



A Study on Green Accounting Practices by BPCL and ONGC: An Overview

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ABSTRACT

Green accounting in India refers to incorporating environmental factors into traditional economic accounting practices. It involves assessing and integrating the environmental costs and benefits of economic activities. India has been working towards implementing green accounting to ensure sustainable development, considering aspects like natural resource depletion, pollution, and ecosystem services. The aim is to promote environmentally responsible economic decisions and balance economic growth with environmental conservation. In spite of the way that Indian corporate agree to the standards and rules regarding natural protection, till now no conspicuous courses of action are encircled and definite at the Public, State or even at the association level, for ensuring the level of consistence to environmental principles. This study focuses primarily on the process of protecting the environment's natural resources and to discover the practices of the corporate sector in the context of green accounting. It is a measure of sustainable income level that will be secured without decreasing the stock of natural assets. The entire world is facing the problem of polluted environment and depletion of natural resources.

Keywords: *Green Accounting, Green Practices, Sustainable Development etc.*

1. Introduction

The term Green Accounting was used without precedent for the year 1980's by Professor Peter Wood. It is an enhanced representing the climate & it's prosperity. It is a completely dynamic research and practice. It is before long going to be presented all around by and by, due to its importance. notwithstanding get ready benefit and misfortune or its income and costs natural or green bookkeeping is a developing field that concentrations or accommodates bookkeeping the ecological effect .The presentation of green bookkeeping uncovers the confirmation that an undertaking has towards the climate. It manages 3 P's namely PEOPLE, PROBABILITY & the PLANET. Green Accounting is a soon become very popular due to its importance. Instead of preparing profit

and loss or its revenue and expenditure green accounting is mainly focused on accounting that impact on environment.

2. Review of Literature:

- **Burritt (2002)** stated that now a day's companies recognize the importance of the environmental accounting and it can be ignored from the part of the accounts of the firm and he more emphasized that consider the financial outcomes of the social as well as the environmental accounting along with the existing traditional accounting to reflect the true and fair view of the business.
- **Goswami M. (2014)** opined that environment is emerged one of the bottlenecks to achieve the economic growth and he concluded that, even though the companies project the environmental issues information but they are not projected of the financial aspects of the firm.
- **Rankin et al (2011)**, opined that process of management, financial aspects and the system of nation were strongly correlated for developing the frame work of environmental reporting. Hence, he focused on the environmental reporting with aggregated results of the national, management and the financial.
- **Riccaboni, A. and Leone, E. L. (2010)** stated that social reporting is not only meant for the maintaining the profiles of environmental and social but it must be a part of planning process, policy decisions etc.
- **Schaltegger – Burritt (2010)** stated that now a days companies recognize the importance of the environmental accounting and it can be ignored from the part of the accounts of the firm and he more emphasized that consider the financial outcomes of the social as well as the environmental accounting along with the existing traditional accounting to reflect the true and fair view of the business.
- **Parker (2005)** stated that there were several models were developed towards the consideration of the social aspects. These models are useful to review the performance of the social accounting and overcome the challenges to adopt the new assessment system.

3. Objectives of the Study:

The Study is based on following objectives:

1. To Study the concept of Green Accounting.
2. To understand the need and importance and benefits of Green Accounting practices for Indian Companies.
3. To make an evaluation of Green accounting practices by BPCL and ONGC.

4. Methodology of the Study:

This study is mainly conceptual in nature. The present study is based on secondary data; information has been derived from various books, journals and websites.

5. Need and Importance of Green Accounting :

The need and importance of green accounting stem from the growing recognition that traditional economic measures often neglect environmental considerations. Here are key points:

- 1. Environmental Sustainability:** Green accounting addresses the impact of economic activities on the environment, helping to ensure long-term sustainability by accounting for natural resources, pollution, and ecosystem services.
- 2. Policy Formulation:** It provides policymakers with accurate information on the environmental costs and benefits of economic decisions, enabling the formulation of policies that promote sustainable development.
- 3. Resource Management:** Green accounting assists in better management of natural resources by quantifying their value and encouraging efficient use, reducing the risk of resource depletion.
- 4. Corporate Responsibility:** It supports businesses in adopting environmentally responsible practices, enhancing corporate social responsibility by integrating ecological factors into financial decision-making.
- 5. Risk Mitigation:** By accounting for environmental risks, green accounting helps in identifying potential threats to businesses and economies, allowing for proactive measures to mitigate these risks.
- 6. Public Awareness:** It raises public awareness about the environmental consequences of economic activities, fostering a sense of responsibility and encouraging environmentally conscious consumer behavior.
- 7. International Standards:** Green accounting aligns with international sustainability standards, facilitating comparisons between countries and promoting global cooperation in addressing environmental challenges.
- 8. Investor Confidence:** Investors increasingly consider environmental factors when making investment decisions. Green accounting provides information that enhances investor confidence in environmentally sustainable businesses.
- 9. Economic Decision-Making:** It guides economic decision-makers by providing a more comprehensive understanding of the true costs and benefits associated with different choices, promoting informed and responsible decision-making.

10. **Long-Term Planning:** It supports long-term planning by considering the environmental impacts of economic activities, contributing to the development of strategies that ensure the well-being of future generations.

In summary, green accounting is essential for achieving a balance between economic development and environmental conservation, ensuring that economic decisions align with the principles of sustainability.

6. Benefits of Green Accounting :

The benefits of green accounting are diverse and encompass economic, environmental, and social dimensions. Here are key advantages:

- **Sustainable Development:** Green accounting promotes sustainable development by integrating environmental considerations into economic decision-making, ensuring that development meets the needs of the present without compromising future generations.
- **Resource Conservation:** It encourages the efficient use and conservation of natural resources by assigning economic values to environmental assets, reducing the risk of over-exploitation and depletion.
- **Policy Effectiveness:** Governments can formulate more effective environmental policies based on accurate information about the environmental costs and benefits of various activities, leading to better regulatory frameworks.
- **Improved Decision-Making:** Green accounting provides decision-makers with a more comprehensive understanding of the true costs associated with economic activities, leading to better-informed and more responsible decision-making.
- **Business Competitiveness:** Companies adopting green accounting practices enhance their competitiveness by meeting the growing demand for environmentally sustainable products and services, attracting environmentally conscious consumers and investors.
- **Risk Management:** Businesses can identify and manage environmental risks more effectively, reducing the potential negative impacts on operations and financial performance.
- **Investor Confidence:** Green accounting contributes to transparency and accountability, increasing investor confidence in companies that prioritize environmental sustainability, leading to better access to capital.
- **Cost Savings:** Through efficient resource use and waste reduction, green accounting can result in cost savings for businesses, making operations more economically viable in the long run.
- **Ecosystem Services Valuation:** By valuing ecosystem services, green accounting highlights the importance of biodiversity and healthy ecosystems, encouraging policies and practices that preserve these services.

- **Public Awareness:** It raises public awareness about the environmental impact of economic activities, fostering a sense of responsibility and encouraging individuals to make environmentally conscious choices.
- **Global Cooperation:** Green accounting facilitates international comparisons and cooperation by providing a standardized framework for assessing environmental performance, contributing to global efforts to address environmental challenges.

In summary, green accounting offers a holistic approach to economic management that considers environmental, social, and economic factors, ultimately contributing to a more sustainable and resilient global economy.

7. Green Accounting Practices by BPCL:

Bharat Petroleum Corporation Limited (BPCL) has implemented green accounting practices to enhance environmental sustainability. These measures may include tracking and reporting carbon emissions, implementing energy-efficient technologies, and promoting renewable energy initiatives. Green accounting aims to integrate environmental costs and benefits into financial decision-making, reflecting a commitment to sustainable practices. For specific details, it's advisable to refer to BPCL's official reports or statements on sustainability and environmental initiatives. In terms of health, safety, the environment, and security, BPCL is committed to achieving the highest possible levels of sustainable management. To assist them with accomplishing their desires of maintainable living, they carried out a Health, Security, Security and Climate The executive's framework in 2007, which was additionally fortified in the year 2011. Bharat Petroleum has recently put in place a Corporate Safety Management System in the year 2018, which is a systematic and structured approach to manage the Occupational Health & Safety Risk associated with their operations to As Low as Reasonably Practicable Level (ALARP Level) in accordance with other business goals, values and policy.

7.1. BPCL Strategic Safety Objectives:

1. Committed to Achieve Goal Zero.
2. No harm to People, Asset and Environment.
3. Design, Operate and Maintain Assets to minimise risks to a level which is As Low As Reasonably Practicable (ALARP).

7.2 Climate Change:

The oil and gas region is helpless against natural change with its key structure arranged in the beach front regions. Through TERI, in a joint effort with MOPNG, MOEF, and CC, and other industry individuals, BPCL took part in

a concentrate on environmental change for the Oil and Gas area. The survey has given thoughts on short-and long stretch movement to be embraced by the business people and gave a way forward to deal with the hardships. The survey was finished to fathom and get to natural change threats to the groundwork of Oil and Gas Region in India, challenges due to emerging Public and Worldwide climate procedures and to cultivate a powerful design due to ecological change risks.

7.3 Energy Conservation Initiatives:

Mumbai and Kochi Processing plant both are affirmed for Energy The executives Framework, ISO 50001: 2011. Both refineries were able to achieve robust energy performance in FY 2018–19 thanks to ongoing monitoring of their energy performance and staying up to date on the most recent technologies for conserving energy. KR likewise centered around streamlining energy utilization in the recently appointed units post adjustment of IREP units. Under the National Mission for Enhanced Energy Efficiency (NMEEE), the Bureau of Energy Efficiency has a flagship program called PAT (Perform Achieve and Trade). Both the Treatment facilities have accomplished the PAT objective for FY 2018-19. This program empowers customers that surpass their energy saving focuses to exchange their gave Energy Saving Authentications (ESCerts) at the Power Trades (source site BPCL).

8. Green Accounting Practices of ONGC:

ONGC has consistently guaranteed that it safeguards and really focuses on the climate. It exhibits its proactive natural administration through its coordinated Wellbeing, Security and Climate (HSE) Strategy planned in 1983. It invests in cutting-edge technologies, manages effluent and solid waste, monitors and reports the environment, works to conserve biodiversity, and improves and maintains environmental management systems in an ongoing effort to reduce the environmental impact of its business activities like exploration, drilling, and production. It regularly reviews its QHSE policy and maps risks and has a robust internal audit and management review process for its management system. Some prominent HSE rehearses are customary QHSE inward review, Fire security measures, ordinary fire and earth tremor mock drill, wellbeing mindfulness program, Material Security Information Sheet (MSDS), Individual Defensive Gear, execution of Climate The executives Frameworks (EMS), Word related Wellbeing (OHS), Close to Miss Announcing, Administration, Chance administration and Consistence revealing. ONGC's vision and mission integrated health, safety, and the environment; each of the three viewpoints are consolidated in new coordinated HSE strategy.

8.1 Environmental Clearances and Regulatory Compliance:

Ecological Freedom is a legal prerequisite for the commencement of the any new task or change in the current venture. Studies such as an Environmental Impact Assessment, a Disaster Management Plan, and a Risk Analysis, among others, are carried out as part of the clearance procedure. Skillful outsider offices/advisors are employed

for doing these examinations. ONGC has additionally evolved investigations for select activities. The natural leeway application alongside these review reports are submitted to MOEF which understudy awards ecological freedom alongside expectations to be checked. These expectations are scrupulously agreed and consistence reports are submitted half yearly before first June and 1stDecember consistently to MOEF.

8.2 Environmental Management System:

Ecological protection is viewed as one of the need business capabilities. To accomplish and support the best ecological administration practice, natural administration framework is set up which depends on ISO 14001. All installations and facilities now have an integrated HSE management system (QHSE) based on ISO 14001, ISO 9001, and OSHAS 18001. Inner group of around 300 ecological lead examiners and the center group of QHSE contributed in accomplishing this objective. EMS depends on prudent standards and deals with every one of the huge ecological properties of the association. Implementing and maintaining QHSE requires exceeding compliance levels. Accomplishing QHSE affirmation for all establishments was the first ever in quite a while by any industry in any area (source site ONGC).

9. Conclusion:

The organization must reveal its data with respect to Green Accounting as a piece of its yearly report. There must be a greater amount of severe natural standards and enactment made by the legislature. Every single worker in the association must be made aware of the significance of Green accounting and Ecology. Practices of environmental accounting in India have not been widespread and there is no clarity and transparency regarding policy framework for national, state and even at company reporting level due to increase in the awareness of stakeholders and other practices, it is to be a segment of financial reporting in India. The majority of the companies publish the environmental initiative in their annual reports, but such a practice is only nominal does not disclose the information regarding financial implications and the policy of costs of environment, due to its inability to calculate the environmental information with the existing accounting system at micro level, effort should be made to present internal costs of environment to a firm which have a considerable impact on the financial results of the business along with possible integration with existing accounting information. Finally, it can be concluded that the only 1/5th of performance of environment was explained by the various green accounting parameters, it means there was other parameters also influence the performance of the environment, but amongst the parameters of the green accounting corporate sustainability was more favorable parameter to measure the environmental performance.

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