

“TO STUDY THE GREEN ACCOUNTING AND ITS ROLE IN SMALL BUSINESS
ENTERPRISES IN INDIA”

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Abstract: Small and Medium Enterprises (SME) segment has developed as a deeply energetic and dynamic division of the Indian economy within the course of the foremost recent five decades. Recent years have witnessed rising concern for environmental degradation, which is taking place mainly in the sort of pollution. Even though Indian corporate complies with the rules and regulations with regard to environmental protection, till no clear cut policies are formed. A new measure called Green Accounting helps to beat of these problems. Green accounting is an accounting that incorporates environmental assets and sources into company's account. The aim of this paper is to review and analyze the green accounting. In this paper green accounting, its need, scope, role in SBEs and limitations has been discussed.

Keywords: Small Business Enterprises, Green Accounting, Environmental costs, social responsibility, Environmental management system.

I. INTRODUCTION

Green accounting was introduced by an Economist and Professor Peter Wood in the year 1980. In the last few years, there has been a growing awareness of the requirement to discover the art of living harmonic with nature. It is conjointly realized that the environment is not a permanent asset. Rapid industrialization, in spite of its positive impact on economic development has terribly threatened the world's natural environmental balance. There is a growing pressure from environmentalists, government, society, customers, staffs and competitors on business companies to be environmentally responsible. Proper balancing of economic development and environment protection is gradually being recognized by all involved.

Green accounting is outlined as distinguishing and measuring the costs of environmental materials and activities and using the information for environmental management decisions. The aim is to acknowledge and ask for to reduce the negative environmental effects of activities. Environmental activities include operating pollution management instrument, environmental media testing, environmental connected coaching, storing waste and unsafe material, evaluating instrumentality for environmental projects, developing environmental strategies, de-ioning water for manufacturing.

The developing countries like India are facing issues of protecting the environment and promoting economic development. The equalization between environmental protection and development is needed. A careful analysis of the advantages and costs of environmental damages is critical to search out the safe limits of environmental

degradation and required level of development. It is illustrious that there are restricted resources available for the employment of all species on the earth and the enormous damage is done to the environment because of the activities of the business enterprises. The difficulty of corporate social responsibility and also the sustainable industrial development has born to a new branch of accounting called green accounting. Typically a nation's economy is measured and calculated in terms of gross domestic product (GDP) numbers. In fact, it is an index of economic growth. GDP is a monetary measure of the market value of all final goods produced in a period. The GDP of a country measures the produced output however ignores the ingredients required to generate such output like water and air. Green GDP takes into thought the environmental impact on the productivity of the country. It is derived from GDP itself when adjusting the cost of environmental degradation and pollution damage. In other words, Green GDP equals GDP less natural resources depletion less pollution damage. Despite the fact that, Indian small business enterprises with needs like social responsibility, there are not any precise policies to shield the environment. Thus there is a need of green accounting.

II. OBJECTIVE

- To study and understand the green accounting.
- To study the role of green accounting in SBEs.

III. LITERATURE REVIEW

3.1 Environmental management accounting practices in small medium manufacturing firms by Che Zuriana Muhammad Jamil, Rapiah Mohamed, Faizulaini Muhammad, Amin Ali (04/01/2015)

This paper delineated that the accounting ought to play a vigorous role within the follow and success of environmental management system and will be integrated into the environmental process. They conclude that the absence of organizational learning mechanisms, greater corporate responsibility and correct steerage on EMA is additionally a barrier to the combination of environmental problems into the prevailing method of accounting and practices. Thus, this current study argues that the increasing powerful pressures by the government have an effect on the intention and temperament of manufacturing SMEs to adopt EMA.

3.2 Role of environmental accounting in enterprises by Hamid Saremi and Moein Nezhad (09/07/2014)

In this paper, they discussed about the environmental accounting, its position, costing, role and application. They delineated that the environmental accounts gives knowledge that highlight both the contribution of natural resources to economic well-being and costs obligatory by pollution or resource degradation. This paper explores what varieties of corporations are able to implement environmental accounting and cost allotment process in environmental accounting. This current study provides a justification for the requirement of implementing environmental accounting as a short to shield the environment.

3.3 Need of green accounting by Dr. Rajshree R, Sravani Vangra -

In this paper, they study and analyses the green accounting and conjointly verify the requirement of green accounting within the corporate world. This current study describes the objectives of green accounting, ancient growth measures, benefits and criticisms of green accounting. This paper concludes that the green accounting is critical to put worth on environmental resources in business organizations.

IV. RESEARCH METHODOLOGY

The current study is based on secondary data; information has been derived from various websites and journals.

4.1 The need for green accounting at corporate level -

It helps to understand whether; corporation has been discharging its responsibilities towards environment or not. An organization must fulfill following environmental responsibilities.

- Meeting regulative needs or exceeding that expectation.
- Cleaning up pollution that already exists and properly casting off the dangerous material.
- Operating in a manner that those environmental damages don't occur.
- Promoting an organization having wide environmental awareness.
- Management over operational and material potency gains driven by the competition world market.
- Management over increase in costs for raw materials, waste management and potential liability.

4.2 Scope of green accounting -

The scope of green is broad; it includes company, national and international levels. Here the importance given on the corporate level accounting. The following features are enclosed in green accounting.

- From Internal point of view, investments are made by the corporate sector for step-down of losses to environment.
- From External point of view, all types of kinds to the environment either occur directly or indirectly because of business activities. It's going to include:
 - a) Degradation and destruction like eroding, loss of diversity, air pollution, sound pollution, drawback of solid waste, coastal and marine pollution.
 - b) Depletion of non-renewable natural resources i.e., loss appeared because of over utilization of non-renewable natural resources like minerals, water, gas, etc.
 - c) Deforestation and land uses.

This type of accounting is not simple as losses to environment cannot be measured specifically in monetary worth. Further, it is very terribly tough to make decision that what proportion quantity of loss was occurred to environment due to a specific industry. For this purpose, approximate plan may be given or other measurement of loss like amount of non-renewable natural resources used, what proportion square meter space deforested and total space used for business purpose together with residential quarters area employees, etc., what proportion solid waste produced by the manufacturing plant, how much wasteful air pass withstand chimney in air and what styles of components are enclosed in a standard quantity of wasteful air, sort and degree of noise made by the manufacturing plant, etc. may be used.

4.3 Role of green accounting in small and medium industries-

Small and medium industries are the most important polluting culprits altogether over the India. Governments are attempting to use totally different opportunities to act. These measures are relating to green business clubs wherever small businesses in similar areas will get along and say about the environmental challenges they faces. There may be government sponsored consultancies where small business will get free consultation. The accounting profession will give recommendation on energy use. Several small and medium enterprises have restricted monetary resources to implement the ISO 14000 certification. They have to be helped.

Reasons for adopting green accounting, organizations use green accounting for many reasons, including the following:

- To assist managers make decisions that may decrease their environmental costs.
- To support the event and operation of an overall environmental management system.
- Higher management of environmental costs may end up in improved environmental performance and significant benefits to human health moreover as business success.
- Understanding the environmental costs and performance of process and products will promote more accurate costing and pricing of products.
- Accounting for environmental costs and performance will support a company's development and operation of an overall environmental management system.

4.4 Limitation of green accounting -

- Lack of standard accounting technique.
- It chiefly considers internal cost of the company and ignores cost to society.
- It's going to conjointly cause a rise in costs.
- It cannot work independently. It ought to be integrated with the monetary accounting, which is not simple.
- It is in theoretically potential however becomes difficult once applied actually.
- It is a protracted term process, thus it is tough to draw conclusion.
- There is no proper universally accepted valuation technique for environmental factors.

V SUGGESTIONS

- Green accounting practices ought to be made compulsory in small business enterprises in India.
- There is a need to generate awareness regarding green accounting.
- Companies ought to submit the entire data concerning environmental problems. Else, appropriate authority should take action against the corporate.

VI CONCLUSION

India is a big country which is heavily burdened with overpopulation, global warming, climate change, pollution, exhaustion of natural resources, etc. so as to avoid wasting and recover the country; green accounting is a vital concept that has to be enforced in India.

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