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A STUDY OF INDIAN ACCOUNTING STANDARDS (IND-AS): IS THERE A NEED OF 'IFRS' IN INDIA?

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Abstract

The finance and accounting industries are growing in popularity all around the globe. In this globalised age, it is becoming increasingly commonplace to evaluate and adopt the IFRS as national accounting standards, and many nations have already done so. As a reporting accounting language, this accounting language is becoming more widely accepted, and it is starting to take the role of national Ind-AS standards in a number of countries across the globe. As a consequence of the implementation of the (IFRS), firms and the Indian economy have benefited. The IFRS recommends that businesses implement the standards as soon as possible and get the necessary training. In the case of the International Financial Reporting Standards, it was the position of the organisation rather than the kind of business association that had an effect on attitudes regarding the implementation of the standards (IFRS). Additionally, the type of perceived corporate connection, the number of years of required professionalism experience, the firm's affiliation with the subjective standard, and the type of business affiliation used for this purpose all played a role in the adoption of the (IFRS).

Keywords : *Ind-AS, 'IFRS', Professionals, Adoption*

Introduction

Finance and accounting are getting more popular throughout the globe. The International Financial Reporting Standards (IFRS) are becoming more popular in this globalised era, with countries all over the world adopting them as accounting standards. It is becoming more widely established as a single secretarial language for financial statements and is gradually replacing national Ind-AS standards throughout the globe. The study came to the conclusion

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that the adoption of IFRS is beneficial to Indian companies and the financial system, and it recommended that organisations adopt the standards as soon as possible and get the necessary training to do so. The adoption of IFRS was not influenced by the kind of membership, but by the organization's position on the standards. The acceptance of IFRS was also influenced by the kind of business connection that was considered to be under control, the number of years of professional experience in the goal, a solid affiliation with the prejudiced standard that had been created, and the type of corporate affiliation with the goal.

For Indian businesses, the conclusion to adopt the ('IFRS') represents a watershed moment. The following are a few of them:

(a) **Increased accessibility to foreign financial markets: -** Many Indian businesses are expanding or buying overseas, which requires large sums of money. The mainstream of stock exchanges involves IFRS-compliant financial reporting. Migrating to "IFRS" allows Indian businesses to obtain money in foreign financial markets without incurring the risk premium that Ind-AS reports offer.

(b) **Eliminating two sets of financial statements: -** By eliminating two sets of financial statements, the switch to "IFRS" will reduce the cost of acquiring money. Since the International Accounting Concept is recognised worldwide, "IFRS" will help in reducing liability, removing possibility premiums, and gaining entrance to all major financing markets.

(c) **Companies will gain a better understanding of their relative circumstances as a result of IFRS implementation, as they will be able to look beyond national and regional milestones: -** It will be able to define objectives and milestones based on the global business environment, in addition to just using the local business environment.

(d) **Multiple reporting getaways:-**The adoption of IFRS by all group businesses will provide corporate executives with a unified picture of all group assets and liabilities. Multiple reports and significant modifications will be eliminated, saving both time and money when producing consolidated fiscal statements for unusual stock exchanges.

(e) **Reflects acquisition factual value: -** Except for a few exceptions, corporate combinations of net assets acquired under Indian GAAP are reported at carrying values rather than fair values. In general, the amount paid for immaterial assets that are not recorded in the books of the purchaser is not recognised in the fiscal statements; instead, they are added to the goodwill. The financial accounts do not reflect the real value of the merger of the businesses. This vulnerability is remedied by "IFRS," which mandates a fair value for net assets acquired in a combination. Intangible assets must also be recognised, even if they are not reflected in the financial records of the buyer.

(f) **New opportunities: -** The benefits of "IFRS" are not constrained to Indian companies. It will indeed provide a host of new opportunities in the service sector. India has the potential to become a global accounting services centre with a huge pool of accounting professionals. As "IFRS" is fair-value-based, it provides professional possibilities, such as accountants, valuers, and actuaries, to enhance the growth potential of the BPO/ KPO sector in India.

A comparison Of Ind-AS with 'IFRS'

'IFRS'	Name of the Standard	**Ind-AS**
1	Adoption of the ('IFRS') for the first time	101
2	Payment on a per-share basis	102
3	Combination of businesses	103
4	Contracts of Insurance	104
5	Operation that has been halted and non-current assets that are being sold	105
6	Exploration and evaluation of mineral resources	106
7	Disclosure of Financial Instruments	107
8	Segments of the Business	108
9	Instruments of Finance	109
10	Financial Statements (Combined)	110
11	Cooperative Arrangements	111
12	Disclosure of Other Entities' Interests	112
13	Fair Value Calculation	113
14	(RDAs) are a kind of regulatory deferral	114
15	Contract revenues from customers	115

Differences between 'IFRS' and Ind-AS

(a) The International Financial Reporting Standards ('IFRS') are based on principles, while the Indian Accounting Standards (AS) are based on rules.

(b) A greater emphasis is placed on fair value.

(c) Under "IFRS", consolidation is required.

(d) "IFRS" is more reliant on management's judgments, estimates, and perceptions.

(e) Valuations, fair value, and revaluations are receiving greater attention. Accountancy's Four Cardinal Principles

Review of literature

Alexandra (2005) In his study, he examined three distinct techniques in order to evaluate the effectiveness of bringing together two sets of bookkeeping values. **Neidermeyer (2012)** in his study sets up that "IFRS" is recognised as a shared platform for convergence not only by local but global accounting standards.

Thomas Jeanhean (2008) examined the effect of the compulsory adoption of the "IFRS" standard on profit superiority and, in particular, profit management. ZZ Three "IFRS" nations were the focus of this project: Australia, France, and the UK, the first to adopt "IFRS". They found that the prevalence of earnings administration did not diminish with the prologue of "IFRS". In fact, in France it increased.

Zabihollah (2010) conducted a study on how academics and practitioners came to agree on a set of global secretarial standards, and found that the vast greater part of respondents felt that successfully agreeing on a handful of worldwide recognised values was essential.

Jain (2011) In his research, he emphasised the issues that stakeholders (regulators, accountants, companies, and so on) may encounter during the accomplishment of the (IFRS) in India. He emphasised the different approaches to these issues.

DeFonda (2011) examined changes in foreign mutual fund investments in businesses after the implementation of the "IFRS" by the European Union in 2005. They discovered that while the mandatory adoption of the (IFRS) improved comparability, foreign ownership in mutual funds rose, thus supporting this thesis. According to Liu (2011), the significance of secretarial measures in China has been proven since 2007.

Horton (2013), in his study, he found that, after the obligatory implementation of the IFRS, the prediction error for businesses that implemented the IFRS was lower than the prediction error for other organisations. Aside from this, the researchers found that voluntary adopters made fewer predictions, although this was not a statistically significant or robust effect. Also shown was that the amount of the prediction error reduction was related to firm-specific differences between local GAAP and IFRS.

Muniraju (2016) found that Accounting for economic instruments and true worth, lease, and tax accounting have all been shown to have an impact on key financial ratios. This suggests that adoption of IFRS will have a positive effect on the global capital market. Accounting figures and financial ratios have changed as a result of adoption of fair value accounting rules and stricter accounting standards. As a result of their findings, IFRS adoption in India is hindered because respondents aren't familiar with the standards. International Financial Reporting Standards (IFRS) should become an academic requirement. For the benefit of India, the International Financial Reporting Standards (IFRS) should be welcomed and not feared. The International Financial Reporting Standards (IFRS) have been adopted in more than 130 countries. It's easier to understand financial reporting with IFRS. Financial reporting under the International Financial Reporting Standards (IFRS) is more sensitive to the impact of minute events. The income recognition rules in IFRS are also very strict. IFRS is being used by a number of Indian companies doing business abroad. This is helpful in the quest for a global reporting standard that is comparable.

Singh et al. (2019) in their research highlighted the positive impact of IFRS on financial reporting; multiple reporting standards are eliminated in order to make it easier to make decisions and lower the cost of capital. There are many issues with IFRS, such as their complexity, lack of qualified personnel, fair value intent of standards, which are subject to availability of liquid data and the inability to coordinate between financial reporting regulators. The paper concludes that the benefits of IFRS convergence are real, but they aren't necessarily a certainty. As a result of this, all stakeholders are urged to participate actively in order to ensure a successful transition. Moreover, challenges to adoption and convergence can't be ignored. Convergence with the International Financial Reporting Standards (IFRS) would lower the cost of equity and prevent fraud, according to Srivastava (2020). A high-quality financial reporting standard like IFRS will further reduce risk in the capital markets. Due to a reduced risk, the overall cost of equity will decrease. There will be more transparency and better corporate governance as a result of IFRS. Fraud in corporations can be caught earlier this way. Because IFRS makes no recommendations for employment standards, its positive and negative effects on employment bear no relation to one another. India's accounting professionals and IT resources must keep up with IFRS in order for the Indian corporate sector's financial statements to be globally comparable, even as more and more training and workshops are needed to achieve full convergence. Because of this, it is recommended that the International Financial Reporting Standards (IFRS) be welcomed with open arms because it will improve the global environment for businesses and their stakeholders.

Awasthi (2020) to remain competitive in the global economy, it was stated that the implementation of Ind AS is a requirement and need of today. IFRS is a global investor-friendly standard because it allows companies to expand their operations worldwide by adhering to a single set of rules. As a result, IFRS convergence is strongly recommended, but it is not as simple as it sounds because of the many regulatory and other issues involved in IFRS converging with other standards. Money can flow across borders, companies can be listed globally and financial statements can be easily compared around the world. As a result, global investment is made easier, benefiting everyone involved in the financial markets. When looking at investments from a global perspective, this makes it easier for the investor to make comparisons. As a result, the likelihood of making a mistake is decreased. Financial statements are no longer required, which saves time and money.

Research gap

When looking at the major trends in the present literature, relatively few studies of "IFRS" adoption and only very few empirical studies of "IFRS" adoption were found. It was challenging to find research that focuses on the views of accountants with respect to "IFRS" implementation. The intention of this study is to examine empirically the factors that affect "IFRS" implementation and interest in Ind-AS changes.

Objectives of the study

The research output will help to know the following objectives:-

1. To investigate accounting professionals' attitudes regarding the implementation of the (IFRS).
2. To investigate accounting practitioners' subjective norms on the implementation of the (IFRS).
3. To make a comparison between Ind-AS and 'IFRS'.
4. To investigate the intentions of accounting professionals with regard to the implementation of the (IFRS).

Hypotheses framed for the study

Hypotheses of the study are as follows-

H_0^1	Professional experience has no discernible effect on attitudes regarding IFRS implementation.
H_0^2	Kind of business affiliation has no substantial impact on the attitude towards the implementation of IFRS.
H_0^3	A person's position in the company has no effect on how they feel about the implementation of IFRS.

Research methodology

This research makes use of both primary and secondary data sources. Primary data is gathered via interviews, questionnaires, and surveys conducted with accounting professionals who work in corporate sectors. Accounts officers and accounting experts were interviewed to find the need for IFRS. An extensive collection of ICAI papers, books, journals, and websites was used to gather secondary data. Participants in this research were reached via the survey technique, which included distributing a pre-tested and well-structured questionnaire to them. The interviews were chosen using a simplified random sampling technique, which was implemented. When doing the literature review, the variables discovered were used to build the framework. It was composed of a series of organised, closed-ended questions. A five-point scale was used to evaluate the reactions, with the lowest score being very unpleasant and the highest being very disagreeable. This questionnaire is divided into two sections: In this survey, respondents were asked to provide (1) personal information about themselves and (2) an IFRS-related variable that was assessed in four main areas: (I) attitude, (II) subject-standard, (III) perceived behavioural control, and (IV) intention. The answers have been gathered, and the Cronbach alpha has been computed in order to determine the trustworthiness of the results. The standard deviation and average were computed, and a one-way ANOVA was used to determine whether or not the variables were linked. The results of the ANOVA are shown in the table below.

Data analysis and interpretation

		Frequency	Percentage
Gender	Male	130	66.3
	Female	66	33.7
	Total	**196**	**100.0**
Age (years)	24-34 years	60	30.6
	34-44 years	66	33.7
	44-54 years	40	20.4
	54 & above	30	15.3
	Total	**196**	**100.0**
Highest Degree Held	Bachelors	102	52.0
	Masters & above	94	48.0
	Total	**196**	**100.0**
Years of Professional Accounting	<10years	94	48.0
	>=10years	102	52.0
	Total	**196**	**100.0**
Type of Firm Affiliation	National	24	12.2
	Regional	14	7.1
	above 10 people/Professional staff	22	11.2
	Private consult company	78	39.8
	Public consult company	30	15.3
	Non-profit organisation	20	10.2
	Others	8	4.1
	Total	**196**	**100.0**

Interpretation

Male respondents accounted for 66.3 percent of all respondents, with male respondents accounting for 33.7 percent of those aged 30-39 years. The majority of them were bachelors (51%), and the majority of them had worked for more than 10 years (52%), with the majority having worked for more than 10 years. With 39.8 percent of the total working for a private business, and 25.5 percent holding a senior position in the foreign exchange sector, private companies dominated the workforce. The significance of the International Financial Reporting Standards (IFRS) was recognised by the interviewees.

Table 2 : Descriptive Statistic of Variables

Attitude	**Mean**	**Std. Deviation**
The ('IFRS') are beneficial to Indian businesses.	2.70	1.186
The ('IFRS') are beneficial to the domestic economy.	2.84	1.146
I'm optimistic about the ('IFRS').	2.73	1.070
Subjective Norms		
Top executives believe that 'IFRS' should be implemented as soon as feasible.	3.51	.944
The supervisor believes that 'IFRS' should be implemented as soon as possible.	3.55	.898
Colleagues and close friends (professionals) believe that 'IFRS' should be implemented as soon as possible.	3.41	.993
Perceived Control		
Adoption of the ('IFRS') necessitates training.	3.65	.996
I have complete control over the timing of 'IFRS' adoption.	3.26	.816
Large companies' early adoption of the ('IFRS').	3.21	.922
The company would have the necessary financial resources to implement the change.	3.06	.961
Intention		
Firms' intention to adopt 'IFRS' as soon as possible.	3.04	.930
The intention of the company to adopt 'IFRS' as soon as possible.	2.91	.996

Interpretation

According to the average responses, "IFRS" would benefit a local economy, the immediate supervisor believed that a company should adopt "IFRS" early, and the company would require training in order to adopt "IFRS" early. It was also determined that "IFRS" would be adopted as soon as possible by the firm.

IFRS perceptions are most widely held in India, where people believe that it will benefit Indian businesses and the economy, as well as their family and close colleagues at work. They also believe companies should begin using IFRS as soon as possible, and that firms will have the training they need to begin using IFRS before long.

Table 3: Cronbach Alpha Values of the Selected Variables

Variables	Cronbach Alpha Value	Cronbach Alpha (in Total) Value
Attitude	.927	.922
It is advantageous to the Indian economy to adhere to the International Financial Reporting Standards ('IFRS').		
The intercontinental monetary Reporting Standards ('IFRS') are beneficial to the local economy.		
I'm optimistic about 'IFRS'.		
Subjective Norms		
Top executives believe that 'IFRS' should be implemented as soon as feasible.	.901	
The supervisor believes that 'IFRS' should be implemented as soon as possible..		
Close colleagues believe that 'IFRS' should be implemented as soon as possible.		
Perceived Control		
Early adoption of 'IFRS' necessitates training..	.825	
I have complete control over 'IFRS' early adoption.		
Firms' knowledge of early adoption of 'IFRS'.		
The firm would have the required financial resources to implement 'IFRS' as soon as possible.		
Intention		
Firms' intention to implement 'IFRS' as soon as possible.	.891	
Firms' plans to implement 'IFRS' as soon as feasible.		

Interpretation

The Cronbach alpha values for all of the variables varied from 0.82 to 0.93, suggesting that this research was very trustworthy.

Table 4

		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Attitude	'IFRS' are good for Indian industry.	18	26	28	19	7
	'IFRS' are good for the local economy.	13	26	31	20	8
	Feeling positive about 'IFRS'	10	37	25	21	5
Subjective norms	Senior managers (partners) in our company believe that I, we, and our firm should embrace IFRS as soon as possible.	2	13	28	43	12
	My immediate superiors believe that I/we/our company should quickly adopt (IFRS).	2	11	26	49	10
	My close colleagues at work believe that I/we/our company should implement the International Financial Reporting Standards (IFRS) as soon as possible.	4	11	37	33	13
Perceived control	I/we/our company would get the required training in order to implement the (IFRS) as soon as possible.	2	11	26	39	20
	Early adoption of the (IFRS) would be completely within my/our power.	0	19	39	36	4
	I/we/our company has the expertise to implement the (IFRS) as soon as possible.	0	26	32	33	7
	I/we/our company would have the required financial resources to implement the (IFRS) as soon as possible.	6	19	41	27	5
Intention	I/we/our business plan to implement IFRS as soon as possible.	4	24	38	28	4
	As soon as feasible, I, we, or our company plan to implement IFRS.	5	31	37	18	7

Interpretation

The respondents had a dim view of the overall economic advantages of 'IFRS.' They weren't able to come to an agreement on the benefits of implementing it. Perceived control and a desire to embrace 'IFRS' were among the most popular responses from survey participants.

H_0^1: Professional experience has no discernible effect on attitudes regarding IFRS implementation.

Table 5

		Sum of Squares	df	Mean Square	F	Sig.
For Indian industry, 'IFRS' are a boon.	Between Groups	6.812	1	6.812	5.046	.027
	Within Groups	129.606	96	1.350		
	Total	136.418	97			
For Indian industry, 'IFRS' are a boon.	Between Groups	3.076	1	3.076	2.375	.127
	Within Groups	124.312	96	1.295		
	Total	127.388	97			
For Indian industry, 'IFRS' are a boon.	Between Group	.817	1	.817	.711	.401
	Within Groups	110.285	96	1.149		
	Total	111.102	97			

Interpretation

The null hypotheses were rejected if IFRS benefited Indian businesses and the economy, indicating a strong link. According to the null hypothesis, adoption opinions were unaffected by years of professional experience in all other instances.

H_0^2: Kind of business affiliation has no substantial impact on the attitude towards the implementation of IFRS.

Table 6

		Sum of Squares	df	Mean Square	F	Sig.
For Indian industry, 'IFRS' are a boon.	Between Groups	6.848	6	1.141	.802	.571
	Within Groups	129.570	91	1.424		
	Total	136.418	97			
For Indian industry, 'IFRS' are a boon.	Between Groups	17.542	6	2.924	2.422	.032
	Within Groups	109.846	91	1.207		
	Total	127.388	97			
For Indian industry, 'IFRS' are a boon.	Between Groups	15.246	6	2.541	2.241	0.33
	Within Groups	95856	91	1.053		
	Total	111.102	97			

Interpretation

The null hypothesis was adopted if "IFRS" was seen to be beneficial to Indian businesses and the economy, indicating that there was no substantial relationship. The zero hypothesis was rejected in all other cases, indicating that the type of business relationship had a significant impact on IFRS adoption views.

H_0^3: A person's position in the company has no effect on how they feel about the implementation of IFRS.

Table 7

		Sum of Squares	df	Mean Square	F	Sig.
For Indian industry, 'IFRS' are a boon.	Between Groups	44.712	6	7.452	7.395	.000
	Within Groups	91.706	91	1.008		
	Total	136.418	97			
For Indian industry, 'IFRS' are a boon.	Between Groups	41.214	6	60868	7.254	.000
	Within Groups	86.173	91	.947		
	Total	127.388	97			
For Indian industry, 'IFRS' are a boon.	Between Groups	34.177	6	5.696	6.738	.000
	Within Groups	76.925	91	.845		
	Total	111.102	97			

Interpretation

No matter where you work, your attitude toward "IFRS" adoption is influenced by your position in the company, according to these findings. The chart below illustrates how your attitude toward "IFRS" adoption varies depending on your position within the company.

Conclusion

The Indian accounting standard is regarded as the finest way of applying "IFRS" in its Indian form. As is well known, the International Financial Reporting Standards ('IFRS') were not accepted in their original form because of the necessity for substantial legislative amendments. The application of Indian accounting rules will be progressively improved, and all parties concerned will certainly profit. The adoption of "IFRS" eliminates barriers to cross-border listings, which will benefit local and foreign investors alike. Foreign investors will be attracted when financial statements are produced in line with "IFRS". The "Ind-AS" aims to be as similar as feasible to "IFRS", given that "IFRS" implementation involves a variety of legal concerns in India.

The International Financial Reporting Standards (IFRS) and Indian Accounting Standards (Ind-As) are based on how they facilitate cross-border money flow, global listing, and global financial statement comparability. As a result of this, the capital markets and stakeholders benefit from global investments, which is good for the economy. A global comparison of the investment improves the investor's ability to make an informed decision. As a result, the risk of errors is reduced. Restatement of financial statements is also no longer necessary, saving time and money

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