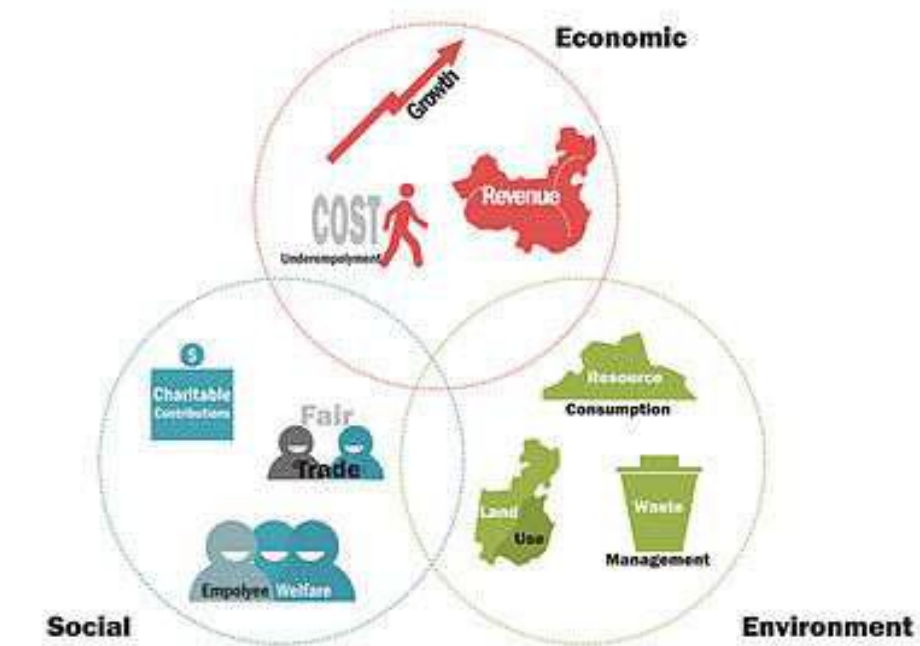


1. What do you understand by the term 'Environmental Accounting'? Discussing the rationale behind introducing environmental accounting, highlight its status in India.

**Answer:**

Environmental accounting refers to the practice of incorporating principles of environmental management and conservation into reporting practices. It attempts to make the best possible quantitative assessment of the costs and benefits to an enterprise for activities specifically directed to environmental preservation. It allows an organization to see the impact of ecologically sustainable practices at every stage right from their supply chain to facility expansion. An actionable example of environmental accounting is the Kyoto Protocol that quantifies carbon emissions.

**Rationale and Significance:**



- It differs from traditional accounting practices which are usually unidimensional in their approach and only measure the tangible impacts an organization makes through accounting methods of profit and loss.
- Measures the effects of the natural environment on a company in monetary terms, unlike ecological accounting which measures the influence on the environment in physical measurements.
- It ascertains the costs to clean up or remediate contaminated sites, environmental fines, penalties and taxes, purchase of pollution prevention technologies and waste management costs.
- It is crucial in preventing serious environmental displacements and consequences translating into environmental related hazards.
- Helps in fulfilling an organizations accountability to stakeholders, such as consumers, business partners, investors and employees, when utilizing environmental resources.
- Encourages consumers and helps them purchase 'green products', thus both consumers and corporate benefit.

**Indian Scenario:**

- Legal Framework for Environmental Accounting in India emanates from Article 51A of the Indian Constitution, which impose a fundamental duty on every citizen to protect and improve the natural environment.
- Further, various laws and legislations like the Environment Protection Act require industrial units to disclose environment related information. For instance, Maruti Udyog Limited shares data on non-methane hydrocarbons in Paint Shop and Engine Testing shop with monitoring agencies.
- EIA has now been made mandatory under the Environmental (Protection) Act, 1986 for certain categories of developmental activities.
- India is working towards SDG# 13 and SDG # 15 that relate directly to preserving and supporting ecosystems and mitigating climate change.

Although the concept of environmental accounting suffers from certain problems like no standard accounting methods, poor valuation techniques, long term process and lack of reliable industry data, nonetheless it has emerged as a crucial tool to arrive at a fair assessment of “development” and bring environmental transparency.

### **PRACTICE QUESTIONS**

**Answer the following Questions**

1. While access to irrigation is important, efficiency of water use is equally, if not more, crucial. Examine.  

(150 words)
2. For a holistic approach to disaster risk reduction, there is a need to mainstream indigenous traditional knowledge and link it with modern technologies. Analyse.  

(150 words)