

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2643
ANSWERED ON:08.08.2003
US GAAP ACCOUNTING SYSTEM
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Will the Minister of FINANCE be pleased to state:

- (a) whether Indian companies listed in the US bourses are likely to be adversely impacted under the USA GAAP accounting method in relation to Employee Stock Option Plans;
- (b) the manner in which the GAAP is different from the prevailing Indian corporate accounting norms;
- (c) whether recently the financial tally of the ICICI Bank in USA was found to be adversely affected by the GAAP system; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a) : Companies listed in the US can follow one of the two pronouncements prescribed under the US GAAP Accounting for ESOPs., viz Intrinsic Value method or Fair Value method. Indian companies, presently following the Intrinsic Value method of Accounting for ESOPs, if required to follow the Fair Value method in the US may be adversely affected. As per the SEBI ESOP guidelines 1999, an option to follow either the Intrinsic Value method or the Fair Value method is open to Indian Companies.
- (b) : The difference between Indian GAAP and US GAAP Accounting Principles relate to contents of financial statements, unrealised gains/losses on investments, amortisation of premium/discount on purchase of investments, retirement benefits, revaluation of property allowance for credit losses, etc.
- (c) & (d) : There are technical differences in the basis of accounting between the US GAAP and India GAAP. Therefore, the financial statements under the US GAAP and Indian GAAP for ICICI bank are not comparable.