

Name of the Scholar – Mohammad Firoz

Name of the Supervisor – Prof. A. Aziz Ansari

Department – Commerce & Business Studies

Title of the Thesis - Environmental Reporting Practices in India – An Accounting and Auditing Perspective

Abstract

Worldwide growth of public concern for the natural environment has been one of the most important developments in recent decades. Globalization has helped connect societies and their environmental fates more closely than ever before. At the same time, environmental problems increasingly transcend national borders and pose serious challenges to the health of the planet. The development of effective environmental laws and legal systems throughout the world has thus become critical to directing economic development and growth onto a path of environmental sustainability. In India, Globalization has opened the door for all the various types of organization in the world. After 1991, amended industrial policies allowed the other business organization to set up their business in India. At the same time, the environment problems have also arises due the set up of these large-scale organizations.

Reporting of environmental information has matured over the past decades, still, remained a lack of adequate standardization. To gain insight into what distinguishes excellence in environmental reporting it is useful to examine another reporting model, and in our case is financial reporting model. Millions of individuals make decisions based on these reports. Investors and creditors provide the ultimate endorsement to this form of reporting. Financial reports are much more than booklets written by communications specialists who fed information and then spin it to make the entity look good. Codes of conduct, governance principles and disclosure rules are moving entities to higher standards of non-financial reporting, including expanded coverage in their financial statement. Economic, environmental and social indicators are appearing with increasing frequency, providing insights into the vision and effectiveness of management in anticipating new risks and opportunities in the marketplace.

Indian companies have faced strong international competition over the past few decades, especially after the opening of the Indian economy in the early 1990s, as international competitors tried to establish their footholds in India. These international firms are disclosing non-financial information including environmental information leading to an enhanced expectation from Indian companies to act responsibly towards the environment and be accountable to the society beyond the traditional role of providing financial account to the shareholders.

At present there are no such guidelines or statutory requirement in India under which environmental reporting is to disclose in annual report of the company. Also there is no such Law under which environmental reporting is to be submitted under the competent authority except some pollution reporting entity to whom licenses have been granted by the State Pollution Control Board. These entities are only reporting about the pollution data to the Board, not the data their financials regarding the environmental activities.

Recently, there has been a trend in many public corporations to provide more information on environmental matters both within the management accounting system and in annual reports. This is in response to increased concern by the stakeholders and public awareness of environmental issues. These factors have put pressure on listed corporations to measure environmental costs and expenses and to develop and enhance environmental disclosure to different stakeholder groups. The process of environmental accounting seeks to embed the responsibilities of the senior management towards shareholders as well as other stakeholders in the company's accounting and reporting procedures. Environmental accounting reveals the environmental conservation activities undertaken by a company or organization in a given period.

The Government of India is promoting more and more regulations to protect the environment and the community in general. In order to control emissions from production processes, air quality regulations lay down stringent equipment specifications and these are to be implementing by the polluting industries. To minimize the global environmental problems, India has made the production and abatement technology mandatory.