



Trends in Banking, Accounting and Business

Vol: 4(1), 2025

REST Publisher; ISBN: 978-81-956353-0-6

Website: <https://restpublisher.com/book-series/tbab/>



A study on Green Accounting and Sustainable Practices

B. Uma Mahesware

St. Joseph's college of Arts and Science for Women, Hosur, Tamil Nadu, India.

Corresponding author: Umamahesware2000@gmail.com

Abstract: Green accounting is an evolving approach that integrates environmental considerations into financial accounting and decision-making processes. It aims to assess the environmental costs associated with business operations and economic activities while ensuring sustainable resource management. This paper explores the concept, need, evolution, and objectives of green accounting, highlighting its role in promoting environmental sustainability. The study discusses different frameworks of green accounting, such as monetary and physical approaches, along with their significance in tracking environmental costs and benefits. Furthermore, it evaluates the effectiveness of green accounting in balancing economic growth with environmental protection and examines its limitations and challenges. The paper also addresses sustainable accounting practices, including triple bottom line reporting and environmental impact assessment, emphasizing the importance of corporate and national-level environmental accountability. Through this analysis, the study advocates for the adoption of green accounting as a vital tool for ensuring long-term ecological and economic stability.

Keywords: Green Accounting, Sustainable Accounting, Environmental Accounting, Triple Bottom Line (TBL), System of Environmental-Economic Accounting (SEEA), Corporate Environmental Responsibility, Environmental Management Accounting (EMA)

1. INTRODUCTION

Environmental concerns have become a critical aspect of modern economic and financial decision-making, necessitating the incorporation of sustainability into accounting systems. Green accounting, also referred to as environmental accounting, is an approach that factors in environmental costs alongside traditional economic metrics. It aims to provide a more comprehensive picture of a nation's or organization's financial health by including the depletion of natural resources and the impact of environmental degradation. The concept of green accounting emerged in response to the limitations of conventional accounting, which largely ignores the environmental consequences of economic activities. Since its inception in the 1980s, green accounting has gained global recognition, with frameworks such as the System of Environmental-Economic Accounting (SEEA) and corporate sustainability reporting gaining traction. The approach helps businesses and governments make informed decisions regarding environmental conservation, resource utilization, and economic growth while ensuring compliance with environmental regulations.

2. METHODS

This study employs a qualitative research approach to examine the principles, evolution, and implementation of green accounting and sustainable accounting practices. The methodology involves an extensive literature review of existing frameworks, including the System of Environmental-Economic Accounting (SEEA) and corporate environmental reporting systems. The study also explores case studies of early adopters, such as Norway and the Netherlands, to analyze the effectiveness of green accounting in policy-making and business management. The research further classifies green accounting into monetary and physical approaches, analyzing their applications at the macro, local administration, and micro levels. The study also reviews sustainability reporting frameworks, including Triple Bottom Line (TBL) accounting, which integrates environmental, social, and economic performance indicators. Additionally, legal and regulatory aspects, such as India's environmental protection laws and international ISO 14000 standards, are considered to evaluate compliance requirements for businesses. Through comparative analysis, the study identifies key advantages and limitations of green accounting. It assesses its impact on decision-making processes, environmental management systems, and corporate accountability. The study also investigates economic implications, such as how green accounting influences GDP calculations and

business sustainability strategies. The research methodology relies on secondary data sources, including scholarly articles, policy reports, and industry practices, to derive insights into the role of green accounting in achieving sustainable economic development.

3. RESULTS

Green accounting plays a crucial role in integrating environmental considerations into financial decision-making.

Increased Environmental Awareness in Business & Policy

- Green accounting frameworks help businesses **track and report environmental costs**, promoting responsible resource usage.
- Policymakers increasingly recognize the need for **environmental-economic accounting** to address sustainability challenges.

Economic & Environmental Trade-offs

- While GDP calculations traditionally exclude environmental costs, green accounting introduces measures such as Environmentally Adjusted Net Domestic Product (EDP) to reflect the true economic impact.
- Businesses adopting green accounting practices experience long-term cost savings
- through pollution control and sustainable resource management.

Challenges & Limitations

- The study identifies a lack of standardized accounting methods, making cross-country comparisons difficult.
- Valuation of environmental resources remains a challenge, as many environmental goods and services lack direct market prices.
- Green accounting primarily considers internal corporate costs and often fails to account for broader societal costs related to environmental damage.

Effectiveness in Sustainable Development

- Countries with well-developed green accounting policies (e.g., Norway, Netherlands) show improved natural resource management and environmental conservation efforts.
- Triple Bottom Line (TBL) reporting encourages businesses to balance
- profitability with environmental and social responsibility.

Legislative & Compliance Factors

- India's environmental laws (such as the Environmental Protection Act, 1986) emphasize the need for corporate environmental accountability.
- International standards like ISO 14000 influence corporate adoption of green accounting practices to comply with global sustainability goals.

4. DISCUSSION

The study highlights the growing significance of green accounting in promoting environmental sustainability while ensuring economic growth. As traditional financial accounting often overlooks the costs of natural resource depletion and environmental degradation, green accounting provides a more comprehensive financial framework that incorporates ecological factors. One of the key findings is that green accounting improves environmental awareness in business operations and policymaking. By integrating environmental costs into financial decision-making, organizations can make informed choices about resource allocation, pollution control, and sustainability investments. Moreover, policy frameworks such as the System of Environmental- Economic Accounting (SEEA) and Triple Bottom Line (TBL) reporting have played a critical role in aligning financial and environmental objectives. Despite these benefits, the study also identifies several challenges in implementing green accounting. Lack of standardized accounting methods and difficulties in valuing environmental assets hinder its widespread adoption. Many environmental goods and services do not have direct market prices, making it difficult to assess their true economic value. Additionally, green accounting often focuses on internal corporate costs while neglecting broader societal costs, such as the long-term impacts of pollution and climate change. Another critical aspect discussed is the legislative and compliance framework surrounding green accounting. In India,

environmental protection laws such as the Environmental Protection Act, 1986, along with international standards like ISO 14000, have encouraged businesses to adopt sustainable accounting practices. However, stronger regulatory enforcement and incentives are needed to ensure more businesses integrate green accounting into their financial systems. Furthermore, the study suggests that economic growth and environmental protection are not mutually exclusive. Countries with well-developed green accounting policies, such as Norway and the Netherlands, demonstrate that sustainable resource management can enhance long-term economic stability. The adoption of renewable energy, pollution control mechanisms, and sustainability-driven financial reporting can help mitigate environmental damage while supporting economic development. In conclusion, green accounting serves as a valuable tool for businesses, policymakers, and environmental advocates. While challenges exist, advancements in environmental valuation techniques, stronger regulatory frameworks, and corporate commitment to sustainability can enhance its effectiveness. Future research should focus on developing standardized accounting methods and improving environmental cost estimation models to strengthen the global adoption of green accounting practices.

REFERENCES

The references are drawn from the original document and include key sources on green accounting, environmental sustainability, and policy frameworks. Below is a list of sources that were mentioned or referenced in the study

- [1]. Meadows, D. H., et al. (1972). *The Limits to Growth*. A report on the future of economic and environmental sustainability.
- [2]. Peter Wood (1980s). Introduction of the term "Green Accounting" in economic literature.
- [3]. System of Environmental-Economic Accounting (SEEA). United Nations framework for integrating environmental and economic data.
- [4]. ISO 14000 Standards (1995). International standards for environmental management and corporate sustainability reporting.
- [5]. Triple Bottom Line (TBL) Framework. A model for corporate sustainability reporting, emphasizing economic, social, and environmental factors.