

Green Accounting in Development Policy-The Indian experience

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Green accounting measures provide policy makers with critical tools to indicate sustainable economic development. The objective of this paper is to critically examine, from an Indian perspective, the potential policy uses of different varieties of accounts, in particular, green accounting aggregates such as 'genuine savings' 'Eco- domestic product' and 'environmentally adjusted net capital formation'. The potentialities of green national accounts in providing better indicators of economic welfare and the sustainability of welfare levels, and in assessing the economic and ecological efficiencies of different environmental protection measures and also the focus of green accounts on the dynamic and inter generational aspects are analyzed in this paper. The paper concludes that environmental accounts help to assess the sustainability of economic growth in terms of broadly defined capital maintenance. But Green Accounts can only ensure income sustainability, which should be considered as a step leading ultimately to an ecological sustainability. The sustainability of development however would have to be measured by alternative supplementary physical indicators linked to quantifiable standards or targets.

Key words Green accounting, Economic Policy , Welfare