

May 17, 2021

Mr. Ian Carruthers  
Chairman,  
International Public Sector Accounting Standards Board.

Dear Ian Carruthers,

**Sub: Comment on Request for Information, ‘Concessionary Leases and Other Arrangements Similar to Leases’**

We are pleased to provide comments on **Request for Information, ‘Concessionary Leases and Other Arrangements Similar to Leases’** issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). Our comments on the Request for Information, ‘Concessionary Leases and Other Arrangements Similar to Leases’ are enclosed with this letter.

Please feel free to contact us, in case any further clarification in this regard is required.

Thanking you,

Yours sincerely,

(CA. Dheeraj Kumar Khandelwal)  
Chairman, Committee on Public &  
Government Financial Management  
The Institute of Chartered Accountants of India  
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**Encl.: As above**

**Comments on Request for Information, ‘Concessionary Leases and Other Arrangements Similar to Leases’**

**Question 1: In your jurisdiction, do you have concessionary leases (or similar arrangements) as described in this RFI? If yes, please:**

- (a) Describe the nature of these leases (or similar arrangements) and their concessionary characteristics; and**
- (b) Describe the accounting treatment applied by both parties to the arrangement to these types of leases (or similar arrangements), including whether the value of the concession is reflected in the financial statements.**

**ICAI’s View**

In India, Government often enters into concessionary lease agreements under which the lease amount is fixed at below market terms.

Government Accounting System being followed in India is presently cash based. Lease rentals (paid/ received) are recorded in the books as and when the cash transactions in this respect take place. The *Guidance Note on Accounting for Fixed Assets*, a recommendatory guidance, issued by Government Accounting Standards Advisory Board (GASAB) prescribes to record assets taken on long term lease in fixed asset register.

**Question 2: In your jurisdiction, do you have leases for zero or nominal consideration as described in this RFI? If yes, please:**

- (a) Describe the nature and characteristics of this type of lease (or similar arrangement); and**
- (b) Describe if and how the value of the concession is reflected in the financial statements of both parties to the arrangement.**

**ICAI’s View**

Yes, in our jurisdiction, government do enter into lease agreements where zero or nominal consideration is exchanged in form of lease payments.

Similar accounting treatment (as mentioned in reply to question 1 above) is being followed for such types of leases in Indian Government. As per the requirements of *Guidance Note on Accounting for Fixed Assets*, assets taken on lease are to be shown at nominal amount in the fixed assets register.

**Question 3: Does your jurisdiction have arrangements that provide access rights for a period of time in exchange for consideration? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.**

**ICAI’s View**

We have not come across such type of lease agreements entered into by Indian Government.

**Question 4: In your jurisdiction, do you have arrangements with the same or similar characteristics to the one identified above? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.**

**ICAI's View**

No Comments.

**Question 5: In your jurisdiction, do you have arrangements involving social housing with lease-type clauses or other types of lease-like arrangements with no end terms? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of the social housing provider.**

**ICAI's View**

In India, provision of Group housing societies is there which are generally provided land by local bodies on 99 years' lease term.

**Question 6: In your jurisdiction, do you have arrangements involving the sharing of properties without a formal lease contract? If yes, please describe the nature of these arrangements and how they are reflected in the financial statements of both parties to the arrangement.**

**ICAI's View**

In India, there are many instances where several government office departments are situated in one property/bhawan. Respective property's portion to be recorded.

**Question 7: In your jurisdiction, do you have other types of arrangements similar to leases not mentioned in this RFI? If so, please describe the characteristics of these arrangements and how they are presently being reflected in the financial statements of both parties to the arrangement.**

**ICAI's View**

No comments,