

## **“GASAB to issue Accrual Basis Accounting Standards for Government”**

Government Accounting Standards Advisory Board (GASAB) set up by the Comptroller and Auditor General of India with a support of Ministry of Finance in its Fifteenth meeting held on 30 July 2008, took a landmark decision to develop Accrual basis Accounting standards for Government. The standards will be issued as ‘Indian Government Financial Reporting Standards (IGFRS)’ and on notification by Government of India will be applicable to Government of India and State Governments in preparation of accounts under Accrual basis accounting. These standards are envisaged to facilitate ongoing pilot studies for migration to Accrual Basis Accounting in Government of India and State Governments. These standards will initially be issued as recommendatory to facilitate transition to Accrual accounting. The Board has decided to develop standards on Accrual basis on the following topics:

IGFRS 1 : Framework for financial reporting under accrual basis accounting

IGFRS 2 : Property, Plant and Equipment

IGFRS 3 : Revenue from exchange transactions

IGFRS 4 : Inventories

IGFRS 5 : Provision, contingent liabilities and contingent assets

Government accounting in India follows Cash basis Accounting and GASAB has been formulating accounting standards for Union and the States under Cash basis accounting till now. Following 12<sup>th</sup> Finance Commission recommendations, Government of India has decided in principle, gradually to migrate to Accrual Basis Accounting. Twenty one State Governments have expressed their agreement to migrate to Accrual Basis Accounting. In this background the decision of GASAB to develop Accrual Basis Accounting standard basis assumes significance. On this occasion Ms. Bharti Prasad, Chairperson (GASAB) and Deputy Comptroller and Auditor General of India said

Accrual Basis IGASs will provide guidance for migration to Accrual Accounting to eventually lead to improved financial reporting in Government.

Shri V.N. Kaila, Controller General of Accounts, Ms. Sudha M Chobe, Financial Commissioner, Railways Shri Ved Jain, President, the Institute of Chartered Accountants of India, Ms. Indu Liberhan, Addl. Controller General of Defence Accounts, Shri Suman K Berry, Director General, National Council of Applied Economic Research (NCAER), Shri S.V. Raghavan, Chief General Manager, Reserve Bank of India, Principal Secretaries (Finance) from various State Governments and others from Ministry of Finance, Government of India, O/o Controller General of Defence Accounts, Department of Post and Department of Telecommunication participated in the Board Meeting.