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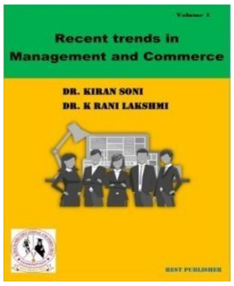

Green Accounting

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Abstract: *Green accounting is a crucial tool for comprehending how businesses contribute to the economy's security and welfare of the environment. It is a well-known phrase for accounting for the environment and natural resources. Making voluntary disclosure in annual reports is a practise that many businesses all around the world have started. These activities are still mostly voluntary in nature, though. This research paper's goal is to examine the environmental disclosures made by businesses from the Nifty 50 using a summary of the Global Reporting Standards. Using MAXQDA software, content analysis should be used on the annual report and accounts of 29 sample corporations, both sector- and keyword-wise. Many of the developed keywords are found in the relevant Energy, Cement, and Metals industries.*
Keywords: *green accounting; environmental disclosures; global reporting initiatives; content analysis.*

INTRODUCTION

Green accounting is a way to ensure a long-lasting future (Soares et al., 2017). This is due to businesses thinking about and developing strategies to support environmentally friendly activities in the present and the future. Environmental pollution costs and advantages need to be carefully examined right now. A management software for better taking into account environmental expenses is green accounting (Rewadikar, 2014). Consequently, it is possible to think of green accounting as being comparable with sustainability disclosure (Cho and Patten, 2013). Green Accounting instructs the stakeholders on how taking environmental considerations into account can be a sustainable method (Pearce et al., 1996). It aims to ascertain how crucial it is for a company to implement green accounting and track what it takes from the environmental and what it gives back as a result. The obligation to protect the environment has emerged as the most important aspect of a company's corporate social responsibility (InfoCat, 2017). When Indian organisations prepare their financial accounts, they take into account internal expenditures, such as labour and material costs, which directly affect the association's financial status (The European Commission, 2011). The company might very well use it as a tool to keep track of what it owes the environment in exchange for what it already has and assess the information regarding what steps should be made to protect the ecosystem, which is ultimately becoming depleted.As time has gone on, different stakeholder groups, including government, non-governmental organisations, and nationwide committees established to conserve the environment by promoting sustainable development, have grown concerned about the environment's ongoing degradation. As a Each company has a responsibility to utilise all of its available resources, including human and material. The leading businesses must adopt best practises in how they evaluate the costs and benefits of the environment and communicate those findings to the stakeholders. Deterioration and harm include soil erosion, pollution and waste, loss of biodiversity, and the issue of marine pollution. Businesses should make an effort to set aside some funds for environmental stability and safety. As a result, businesses are more likely to warn against using items that could harm the environment. In India, green accounting is still in its infancy. This is because some accounting standards do attempt to include environmental expenditures in the balance sheet. Information is still provided voluntarily and is not particularly specific. There is no competent endorsement of these disclosures (Negash, 2012). The level of reporting varies from sector to industry, with the publications associated with sustainable disclosures being mostly unstructured. Various regulations have occasionally been proposed, but the reporting is still insufficient (Sahay, 2004).

RESEARCH METHODOLOGY

The article examines the sustainability disclosures given by Indian businesses. The degree of these disclosures has been recorded using content analysis. The GRI Standards have been utilised to frame the keywords used for content analysis. The example companies are those that are included in the Nifty 50 index. For the sake of our study, we have, however, omitted the businesses in the service, financial, IT, media, and telecom sectors. The reporting methods of businesses in the manufacturing sector, which are thought to have the greatest environmental impact, were the main topic of discussion. As a result, 30 businesses remained. however, one firm was further excluded from the sample since the necessary data was not available, leaving us all with a maximum of 29 companies. Business entities are instructed to obey these recommendations in a specific order while creating Sustainability Reports. Three Universal Standards are available to begin with (GRI 101, 102 and 103). Every business entity involved in the creation of a discussion paper is obligated to use these standards, as suggested by the word itself. After then, a company must select one of three options from a list.

GRI 101 foundations:

By offering a wide framework, this standard gives organisations that intend to report in accordance with the GRI Standards a head start. There is no requirement for the size, region, or industry a company should operate in. However, organisations are allowed to use this standard sooner than the 1st of July 2018 effective date. The quality and substance of a sustainability report are the main areas of attention for the reporting concepts under this standard. An organisation needs the stakeholders who are/can be influenced by its actions and needs to explain to these stakeholders what sustainability means to the organisation. These standard mandates the material disclosure of any contributions or anticipated contributions, whether positive and negative, made by the business entity. These important disclosures ought to be prioritised based on how much they might affect stakeholders' choices throughout the pertinent reporting period. Several criteria, including accuracy, clarity, balance, comparability, reliability, and timeliness, are used to evaluate the reporting's quality. By submitting the reports to GRI, an organisation can attest to the use of GRI Standards.

GRI 102 general disclosures:

This standard begins with the Organizational Profile, which highlights information about the entity's name, products and services supplied, locations, supply chain, staff information, and similar things. This standard specifically calls on the top management employees to disclose the company's strategies for ensuring sustainable practises, highlighting over- or under-performance in the pertinent reporting period. Because a business entity's beliefs and ethics may be somewhat connected with its sustainable practises, the entity's ethics policy must be discussed in light of this criteria. The entity has to get the highest level of governance to set the rules for social and environmental issues. The prompt application of these regulations and the due diligence procedures would also fall under the purview of this organisation. This group is ultimately tasked with formally assessing and endorsing the sustainability report.

GRI 103 management approach:

Managers must clarify any disclosure restrictions as well as the reasons why the report's contents are important to the stakeholders. As we go on to the topic-specific standards, they must be reported as being discussed. These are utilised along with GRI 103.

GRI 200 economic performances:

The Organization's Revenues and Expenses, which produce the Economic Value Retained for the Period, are the primary disclosures required by this standard. Revenue (value created) minus costs equals economic value retained (value distributed). The organisation must then list all potential hazards and opportunities that could result from climate change and affect its income, expenses, and costs.GRI 300 environmental performances This topic-specific norm needs to be thoroughly examined in light of our discussion on green accounting.

GRI 301 materials:

The organisation is required to state, as part of the first disclosure on Material, the volume or weight of quasi and renewable materials used by the company during relevant reporting period for the production and packaging of the goods and services provided. The ratio of recycled content used as inputs is the topic of the second disclosure, which is calculated as (Total Recycled Input Materials Used / Total Inputs) * 100. Similar to this, the standard mandates the third disclosure on recycled and reused items, as well as the packaging materials used by the organisation, i.e., (Products and their Packaging Materials Reclaimed / Products Sold) * 100.

GRI 302 energy:

The entity is required to report the entire consumption of energy produced in the form of electricity, heating, cooling, or steam from either non-renewable resources or renewable resources under the first disclosure on energy. Total energy consumption is calculated by adding the amount of renewable and non-renewable fuel used, as well as heating, cooling, and self-generated energy that is not used, such as electricity, cooling, heating, and vapour sold out. The second disclosure required by this standard addresses the energy used by the organization's external operations, i.e., those dealing with its suppliers or customers, respectively, in its upstream or downstream operations. The entity's energy intensity ratio is the subject of the third disclosure under energy. This specifies how much energy the thing needs for each activity or output. This can be used to measure the effectiveness of an organisation. The entity's ability to preserve energy as a result of some direct or indirect actions is the subject of the fourth disclosure under the same category. In contrast to a base year picked by the organisation, this is calculated. Reporting must include the method used to reduce energy use, such as steam, electricity, heating, or cooling. The reductions in energy consumption for goods and services sold during the reporting period compared to the preset base year are the subject of the fifth sub-disclosure under energy.

GRI 303 water and effluents:

The interactions involving water as a common resource are covered in the first disclosure under the water category. This relates to the use of water throughout an organization's value chain as well as the amount of water that is withdrawn, consumed, and released. An organisation must be transparent about its social implications related to water and how it manages those issues. The second standard addresses the control of water outflow and the collisions that result from it. The reporting entity is required to establish a minimum standard for water released, with a focus on the state of the receiving water body. In order to ensure the protection of aquatic life, ecosystems, and people who are directly or indirectly associated to that water body, this standard takes into account the characteristics of water, such as pH value or temperature. The third sub-standard addresses water extracted by the organisation from all sources, including surface water, groundwater, generated water, and third-party water, with a focus on water withdrawn from areas experiencing water stress. The use of freshwater relative to the overall amount of water withdrawn must also be disclosed separately.

Water consumption= Total water is withdrawn – Total water discharged

TABLE 1. Keywords to measure green reporting based on GRI Standard

Sustainable	Plastic Water	Carbon emissions
Community	conservation	Carbon footprint
Renewable	Ecosystem Waste	Environment
Pollution	management	friendly
Natura	Plantation	Environmental impact Air quality

Results: 29 businesses total, representing various industries. These businesses are in the following sectors: consumer goods (nine), automotive (six), energy (seven), pharmaceuticals (three), metals (four), cement and cement products (two), construction (one), and fertilisers and pesticides (four) (1). The results of the content analysis to take into account the presence or absence of the specified key phrases throughout all of the annual reports for the chosen companies are shown in the table below (see Table 2).

TABLE 2. Word-Count for The Keywords

Key words	Total frequency	Total percentage (%)
Sustainable	872	30.31
Community	816	28.36
Renewable	406	14.11
Pollution	161	5.60
Natural resources	104	3.61
Plastic	84	2.92
Water conservation	74	2.57
Ecosystem	68	2.36
Waste management	66	2.29
Plantation	60	2.09
Carbon footprint	31	1.08
Environment friendly	25	0.87
Environmental impact	24	0.83
Air quality	22	0.76
Carbon emissions	15	0.52
Ecology	12	0.42
Species	12	0.42
Pollutants	8	0.28
Water bodies/body	7	0.24
Non-renewable	5	0.17
Recycled material	5	0.17
Bio diversity	0	0.00
Energy conservation	0	0.00
Environmental cost	0	0.00
Protected area	0	0.00

Source: Self-formulated.

The following Table 3 provides a more thorough examination of the disclosures through a sector-by-sector examination of sustainability reporting. By adding the frequencies for each keyword for each company in a given industry and dividing by the total number of firms in that industry, the frequencies have been standardised to take the number of businesses in a certain industry into consideration. To the nearest integer, the numbers have been rounded.

TABLE 3. Sector-wise word-count for the keywords

Consumer Automobile		Energy	Pharm a	Met als	C & CP	Construction	F & P
38	14	46	14	48	44	22	27
12	33	43	15	46	21	40	32
14	8	36	6	10	15	19	3
3	3	10	11	6	6	6	4
2	2	3	0	16	1	1	2
3	5	6	1	1	1	0	1
5	3	3	1	1	3	4	1
2	3	6	1	2	0	4	0
2	2	5	1	1	1	3	4
1	2	4	1	2	3	7	2
1	1	1	1	1	2	1	3
1	1	2	0	1	1	0	1
1	1	1	0	1	0	1	1
0	1	2	0	1	2	0	0
0	0	2	0	1		0	3
0	0	2	0	0	0	0	0
0	1	1	0	1	0	0	1
0	0	1	0	0	1	0	0
1	0	1	0	0	0	1	0
0	0	0	0	0	0	0	0
0	0	0	0	0	1	3	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0		0	0	0	0	0	0
86	80	175	52	139	102	112	85
Source:	Self-formulated.						

ANALYSIS OF THE RESULTS

We would discuss whether the recommended phrases were present in the annual reports of the sample corporations in this section of the study. We looked for the part where these terms appeared in order to broaden the study even further. There have been attempts to theorise a relationship between the sensitivity of investors to these disclosures while parking their money in a company and the voluntary disclosures on sustainability. Additionally, an effort was made to determine whether the organisations are adhering to the type of disclosure approach. The sample companies were obtained from the NIFTY 50 index on the National Stock Exchange (NSE) of India, as was previously noted in the article. To put it simply, the index's constituent businesses account for about 53.4%, or more than half, of the total traded value of all the equities listed on the NSE (NSE India). Due to the implied interest of both new and current investors and the ongoing monitoring of these companies' annual reports by interested parties, the sample of companies picked becomes even more pertinent.

CONCLUSIONS

Environmental accounting is a field that identifies resources to be used, measures, and communicates the cost of an economy's influence on the environment for a firm or a country. Numerous countries, including India, have adopted the idea of environmental accounting; as a result, it is still in the development stage in India. In the study, we investigated how organisations were using and understanding green accounting. To this end, we looked at IFRS and GRI for environmental or sustainable disclosure, but we were unable to locate any environmental disclosure in IFRS. In the financial accounts of the organisations, GRI reveals the specific disclosures GRI 307 & 308, which are related to environmental reporting.Thus, the GRI Standards offer a complete set of guidelines for outlining and quantifying the organization's non-financial criteria. Companies, policymakers, and stakeholders now have a fresh perspective to consider when assessing the environmental disclosures of the firms. Around the world, a lot of businesses have started including environmental disclosures in their annual reports. Every firm has a responsibility to utilise its resources as fully as is humanly possible. The management of resources and environmental repercussions, in addition to an organization's revenue and expenses, is the focus of this expanding area. Greener innovation can be implemented to lower environmental costs by using the concept of green accounting as a tool. It includes both the commitment of commercial endeavours to economic prosperity and the price imposed in the form of resource depletion or pollution.

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