Sustainable Development

Question 1

What is meant by ‘Sustainable Development’? State the special responsibilities of the industries that are based on natural resources. How the adoption of Green Accounting System helps in avoiding policy decisions which are non-sustainable for the country?

OR

The industries that are based on natural resources, like minerals, timber, fibre and foodstuffs, have some special responsibility for making "environment-friendly products". Examine this statement and also explain in brief the concept of Green Accounting System.

Answer

Sustainable Development: Literally sustainable development refers to maintaining development over time. It may be defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. A nation or society should satisfy its requirements – social, economic and others – without jeopardizing the interests of future generations.

Special responsibilities of industries based on natural resources: Industries that are based on natural resources, like minerals, timber, fibre, and foodstuffs etc. have a special responsibility for:

1. adopting practices that have built-in environmental consideration
2. introducing processes that minimize the use of natural resources and energy, reduce waste, and prevent pollution.
3. making products that are ‘environment-friendly’, with minimum adverse impact on people and ecosystem.

Green accounting systems: Conventional accounts may result in policy decisions which are non-sustainable for the country. Green accounting on the other hand is, focused on addressing such deficiencies in conventional accounts with respect to environment. If the environmental costs are properly reflected in the prices paid for goods and services then companies and ultimately the consumer would adjust market behaviour in a way that would reduce damage to environment, pollution and waste production. Such measures would
facilitate the approach of ‘polluter pays principle’. Removing subsidies that encourage environmental damage is another measure.

There is no doubt, that with the public opinion moving towards accountable socio-economic structures, ethical and eco-friendly business practices would be standard corporate norms.

**Question 2**

*Answer whether the statement is correct or incorrect with brief reasons.*

‘*There is no economic growth without ecological costs.*’

**Answer**

**Correct.** Economic growth has to be environmentally sustainable. There is no economic growth without ecological costs. Industrialization and rapid development have affected the environment. Everybody should realize that such development is related to environmental damage and resource depletion.

Therefore, an element of resource regeneration and positive approach to environment has to be incorporated in development programs. Sustainable development refers to maintaining development over time. Sustainable development is development that meets the needs of the present without comprising the ability of future generations to meet their own needs. A nation or society should satisfy its social, economic and other requirement without jeopardizing the interest of future generations.

High economic growth means high rate of extraction, transformation and utilization of non-renewable resources. Therefore it is suggested that economic growth has to be environmentally sustainable because it is sure that there is no economic growth without ecological cost.

**Question 3**

*State with reason whether the following statement is correct or incorrect:*

*Creation of proper ethical environment requires a proper understanding of the reasons which lead to an unethical behavior.*

**Answer**

**Correct: A creation of a proper ethical environment requires a proper understanding of the reasons which lead to an unethical behavior. The reasons may be summarized as follows:**

(a) Emphasis on short term results
(b) Ignoring small unethical issues
(c) Economic Cycles
(d) Change in accounting rules.
Question 4

Write a note on ecological ethics.

Answer

Note on Ecological Ethics: The problem of pollution and other environmental issues can best be framed in terms of our duty to recognize and preserve the ecological systems within which we live. An ecological system is an interrelated and interdependent set of organisms and environments, such as a lake, in which the fish depend on small aquatic organisms, which in turn live off decaying plant and fish waste products. Since the various parts of an ecological system are interrelated, the activities of one of its parts will affect all other parts. Business and all social firms are parts of a larger ecological system.

Business firms depend on the natural environment for their energy, material resources, waste disposal and that environment in turn is affected by the commercial activities of business firms. Unless business recognize the interrelationship and interdependencies of the ecological systems within which they operate and unless they ensure that their activities will not seriously injure these systems one cannot hope to deal with the problem of pollution.

Ecological ethics is based on the idea that the environment should be protected not only for the sake of human being but also for its own sake. The issue of environmental ethics goes beyond the problem relating to protection of environment or nature in terms of pollution, resource utilization or waste disposal. It is the issue of exploitive human nature and attitudes that should be addressed in a rational way. Problems like global warming, ozone depletion and disposal of hazardous waste that concern the entire world. They require international cooperation and have to be tackled at the global level.

Question 5

State with reasons whether the following statement is correct or incorrect:

A nation should satisfy its social and economic requirements without damaging the interest of future generations.

Answer

Correct: An element of resource regeneration and positive approach to environment has to be incorporated in developmental programmes. Sustainable development is necessary because it meets the needs of the present without compromising the ability of future generations to meet their own needs.

Pollution and Resource depletion

Question 6

Answer whether the statement is correct or incorrect with brief reason:

Depletion of Ozone layer will have adverse effect on human beings and not on vegetation.
Answer

Incorrect: Ozone depletion results in the increase of ultraviolet rays. Experts believe that this could cause several hundred thousands of new cases of skin cancer and could also lead to considerable destruction of 75% of the world’s major crops that are sensitive to ultraviolet light.

Question 7

Answer whether the statement is correct or incorrect with brief reason:

Water pollution is also a kind of resource depletion.

Answer

Correct: Water pollution is also a kind of resource depletion because contamination of air, water or land diminishes their beneficial qualities. Oceanographers have found traces of plutonium, cesium and other radioactive materials in seawater that have apparently leaked from the sealed drums in which radioactive wastes are disposed. An increase in population and economic activity in urban area has also resulted in increased demands of water. The ground water is also shrinking because of the decreasing rainfall and wastage of water.

Business and Environmental Ethics

Question 8

What is meant by ‘Environmental ethics’? How does its non-adoption lead to 3 Ps Viz., Polluter Pays and Principles? Explain.

Answer

Ecological ethics is based on the idea that the environment should be protected not only for the sake of human beings but also for its own sake. The issue of environmental ethics goes beyond the problems relating to protection of environment or nature in terms of pollution, resource utilization or waste disposal.

Business and Industry are closely linked with environment and resource utilization. Production process and strategy for eco-friendly technologies throughout the product life cycle and minimization of waste play major role in protection the environment and conservation of resources. Business, Industry and multinational corporations have to recognize environmental management as the priority area and a key determinant to sustainable development. Sound management of wastes is among the major environmental issues for maintaining the quality of Earth’s environment and achieving sustainable development.

If the environmental costs are properly reflected in the prices paid for goods and services then companies and ultimately the consumer would adjust market behaviour in a way that would reduce damage to environment, pollution and waste production. Price signal will also influence behaviour to avoid exploitation or excessive utilization of natural resources. Such measures
would facilitate the approach of “Polluter Pays Principle”. Removing subsidies that encourage environmental damage is another measure.

**Question 9**

*Answer whether the statement is correct or incorrect with brief reason:*

*Business does not sub-serve environmental ethics*.

**Answer**

**Incorrect**: Previously the business concerns were mainly concerned with only good business in economic sense. The conservation of natural resources was a motive of more economic gains. But now due to awareness of social responsibility and ethical norms the motive of business is not only concerned with business interest of the shareholders but also a general concern for the community. Now the business houses have realized that environmental ethics make good business sense if quality, ethics and environmental standards are maintained.

**Eco Friendly Business Practices**

**Question 10**

*State with reason whether the following statement is correct or incorrect:*

*A good environmental practice improves corporate performance*

**Answer**

Environmental consideration have become a part of corporate strategy, which means incorporating environmental issues in the process of developing a product, in new investments and in the organisational set up. A good environmental practice improves corporate performance. In many industries it has been found that environmental friendly practices have resulted in more saving; for example the process of recycling the waste. Thus environmental considerations play a key role in corporate strategy. Markets of new millennium will be able to create wealth if they respond to the challenges of sustainable development, as unsustainable products will become obsolete.

**Question 11**

*State with reason whether the following statement is correct or incorrect:*

*Business and industry are closely linked with environment and resource utilization*.

**Answer**

**Correct**: Business and industry are closely linked with environment and resource utilization. Production process and strategy for eco-friendly technologies throughout the product life cycle and minimization of waste play a major role in the protection of the environment and conservation of resources. Business, industry and multinational corporations have to recognize environmental management as the priority area and a key determinant to sustainable development.
Question 12

What do you understand by the term “Acid Rain”? How does it adversely affect the environment?

Answer

Like a Global Warming, “Acid Rain” is a threat to the environment that is closely related to the combustion of fossil fuels (oil, coal and natural gases) which are heavily used by utilities to produce electricity. Burning fossil fuels, particularly coal containing high levels of sulphur, releases large quantities of sulphur oxides and nitrogen oxides into the atmosphere. When these gases are carried into the air, they combine with water vapour in clouds to form nitric acid and sulphuric acid. These acids are then carried down in rain, which often falls hundreds of miles away from the original sources of the oxides raising the acidity of the water sources. It also soaks into soils and falls directly on trees and other vegetation.

Numerous studies have shown that many fish populations and other aquatic organisms are unable to survive in lakes and rivers that have become highly acidic due to acid rain. Other studies have shown that acid rain directly damages forests and indirectly destroys the wildlife and species that depend on forests for food and breeding. Acidic rain water can also contaminate drinking water. Acid rain can corrode and damage buildings, statues and other objects, particularly those made of iron, lime stone and marble thereby causing great threat to life and property over a long period of time.

Exercise

1. Write short note on ‘Business and Environment Ethics’.

   [Hints: Environmental ethics is a larger issue that concerns ethical behaviour of all types of organisations ranging from International bodies, national governments, opinion makers, media, intelligentsia, public and private enterprises and NGOs. In India many companies have come to realize that ethical practices make good business sense especially the organizations engaged in exports as these organisations have to satisfy the importer in regard to the quality, ethics and environmental standards.]

2. Short Note on:
   (i) Global Warming
   (ii) Ozone Depletion

   [Hints:
   (i) Greenhouse gases - carbon dioxide, nitrous oxide, methane, and chloro-fluorocarbons, occur naturally in the atmosphere to absorb and hold heat from the sun, preventing it from escaping back into space.
   (ii) A layer of ozone in the lower stratosphere screens all life on earth from harmful ultraviolet radiation. This ozone layer, however, is destroyed by CFC gases].