

QUALITATIVE ACCOUNTING DISCLOSURE PRACTICES OF AGRICULTURAL COMMODITY DERIVATIVES IN INDIAN COMPANIES

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Abstract

Accounting standard 30 was issued by the institute of chartered accountants of India with an objective to establish principles for recognition and measurement of financial instruments, but this standard is broad as it included all financial items and there are no specific accounting practices for agricultural-commodity derivatives is mentioned in these standard. The study analysis the current qualitative accounting disclosure practices for agricultural commodity derivatives in India and to examine the association between the qualitative accounting disclosure practices with agricultural commodity disclosure level and firm characteristics. The research instrument used in the research paper is the qualitative accounting disclosure index for measuring the disclosure practices in the agricultural commodity derivatives in the annual reports of selected companies. Finally, study suggest The companies must improve their disclosure in their qualitative disclosure practices in the annual report. Nowadays all stakeholders are giving importance for qualitative disclosure practices in the annual reports. Comparison with other countries Indian companies have disclosed less qualitative accounting disclosure.

Keywords : *Agricultural Commodity Derivatives, Qualitative disclosure, Accounting, Firm characteristics*

Introduction

The agricultural-commodity derivatives market has experienced an explosive growth over the last decade, because derivatives have been accepted as the premier vehicle for manage risk which is existed in the agricultural sector. But there is no denying fact that from this growth in derivatives have also inherited few qualities that make them indispensable to their users, which can be evidenced in the huge derivatives loss incurred by the companies in the recent time and its impact on the users.

In that one of the most important factors that influenced this derivatives loss is because of lack of clear reporting guidelines for derivatives. So huge concerns have been developed among the users regarding the derivatives information disclosed in the company's financial statements. Because quality of financial reporting for derivatives is very essential to the users for evaluating potential risk exposure of this instrument, but today reporting practices for derivatives consists of inadequate disclosure which is making difficult for the users to understand this statements.