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**GREEN ACCOUNTING AND DISCLOSURE PRACTICES IN THE  
INDIAN PETROLEUM SECTOR**

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**ABSTRACT**

*Industrialization on one hand contributes in a very big way towards economic development of a country while on other hand it leads environmental deterioration. Today it has been globally accepted that economic development must be environmentally sustainable. Traditional accounting systems do not account for the costs arising out of the use of environmental and natural resources. Environmental Accounting aims at incorporating both economic and environmental information at the corporate level as well as at the national economy level. However in India there is currently no common style for environmental accounting and reporting at corporate level. The current research is an attempt to understand the concept of environmental accounting and also make an evaluation of environmental accounting and disclosure practices in the Indian petroleum sector. Two companies viz. Bharat Petroleum Company Limited and Oil & Natural Gas Company Limited have been considered for the purpose of the study. The Environmental Policy of both the companies indicate that they have taken efforts for the better protection of the environment but there is need for further push when it comes to companies following and reporting on green practices in India.*

*Keywords: environment, environmental accounting, corporate, reporting*

**I. INTRODUCTION**

Industrialization is a major contributor of economic development and prosperity of a country. On one hand it provides employment opportunities and wealth generation while on other hand it leads environmental deterioration. Until recently industrial operations were neither clean nor green, and companies gave little consideration to the environmental impact of their business. Gradually as awareness about environment protection spread, not only industry but also society at large has begun to see the potential of major environmental problems. This realization brought environmentalism into the world of business. Today businesses face a ladder of environmental regulations and industries from manufacturing to technology must now consider their ecologic and social impact. Environmental and social accounting grew out of an imperative to balance a company's financial health with its broader obligations. Corporate environmental reporting and accounting is almost two decades old now. Rising pressures on the environment and increasing environmental consciousness have generated the need to account for the various interactions between all sectors of the economy and the environment. Environmental issues have unfavorably affected most of the business transactions and promoted companies to recognize ecological and social sustainability practices as part of their broader goals.



An important function of environmental accounting is to bring environmental costs to the attention of corporate stakeholders who may be able and motivated to identify ways of reducing or avoiding those costs, while at the same time, improving the environmental quality. The implementation of environmental accounting can help achieve the objective of corporations and other stakeholders in reducing the costs and decreasing the pollution respectively.

## II. LITERATURE REVIEW

Minimol and Makesh (2014) have described the major environmental parameters reported by Indian corporates as part of their environmental reporting practices and the extent to which Indian corporates exercise voluntary environmental reporting with regard to the environmental parameters identified. The researchers have developed a model which specifies six aspects to be covered in environmental accounting in order to measure the ultimate environmental performance of the organisation, the aim of which is to present a novel view of the different activities to be undertaken by organizations to facilitate environmental accounting and reporting.

Mukesh Chauhan (2005) explained the various forms of environmental accounting, its scope, limitations and legal framework in the Indian context. The research came out with a suggested framework for implementing green accounting practices in India and concluded that it is high time for corporates to start preparing a firm environmental policy, take steps for pollution control, comply with the related rules and regulations and mention adequate details of environmental aspects in their annual statements. For sustainable development of a country, a well-defined environmental policy as well as proper follow up and proper counting procedure is a necessity.

McManners (2014) proposed sustainability economics as subservient to society. The concept of sustainability is important for all stakeholders who take and implement the concept of sustainability in different stakes. As per the Economic Policy, 1991, the increased international competition has made eco auditing essentially related to green accounting.

## III. OBJECTIVES

1. To understand the concept of environmental accounting.
2. To make an evaluation of environmental accounting and disclosure practices of select companies in the Indian petroleum sector.

## IV. RESEARCH METHODOLOGY

The present study is focused on evaluating environmental accounting and disclosure practices of select companies in the Indian petroleum sector. Two companies from the petroleum sector viz. Bharat Petroleum Company Limited & Oil & Natural Gas Company Limited have been considered for the purpose of the study. The study is based entirely on secondary data for the four year period commencing Financial Year 2012-13 to Financial Year 2015-16. Data collected from the Annual Reports, environmental/sustainability reports and other relevant reports of selected companies for the period of the study have been analysed.

## V. ENVIRONMENTAL POLICY OF SAMPLE UNITS

### A] Environmental policy of BPCL

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