

COMPLIANCE OF ACCOUNTING STANDARDS IN CENTRAL HIGHER EDUCATIONAL INSTITUTIONS IN INDIA

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ABSTRACT

The ministry of human resource development is ruled High education organizations in India and is funded by the central government and state government, as the government gives a big fund to academic institution, the government on that part, it wants to know how the academic organization using public funds. Similarly, other stakeholders such as management, general public, governing boards, etc. also want to know the use of funds. The financial details of high education organizations are lacking uniformity. They follow the different accounting practices, mostly they prepare their financial details according to the acts of whom they are registered but it does not address the concern of the stakeholders and government accounts, India's government has mandated that all central higher education organization and universities regulated by the UGC or receiving grants from UGC to apply on accrual basis of accounting and prepare their accounts as per the accounting standard released via ICAI from FY 2013-14 onwards has been compulsory. It is required to check whether the central high education organizations are following the accounting standards and the use of the impact of accounting. This study will help the government to take action further, central high education organization to improve their reporting, and the massive public, how to check that the selected organizations are using public funds.

Keywords: Education, Human Resource, Accounting Standard, Financial Statements, Accountability.

Introduction

The higher academic organizations are the top body to educate generations so long. In particular, high academic organizations have been seen significantly increased after independence. Organizations involve central universities, private universities, state universities, deemed universities, organizations of national importance and organizations under state department act. The government decided to take few actions, instead setting up a working group with nominations from MHRD and ICAI, and submitting a report on "implementation of accounting standards in higher academic organizations". The report recommended that total higher educational organizations should follow modified accrual accounting and financial details should be prepared in accordance with the accounting standards released via ICAL, MHRD has recommended for educational organizations (obtaining grants from UGC or has it compulsory to come under the regulatory purview of UGC), In order to follow the accrual basis of accounting for preparing their accounts, there are still a large number of educational organizations which maintain their accounts accordance the accrual basis of accounting because they are facing several problems in shifting from cash basis to accrual basis of accounting. The researcher has tried to indicate those problems with possible solutions.

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Literature Review

(Gupta, Akhtar and Chakladar,2017), researchers have tried to estimate the effect of IFRS on the financial details of Wipro limited, in this research, has been taken for study a duration of four financial years (2009-10 to 2014-15). Different financial proportions have been calculated to measure the effect of IFRS and Wilcoxon signed rank test has been applied to analyze the proportions. The results indicates that the implantation of IFRS influence the economic details of Wipro limited.

Susruth 2016, has lead a study to examine the effect of IFRS on the financial details and proportions of Glenmark Pharmaceuticals. Comparative economic details of Glenmark Pharmaceuticals under AS and IFRS have been prepared and compared. Comparison of different financial proportions has also been done. This research concludes that under AS and IFRS, there is a considerable disparity in accounting data.

Shukla 2015, this research has been done to investigate the effect of the implementation of IFRS on 10 Indian companies. Calculation and analysis of different financial ratios related to operational activities, loan covenant, financial risk and investment activities have been done using t-test. The results indicate that IFRS has no significant effect on the financial proportion of the selected Indian companies.

Buddy,1999, this research is related to the investigation of economic performance of six higher academic organizations, which comes in the regulatory purview of the Oklahoma colleges board of regents. The data is collected via the financial details of the respective education organizations and analyzed via different financial proportion to evaluate three key sectors: activity, liquidity and profitability. The trend of proportion of the individual organization of more than 5 years has been examined and inter-institutional analysis has been done. In this research, the financial proportion is a great tool to make better decisions.

Hassan, 2013, this research is related to the inflation of businessmen and educationists regarding the implementation of the accrual accounting in public area. The researcher has analyzed the perception by the literature review. The result of the research shows that businessmen are in favor of implementing the appropriate accounting in the public area while the one: Educationists is not in favor of the accrual accounting rather than working together to implement accrual accounting, both of them have their own plans.

Bdour, Momany and Qaqish, 2005, this research deals with the perception of fiancé executives and accountants working in Jordan's health and academic area, raw data was collected by 611 questionnaires filled out by accountants and finance officers of both the sectors. Two groups of users and non-users of accrual accounting have been recognized using aggregate reactions. The results indicate a disparity in the perceptions of both groups in relation to the implementation of the accrual accounting, but both the teams are in favor of the implementation of accrual accounting.

Higher Education Institutions

Studying at ad above the level of secondary education is known as higher education. Organizations of higher learning involve not only universities, colleges, but also include professional schools in field like commerce, divinity, medical, legal philosophy, business, music, graphics etc. high academic provides a way to find out the thoughts and ideas of a person. Higher academic helps to develop the mental abilities of the person as well as improves the quality of livelihood of the person. After the United States and China, India's higher education organization is the 3rd largest in the world. After independence, the higher academic system has increased significant. Some higher educational organizations were started before independence such as Banaras Hindu University, Aligarh Muslim University, Allahabad University, Jamia Milia lalamia, Visva bharati University or Delhi university. The ministry of human resource development, India's government is ruled to higher education organization in India. Many especially central universities are started by the central government and state government was installed the state universities and colleges. The central government is responsible for declaration of deemed university, the central government makes crucial policies related to higher academic and gives funds to UGC and UGC ahead disburse the funds to universities. The higher academic organization is widely covered by the department of high school, ministry of human resource development. India's government and the wide governing body is the university grants commission because all public universities are ruled and funded by UGC. Courses started by the universities and colleges are controlled by 15 business councils. All India council for technical education (AICTE), council for architecture (COA), national council for teacher education (NCTE), bar council of India (BCI) etc. recognition of higher academic organizations is

done by recognized organizations. National assessment and accreditation council (NAAC) and national accreditation board (NBA) are the two main recognized bodies. NAAC has been started by UGC and NBA has been founded by the AICTE. According to UGC regulation 2012, total high academic organizations should be recognizing by a recognized body.

Accounting V/S Higher Educational Institutions

According to new setup of financial details released by MHRD for central high academic organizations, the following incomes i.e. fees from students (excluding coaching fees) sale of entry forms, royalty and interest on savings bank account can be recognized on cash basis. Therefore, while preparing check list, a tick has been given on accrual basis of accounting even if the above income/expenditure is treated under cash basis of accounting, but excluding these incomes if any expenditure/revenue is considered under cash basis. Unless the academic organization is following full cash basis of accounting, it shall be treated as hybridization of accounting. It is very clear that the accrual basis of accounting is dominated by the cash basis of accounting, however, there are many educational organizations that are not following the provision of the accounting. Some reasons have been listed above and potential solutions are also suggested. MHRD now has a main role because even after the MHRD order, there are many academic organizations that are not following the accrual base of accounting. If the MHRD ministry, in collaboration with ICAI, conducts capacity building programs to train the employees and keeps a watch on the accounting process of academic organizations, then a complete migration from cash to accrual will be possible. After all we can say that in the field of education, complete migration from cash to accounting on accrual basis will take years. But it is worth mentioning that we are developing nation and we accept the changes slowly but surely. It is estimated that soon the academic area will completely shift from cash to accrual basis of accounting. With few efforts from MHRD, UGC and the academic organizations themselves, moving from cash based on accounting to accrual basis is possible. As far as accounting standards are concerned, the accounting released by the Indian chartered accountant institute (ICAI) leads accounting practice. Accounting standards are revised at time to time by the accounting board (ASB). Educational organizations are compulsory to follow the accounting standards released by ICAI, though there is Ind-AS and IFRS but the government has command to academic organizations to follow the accounting standards. Accounting standard compares the financial details of different academic organization. Accounting standard ensures more transparency and continuity accounting in financial reporting makes more financial details more reliable to users of financial details.

Present Position of Compliance of Accounting Standards in Higher Educational Institutions

Among the selected central higher academic organizations, most of the organizations are following the accrual basis of accounting, whereas, in India the higher academic organizations in general have a huge number of high academic organizations that are not following the provision of the accounting today. The implementation of the accrual accounting in the Indian academic field is a challenging task, because so the cash base of accounting has been followed by the academic field for so many years. There are many challenges to move on the accrual basis of accounting on the cash base in front of high academic organization such as, lack of trained employees, not updated system, lack of inspiration, lack of support from top management etc. along with these challenges, here are slowly but the surely the Indian academic field will be completely transferred on the basis of accounting on account with cash. Transfer on the accrual basis of accounting cash base, with some efforts of MHRD, UGC and self-educational organization. About 25% of the respondents said that their high academic organizations are not even following the provision of accounting standards and accounting. Most respondents agree with the advantages of accrual basis of accounting but 58% of the respondents said that it is difficult to convert financial accounts from cash basis to accrual basis of accounting.

Conclusion and Suggestions

Most of the accounting professionals said that there is a dearth of qualified accountants who have adequate knowledge and experience of accounting standards and professional management accounting. Many high academic organizations are not giving online financial details online, but they are required to publish their reports online. When the researcher personally visited some high academic organizations to collect assumption of the accounting professionals of those organizations, it was found that many accountants were not even aware of the MHRD's order. they were confused by the conception of accrual accounting were not familiar and accounting standards and they are following cash base of accounting to maintain their accounts. From the study it has

been seen that ant central higher academic organization is fully adhering to the accounting standards released by ICAI and the new concept of financial details as suggested by MHRD, hence for good disclosure practices ICAI, MHRD and some suggestions have been giving to higher academic organizations.

Suggestions to ICAI

Undoubtedly, ICAI has contributed immensely in the implementation of accounting standards in higher academic organizations. ICAI has made a notable initiative as the organization of accounting standards in the academic organization, to provide many workshops in various higher academic organizations across India: university Visvesvaraya college of engineering (Bangalore), Maulana Azad national Urdu university (Hyderabad), national institute of Ayurveda (Jaipur), IIT Mumbai etc. but, it is long route to go and ICAI form of workshops, training, conferences, capacity making program etc.

India's education field id big and it is almost impossible to cover every academic organization but ICAI should cover the academic field of India as much as possible.

Consciousness campaign should be undertaken to make sure maximal participation so that every academic organization in India can receive advantage of workshops and capability making programs organized via ICAI.

Training equipment should also be supply for great understanding and easy implantation in workshops and capability making program.

ICAI must be open a web portal where any academic organization can raise questions in relation to the implementation of accounting standards and accrual accounting.

Suggestions to Ministry of Human Resource Development (MHRD)

The ministry of human resource development should held seminars, conference, workshops and capability making programs to train accounting professional of academic organizations in cooperation with ICAI.

MHRD must keep a close watch on academic organizations to check in case they are make ready their accounts according the guideline.

The ministry of human resource development should make sure that total high academic organizations are revealing their financial details on their web sites at the time.

The ministry of human resource development should make it mandatory for every higher academic organization to participate in seminars, workshops, conferences or capability making programs.

Accounting standards should be compulsory for total high academic organization, including private universities and private educational organization to make the accounting mode more transparent.

Offer workshops, seminars and capability making programs on implementation of accounting standards and new setup of financial details.

MHRD, India's government should giving adequate monetary resources to higher academic organizations so that they can train their employees, recruit more capable staff, give updated IT system etc.

Internet audit system should be made mandatory for academic organization to make sure financial security, Reliability and very little chance of flaws.

Suggestions to Higher Educational Institutions

On- the-job training should also be done on industrial training as well as to provide ability to introduce the employee accounting conception and to develop their ability to deal with any type of conversion time, from the cash to the accrual basis of accounting. To make sure rapid implementation of accounting standards and the accrual accounting, new efficient and competent accounting employees should be recruited. The accounting employees of academic organizations should be provided with updated IT systems and software. Adequate number of accounting staff should be recruited in the academic organization so that the workload is not put on the existing staff.

Accounting department should be full support of top management as providing adequate fiancé, updated software, other essential infrastructure, healthy and pleasant environment etc. Higher academic organizations should make sure a accomplished internal audit arrangement in their academics for improving efficiency in operations

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