

# Shifting of Perception from ‘Gross Domestic Product’ to ‘Green Gross Domestic Product’ in context of Green Accounting Practices

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## **Abstract:**

The intrinsic limits of GDP as a measure of economic performance and social advancement serve as the driving force for the creation of a green GDP. GDP evaluates just gross output; it does not determine the assets and wealth that support output. Significant or irreversible depletion or replenishment of these assets is not taken into account by GDP. At the end of the day, GDP cannot determine whether a nation's income level is sustainable. Although he had done little research on environmental issues, Richard Stone, one of the founders of the original GDP index, proposed that "studies of economic, socio-demographic, and environmental phenomena are the three pillars on which an analysis of society ought to rest." The path to a sustainable future is paved with green accounting. Through green accounting, a steady income level is attained without destroying the nation's natural resources. Green accounting is the process of calculating the nation's income while taking into account the economic damages related to the depletion of natural resources. The adoption of renewable energy, sustainable agricultural practices, restoration costs; ecosystem services, biodiversity conservation, resource depletion, environmental degradation, etc. are all taken into account from the respondents' point of view

**Keywords:** Gross Domestic Product, Green Gross Domestic Product, Green Accounting Practices

## **INTRODUCTION**

Green gross domestic product, often known as green GDP or GGDP, is a measure of economic growth that accounts for the environmental effects of that growth in addition to a nation's traditional GDP. Green GDP takes climate change costs into account and monetizes biodiversity loss. Physical metrics that can be combined to create indices like the "Sustainable Development Index," including "waste per capita" or "carbon dioxide emissions per year," are preferred by some environmental specialists.

The intrinsic limits of GDP as a measure of economic performance and social advancement serve as the driving force for the creation of a green GDP. GDP evaluates just gross output; it does not determine the assets and wealth that support output. Significant or long-term depletion or replenishment of these assets is not taken into account by GDP. At the end of the day, GDP cannot determine whether a nation's income level is sustainable. Although he had done little research on environmental issues, Richard Stone, one of the founders of the original GDP index, proposed that "studies of economic, socio-demographic, and environmental phenomena are the three pillars on which an analysis of society ought to rest."

The GDP does not adequately reflect natural capital. Resources are not sufficiently regarded as financial assets. Businesses and legislators also undervalue the potential advantages of restorative or protective environmental projects in comparison to their costs. Additionally, due to practical challenges in evaluating and pricing these assets, the significant positive externalities that result from agriculture, wetlands, and forests are either overlooked or otherwise concealed. Similarly, standard GDP calculations

do not take into consideration the effects that pollution or the depletion of natural resources might and do have on a country's future ability to produce.

The idea that sustainable development is a desirable phenomena aligns with the need for a more thorough macroeconomic indicator. GDP is frequently utilized in the examination of political and economic policy because it is incorrectly viewed as the main measure of well-being. One could argue that green GDP is a more accurate indicator or measure of the well-being of society. Thus, incorporating environmental data into national accounts and, consequently, producing a green GDP figure would enhance nations' capacity to manage their resources and economies.

Certain critics of environmentally adjusted aggregates, such as GDP, point out that certain of the measured outcomes may be hard to value. This is especially problematic when the environmental asset is non-tradable since it does not exist in a regular market. One example of this kind of resource is ecosystem services. There is a chance that computations may be based on conjecture or speculative assumptions when valuation is done indirectly.

There are two ways in which proponents of modified aggregates can respond to this criticism. First, more precise techniques of valuation have been and will continue to be developed as our technology capabilities advance. Second, the adjustments they require are still a better option than traditional GDP, even though measures may not be ideal in the case of non-market natural assets

## REVIEW OF LITERATURE

**Saini, Ishpreet. (2021). Role of Green Accounting in Developing India, IJARCCCE, 10. 10.17148 , IJARCCCE, 2021:** The path to a sustainable future is paved with green accounting. Through green accounting, a steady income level is attained without destroying the nation's natural resources. Green accounting is the process of calculating the nation's income while taking into account the economic damages related to the depletion of natural resources. The study's primary goal is to comprehend the role that green accounting has played in the growth of the Indian economy, as well as its goals, phases, structure, necessity, and difficulties. The paper's methodology, which focuses on the contribution of green accounting to India's development, is based on secondary sources. This article consists of conceptual research. Adopting green accounting requires more than just willingness; it requires action. Understanding the significance of green accounting is not enough; it must also be implemented in daily operations. The necessity of action alone is insufficient; all necessary steps must be taken. Green accounting offers India a unique opportunity to maintain its lead over British heritage and build a new India that is developed rather than emerging. Green accounting is popular because it creates a dual aspect whereby someone pays for the environment in addition to the benefits or income that come from natural resources. India must decide whether to save the environment or allow it to be destroyed, rather than choose between preserving the environment and the economy, since the former will inevitably contribute to the latter's growth. Adopting Green Accounting requires action; merely being willing to do so is insufficient. Understanding the significance of green accounting is not enough; it also needs to be implemented in daily operations. The necessity of action alone is insufficient; all necessary steps must be taken. Green accounting is the language of the environment through business, and accounting is the language of business. Green accounting is a crucial component that cannot be disregarded because it includes both economic and environmental data. The development of the Indian economy would result from the national adoption of green accounting

**Navigating Towards Environmental Responsibility: A Study of Green Accounting In the Indian Context by Chaithanya. S in International Journal of Enhanced Research in Management & Computer Applications ISSN: 2319-7471, Vol. 13 Issue 5, May, 2024, Impact Factor: 8.28:** Green accounting, often known as environmental accounting, is related to environmentally friendly products and services. It takes into account both the expenses and the advantages that come from protecting the

environment and depleting the current capital. It unifies the environment, society, and economics. Measuring sustainability may be made easier by integrating a green accounting system into the national economic accounts. Growing global warming raises serious concerns about environmental sustainability. A company's commitment to sustainability can be best demonstrated by adhering to green accounting practices and disclosure. One way to grow is through green accounting. Using this as a tool, many environmental expenses can be decreased by adopting greener technologies and making wise decisions. A company's corporate social responsibility (CSR) is greatly influenced by green accounting. The implementation of green accounting at all organizational levels requires initiative on the part of the organizations. If environmental regulations are not observed, the government must act strictly and enforce penalties. One of the most crucial aspects of a company's corporate social responsibility is now its obligation to the environment. Due to increased stakeholder awareness and other practices, environmental accounting is not widely used in India and the policy framework for national, state, and even corporate reporting levels is unclear and opaque. As a result, environmental accounting is not considered a component of financial reporting in India. Since it is unable to calculate the natural liabilities and resources, as well as the money-related value, it may not be possible to coordinate all ecological data with the current bookkeeping framework at the micro level. This is why the majority of organizations include information about the ecological drive in their annual reports, but such training is merely apparent and does not uncover the data regarding monetary ramifications and the strategy of expenses of climate

**OBJECTIVES OF THE STUDY:**

1. To study the perception about Green Gross Domestic Product
2. To study the impact of arrival of Green Accounting Practices on respondents' mentality in Pune city

**HYPOTHESES OF THE STUDY:**

H<sub>0</sub>- The percentage of respondents whose having positive perception regarding Green Gross Domestic Product is 50%

H<sub>1</sub>- The percentage of respondents whose having positive perception regarding Green Gross Domestic Product is more than 50%

**SCOPE OF THE STUDY:**

Unlike normal GDP, which only considers economic output, green GDP considers environmental factors when assessing a nation's economic performance. It provides a more comprehensive view of economic success by taking into account the costs of resource depletion, environmental deterioration, and the advantages of conservation measures

**RESEARCH METHODOLOGY OF THE STUDY:**

In terms of respondents' perspective, the following factors are considered, Renewable Energy Adoption, Sustainable Agriculture Practices, Restoration Costs, Ecosystem Service, Biodiversity Conservation, Resource Depletion, Environmental Degradation etc. The research is based on critical analysis and baseline data analysis. The main sources include industrialists. Research is being conducted in sample regions to determine its impact when a list of detailed questions is prepared to gather relevant information from the main source to guide researchers. With the help of a questionnaire, detailed discussions were conducted with specific data sources to understand their ideas, thoughts and attitudes that could help provide researchers with useful recommendations, if any. The questionnaire is processed with the help of mathematical tools such as tables, groups, percentages, averages, hypothesis tests etc

**RESEARCH AREA**

Researchers selected key Industrial authorities from Mumbai City. Sample sizes of 100 key persons have been taken. Researcher collected data through Primary and Secondary sources. Researcher distributed 100 questionnaires among the respondents

**LIMITATIONS OF THE STUDY**

1. Further variables could be added for the purposes of detail study.
2. The study is based on limited geographical area

**DATA ANALYSIS**

Researcher prepared the questionnaire for respondents and distributed it among them. After receiving the questionnaire researcher analyse the questionnaire.

**Table No1: Information of questionnaire**

| Sr.No. | Questionnaire Distributed | Questionnaire Received | Questionnaire Rejected | Net Sample Size for Study |
|--------|---------------------------|------------------------|------------------------|---------------------------|
| 1      | 100                       | 94                     | 02                     | 92                        |

**TESTING OF HYPOTHESIS**

**H<sub>0</sub>:** The percentage of respondents whose having positive perception regarding Green Gross Domestic Product is 50%

**H<sub>1</sub>:** The percentage of respondents whose having positive perception regarding Green Gross Domestic Product is more than 50%

Mathematically

**H<sub>0</sub> : p=0.5**

vs

**H<sub>1</sub> : p≠0.5**

| Sr No | Factors                           | Proportion of respondents who stated the aspects as either very important or important | S.D. | Z_cal | p_value | Decision              |
|-------|-----------------------------------|--|------|-------|---------|-----------------------|
| 1     | Renewable Energy Adoption         | 0.91   | 0.03 | 13.74 | 0.0000  | Reject H <sub>0</sub> |
| 2     | Sustainable Agriculture Practices | 0.88   | 0.03 | 11.22 | 0.0000  | Reject H <sub>0</sub> |
| 3     | Restoration Costs                 | 0.87   | 0.04 | 10.55 | 0.0000  | Reject H <sub>0</sub> |
| 4     | Ecosystem Service                 | 0.86   | 0.04 | 9.95  | 0.0000  | Reject H <sub>0</sub> |
| 5     | Biodiversity Conservation         | 0.83   | 0.04 | 8.43  | 0.0000  | Reject H <sub>0</sub> |
| 6     | Resource Depletion                | 0.77   | 0.04 | 6.15  | 0.0000  | Reject H <sub>0</sub> |

|   |                                  |      |      |      |        |                             |
|---|----------------------------------|------|------|------|--------|-----------------------------|
| 7 | <b>Environmental Degradation</b> | 0.75 | 0.05 | 5.54 | 0.0000 | <b>Reject H<sub>0</sub></b> |
|---|----------------------------------|------|------|------|--------|-----------------------------|

**\*Here level of significance is 0.05**

Thus, our null hypothesis, the percentage of respondents whose having positive perception regarding Green Gross Domestic Product is 50% is rejected. Alternatively, we accept our alternative hypothesis The percentage of respondents whose having positive perception regarding Green Gross Domestic Product is more than 50%

## FINDINGS

1. The most important element among respondents' view is, "Renewable Energy Adoption"
2. The most important issue arising from this analysis is the finding of an interesting result; respondents are still partially convinced of the changing trend arising from the current state of this sector

## CONCLUSION

Thus, respondents' Perception towards Green Gross Domestic Product is having very hopeful and stepping towards the future for becoming well developed and sustainable growth of Indian economy

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