

RESOURCE ACCOUNTING

Resource accounting is an accounting system which provides information on stock of resources available at a particular place and time. It is the process of estimating the value of natural resource depletion and environmental degradation due to economic activities. Resource accounting aims to provide information of the state of resource and aims to increase in sustainable development. It helps to maintain and restore the resources. It provides a framework for organizing information on the status, use and value of natural resources as well as expenditures on environmental protection resource management. It involves tracking, measuring, and reporting on the consumption of various resources, such as energy, water, materials, and land, as well as the associated environmental and social impacts.

Aspects of resource accounting include:

1. **Resource Consumption Measurement:** This involves accurately measuring and monitoring the use of natural resources within an organization's operations. It includes tracking energy consumption, water usage, raw material inputs, and land use.
2. **Environmental Impact Assessment:** Resource accounting also assesses the environmental impacts associated with resource consumption. This may include calculating greenhouse gas emissions, water pollution, habitat destruction, and other environmental consequences.
3. **Cost Analysis:** Resource accounting often involves analyzing the financial costs associated with resource consumption. This can help organizations identify areas where resource efficiency improvements can lead to cost savings.
4. **Sustainability Reporting:** Many organizations engage in sustainability reporting to disclose their resource consumption and environmental performance to stakeholders, including shareholders, customers, and regulatory agencies.
5. **Resource Efficiency Improvement:** The data collected through resource accounting can be used to identify opportunities for resource efficiency and sustainability improvements. Organizations can then implement strategies to reduce resource consumption, minimize waste, and lower their environmental impact.
6. **Regulatory Compliance:** In some regions, resource accounting and reporting are required by law or regulations. Organizations may need to comply with specific reporting standards or meet environmental targets set by regulatory authorities.
7. **Strategic Planning:** Resource accounting can inform strategic planning by helping organizations set sustainability goals and develop strategies to achieve them. It can also identify potential risks associated with resource scarcity and environmental regulations.

Significance of Natural Resource Accounting:

1. Interrelation between Economy and Environment:

It quantifies the non-renewal damage to the environmental resources and assists in determination of development in real terms.

2. Aid to policy framing:

It helps the policy makers to understand the potential impact of their decisions.

3. Managing SDGs:

Natural Resource Accounting has deep inter-linkages with the Sustainable Development Goals (SDGs) as its goals are directly related to management of natural resources and their accounting.

4. Combating Climate change:

Asset and flow accounts have been recognized as a useful framework for monitoring, measuring and analysing climate change.

5. International commitments:

Besides fulfilling the SDGs, it would help India become a part of the group of elite countries in generating Asset Accounts.