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Benefits of Adoption of IFRS in Indian Banking Industry: Perspective of Various Stakeholders

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Abstract – The idea of accounting is starting to be essential in the banking industry of India. Because of the Globalisation there's should move hand in hand based on the brand new standards and regulations established for banking sector. In the present situation banks will also be coping with the international market so it is likewise essential to keep the profiles based on the International standards in India. Therefore there's should follow IFRS in Indian banking industry for more effective globalised future. In this particular newspaper, an effort is created revealing the end result of evaluation of collected information from officials of the selected banks. For analyzing the information, both easy and advance statistical tools was used. In several instances easy statistics as typical, percentage, weighted typical and mean score was put on.

Keywords: Banks, Stakeholders, IFRS, Accounting

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1. INTRODUCTION

International Financial Reporting Standards (IFRS) are specially designed as a typical worldwide language for internet business matters therefore business accounts are comparable and understandable across international borders. They're a result of growing international industry and shareholding and are especially essential for businesses with dealings in many places. They're progressively replacing the number of national accounting requirements. The guidelines being followed by accountants to keep publications of accounts that is relevant, reliable, understandable, and comparable as per the people internal or external.

A economic reporting process dependent on good governance, high quality standards, and firm regulatory framework is the primary key to economic development. Certainly, good economic reporting requirements underline the confidence that investors place in fiscal reporting info and therefore play a crucial part in leading to the economic development of a nation. Needless to point out, internationally accepted accounting requirements play a significant part in this overall procedure.

It's in this context which the role of an unbiased, worldwide standard-setting body like the International Accounting Standards. Board (IASB) is of vital importance. The primary goals of the IASB are:

- To produce one set of quality that is high, understandable, enforceable and also worldwide recognized global economic reporting requirements (IFRSs) via the standard setting body of its, the IASB;
- In order to promote the use and arduous application of those standards;
- In order to take account of the fiscal reporting requirements of emerging economies and medium-sized and small entities (SMEs); and also
- To result in convergence of national accounting requirements and IFRSs to good quality strategies.

1.1 Implications of International Financial Reporting Standards (IFRS) in Banks

- **Loan or Investment Impairment:** Currently, banks consider provisions on loans dependent on RBI recommendations, that are really prescriptive & need restricted use of judgment. Nevertheless, IFRS takes a case by case assessment (for substantial exposures) of the facts as well as circumstances that involve the recoverability as well as timing of succeeding cash flows associated with the credit exposure.

- **Fair Value:** Under IFRS, a major fraction of the balance sheet will need to be good valued as compared to the present exercise of holding it at historic price or smaller compared to fair value or the price. Appropriately, reasonable benefit methodologies as well as methods will have to be reexamined to make sure they're current, updated and are validated and again analyzed in current industry conditions.

- **Derivatives and Hedge Accounting:** Application of hedge accounting would take down decreasing income statement volatility. Nevertheless, this can involve stringent and onerous proof needs, necessary efficiency examinations as well as determination of reasonable value dependent on observable inputs.

- **De Recognition of Financial Assets:** Under IFRS, de recognition of financial property is an intricate, multi layered spot which uses the concept of transfer of rewards as well as consequences. In the Indian context, which is going to impact primarily the securitization actions? Securitization transactions wherein credit collaterals are furnished or maybe guarantee is offered covering recognition losses in excess of the losses natural in the profile of property securitized might not match the de recognition concepts enunciated within IAS.

2. LITERATURE REVIEW

Chopra, Singhal and A., S. (2016) [1] provides the awareness the main changes in accounting standards with regard to the analysis of its of revenue recognition, inventory valuation, company combinations etc. Additionally they discusses the difficulties in the very first time adoption of Ind AS.

Garg, K. (2016) [2] States the demand for this particular convergence of IFRS with IND AS and also provides? detailed assistance on most accounting standards in IND AS. Additionally, it provides the brief thought on different accounting standards in the planning of financial statements.

Singh, (2016) [3], in his article noted a statement made by the RBI,which mentioned the? IND AS implementation is apt to possess a major effect on the fiscal reporting systems and procedures and thus these modifications have being designed, managed, analyzed as well as performed in advance of the implementation date.

Ghose, Prahaladka and S, A. (2015) [4] In principle of huge Carve and GAAP with IFRS Outs reveals that implementation of IND AS can have adequate impact on practice of the business, Informational Technologies feature, inner monetary systems, income taxes, remuneration policies as well as plans depending on the agreement. It offers the primary key aim and outputs associated with each phase for example designing & planning, remedy development etc.

Woods and Weaver (2015) [5] discover that the hindrance happen during implementation of IFRS entails lack of training and education, securing executive level assistance, responding and identifying to the wider business related implications of the change, along with problems with capturing the essential info for reporting below IFRS.

Dugar, Tripathi as well as P., V. (2015) [6] discovered that there's a terrific effect on the importance of PPE because of changes brought about depreciation as a result of convergence. It's discovered that substantial parts of a property, equipment and plant may be depreciated individually or separately.

Vedanandamurthy, (2015) [7] implies which particular issues will likely be experienced by the stakeholders as a result of the convergence of the current Indian accounting requirements with IFRS. despite the fact that the convergence has numerous issues and problems still the gains outweighing the issues that might be experienced, therefore, strongly suggesting the implementation of IFRS in India.

Delloitte, (2015) [8], focused the Board and also audit board participants have a really essential part in the real management of the business. By most appropriate development and training panel members must be well prepared for transition phase. Their oversight and knowledge will help the decision makers of the firm to get around as well as run the chances, issues efficiently and effectively through dependable financial info on the investors on time.

3. AIM OF THE STUDY

The main purpose of this study is to the adoption of IFRS in Indian Banks & its associated benefits to various stakeholders.

4. RESEARCH METHODOLOGY

In the current study, largely exploratory investigation design had been used, as the main objective of this particular analysis was gaining familiarity with the different areas of IFRS adopted by banking businesses of India and also in order to attain new insights to it.

4.1 Data Collection

Main data was collected from the well structured detailed questionnaire by using 6 selected top Banks viz., State Bank of India, Punjab National bank, Central Bank of India, HDFC bank, ICICI Bank and Axis bank. All these selected Banks have been using extremely complex method of IFRS.

5. RESULTS & DISCUSSION

5.1 IFRS Makes the Process Simple for Preparing Financial Statements (Individual/Group)

Significance value (.000) in Exhibit No.4.32 clearly suggested that there is significant connection between IFRS will streamline the procedure of preparing someone along with team financial claims as well as the selected life insurance companies of India.

Table 1: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	201.178	4	50.295	6.186	.000
Within Groups	1032.542	127	8.130		
Total	1233.720	131			

Post hoc analysis (Exhibit No. 4.33 IFRS and) will streamline the procedure of preparing someone along with team fiscal statements v/s banks discovered the workers of Punjab National Bank had regarded as the above mentioned element more essential for accounting apart from the employees of different banks.

Table 2: Multiple Comparisons Dependent Variable

(I) Name of the Bank	(J) Name of the Bank	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
State Bank of India	Punjab National Bank	2.41	.741	.001	.95	3.88
	Central Bank of India	2.04	.807	.013	.44	3.63
	HDFC Bank	2.30	.771	.003	.78	3.83
	Axis Bank	-.71	.728	.333	-2.15	.73
	ICICI Bank	0.11	.799	.354	-2.15	.73
Punjab National Bank	State Bank of India	-2.41	.741	.001	-3.88	-.95
	Central Bank of India	-.38	.956	.696	-2.27	1.52
	HDFC Bank	-.11	.926	.905	-1.94	1.72
	Axis Bank	-3.12	.891	.001	-4.88	-1.36
	ICICI Bank	-2.3	.934	.596	-2.27	1.52
Central Bank of India	State Bank of India	-2.04	.807	.013	-3.63	-.44
	Punjab National Bank	.38	.956	.696	-1.52	2.27
	HDFC Bank	.26	.980	.788	-1.67	2.20
	Axis Bank	-2.74	.946	.004	-4.62	-.87
	ICICI Bank	-1.92	.958	.696	-1.52	2.27
HDFC Bank	State Bank of India	-2.30	.771	.003	-3.83	-.78
	Punjab National Bank	.11	.926	.905	-1.72	1.94
	Central Bank of India	-.26	.980	.788	-2.20	1.67
	Axis Bank	-3.01	.916	.001	-4.82	-1.20
	ICICI Bank	-2.19	.816	.905	-1.72	1.94
Axis Bank	State Bank of India	.71	.728	.333	-.73	2.15
	Punjab National Bank	3.12	.891	.001	1.36	4.88
	Central Bank of India	2.74	.946	.004	.87	4.62
	HDFC Bank	3.01	.916	.001	1.20	4.82
	ICICI Bank	0.82	.714	.333	-.73	2.15
ICICI Bank	State Bank of India	-0.11	.799	.354	-2.15	.73
	Punjab National Bank	2.3	.934	.596	-2.27	1.52
	Central Bank of India	1.92	.958	.696	-1.52	2.27
	HDFC Bank	2.19	.816	.905	-1.72	1.94
	Axis Bank	-0.82	.714	.333	-.73	2.15

* The mean difference is significant at the .05 level.

5.2 IFRS Makes Easier Internal Audit which is Cost Effective

Significance value (.000) in Exhibit No. 4.35 definitely depicts that we had a major connection between Internal Audit Easier & Cheaper for the selected banks.

Table 3: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	201.418	4	50.355	8.474	.000
Within Groups	754.665	127	5.942		
Total	956.083	131			

Post hoc analysis along with Internal Audit Easier & Cheaper mean score v/s banks discovered the workers of Axis Bank had regarded as the above mentioned element more essential for accounting accessibility apart from the employees of some other remaining banks.

Table 4: Multiple Comparisons Dependent Variable

(I) Name of the Bank	(J) Name of the Bank	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
State Bank of India	Punjab National Bank	-.02	.634	.978	-1.27	1.24
	Central Bank of India	-2.02	.690	.004	-3.38	-.65
	HDFC Bank	-1.46	.659	.028	-2.77	-.16
	Axis Bank	2.17	.622	.001	.94	3.40
	ICICI Bank	2.01	.622	.001	.94	2.40
Punjab National Bank	State Bank of India	.02	.634	.978	-1.24	1.27
	Central Bank of India	-2.00	.818	.016	-3.62	-.38
	HDFC Bank	-1.44	.792	.071	-3.01	.12
	Axis Bank	2.19	.762	.005	.68	3.70
	ICICI Bank	-1.68	.792	.071	-3.01	.56
Central Bank of India	State Bank of India	2.02	.690	.004	.65	3.38
	Punjab National Bank	2.00	.818	.016	.38	3.62
	HDFC Bank	.56	.838	.508	-1.10	2.21
	Axis Bank	4.19	.809	.000	2.59	5.79
	ICICI Bank	-.56	.838	.508	-2.21	1.10
HDFC Bank	State Bank of India	1.46	.659	.028	.16	2.77
	Punjab National Bank	1.44	.792	.071	-.12	3.01
	Central Bank of India	-.56	.838	.508	-2.21	1.10
	Axis Bank	3.63	.783	.000	2.09	5.18
	ICICI Bank	2.00	.818	.016	.38	3.62
Axis Bank	State Bank of India	-2.17	.622	.001	-3.40	-.94
	Punjab National Bank	-2.19	.762	.005	-3.70	-.68
	Central Bank of India	-4.19	.809	.000	-5.79	-2.59
	HDFC Bank	-3.63	.783	.000	-5.18	-2.09
	ICICI Bank	-2.20	.762	.005	-3.70	-.68
ICICI Bank	State Bank of India	2.01	.622	.001	.94	2.40
	Punjab National Bank	-1.68	.792	.071	-3.01	.56
	Central Bank of India	-.56	.838	.508	-2.21	1.10
	HDFC Bank	2.00	.818	.016	.38	3.62
	Axis Bank	-2.20	.762	.005	-3.70	-.68

* The mean difference is significant at the .05 level

5.3 IFRS Makes Business Risk Management Easier

Significance value (.000) plainly indicates that we had a major connection between facilitate much better business risk management as well as the selected banks.

Table 5: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	59.566	4	14.891	6.126	.000
Within Groups	308.699	127	2.431		
Total	368.265	131			

Post hoc analysis and facilitate much better business risk management v/s banks discovered the workers of Axis Bank had regarded as the above mentioned element more essential for accounting function compared to the employees of some other remaining banks.

Table 6: Multiple Comparisons Dependent Variable

(I) Name of the Bank	(J) Name of the Bank	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
State Bank of India	Punjab National Bank	.40	.405	.321	-.40	1.21
	Central Bank of India	-1.47	.441	.001	-2.34	-.60
	HDFC Bank	.01	.422	.972	-.82	.85
	Axis Bank	1.02	.398	.011	.24	1.81
	ICICI Bank	-1.98	.441	.001	-2.34	-.60
Punjab National Bank	State Bank of India	-.40	.405	.321	-1.21	.40
	Central Bank of India	-1.88	.523	.000	-2.91	-.84
	HDFC Bank	-.39	.507	.444	-1.39	.61
	Axis Bank	.62	.487	.206	-.34	1.58
	ICICI Bank	-1.01	.507	.444	-1.39	.61
Central Bank of India	State Bank of India	1.47	.441	.001	.60	2.34
	Punjab National Bank	1.88	.523	.000	.84	2.91
	HDFC Bank	1.49	.536	.006	.43	2.55
	Axis Bank	2.49	.517	.000	1.47	3.52
	ICICI Bank	1.72	.523	.000	.84	2.91
HDFC Bank	State Bank of India	-.01	.422	.972	-.85	.82
	Punjab National Bank	.39	.507	.444	-.61	1.39
	Central Bank of India	-1.49	.536	.006	-2.55	-.43
	Axis Bank	1.01	.501	.046	.02	2.00
	ICICI Bank	-1.13	.536	.006	-2.55	-.43
Axis Bank	State Bank of India	-1.02	.398	.011	-1.81	-.24
	Punjab National Bank	-.62	.487	.206	-1.58	.34
	Central Bank of India	-2.49	.517	.000	-3.52	-1.47
	HDFC Bank	-1.01	.501	.046	-2.00	-.02
	ICICI Bank	1.32	.398	.011	-1.81	-.24
ICICI Bank	State Bank of India	1.98	.441	.001	-2.34	-.60
	Punjab National Bank	1.01	.507	.444	-1.39	.61
	Central Bank of India	-1.72	.523	.000	.84	2.91
	HDFC Bank	1.13	.536	.006	-2.55	-.43
	Axis Bank	-1.32	.398	.011	-1.81	-.24

* The mean difference is significant at the .05 level

6. CONCLUSION

The idea of accounting is starting to be essential in the banking industry of India. The researcher has discovered the workers that are employed in the banking industry more or maybe a reduced amount of pleased with the brand new accounting requirements names IFRS. The IFRS is used by India in 2011 and also roadmap is created or perhaps the adoption of the approach but hasn't experienced desired focus out of the stake holders. It's important to be aware that all of the selected banks of India had been followed IFRS at or even above par than anticipated by the respective staff of theirs. Nevertheless, the notion amount of SBI workers was considerably greater compared to the workers of staying the selected banks of India.

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