

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2722
ANSWERED ON:19.12.2003
IMPAIRMENT OF ASSETS OF COMPANIES
SUDARSANA E.M. NATCHIAPPAN

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has any proposal to create an according standard on impairment of assets of the companies;
- (b) if so, the details thereof;
- (c) whether the Government has studied its impact on the assets intensive companies and the companies that are heading towards the BIFR; and
- (d) if so, the details thereof indicating its impact on the above said companies?

Answer

MINISTER OF FINANCE (SHRI JASWANT SINGH)

(a) and (b): The Institute of Chartered Accountants of India (ICAI) has issued Accounting Standard (No: AS 28) on Impairment of Assets, which comes into effect in respect of accounting periods commencing from 1.4.2004, for certain large enterprises, and on or after 1.4.2006/1.4.2008 for certain other enterprises. The objective of this standard is to ensure that the value of the assets reflected are close to the recoverable amounts.

(c) and (d): No specific study on the issue has been commissioned by the ICAI. However, the Accounting Standards are finalized by the Accounting Standard Board (ASB) of the ICAI, which has representatives from industry associations, and other stake-holders such as the C&AG, IDBI, CBDT and SEBI. Accounting Standards are finalised in consultation with them.