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    HYPOTHESES
    RESEARCH METHODOLOGY
    RESULTS & DISCUSSION
    FINDINGS
    RECOMMENDATIONS/SUGGESTIONS
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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

IFRS: PROSPECT AND PROBLEM IN INDIA

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ABSTRACT

No doubt about the fact that in this era of globalization if company accounts can't be compared and understandable across international boundaries it's hardly of any use and that is why all big companies in India as well as in whole globe are using IFR i.e. -international financial reporting standards. Despite a belief by some of the inevitability of global acceptance of IFRS , other believe that accounting standards of India (ASI)is the golden standard and that a certain level of quality will be lost with full acceptance of IFRS . This paper aims to understand what is IFRS, its adoption status by Indian companies and its pros and cons.

KEYWORDS
GAAP, IAS, IFRS, IASB.

INTRODUCTION

This statement makes lot of sense when we talk about business accounts because if company accounts are not compararable and understandable across international boundaries it's become really hard for a company to know what it have achieved so far and what it want to achieve in future . IFRS i.e international financial reporting standards are guidelines designed for all sorts of business affairs, so that company accounts are understandable and comparable across international boundaries. They are consequence of growing international trade and are prominent for those companies which have dealing in several countries. It act as a set of rules to be followed by accountants to maintain, understandable, reliable and relevant as per users internal or external.

STATUS OF IFRS WORLD WIDE

Initially IFRS was an attempt to synchronize accounting across the European union but in no time IFRS concept were in demand all over the world .approximately 120 nations permit or require IFRS for domestic listed companies although approximately 90 countries have fully conformed with IFRS as promulgated by IASB and include a statement acknowledging such conformity in audit reports .Other countries including, Canada and Korea are expected to transition to IFRS by 2011. Mexico will require IFRS for all listed companies starting in 2012. IFRS is used in many parts of the world , including the European union , Hong Kong , Australia , Malaysia , Pakistan , gcc countries, Russia, south Africa , Singapore turkey . As in august 2008 more than 120 countries around the world, including all of Europe , currently require or permit IFRS reporting. Approximately 90 of those countries require IFRS reporting for all domestic listed companies.

STATUS OF IFRS IN INDIA

International financial reporting standards' (OFRS) convergence, in recent years has gained momentum all over the world . as the capital market become increasingly global in nature .India being one of the key global player , migration to IFRS will enable Indian entities to have access to international capital market without having to go through the cumbersome conversion and filing process. IFRS become mandatory in India from 1 april 2012. This is done by revising existing accounting standards to make them compatible with IFRS .These accounting standard are known as Ind AS .In India , there will be two set of accounting standard.

The existing Indian Accounting Standards (IAS)- will be applicable to all companies which are not required to adopt IFRS converged standards.

Indian Accounting as converged with IFRS (ind –AS)- will be applicable to companies operating in India in phased manner beginning from April 1,2011 .In first phase companies forming part of stock exchange index and those with net worth of above approx 250 Million USD will be required to present their financial statement as per Ind –AS.

There are conceptual difference between IAS and IFRS. Keeping in view the extent of gap between IAS, Ind –AS and the corresponding IFRSs-conversion process would need careful handling. By introducing a new company law, the Indian Government has initiated the process to amend the legal and regulatory framework. The conversion would involve, impact assessment, Revisiting accounting policies and thereafter changing the Accounting & Operational Systems (including ERP) in order to be fully compliant with Ind AS or IFRS .

CRITICISM OF IFRS IN INDIA

The Institute of Charted Accounted of India(ICAI) has announced that IFRS will be mandatory in India financial statement for the periods beginning on or after 1 April 2012,but this plan has been failed and IFRS /IND-AS (converged IFRS) are still not applicable . There was a road map as given blow but still Indian companies are following old Indian GAAP. There is no clear new date of adoption of IFRS.Reserve Bank of India has stated that financial statement of bank need to be IFRS-compliant fop periods beginning on or after 1April 2011 .

The ICAI has also stated that IFRS will be applied to companies above INR 1000 crore (INR 10 billon) from April 2011 .Phase wise applicability details for different companies in India :

Phase1: Opening balance sheet As at 1 April 2011*
1. Companies which are part of NSE Index – Nifty 50
2. Companies which are part of BSE Index –sensex 30
a. Companies whose share or other securities are listed on a stock exchange outside India
b. Companies, whether listed or not, having net worth of more INR 1000 crore (INR 10 billion)
Phase2: Opening balance sheet as at 1 April 2012*
Companies not covered in phase 1 and having net worth exceeding INR 500 crore (INR 5 billion)
Phase3: Opening balance sheet as at 1 April 2014*
Listed companies not covered in the earlier phases * If the financial year of a company commence at a date other than April ,then shell prepare its opening balance sheet at the commencement of immediately following financial year.

On 22 January 2010, the ministry of Corporate Affairs issued the road for transition to IFRS. It is clear that India differed transition to IFRS by a year. In the first phase, companies included in Nifty 50 or BSE Sensex , and companies whose securities are listed on stock exchange outside India and all other.

Companies having net worth of INR 10 billion will prepare and [present financial statement using Indian Accounting Slandered converged with IFRS .Accounting to the press note issued by the government , those companies will convert their first balance sheet as at 1 April 2011 , applying accounting standards convergent with IFRS if the Accounting year ends on 31 March . This implies that the transition date will be 1 April 2011. According to the earlier plan, the transition date was fixed at 1 April 2010.

The press note does not clarify whether the full set of financial statement for the year 2011-12 will be prepared by applying accounting standards convergent with IFRS. The deferment of the transition may make companies happy, but it will undermine India's position. Presumably, lack of preparedness of Indian companies has led to the decision to defer the adoption of IFRS for a year. This is unfortunate that India, which boasts for its IT and accounting skills, could not prepare itself for the transition to IFRS over last four years. But that might be the ground reality. Before Jumping on the conclusion let us try and understand the pros and cons of convergence or adoption of IFRS.

PROS OF IFRS

PROS
- It will lower the cost
- Reduce accountant fees

OF
- enable faster acess to major capital markets

IFRS
- facilitate companies to set targets and milestones based on global business environment

CONS OF IFRS

Despite a belief by some of inevitability of the global acceptance of IFRS other believe that accounting standards of India (ASI) is the golden standard and that a certain level of quality will be lost with full acceptance of IFRS .

further certain Indian issuers without significant customers or operations outside the India may resist IFRS because they may not have a market incentive to prepare IFRS financial statements . They may believe that the significant cost associated with adopting (IFRS outweigh the benefit).

CONCLUSION

If we converges our accounts as per IFRS the ultimate users will not be able to understand accounts as per IFRS so there is also need to educate the investors and other parties also. Because they have to use these accounts for decision making.

Use of IFRS will change the whole IT system of the companies. Because new system will replace the old system so it is necessary to change the IT system of companies for successful implementation so this accounting change will affect the system of whole company.

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I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

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