate the adverse impact on the environment due to their activities, but there is no attempt to reduce in money terms, the impact of their operations on the environment so that cost of their operations could be assessed in terms of resources only.

Shukla\textsuperscript{26}(2005)

Studies the environmental reporting behavior of 92 companies of the private sector for the period 2003-04.

In subsequent chapters, the research presents findings of an empirical study conducted on environmental accounting and reporting in India. This exploratory study attempted to overcome most of the limitations of the existing works. The study covers all three areas namely, environmental accounting, environmental reporting, and environmental auditing. It is based on primary as well as secondary data. The primary information was collected from 100 chartered accountants and executives of companies selected on predetermined criteria. The study addressed various conceptual and theoretical considerations involved in accounting and reporting of environmental information. The study also examined the environmental reporting practices of the selected companies in the annual reports over five years.

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