INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR SMALL AND MEDIUM ENTERPRISES IN INDIA – AN TENTATIVE STUDY

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ABSTRACT
India is an emerging economy where small and medium enterprises (SMEs) play vital role in economy of India. In India SME’s contribution to GDP is presently 17% which is likely to go up to 22% by 2020. Further SME’s in India contribute to 45% of industrial output, 40% of exports, employs over 81 million people in 36 million units, and is estimated to create one million jobs every year. Despite such laudable contribution SME sector does not get requisite financial aid from concerned Government departments, Banking sector, financial institutions and corporate sector. SME sector is derelict by private banks and financial institutions, while public sector banks meet mandatory lending requirements. One of the reasons for this state of affairs is SME’s bring-out financial statements that are useful only for owner-managers / tax authorities / government authorities. Financial statements thus produced are not comparable nor carry enough credibility. The IFRS for SMEs was developed to address the reporting needs of SMEs worldwide. SMEs however do not necessarily have a global focus. Furthermore, SMEs from different parts of the world are exposed to different conditions and environments. This study considered the relevance of implementing IFRS for SMEs in India based on user requirements.

KEYWORDS: Accounting, Generally Accepted Accounting Principles, International Financial Reporting Standards, Small and Medium Enterprises.