ABSTRACT

ENVIRONMENT REPORTING PRACTICES IN INDIAN CORPORATE SECTOR

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During the last two decades concern for protection of environment has gained momentum. Now the performance of a business concern is not only judged on financial parameters but also on the basis of contribution towards protection of environment. As a result a large number of companies all over the world have started reporting on environmental issues in their annual reports. Present study is an effort to find out progress made in this field and making some suggestions for future improvement. Analysis in the present study is done broadly examining the history of environmental reporting, different theories related to environmental reporting, drivers and barriers of the environmental reporting, different International Accounting Standards having direct or indirect bearing on environmental reporting, regulatory framework of environmental reporting in different countries of the world, regulatory framework of environmental reporting in India, voluntary environmental reporting guidelines given by various international bodies, item-wise environmental disclosures in annual reports, year-wise environmental disclosures in annual reports, sector-wise environmental disclosures in annual reports, relation between environmental disclosures and various attributes of the company. The study is based on the annual reports of 50 companies, taking 10 companies each from five sectors namely Cement, FMCG, Oil and Gas, Textile and Pharmaceutical, for a period of 5 years from 2007-08 to 2011-12. Variations in corporate environmental reporting have been examined on the basis of disclosures made from year to year regarding different items covered in index and sector-wise variation is also examined. For the purpose of study, index based on United Nations Environment Programme (UNEP) disclosure index has been adopted. A score of “0” is given for non-disclosure of item and a score of “1” is given for discloser of item. Relation between various environmental disclosures and related company attributes such as profitability, size of company, age of company and leverage is also determined. Guidelines given by various international agencies and its effect on reporting practices in India is also examined. Results of the study showed that highest overall disclosures on environmental information are in cement sector closely followed by Oil and Gas sector. Other sectors under the study are far behind with very less disclosure score. Results of study also showed that environmental disclosures are positively correlated with age and size of the company. There is negative relation between leverage and disclosure score of the company. Further, disclosures in public sector companies were better than private sector companies.