

Greetings!

The Green Accounting or Environment Accounting deals with accounting and management issues relating to environmental and social impacts, regulations and restrictions, safety, environmentally sound, and economically viable energy production and supply. It is related to environmental information and environmental eco-auditing systems. This is an emerging aspect of accounting that would help in understanding the influential aspects of natural environment with respect to the economy.

It acts as a managerial tool which can be used for the purpose of:

- Improving the performances in relation with the environment,
- Reducing environmental costs,
- Controlling the environmental damage,
- Implementing more efficient technologies with less pollution, nonpolluting products, etc.,
- Promoting a company having wide environmental attitude.

Practically, the developing countries like India are facing twin problem of saving environmental and economic sustainability. World Bank report claims, India lost a huge amount every year due to environmental degradation. Here, the necessity of green accounting emerged to maintain a high pace of economic growth without jeopardizing future environmental sustainability.

## **2015 United Nations Climate Change Conference**

Almost everything you see, touch, feel or eat has been grown, built, powered or transported by energy that comes from fossil fuels. Developing countries say they want the right to use fossil fuels, such as oil, coal and gas, to help take their people out of poverty. Rich nations have had unrestricted use of these for 200 years, now it is their turn, they argue. So it needs to find a way of balancing the need to cut these gases with the right to use them.

On this backdrop one of the largest gatherings of world leaders in history take place at the 21<sup>st</sup> session of the Conference of the Parties (COP) from 30 November to 11 December 2015, in Paris. According to the organizing

committee, the objective of the 2015 conference is to achieve, for the first time in over 20 years of UN negotiations, a binding and universal agreement on climate, from all the nations of the world. The world's top industrialists including Bill Gates, Mukesh Ambani, Ratan Tata and Jack Ma launch the Breakthrough Energy Coalition, an international group of 28 investors to bring companies that have the potential to deliver affordable, reliable and carbon free power from the research lab to the market.

## **Environmental Accounting in India**

In recent years, there has been a huge demand on financial and economic data about environment and natural resources due to the continuous increase in pollution level and degradation of natural capital. For the assessment of costs and benefits of environmental preservation measures of companies, environmental accounting has become a solid branch of accounting. It provides a common framework for organizations to identify and account for past, present and future environmental costs to support managerial decision-making, control and public disclosure. Specific environmental accounting rules or environmental disclosure guidelines, for communication to different stakeholder groups, are not available for Indian companies. There is no mandatory requirement for quantitative disclosure of environmental information in annual reports neither under the Companies Act nor as per Indian Accounting Standards (AS) Further more there is no mandatory SEBI listing requirement for Indian companies, from these stock exchanges, to disclose environmental information. In India different firms consider different elements into environmental costs but it is important that all significant and relevant costs are incorporated for sound decision making purpose. Hence, there is a genuine need to develop a concrete guideline for the Environmental Accounting or Green Accounting in India.

This issue also presents a good number of articles on the cover story theme 'Green Accounting & Sustainability' by distinguished experts and authors as well as interview from industry stalwart. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at [editor@icmai.in](mailto:editor@icmai.in). We thank all the contributors to this important issue and hope our readers enjoy the articles.