

High-level panel to decide on new accounting rules this week

A high-level government panel is likely this week to take a final call on the new accounting norms, that would converge with international standards.

Taking into consideration the interests of the domestic industry, the proposed Indian Accounting Standards (Ind AS) would only converge with the globally-accepted International Financial Reporting Standards (IFRS).

The core group, chaired by Corporate Affairs Secretary Naved Masood, is scheduled to meet on August 23.

"The norms have been finalised... The panel is most likely to take a final call at the meeting (on August 23)," a government official said.

Officials from Comptroller and Auditor General office, Reserve Bank of India, Securities and Exchange Board of India, Insurance Regulatory and Development Authority, Pension Fund Regulatory and Development Authority, and Finance Ministry are also part of the group.

Once the norms are cleared by the panel, it would be sent for approval of Corporate Affairs Minister Sachin Pilot.

With respect to the new norms, there would be "carve outs" for certain sectors such as power and real estate.

"Carve outs" generally refer to retaining the existing applicable rules and leaving them unchanged.

"We are not adopting IFRS. We are only converging with IFRS to the extent that it is not in conflict with ground realities," the official said.

According to the official, the convergence approach provides India the right to differ on those global standards that do not take into account country-specific peculiarities.

Accounting regulator Institute of Chartered Accountants of India (ICAI) has already submitted a tentative roadmap for the implementation of IFRS from 2015 onwards, to the Corporate Affairs Ministry.

As per ICAI, all companies having networth of more than over Rs 1,000 crore should implement IFRS from April 1, 2015.

For entities having networth of over Rs 500 crore and up to Rs 1,000 crore, IFRS has to be implemented from April 1, 2016 and in the case of companies, having networth of below Rs 500 crore but listed, the timeframe would be April 1, 2017.

However, the road map would not be applicable for banking and insurance companies.

To ensure transparency of financial statements, the new norms would be applicable for standalone as well as consolidated accounts of companies.

(Economic Times)