

Environmental Accounting: A Conceptual Study of Indian Context

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Abstract : As the entire world continues its rapid move towards industrialization, it has seriously threatened mankind's ability to maintain an ecological balance. Geographical and natural forces have a significant influence on the location of industries. Industrialization is the foundation stone of the development of any country, while the unplanned industrialization and discharge of waste by industries is the cause of environmental pollution. There is growing degree of awareness and concern globally among nations about environmental degradation or pollution. Environmental resources endowed by the gift of nature and not manmade are invaluable natural resources of a country like India. Any developmental activity is directly related to natural and environmental resources. Economic development without environmental considerations brings about environmental crises and damages the quality of life of present, as well as future generation. As corporate sectors in the global market, especially in India, are becoming anxious about environmental degradation, naturally more and more emphasis will be ascribed to how environment-friendly the outcomes are. Maintaining accounts of such environmental and natural resources in the country has become more urgent. Moreover, international awareness and acceptance of the importance of environmental issues has motivated the development of a branch of accounting called "Environmental Accounting". Environmental accounting attempts to detect and focus the resources consumed and the costs rendered by an industrial unit to the environment. For the sustainable development of mankind, a healthy environment is indispensable. Gradually, therefore, in many countries including India, environment matters are being given top most priority. Accounting and disclosure of environmental matters have been increasingly manifesting as an important dimension of corporate accounting and reporting practices. But, as conventional accounting deals with mainly non-living things, the formulation of valuation, and measurement and accounting techniques for incorporating environment-related matters in the corporate financial statement sometimes creates problems for the accountant. In the light of this situation, the conceptual analysis of the study is concerned with the rationale of environmental accounting on the economy and society as a whole, and focuses the failures of the traditional accounting system. A modest attempt has been made to throw light on the environmental awareness in developing nations like India and discuss the problems associated with the implementation of environmental accounting. The conceptual study also reflects that despite different anomalies, environmental accounting is becoming an increasingly important aspect of the accounting agenda within the corporate sector in India. Lastly, a conclusion, along with recommendations, has been given to overcome the situation.

Keywords : environmental accounting, environmental degradation, environmental management, environmental resources

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