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Green accounting is a future for better environment

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Abstract:

Green or environmental accounting is a new branch of assessment of the cost and benefit of projects on account of environmental impact. For integrated Environmental and Economic Accounting (SEEA) in 1993 UN issued a handbook on a regulated System. SEEA is used for green accounting which is more consumption of natural resources. On the ground of monetary terms, Green Accounting is a trusted standard for socially and environmentally translated behaviour. It is needed to identify the objectives for green accounting systems.

To identify the GDP (Gross Domestic Product) is used for accounting to understand its effectiveness on the environment.

Green accounting helps to assess the environment and environmental well-being like conventional accounting.

Financial operation can result in environmental costs.

Green accounting has an impact on the economic activity of the environment.

These are the objectives that can be provided to understand the need for green accounting

Keywords: Sustainable accounting; Environmental accounting; Green accounting.

Introduction:

Modern lifestyle brought us modern problems like environmental changes and to face such modern problems need modern solutions at a global level to save the earth. Realizing the importance of modern solutions one of the initiatives can be to provide guidelines or spread awareness among government organizations, private organizations, and among small-scale companies. Apart from this, it is needed to spread awareness among the masses for the environment well-being. Environmental changes are strongly negatively impacted on economic stability and growth. (OCED, 2016). The environmentalist has not escaped to scrutinize the green accounting to evaluate the

environmental balance like any other modern business.

Environmental accounting or sustainable accounting is popular as Green Accounting it has a hold on sustaining income growth to securing natural resources. At the national, international level, and even at the corporate sector green accounting plays a major role in combine and balance between the economic activities and environmental fabric. Green accounting has given a future to the business and corporate sector to incorporate the emerging idea for sustainable business growth. This can be the major reason green accounting is been known as integrated accounting, resource accounting, and environmental accounting. (Chu, 2013).

Evolution of Green Accounting:

Department of Conventional National Account (An international system that regulates and evaluates the System of National Accounts of Economic Activity, GDP) has ignored the environmental exhaustion and degradation of environmental resources. As per the critic's review, environmental factors are always being neglected in the Gross Domestic Product (GDP), hence it is needed to incorporate green accounting in the GDP to understand the holistic development of the country. Green accounting helps the policy to not mislead in term of GDP it also indicate the national accounting and correct form different flow which can harm GDP and national accounting. It has resulted in the Green GDP these are parameters to overcome the weakness of the prescribed GDP.

Professor and economist Peter Wood was the person who termed 'Environmental accounting', in the 1980s. To assess economic performance green accounting or environmental accounting plays a major role in enhancing the horizon of all kinds of accounting including financial accounting, and national accounting. These are effective tools for understanding the benefits and costs of projects that are implemented for the environmental impact. (WB, 2017).

Green accounting comes in between the optimists and pessimists system which is more in the process of bringing changes for the future and also giving hope for environmentalists to preserve natural resources. While doing a green accounting the process of this should be flexible, structured and dynamic in nature to update the revised information and make available to the other stakeholders. As the environmental duty is concerned green accounting helps to reduce the environmental pollution as various companies are estimated of. People planet and profit are three components to determine the companies progress and development. Various companies are in process to adopt the green account which help them to make good business decisions such decision will have positive impact on environment. Such decision will give profit for the companies and at the same time it help to give environmentally friendly decision to generate minimum waste.

To come at such decision company have to follow the simple process by adding the green accounting features in their existing accounting software.

Applications:

Contribution of green accounting in the national accounts has an explicit contribution to the well-being of humans through environmental betterment. Every economic sector needs to have an environmental policy that will initiate towards a better earth. For sustainable development, green accounting will help every economic sector to make decisions for sustainable development. It will have positive implications like saving resources, green production and green products, and also environmental production.

- **Companies:**

Cutting down environmental pollution companies are being forced to place the cost of environmental duty such as green accounting helps to reduce the environmental pollution cost. Every responsible company is forced to pay environmental duty. It is also mandatory for a company to make use of natural resources as much as it can. Being corporate and global citizens not only companies but also single corporate and global citizens have to judge by their actions about the environment. In the coming year, almost all companies and businessmen are expected to adopt green accounting.

- **Agriculture:**

Agriculture is the net contributor in the nation's economy. Agriculture also affected by the welfare is generated by the other business and science sectors. Globally green accounting is developed to develop the country's agricultural production. Such design gives hope and parallel agricultural development at the same time it has a positive impact on environmental performance. Positive efforts toward agriculture amplify the natural resources and enhance agricultural production.

- **Manufacturing:**

With industrialization manufacturing of products directly produces waste. Such waste is harmful to nature and to agricultural production. Need to implement various programs that can protect the environment while the manufacturing process. Manufacturing waste like air pollution, water pollution, clinical pollution such pollution and waste can be reduced by implementing.

- **Benefits:**

Green accounting has various benefits like reducing the social risk of misleading the social benefits. Environmental risk, business risk, financial risk, and political and market risk are examples that can benefit from green accounting. Companies that are involved in green accounting benefit from the improved appreciation from stakeholders, it also helps to improve the reputation of the company, green accounting helps to protect the company, and also helps in reducing mistakes while making any corporate decision.

Likewise, there are some other benefits that come from green accounting:

1. In a company green accounting helps to increase profits, and corporate assets and helps in increasing company revenue and equity.
2. Green accounting helps the company increase product prices and share value.
3. GA also helps in sustainable growth and proper advice to the company whenever it requires.
4. The company's long-term sustainability and profit share are being decided by green accounting.

Challenges:

Developed and affluent countries are adopting green accounting which helps such countries to develop healthy lifestyles for their civilians. As the industrial pollution rate is different from industry to industry it is difficult to measure the pollution level. Hence it is difficult to frame the penalties for each company for their pollution level. Therefore it become difficult to frame the policies which will help to control the pollution rate.

Though the world has started with the green accounting but not whole world has adopted it or not all corporate and industrial unit adopted such accounting for betterment of the environment. There are some challenges as follows:

1. There is no universal standard for green accounting method.
2. Green accounting deal with the science and it is still the process of evolution.
3. It deal with the cost of industry or company and not with the society.
4. As there is no universal standard for green accounting comparison between the county and company is not possible.
5. It become difficult to measure the natural and human capital in green accounting.
6. It require the training for employees and training staff also requires cost for it.

Conclusion:

Green accounting is a policy need to implement every spare of world for the better future and to preserve natural resources. Green accounting should be implement in the accounting curriculum. As it is unavoidable trend and need it has to be study, researched and actively enforce in the various company. As the green accounting is dealing with the nature and environment every corporate and industrial sector should have the separate department which will do research and implement various new strategies and way to keep pollution under control.

Also through the CSR activities company and corporate sector will frame their activities to deal with the pollution and frame a environment friendly policies. Which will not only help to their companies but also for the society.

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