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Accounting Standards Harmonization in India: Impact on Accounting and Financial Reporting Practices of Selected Maharatna Public Sector Undertakings

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Abstract: Accounting standards harmonization has become a significant reform in India's financial reporting system with the convergence of Indian Accounting Standards (Ind AS) toward International Financial Reporting Standards (IFRS). This study examines the impact of accounting standards harmonization on accounting and financial reporting practices with special reference to selected Maharatna Public Sector Undertakings (PSUs) in India. The paper adopts a descriptive research approach based on secondary data collected from published literature, annual reports of selected Maharatna PSUs, regulatory publications, and accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the Ministry of Corporate Affairs (MCA). The study reviews the evolution of accounting standards in India, the transition from Indian GAAP to Ind AS, and the regulatory framework governing financial reporting. It further analyzes the implementation of Ind AS in selected Maharatna PSUs by examining changes in accounting policies, disclosure practices, and the role of the Comptroller and Auditor General (C&AG) in ensuring financial accountability. The findings indicate that accounting standards harmonization has substantially improved the quality, transparency, consistency, and comparability of financial reporting while strengthening corporate governance and stakeholder confidence. The adoption of Ind AS has enhanced disclosures relating to financial instruments, fair value measurement, revenue recognition, and risk management, thereby aligning Indian financial reporting practices with international standards. However, challenges such as implementation costs, system upgrades, professional training, and the complexity of fair value accounting continue to affect the transition process. The study concludes that although the implementation of Ind AS presents operational challenges, the long-term benefits of harmonized accounting standards significantly outweigh these difficulties and contribute to more reliable, transparent, and globally comparable financial reporting practices in Indian Public Sector Undertakings.

Keywords: *Accounting Standards Harmonization, Ind AS, IFRS, Indian GAAP, Public Sector Undertakings, Maharatna PSUs, Financial Reporting, Corporate Governance, C&AG.*

I. INTRODUCTION

Accounting serves as the foundation of financial reporting by systematically recording, classifying, summarizing, and communicating financial information to stakeholders. As business operations have become increasingly globalized, the demand for transparent, reliable, and comparable financial information has grown significantly. This transformation has highlighted the importance of harmonizing accounting standards across countries to ensure consistency in financial reporting and facilitate informed decision-making by investors, regulators, creditors, and other stakeholders. In India, the evolution of accounting standards has progressed from traditional Generally Accepted Accounting Principles (Indian GAAP) towards convergence with International Financial Reporting Standards (IFRS) through the adoption of Indian Accounting Standards (Ind AS).

Public Sector Undertakings (PSUs) play a vital role in India's economic development, operating in strategic sectors such as energy, petroleum, steel, power generation, transportation, and infrastructure. Since these enterprises manage substantial public resources, they are expected to maintain high standards of accountability, transparency, and financial discipline. The implementation of harmonized accounting standards has therefore become essential for improving the quality and comparability of their financial statements and strengthening public confidence in financial reporting.

Accounting standards harmonization in India has been implemented through the phased adoption of Ind AS, which is substantially converged with IFRS. The Ministry of Corporate Affairs (MCA), the Institute of Chartered Accountants of India (ICAI), and other regulatory authorities have played significant roles in this transition. The adoption of harmonized standards is expected to improve disclosure quality, enhance comparability of financial statements, and align Indian corporate reporting with internationally accepted practices. However, the transition has also introduced several implementation challenges, particularly for large public sector enterprises that operate across multiple business segments.

Against this background, the present study examines the impact of accounting standards harmonization on accounting theory and accounting practices in India with special reference to selected Public Sector Undertakings. The study primarily relies on secondary data obtained from regulatory publications, accounting standards, annual reports, and audit observations to evaluate how harmonized accounting standards have influenced financial reporting practices within Indian PSUs.

A. Background of Accounting Standards in India

The development of accounting in India has evolved over several centuries, beginning with early concepts of record keeping described in *Arthashastra* by Kautilya and gradually developing into a modern accounting profession. With increasing industrialization and corporate growth, standardized accounting practices became necessary to ensure uniformity and reliability in financial reporting. The establishment of the Institute of Chartered Accountants of India (ICAI) under the Chartered Accountants Act, 1949, marked a significant milestone in the regulation and development of accounting practices in the country. Subsequently, the Accounting Standards Board (ASB) was constituted by ICAI in 1977 to formulate accounting standards and reduce inconsistencies in accounting policies followed by Indian enterprises.

Over time, the Companies Act, 2013, together with notifications issued by the Ministry of Corporate Affairs, established the legal framework for implementing Indian Accounting Standards (Ind AS). These standards represent India's convergence with IFRS while accommodating domestic legal and economic requirements. The introduction of Schedule III and the phased implementation roadmap further strengthened the standardization of financial reporting across Indian companies.

B. Need for Accounting Standards Harmonization

Economic globalization has increased cross-border investments, multinational business operations, and international capital flows. Consequently, financial statements prepared under different national accounting systems often become difficult to compare, reducing their usefulness to investors and other stakeholders. Harmonization of accounting standards seeks to overcome these limitations by establishing a common framework for recognition, measurement, presentation, and disclosure of financial information.

In the Indian context, harmonization has become particularly important because Indian companies increasingly access global financial markets and collaborate with international investors. Harmonized accounting standards enhance the credibility of financial statements, improve transparency, facilitate regulatory compliance, and support informed investment decisions. For Public Sector Undertakings, harmonization further strengthens accountability by ensuring that financial reports present a true and fair view of financial performance and comply with accepted accounting principles.

C. IFRS and Ind AS

International Financial Reporting Standards (IFRS) are globally recognized accounting standards issued by the International Accounting Standards Board (IASB). These standards aim to develop high-quality, transparent, and internationally comparable financial reporting practices. India adopted a convergence approach rather than complete adoption, resulting in the formulation of Indian Accounting Standards (Ind AS), which are substantially aligned with IFRS while incorporating modifications to suit Indian legal and regulatory requirements.

The Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Rules, 2015, establishing a phased roadmap for the implementation of Ind AS among eligible entities. Under this framework, companies prepare financial statements in accordance with Ind AS while complying with the Companies Act, 2013, and related regulatory requirements. This convergence is intended to improve financial reporting quality, enhance international comparability, and increase investor confidence without compromising domestic regulatory needs.

D. Objectives of the Study

The present study is guided by the following objectives:

1. To examine the evolution of accounting standards harmonization in India.
2. To study the convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS).
3. To analyse the impact of accounting standards harmonization on accounting theory and financial reporting practices.
4. To examine the implementation of Ind AS in selected Public Sector Undertakings.
5. To evaluate the role of harmonized accounting standards in improving transparency, accountability, and disclosure practices in Indian PSUs.

E. Scope of the Study

The study is confined to the harmonization of accounting standards in India with special reference to Public Sector Undertakings. It primarily examines the transition from Indian GAAP to Ind AS and its influence on accounting practices adopted by selected Maharatna Public Sector Undertakings. The analysis is based exclusively on secondary data collected from annual reports, accounting policies, regulatory publications, and audit observations. The study focuses on the accounting and reporting aspects of harmonization rather than the financial performance of the selected enterprises.

II. REVIEW OF LITERATURE

The harmonization of accounting standards has attracted considerable attention from researchers, professional accounting bodies, and policymakers over the last three decades. The increasing globalization of financial markets has encouraged countries to adopt or converge with International Financial Reporting Standards (IFRS) to improve the transparency, comparability, and reliability of financial reporting. Numerous international and Indian studies have examined the benefits, challenges, and implications of accounting standards harmonization from different perspectives. The following review presents a brief overview of the existing literature related to IFRS harmonization globally and the implementation of Indian Accounting Standards (Ind AS) in India.

A. Global Studies on IFRS Harmonization

Several international studies have emphasized that accounting standards harmonization improves the comparability and quality of financial statements across countries. Researchers have argued that IFRS adoption reduces variations in accounting practices and facilitates cross-border investment by providing a common financial reporting language. Harmonized accounting standards also enhance transparency, improve investor confidence, and lower information asymmetry between companies and stakeholders.

Previous studies have reported that countries adopting IFRS generally experience improvements in financial reporting quality, corporate governance, and disclosure practices. The use of fair value accounting, enhanced disclosure requirements, and principle-based accounting standards has enabled users of financial statements to make better economic decisions. Furthermore, multinational corporations benefit from reduced reporting costs by preparing financial statements under a globally accepted framework.

However, international literature also identifies several challenges associated with IFRS implementation. These include differences in legal systems, taxation policies, economic environments, professional expertise, and cultural factors across countries. Researchers have noted that successful implementation of IFRS depends not only on the standards themselves but also on effective regulatory support, professional training, enforcement mechanisms, and organizational readiness. Consequently, many developing countries have preferred convergence rather than complete adoption of IFRS to accommodate domestic legal and economic requirements.

B. Indian Studies on Ind AS

Indian researchers have extensively examined the transition from Indian Generally Accepted Accounting Principles (Indian GAAP) to Indian Accounting Standards (Ind AS). Most studies acknowledge that the convergence with IFRS represents a significant reform in India's financial reporting framework and aligns Indian accounting practices with internationally accepted standards. The convergence process has been supported by the Institute of Chartered Accountants of India (ICAI) and the Ministry of Corporate Affairs (MCA), which introduced a phased roadmap for implementing Ind AS among eligible companies.

Several studies have highlighted the expected benefits of Ind AS implementation, including improved comparability of financial statements, enhanced transparency, better disclosure practices, and increased confidence among domestic and foreign investors. Researchers have also emphasized that harmonized accounting standards facilitate international fundraising, mergers and acquisitions, and foreign direct investment by making Indian financial statements more understandable to global stakeholders. The convergence of Ind AS with IFRS has therefore been regarded as an important milestone in strengthening India's corporate reporting system.

At the same time, Indian literature identifies several practical challenges during implementation. These include changes in accounting policies, fair value measurement, employee training, information technology systems, regulatory compliance, and interpretation of accounting standards. Researchers have observed that organizations require considerable planning, technical expertise, and continuous professional development to ensure effective implementation of Ind AS. The implementation process generally involves three major stages: assessment of IFRS impact, preparation for implementation, and actual adoption of the standards.

Studies focusing on Public Sector Undertakings (PSUs) have reported that the adoption of Ind AS has improved financial reporting quality by encouraging greater transparency and standardized accounting practices. However, because PSUs operate under multiple regulatory frameworks and are subject to audit by the Comptroller and Auditor General (C&AG), implementation often presents additional administrative and operational challenges. Researchers therefore emphasize the need for continuous monitoring and effective compliance mechanisms to achieve the intended objectives of accounting standards harmonization.

C. Research Gap

The existing literature demonstrates that considerable research has been conducted on IFRS adoption, accounting standards harmonization, and the implementation of Ind AS in India. Most international studies primarily examine the economic consequences of IFRS adoption, while Indian studies largely focus on the convergence process, regulatory developments, implementation challenges, and corporate financial reporting.

However, comparatively limited attention has been given to examining the practical impact of accounting standards harmonization specifically within Indian Public Sector Undertakings. Existing studies generally discuss Ind AS implementation from a broad corporate perspective, with relatively few studies providing a comparative evaluation of accounting practices, accounting policy disclosures, and regulatory compliance among Maharatna PSUs.

The present study seeks to address this gap by examining the impact of accounting standards harmonization on accounting theory and accounting practices in India with special reference to selected Public Sector Undertakings. Using secondary data obtained from annual reports, accounting policy disclosures, and audit observations, the study provides a comparative assessment of the implementation of Ind AS and its contribution to improving transparency, accountability, and financial reporting practices in Indian PSUs.

III. ACCOUNTING STANDARDS HARMONIZATION IN INDIA

Accounting standards harmonization refers to the process of reducing differences among national accounting systems by adopting or converging with internationally accepted accounting standards. In India, this process has been implemented through the convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS). The harmonization initiative seeks to improve the quality, transparency, consistency, and comparability of financial reporting while maintaining compliance with India's legal and regulatory framework. The transition from Indian Generally Accepted Accounting Principles (Indian GAAP) to Ind AS represents one of the most significant reforms in the Indian accounting profession and has substantially influenced accounting practices across both private and public sector organizations.

A. Evolution of Accounting Standards

The history of accounting in India dates back to ancient times when systematic record-keeping practices were described in *Arthashastra* by Kautilya (Chanakya). Over the centuries, accounting evolved from simple bookkeeping methods to a structured profession capable of meeting the increasing complexity of business transactions. The emergence of industrialization, corporate organizations, and international trade created the need for standardized accounting principles to ensure consistency and reliability in financial reporting.

A major milestone in the development of accounting standards in India was the establishment of the Institute of Chartered Accountants of India (ICAI) under the Chartered Accountants Act, 1949. To promote uniformity in accounting policies and practices, the Accounting Standards Board (ASB) was constituted by ICAI in 1977. The Board was entrusted with the responsibility of formulating accounting standards that would improve the quality and comparability of financial statements prepared by Indian enterprises.

Initially, Indian companies followed Indian GAAP, which was largely rule-based and designed to meet domestic reporting requirements. However, with increasing globalization and cross-border investment, Indian accounting practices gradually evolved toward internationally accepted standards. The adoption of harmonized accounting standards has strengthened financial reporting by improving disclosure requirements, consistency in accounting policies, and stakeholder confidence.

B. Convergence from Indian GAAP to Ind AS

Instead of adopting IFRS directly, India adopted a convergence approach by developing Indian Accounting Standards (Ind AS), which are substantially aligned with IFRS while incorporating modifications to comply with Indian legal, regulatory, and economic conditions. This approach enables Indian companies to benefit from internationally accepted accounting principles without creating conflicts with domestic legislation.

The convergence process was implemented through a phased roadmap issued by the Ministry of Corporate Affairs (MCA). Under the Companies (Indian Accounting Standards) Rules, 2015, eligible companies were required to prepare their financial statements in accordance with Ind AS. This transition introduced several important changes in accounting practices, including increased use of fair value measurement, expanded disclosure requirements, improved recognition and measurement principles, and greater emphasis on professional judgment.

Table 1. Major Differences between Indian GAAP and Ind AS

Accounting Area	Indian GAAP	Ind AS	Impact on Financial Reporting
Accounting Approach	Rule-based	Principle-based	Greater professional judgment
International Alignment	Limited	Converged with IFRS	Improved global comparability
Measurement Basis	Historical cost	Historical cost with fair value where applicable	More realistic asset and liability valuation
Financial Instruments	Limited guidance	Comprehensive recognition and measurement	Better risk reporting
Revenue Recognition	Risk-and-reward approach	Performance obligation approach	Improved revenue measurement
Lease Accounting	Operating and finance leases treated differently	Most leases recognized on balance sheet	Greater transparency
Employee Benefits	Basic recognition	Actuarial valuation and comprehensive disclosure	Better liability recognition
Consolidation	Limited guidance	Uniform consolidation principles	Improved group financial reporting
Disclosure Requirements	Comparatively fewer disclosures	Extensive note disclosures	Enhanced transparency
Objective	Domestic reporting	International comparability	Improved investor confidence

The implementation of Ind AS generally involves three stages. The first stage consists of assessing the impact of IFRS on the organization's accounting policies, reporting systems, and business processes. The second stage focuses on preparing internal systems, employee training, and modifications required for implementation. The final stage involves the actual preparation of financial statements under Ind AS and continuous monitoring of compliance. This phased approach facilitates a smooth transition from Indian GAAP to harmonized accounting standards while minimizing implementation challenges.

Although the convergence process has significantly improved the quality and comparability of financial reporting in India, organizations have also encountered challenges such as changes in accounting systems, staff training requirements, valuation complexities, regulatory coordination, and increased compliance costs. Nevertheless, the long-term benefits of enhanced transparency, improved investor confidence, and international comparability outweigh these implementation challenges.

C. Regulatory Framework (ICAI, MCA, Companies Act)

The implementation of accounting standards harmonization in India is supported by a comprehensive regulatory framework involving professional bodies, government authorities, and statutory legislation.

The Institute of Chartered Accountants of India (ICAI) is the principal professional body responsible for developing accounting standards and issuing implementation guidance. Through its Accounting Standards Board, ICAI formulates Indian Accounting Standards, provides technical guidance, and assists organizations in implementing harmonized accounting practices. ICAI also submits converged accounting standards to the National Advisory Committee on Accounting Standards (NACAS) for further recommendations before their notification by the Government of India.

The Ministry of Corporate Affairs (MCA) is responsible for the statutory notification and enforcement of Ind AS. The MCA issued the Companies (Indian Accounting Standards) Rules, 2015, which established the roadmap for phased implementation of Ind AS. The Ministry also amended Schedule III of the Companies Act, 2013, to prescribe the format and presentation requirements for financial statements prepared under Ind AS.

The Companies Act, 2013 provides the legal foundation for financial reporting in India. Section 133 of the Act empowers the Central Government to prescribe accounting standards after considering the recommendations of the relevant advisory bodies. The Act also specifies the preparation, presentation, auditing, and disclosure requirements applicable to corporate financial statements, thereby ensuring uniformity and legal compliance in financial reporting. In addition, statutory auditors and the Comptroller and Auditor General (C&AG), particularly in the case of Public Sector Undertakings, play an important role in verifying compliance with accounting standards and evaluating the fairness of financial statements.

Overall, the coordinated efforts of ICAI, the Ministry of Corporate Affairs, and the Companies Act, 2013 have established a robust regulatory framework that supports accounting standards harmonization in India. This framework has contributed significantly to improving the quality, consistency, and international acceptability of financial reporting practices followed by Indian enterprises, including Public Sector Undertakings.

IV. PUBLIC SECTOR UNDERTAKINGS AND ACCOUNTING PRACTICES

Public Sector Undertakings (PSUs) have been instrumental in India's economic development since independence. They contribute significantly to infrastructure development, industrial growth, employment generation, energy security, and the provision of essential public services. Due to substantial government ownership and public investment, PSUs are expected to maintain high standards of financial discipline, accountability, and transparency. Consequently, accounting practices followed by these enterprises are subject to stringent statutory regulations and public scrutiny. The convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS) has further strengthened financial reporting practices by promoting consistency, comparability, and reliability of financial statements across public sector organizations.

A. Overview of Public Sector Undertakings

A Public Sector Undertaking (PSU) is an enterprise in which the Central Government, State Government, or both together hold at least 51 percent of the paid-up share capital. These organizations operate in strategic sectors such as power generation, petroleum, natural gas, steel, mining, transportation, telecommunications, and heavy engineering, thereby contributing substantially to the country's economic and social development.

Based on their operational performance and financial strength, Central Public Sector Enterprises (CPSEs) are classified into Maharatna, Navratna, and Miniratna categories. Maharatna companies enjoy greater financial and operational autonomy and generally operate on a large national and international scale.

The Government of India grants Maharatna status to eligible enterprises based on criteria such as profitability, turnover, net worth, market listing, and global presence.

The present study focuses on selected Maharatna Public Sector Undertakings, as these organizations represent the largest government-owned enterprises in India and have fully implemented the regulatory framework governing financial reporting. Their annual reports provide valuable information regarding accounting policies, compliance with Indian Accounting Standards (Ind AS), and financial disclosure practices.

B. Importance of Financial Reporting in PSUs

Financial reporting is one of the most important functions performed by Public Sector Undertakings because these organizations utilize public funds and are accountable to multiple stakeholders, including the Government, Parliament, investors, lenders, employees, and the general public. High-quality financial reporting enables stakeholders to evaluate an organization's financial position, operational performance, resource utilization, and long-term sustainability.

The implementation of Indian Accounting Standards has significantly improved the quality of financial reporting in PSUs by introducing standardized recognition, measurement, presentation, and disclosure requirements. Harmonized accounting standards enhance the comparability of financial statements across organizations and improve the credibility of reported financial information. They also facilitate better decision-making by investors, regulatory authorities, financial institutions, and policymakers.

Furthermore, comprehensive financial reporting enables management to evaluate organizational performance, identify operational risks, allocate resources efficiently, and comply with statutory requirements. Since many PSUs operate in highly capital-intensive industries, reliable financial reporting is essential for maintaining public trust and ensuring efficient utilization of government resources.

C. Accountability and Transparency in PSUs

Accountability and transparency constitute the fundamental principles of financial management in Public Sector Undertakings. As custodians of public resources, PSUs are expected to present complete, reliable, and unbiased financial information through their annual reports. Transparent financial reporting promotes public confidence, supports informed decision-making, and enables effective monitoring by government authorities and other stakeholders.

To strengthen accountability, the financial statements of PSUs are subject to statutory audit as well as supplementary audit by the Comptroller and Auditor General (C&AG) of India. The C&AG examines whether financial statements have been prepared in accordance with the Companies Act, applicable accounting standards, and other statutory provisions. Audit observations often identify deficiencies in accounting policies, recognition of liabilities, disclosures, and compliance with regulatory requirements, thereby encouraging organizations to improve the quality of financial reporting.

The convergence of Indian Accounting Standards with IFRS has further enhanced transparency by requiring more detailed disclosures relating to financial instruments, fair value measurement, revenue recognition, employee benefits, leases, impairment of assets, and contingent liabilities. These additional disclosure requirements improve the usefulness of financial statements and enable stakeholders to obtain a more comprehensive understanding of an organization's financial performance and financial position.

Overall, the adoption of harmonized accounting standards, together with statutory oversight by regulatory authorities and the C&AG, has strengthened accountability, improved transparency, and enhanced the reliability of financial reporting practices followed by Indian Public Sector Undertakings.

V. IMPACT OF ACCOUNTING STANDARDS HARMONIZATION ON SELECTED PSUS

The convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS) has significantly influenced the financial reporting practices of Public Sector Undertakings (PSUs) in India. The adoption of harmonized accounting standards has improved consistency in accounting policies, enhanced transparency in financial reporting, strengthened corporate governance, and increased the comparability of financial statements across organizations. Since Maharatna PSUs represent the largest government-owned enterprises in India, they provide an appropriate basis for evaluating the practical impact of accounting standards harmonization. This section examines the implementation of Ind AS in selected Maharatna PSUs by analysing their accounting policies, disclosure practices, and regulatory compliance based on publicly available annual reports and audit observations.

A. Selection of Maharatna PSUs

The present study focuses on selected Maharatna Public Sector Undertakings because these enterprises possess substantial operational scale, significant government ownership, and comprehensive financial reporting systems. Maharatna companies operate in strategic sectors of the Indian economy and are required to prepare financial statements in accordance with Indian Accounting Standards (Ind AS).

For the purpose of this study, the following Maharatna PSUs were selected:

Table 2. Profile of Selected Maharatna Public Sector Undertakings

PSU	Sector	Ownership	Maharatna Status	Applicable Reporting Framework
ONGC	Oil & Gas Exploration	Government of India	Yes	Ind AS
IOCL	Petroleum Refining & Marketing	Government of India	Yes	Ind AS
NTPC	Power Generation	Government of India	Yes	Ind AS
SAIL	Steel Manufacturing	Government of India	Yes	Ind AS
BHEL	Heavy Engineering	Government of India	Yes	Ind AS
Coal India Ltd.	Coal Mining	Government of India	Yes	Ind AS
HPCL	Petroleum Marketing	Government of India	Yes	Ind AS
GAIL	Natural Gas Transmission	Government of India	Yes	Ind AS

These organizations were selected because they represent different industrial sectors and publish comprehensive annual reports containing detailed accounting policies, financial statements, notes to accounts, auditor's reports, and corporate governance disclosures.

B. Adoption of Ind AS

The selected Maharatna PSUs have adopted Indian Accounting Standards (Ind AS) in accordance with the Companies (Indian Accounting Standards) Rules, 2015. The transition from Indian GAAP to Ind AS has introduced significant improvements in financial reporting by establishing uniform accounting principles for recognition, measurement, presentation, and disclosure of financial information.

The implementation of Ind AS has particularly influenced areas such as:

- Revenue recognition
- Property, Plant and Equipment (PPE)
- Financial instruments
- Employee benefit obligations
- Lease accounting
- Fair value measurement
- Impairment of assets
- Consolidated financial statements

The adoption of these standards has enhanced comparability among public sector enterprises and aligned their financial reporting practices with internationally accepted accounting principles. However, the transition also required substantial modifications in accounting systems, employee training, valuation techniques, and information technology infrastructure.

C. Changes in Accounting Policies

The implementation of Ind AS has resulted in several changes in the accounting policies adopted by Maharatna PSUs. Earlier, financial statements were prepared primarily under historical cost principles prescribed by Indian GAAP. Following Ind AS implementation, organizations increasingly adopted fair value measurement and principle-based accounting practices.

Major changes include:

- Greater use of fair value for financial assets and liabilities.
- Revised revenue recognition based on contractual obligations.
- Recognition of expected credit losses on financial assets.
- Enhanced accounting for employee retirement benefits.
- Recognition of lease assets and lease liabilities.
- Comprehensive impairment testing for assets.
- Improved accounting for financial instruments and investments.

These policy changes have improved the relevance and reliability of financial statements by providing a more realistic representation of an organization's financial position. They have also reduced inconsistencies in accounting practices among different enterprises, thereby improving comparability across the public sector.

D. Disclosure Practices

One of the most significant outcomes of accounting standards harmonization has been the substantial improvement in financial disclosures. Under Ind AS, Maharatna PSUs provide more detailed information regarding accounting policies, financial assumptions, estimates, risks, and management judgments.

Table 3. Ind AS Compliance and Disclosure Practices of Selected PSUs

PSU	Ind AS Adopted	Accounting Policy Disclosure	Fair Value Disclosure	Risk Management Disclosure	CSR & Governance Disclosure	Overall Compliance
ONGC	Yes	Comprehensive	Yes	Yes	Yes	High
IOCL	Yes	Comprehensive	Yes	Yes	Yes	High
NTPC	Yes	Comprehensive	Yes	Yes	Yes	High
SAIL	Yes	Comprehensive	Yes	Yes	Yes	High
BHEL	Yes	Comprehensive	Yes	Yes	Yes	High
Coal India	Yes	Comprehensive	Yes	Yes	Yes	High
HPCL	Yes	Comprehensive	Yes	Yes	Yes	High
GAIL	Yes	Comprehensive	Yes	Yes	Yes	High

The annual reports of selected PSUs generally include disclosures relating to:

- Significant accounting policies.
- Basis of preparation of financial statements.
- Financial risk management.
- Fair value hierarchy.
- Segment reporting.
- Revenue recognition policies.
- Related-party transactions.
- Contingent liabilities and commitments.
- Employee benefits.
- Corporate governance.
- Sustainability and Corporate Social Responsibility (CSR).

Enhanced disclosure requirements improve the transparency of financial statements and enable investors, regulators, lenders, and other stakeholders to better evaluate organizational performance and financial risk. The increased level of disclosure has also strengthened corporate governance and improved stakeholder confidence in public sector financial reporting.

E. Role of C&AG in Financial Reporting

The Comptroller and Auditor General (C&AG) of India plays an important role in ensuring accountability and transparency in the financial reporting of Public Sector Undertakings. In addition to statutory audits conducted by independent auditors, the financial statements of Central Public Sector Enterprises are subject to supplementary audit by the C&AG under the provisions of the Companies Act.

Table 4. C&AG Observations and Major Accounting Issues

Area Reviewed	Common C&AG Focus	Impact on Financial Reporting
Compliance with Ind AS	Verification of accounting standard compliance	Improves consistency
Revenue Recognition	Proper recognition and measurement	Accurate income reporting
Property, Plant & Equipment	Capitalization and depreciation	Reliable asset valuation
Financial Instruments	Classification and valuation	Better financial transparency

Employee Benefits	Recognition of pension and gratuity liabilities	Fair presentation of obligations
Contingent Liabilities	Adequate disclosure	Better stakeholder awareness
Internal Financial Controls	Evaluation of financial controls	Improved governance
Notes to Accounts	Completeness of disclosures	Greater transparency
Statutory Compliance	Compliance with Companies Act and MCA rules	Enhanced accountability

The C&AG primarily examines:

- Compliance with applicable accounting standards.
- Accuracy of financial statements.
- Adequacy of accounting disclosures.
- Proper recognition and measurement of assets and liabilities.
- Compliance with statutory and regulatory provisions.
- Effectiveness of internal financial controls.

Audit observations issued by the C&AG encourage organizations to strengthen financial reporting practices by correcting accounting deficiencies, improving internal controls, and enhancing compliance with accounting standards. Consequently, the C&AG contributes significantly to improving the credibility and reliability of financial information disclosed by Public Sector Undertakings.

F. Comparative Summary of Selected PSUs

The comparative analysis of selected Maharatna PSUs indicates that accounting standards harmonization has substantially improved the consistency and quality of financial reporting across different sectors. Although the nature of operations varies among these organizations, the implementation of Ind AS has established a common framework for financial reporting, thereby improving comparability and transparency.

Table 5. Overall Comparative Analysis of Accounting Practices

Evaluation Parameter	Before Harmonization (Indian GAAP)	After Harmonization (Ind AS)
Accounting Framework	National Standards	IFRS-converged Standards
Financial Statement Comparability	Moderate	High
Disclosure Quality	Moderate	High
Fair Value Accounting	Limited	Extensive
Financial Instrument Reporting	Basic	Comprehensive
Corporate Governance Reporting	Moderate	Enhanced
Transparency	Moderate	High
Stakeholder Confidence	Moderate	High
International Acceptance	Limited	High
Overall Financial Reporting Quality	Good	Very Good

The comparative assessment demonstrates that the implementation of Ind AS has enabled Maharatna PSUs to follow standardized accounting policies, improve disclosure quality, and strengthen financial transparency. While minor differences continue to exist because of industry-specific accounting requirements, the overall level of harmonization has significantly enhanced the consistency and credibility of financial reporting among Indian Public Sector Undertakings. This standardized reporting framework facilitates better decision-making by investors, regulators, government agencies, and other stakeholders while promoting greater accountability in the management of public resources.

VI. FINDINGS AND DISCUSSION

The analysis of selected Maharatna Public Sector Undertakings indicates that accounting standards harmonization has brought significant improvements in financial reporting practices in India. The convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS) has established a standardized framework for the recognition, measurement, presentation, and disclosure of financial information. As a result, the selected PSUs demonstrate greater consistency in accounting policies, enhanced financial disclosures, and improved transparency compared with the earlier Indian GAAP framework. At the same time, the implementation process has required considerable organizational changes, including modifications to accounting systems, employee training, and compliance procedures. The findings of the study are discussed under the following themes.

A. Positive Impact of Harmonization

The study indicates that accounting standards harmonization has positively influenced the financial reporting practices of selected Public Sector Undertakings. The adoption of Ind AS has introduced uniform accounting principles that improve the consistency and comparability of financial statements across different organizations and industrial sectors.

One of the major benefits observed is the enhancement of financial statement transparency. The selected PSUs provide more comprehensive disclosures regarding accounting policies, financial instruments, fair value measurement, related-party transactions, contingent liabilities, and risk management practices. These disclosures enable investors, government agencies, lenders, and other stakeholders to obtain a clearer understanding of an organization's financial position and operating performance.

Table 6. Summary of the Impact of Accounting Standards Harmonization on Selected PSUs

Dimension	Observed Impact
Financial Reporting Quality	Improved through standardized accounting policies
Comparability	Increased among PSUs and international companies
Transparency	Enhanced through additional disclosures
Accountability	Strengthened by Ind AS compliance and C&AG oversight
Investor Confidence	Improved due to internationally accepted reporting practices
Corporate Governance	Better monitoring and disclosure mechanisms
Implementation Cost	Increased during transition period
Professional Training	Significant need for capacity building

Regulatory Compliance	Improved through ICAI and MCA guidelines
Overall Assessment	Positive impact outweighs implementation challenges

The implementation of harmonized accounting standards has also strengthened corporate governance by promoting greater accountability in financial reporting. Standardized accounting policies reduce variations in accounting treatments and improve the reliability of reported financial information. Consequently, stakeholders can compare the financial performance of different enterprises using a common reporting framework.

Another important finding is the increased international comparability of financial statements. Since Ind AS is substantially converged with IFRS, Indian Public Sector Undertakings now prepare financial statements that are more understandable to international investors and financial institutions. This enhances investor confidence and supports cross-border investment opportunities.

Overall, the study suggests that accounting standards harmonization has contributed significantly to improving the quality, credibility, and usefulness of financial reporting within Indian Public Sector Undertakings.

B. Challenges Faced by PSUs

Despite the benefits of harmonization, the study identifies several challenges encountered by Public Sector Undertakings during the implementation of Ind AS.

The first challenge relates to the complexity of new accounting standards. Ind AS introduces principle-based accounting and extensive disclosure requirements, which require greater professional judgment compared with the earlier rule-based Indian GAAP. Consequently, organizations need experienced accounting professionals capable of interpreting and applying the standards appropriately.

Another major challenge involves the modification of existing accounting systems and information technology infrastructure. Many PSUs were required to upgrade their enterprise resource planning (ERP) systems, financial reporting software, and internal control mechanisms to comply with Ind AS reporting requirements. These changes increased implementation costs, particularly during the initial transition period.

Employee training and capacity building also emerged as important challenges. Accounting personnel, auditors, finance managers, and senior executives required continuous professional development to understand the technical requirements of Ind AS, especially in areas such as fair value measurement, financial instruments, impairment testing, lease accounting, and revenue recognition.

The study further indicates that industry-specific business operations sometimes create practical difficulties in applying uniform accounting standards. Since Maharatna PSUs operate in diverse sectors such as petroleum, power generation, mining, engineering, and steel manufacturing, certain accounting issues require sector-specific interpretation while maintaining compliance with standardized accounting principles.

C. Practical Issues in Ind AS Implementation

The implementation of Ind AS has presented several practical issues for Public Sector Undertakings despite the availability of comprehensive regulatory guidance.

One practical issue is the extensive use of fair value measurement. Determining fair values for complex financial assets, liabilities, and specialized infrastructure assets often requires independent valuation experts, increasing both cost and implementation complexity.

Another challenge concerns the application of accounting standards relating to financial instruments, expected credit loss models, lease accounting, employee benefits, and impairment testing. These areas require sophisticated financial analysis and continuous reassessment, making financial reporting more technically demanding than under the previous accounting framework.

The preparation of comparative financial statements during the transition period also required significant effort. Organizations were required to restate previous financial information, revise accounting policies, and explain the impact of transition adjustments through detailed reconciliations and additional disclosures.

Furthermore, maintaining compliance with multiple regulatory requirements remains an ongoing challenge for Public Sector Undertakings. In addition to complying with Ind AS, PSUs must satisfy the provisions of the Companies Act, 2013, guidelines issued by the Ministry of Corporate Affairs (MCA), accounting guidance issued by the Institute of Chartered Accountants of India (ICAI), and audit requirements prescribed by the Comptroller and Auditor General (C&AG). Coordinating these regulatory obligations requires effective governance mechanisms and strong internal financial controls.

Despite these implementation challenges, the overall findings indicate that the long-term benefits of accounting standards harmonization outweigh the associated costs. The adoption of Ind AS has strengthened financial reporting quality, enhanced transparency and accountability, improved comparability of financial statements, and increased stakeholder confidence in the financial reporting practices of Indian Public Sector Undertakings.

CONCLUSION

Accounting standards harmonization has become an essential component of financial reporting reforms in India. The convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS) has significantly strengthened the quality, consistency, and comparability of financial reporting across Indian enterprises, including Public Sector Undertakings (PSUs). The transition from Indian GAAP to Ind AS has introduced internationally accepted accounting principles while preserving compliance with India's legal and regulatory framework. As a result, financial statements prepared by PSUs now provide more comprehensive disclosures, greater transparency, and improved reliability, thereby enhancing stakeholder confidence and supporting informed decision-making.

The analysis of selected Maharatna Public Sector Undertakings indicates that accounting standards harmonization has positively influenced accounting practices by promoting standardized accounting policies, improved disclosure requirements, enhanced corporate governance, and greater financial accountability. Although organizations have encountered challenges relating to implementation costs, professional training, fair value measurement, and regulatory compliance, the long-term benefits of harmonized accounting standards substantially outweigh these initial difficulties. Overall, accounting standards harmonization has contributed significantly to strengthening financial reporting practices in Indian Public Sector Undertakings and aligning them with globally accepted accounting principles.

A. Major Findings

The major findings of the study are summarized as follows:

- India has successfully implemented accounting standards harmonization through the convergence of Indian Accounting Standards (Ind AS) with International Financial Reporting Standards (IFRS).
- The adoption of Ind AS has significantly improved the quality, consistency, and comparability of financial reporting among Public Sector Undertakings.
- Selected Maharatna PSUs have largely adopted standardized accounting policies and enhanced disclosure practices in accordance with regulatory requirements.
- Harmonized accounting standards have strengthened transparency, accountability, and corporate governance by improving the reliability of financial information.
- The Comptroller and Auditor General (C&AG), Ministry of Corporate Affairs (MCA), and Institute of Chartered Accountants of India (ICAI) play important roles in ensuring effective implementation and compliance with accounting standards.
- Despite implementation challenges, accounting standards harmonization has enhanced stakeholder confidence and improved the international acceptability of financial statements prepared by Indian PSUs.

B. Suggestions

Based on the findings of the study, the following suggestions are proposed:

- Public Sector Undertakings should continue strengthening their compliance with Ind AS by regularly updating accounting policies in accordance with amendments issued by regulatory authorities.
- Continuous professional training should be provided to accounting professionals, auditors, and finance executives to improve their understanding of emerging accounting standards and financial reporting requirements.
- Organizations should strengthen internal financial controls and information technology systems to support accurate and efficient implementation of Ind AS.
- Greater emphasis should be placed on transparent disclosures relating to financial instruments, risk management, fair value measurement, sustainability reporting, and corporate governance.
- Regulatory authorities should continue issuing implementation guidance and industry-specific clarifications to minimize practical difficulties in applying accounting standards.
- Periodic reviews of accounting practices should be conducted to ensure continuous improvement in financial reporting quality and regulatory compliance.

C. Limitations

The present study has certain limitations that should be considered while interpreting the findings.

- The study is based entirely on secondary data obtained from published annual reports, accounting policies, regulatory publications, and audit observations.
- Only selected Maharatna Public Sector Undertakings have been considered; therefore, the findings may not be fully representative of all Central and State Public Sector Enterprises.
- The study primarily focuses on accounting standards harmonization and financial reporting practices rather than evaluating the financial performance or operational efficiency of the selected organizations.
- Since accounting standards and regulatory requirements continue to evolve, the findings represent the situation during the study period and may require revision as new standards are introduced.

D. Scope for Future Research

The present study provides several opportunities for future research in the area of accounting standards harmonization.

Future studies may include a larger sample comprising Maharatna, Navratna, and Miniratna Public Sector Undertakings to provide a more comprehensive assessment of accounting practices across different categories of government-owned enterprises. Comparative studies may also be conducted between Public Sector Undertakings and private sector companies to examine differences in Ind AS implementation and financial reporting quality.

Researchers may further investigate the impact of accounting standards harmonization on financial performance, market valuation, investor confidence, earnings quality, and corporate governance using quantitative research methods. In addition, future studies may explore sector-specific accounting issues relating to banking, insurance, infrastructure, and energy industries or examine the relationship between accounting standards harmonization and emerging areas such as sustainability reporting, Environmental, Social and Governance (ESG) reporting, integrated reporting, and digital financial reporting.

Overall, continued research in this area will contribute to improving accounting practices, strengthening regulatory policies, and enhancing the quality of financial reporting in India's corporate sector.

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