

IFRS adoption discretionary for SMEs: MSME Ministry

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In a development that is ought to relieve SMEs from a lot of anxiety, minister of state for MSMEs Dinsha Patel has deemed it discretionary for SMEs to adhere to the International Financial Reporting Standards (IFRS). "This has been a very good development for SMEs because apart from warding off the complications of IFRS adoption, the decision has also saved SMEs a lot of time and money which would have gone into the process of shifting to IFRS," said Rajiv Gupta, vice-president of the Associated Chamber of Commerce and Industry of Uttar Pradesh to a Bizxchange correspondent. Significantly, Mr Patel had waived the need for IFRS adoption by SMEs on the grounds that the IFRS called for high expenditure on compliance with its standards. "Taking into account the numerous issues that small players like us are facing now because of high raw material prices in the domestic market and vulnerable economic situation of the international market, it is good that another mandate is not being forced on us by the government," said Dushyant Bhalla, owner of NSPL Impex, a small-sized unit in Jaipur which manufactures and exports readymade garments. However, according to a publication titled "IFRS for SMEs" released by the International Accounting Standards Board in August last year, IFRS is expected to reduce compliance costs and costs for making financial statements for SMEs. Sreemita Bhattacharya