IFRS IN INDIAN BANKING INDUSTRY: ADOPTION PROCESS AND CHALLENGES AHEAD

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ABSTRACT
The globalization has brought a lot of changes in doing business across the world. The use of different accounting frameworks in different countries creates confusion for users of financial statements resulting into inefficiency in capital markets across the world. The increasing complexity of business transactions and globalization of capital markets call the regulators, multinational companies, auditing firm and investors to see the need for common standards in all areas of financial reporting. Thus, the case for a single set of globally accepted accounting standards has prompted many countries to pursue convergence of national accounting standards with IFRS. After the liberalization and tremendous growth of Indian Economy, the Indian MNCs are also going global. These companies have been also raising capital from global capital market. Under these circumstances, it has become imperative for Indian corporate to adopt IFRS for their financial reporting. The Government of India had committed to convergence of Indian Accounting Standards with IFRS from April 1, 2011. With respect to banking companies requires all scheduled commercial banks to convert their opening balance sheets as of April,1.2013. The industry has recognized the need for IFRS convergence. Realizing the need of the time the Indian banks show eagerness towards time bound implementation, giving top priority to the convergence process. The objective of this paper is to examine the impact of IFRSs in Indian banking Industry, the various phases of implementation of IFRSs in the banking sector in India. The paper also highlights on the challenges ahead in the implementation of IFRS in Indian banking sector and the possible ways to address the challenges. The IFRSs in Indian Banking Industry would bring many benefits to the industry along with some challenges like changes to the existing law, skilled manpower, increasing cost etc. which are to be taken care of in the future very well.

KEY WORDS: GAAP, IFRS, IAS, SIC, ICAI