



A Theoretical Framework of Export Compliance Cost Accounting under Trade Regulation: Evidence from an Emerging Economy

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Abstract

International trade regulations impose significant compliance requirements that reshape cost structures in export-oriented industries. Despite their growing importance, compliance costs remain theoretically underdeveloped within cost accounting literature. This study develops a conceptual framework of export compliance cost accounting, integrating regulatory-induced costs into traditional cost accounting systems. Using secondary data from the Indian basmati rice export industry, particularly in Haryana and Punjab, the study examines how trade barriers such as tariffs, sanitary and phytosanitary standards, traceability requirements, and certification procedures increase export compliance costs. These costs include certification, testing, documentation, storage, logistics delays, and risk management, all of which contribute to higher total export costs and influence export profitability. Using secondary data from the Indian basmati rice export industry, the study illustrates how compliance costs such as certification, testing, documentation, and traceability form a substantial component of total export costs and influence profitability. The empirical analysis is used to support and demonstrate the proposed framework rather than to test causal relationships. The study contributes to accounting theory by extending cost classification boundaries to include institutionally induced costs, linking cost accounting with transaction cost economics and regulatory frameworks. The proposed model provides a generalizable analytical structure applicable to export-oriented industries operating under regulatory constraints.

Keywords: Export Compliance Cost Accounting, Cost Accounting Theory, Regulatory-Induced Costs, Transaction Cost Economics, Institutional Accounting Theory

JEL Classification: F13, F14, Q17, Q18, F50

1. Introduction

The agricultural exports have become significant in terms of the external trade and rural income generation of India in the last twenty years. Basmati rice has a unique place in terms of export of agricultural products because of the high quality, geographical indication and high demands in foreign markets. The main areas of production of basmati rice in India are Haryana and Punjab and a large percentage of basmati production is export-based. Consequently, the export market terms have a direct effect on farm revenue, the employment level, and investment choices, and economic stability in the regions of these states.

The trading environment in the world in the past few years has evolved a lot, especially in the developed economies like the United States, the European Union, and the United Kingdom. These markets have been becoming stronger in their food safety control, environment, traceability and sustainability certification systems. Although these measures are often introduced for consumer protection and environmental sustainability, they increase compliance requirements for exporters. Exporters must incur additional costs for

certification, laboratory testing, documentation, traceability systems, quality inspections, storage, and shipment delays. These costs are commonly referred to as export compliance costs (Beghin & Bureau, 2001; Anderson & Martin, 2005).

Although the issue of accounting the costs of regulatory compliance has been widely researched over recent decades, in terms of accounting, it is at the theoretically underdeveloped stage (Malmi & Granlund, 2009; Bromwich & Scapens, 2016). The conventional cost accounting systems mainly differentiate between the production and operating costs and fail to explicitly identify the externally required regulatory costs as an analysis category (Horngren et al., 2012). This generates a theoretical disjuncture of the manner in which the compliance costs are to be categorized, gauged, and billed in the accounting systems. Specifically, it begs the question as to whether such costs ought to be classified as a production cost, transaction costs or a distinct hybrid in the cost accounting theory (Williamson, 1985). The literature of the accounting world has not adequately covered the redesign of cost structures under the transformative influence of regulatory environments.

With global trade being more regulated, it is necessary that accounting systems have to be changed to reflect the costs caused by institutions that do not necessarily lie within the control of the firm.

Most existing studies analyze trade barriers in terms of export volumes, trade flows, and price competitiveness. However, trade barriers also influence export industries through cost structures and profitability. From a cost accounting perspective, compliance costs represent indirect export costs that increase total export costs and reduce profit margins for exporters. Therefore, understanding export compliance costs is important not only for trade policy analysis but also for cost accounting, management accounting, and profitability analysis in export-oriented industries (RS & Atkinson, 1989).

Export companies have to deal with different components of costs including insurance costs, processing costs, production costs, logistics costs, customs costs, compliance costs and production costs, tariff costs, risk management costs, documentation costs, and storage costs. Cost accounting systems assist the companies to partition these expenses, manage expenses and assess the profitability of export in various markets. The cost control systems, budgeting, risk management, export insurance, and market diversification strategies are management accounting techniques that have proved to allow the exporters to continue making profits despite rising compliance costs, and regulatory measures.

The proposed study is important to accounting theory as it establishes a conceptual model of export compliance cost accounting by pushing the boundaries of the traditional classification of costs to include costs brought about by regulations. Although the empirical study is based on Indian basmati rice export industry, the framework can be generalized to the export-oriented industries that operate under regulatory limitations. The research work is informed by a series of goals that both cover the empirical and theoretical aspects. It discusses the effect of trade barriers in raising the cost of compliance in exports, investigates the cost structure of basmati rice export utilizing a cost accounting model, forms an export compliance cost accounting model, determines the impact of compliance costs on export profitability, and suggests management accounting approaches to manage export costs and stabilize profits and to theorize a generalizable model of the classification and allocation of compliance costs in accounting systems.

2. Review of Literature

2.1 Trade Barriers and Agricultural Exports

The agricultural studies of trade show how high-income economies continue to protect the market by using subsidies, technical regulations, and border control (Woolcock, 2017). Such control mechanisms tend to affect competitiveness as opposed to differences in prices especially when the commodity involved is of high value. Non-tariff measures are more costly in terms of compliance and in most instances they are equivalent or higher than conventional tariffs (Disdier et al., 2008).

Although these actions are made on safety and environmental grounds, it is a barrier to entry particularly to exporters who operate in fragmented production systems.

2.2 Agricultural Exports and Market Adjustment

The same tendencies can be observed in the export-oriented agricultural industries in developing economies, where certification, traceability, and quality assurance have become the key to market entry. Diversification of exports can assist in mitigating against regulatory shocks due to the risk dispersion in the numerous markets (Cadot et al., 2011; Hesse, 2009).

2.3 Cost Accounting and Management Accounting Perspectives

The literature of cost accounting focuses on classification, allocation and control of costs and makes effective decisions (Horngren et al., 2012; Drury, 2013). Activity-Based Costing improves the allocation of indirect costs such as compliance and logistics (Cooper & Kaplan, 1988), while strategic cost management highlights value chain efficiency (Shank & Govindarajan, 1993). Advanced management accounting further enhances cost visibility and strategic planning (Groot & Selto, 2013).

2.4 Institutional and Accounting Theory Perspectives

The field of accounting is now being considered as an institutionalized and socially embedded practice that has been influenced by external regulatory environment (Hopwood, 2009; Hopwood and Miller, 1994). Institutional theory describes the changes in accounting systems as a result of the pressure of regulatory bodies (Scapens, 1994; Burns and Scapens, 2000), and institutional isomorphism emphasizes the convergence in the organization activities (DiMaggio and Powell, 1983; Scott, 2013).

The absence of coherent frameworks to new types of costs is also a drawback of accounting theory (Malmi and Granlund, 2009; Granlund, 2011). Measurement theory also presents issues of how one handles indirect and externally imposed costs (Ijiri, 1975; Sterling, 1970; Chambers, 2006), which is of great concern in respect to compliance costs.

2.5 Compliance Cost and Regulatory Perspectives

The research on compliance costs presents such issues as administrative, procedural, and opportunity costs rooted in regulations (Tran-Nam et al., 2000; Coolidge, 2012; Tilahun, 2019). These costs have not however been much integrated into mainstream cost accounting systems suggesting a division between regulatory economics and accounting practice. Economic diplomacy further emphasizes regulatory cooperation and standards management in international trade (Okano-Heijmans, 2011), yet its translation into firm-level cost structures remains underexplored.

2.6 Theoretical Foundations of Compliance Cost Accounting

It is possible to discuss compliance costs as institutionally induced transaction costs that come out as a result of a regulatory environment. In traditional cost accounting, a clear distinction can be made between production and operating costs but compliance costs are seen to break down this due to their extrinsic nature but influence of internal cost structure (Horngren et al., 2012).

Under the framework of compliance costs, transaction cost economics (Williamson, 1985) gives an insight into the value of costs that are directed towards the enforcement of the regulations and contractual requirements. These expenses cause a boundary issue of accounting theory confusing the internal and external transaction costs and the internal costs of production.

Their indirect and multi-faceted forms also make cost allocation and measurement difficult, and it is the necessity to adopt an enlarged accounting taxonomy which places costs caused by regulatory decisions in the framework of formal accounting.

3. Methodology

The research design used in the study is conceptual and descriptive, as theory-building in the research on accounting. The empirical analysis helps to find the patterns in the structure of the export costs and the effect of the regulations that contribute to the formation of the conceptual framework proposed. The study is intended to build on existing accounting theory by incorporating the compliance costs in the cost accounting systems as opposed to testing formal hypotheses.

The empirical data found in the study is fully founded on secondary data sources. The time frame used is 2004-2024 which will help in taking into account the long run trends in the exportation of basmati rice and changes in the regulatory framework. The reliable and well-known databases have been used to gather data such as Agricultural and Processed Food Products Export Development Authority (APEDA), Directorate General of Commercial Intelligence and Statistics (DGCI&S), the Food and Agriculture Organization Statistical Database (FAOSTAT), WTO tariff profiles, and World Bank trade indicators. These are reliable and extensive sources of information concerning export values, volumes and pattern of destination over a period of time and price variations.

The method of analysis is sub-divided into two phases. The analysis of long-term patterns of basmati rice exports is done in the first stage with the help of such indicators as growth rates, export value shares, and destination composition changes. This step will give information regarding the structural changes in export markets and the changing significance of various regions. The second stage involves the analysis of regulatory developments in the key markets in the West by tariff schedules and sanitary and phytosanitary (SPS) notifications. This assists in determining the times of tight restrictions and laxation and effect thereof on export pattern.

It is mostly descriptive in nature. Rather than using formal econometric models, the study makes use of systematic comparison of trade patterns prior to and following important regulatory changes. Changes in market orientation and export dependence as well as price trends are explained with the help of graphical illustrations. This method allows determining the adjustment mechanisms and institutional reactions which are not likely to be easily identified using traditional regression methods.

Besides the use of empirical trend analysis, the study formulates a conceptual model of export compliance costs accounting to study the cost structure of exports and profitability. The framework has several cost elements and these are production, processing, logistics, tariff, compliance, documentation, storage, and risk costs. The analysis of the impact of compliance costs on the total export costs and profit margins is carried out with the help of conceptual cost modelling, thus connecting regulatory requirements to accounting systems and export performance.

4. Results

4.1 Structure of Indian Basmati Rice Market

Regional Concentration

Basmati rice is produced in the geographically located districts of Haryana and Punjab. These are the areas that enjoy good agro-climatic conditions such as the quality of soil, availability of irrigation and the problem of climatic favorableness of basmati cultivation. Specialty production centers are also supported by the existence of well-built procurement networks and milling infrastructures. The connection between farmers, millers, exporters and international customers has grown over the years hence giving rise to a systematic export-based production mechanism.

The spatial arrangement of agricultural value chains is also manifested by the concentration of production within these regions where production, processing, and exporting businesses are well interconnected within a small geographical region.

Export Orientation

Compared to non-basmati rice which is mostly consumed in the domestic market, Basmati rice is mainly produced to be exported to foreign markets. There are high-value and high-volume markets as export markets. The western markets normally receive less imports at a high unit price and the West Asian and African markets receive more with relatively moderate prices.

The distribution indicates the presence of dual export structure where value realization and volume expansion is evenly represented in various regions. Basmati rice export orientation creates a direct connection between the situation in the global market and the production system in the country.

4.2 Cost Structure and Compliance Costs

Basmati rice exports have a cost structure that comprises of many elements which do not only focus on the primary production and processing. These are production costs (seeds, fertilizers, labour, irrigation), processing costs (milling, grading, packaging), logistics costs (transportation, shipping, insurance), tariff costs, compliance costs, documentation costs and storage costs, delay costs and the risk related costs.

This is because regulatory requirements by importing countries give rise to compliance costs. These entail certification activities, laboratories, traceability,

inspection, environmental and documentation activities. These expenses are incurred at various points in the export process and this is spread over various activities.

A breakdown of cost elements in the export of basmati rice has been given in Table 1. It shows the classification of the elements of cost in production, processing, logistics, tariff, compliance and documentation, storage, delay and risk costs. It can be observed in the table that compliance-related activities constitute a separate category of the cost structure altogether together with the traditional cost elements.

Table 1: Cost Components in Basmati Rice Exports

Cost Component	Description
Production Cost	Seeds, fertilizers, irrigation, labour
Processing Cost	Milling, grading, packaging
Logistics Cost	Transportation, shipping, insurance
Tariff Cost	Import duties in destination countries
Compliance Cost	Certification, SPS testing, traceability
Documentation Cost	Export documentation and licensing
Storage Cost	Warehousing and inventory holding
Delay Cost	Shipment delays due to inspections
Risk Cost	Price risk, currency risk, insurance

The existence of several indirect types of costs points to the fact that export business is characterized by a multi-layered complex structure of costs, the costs are spread over different stages of the supply chain.

In terms of accounting theory, these results suggest compliance costs are a systematic part of total export costs, and not incidental costs, thus they should be considered as costs in cost accounting systems.

4.3 Export Trends (2004–2024)

The increase in exports of rice to India in volume and value has been observed to be high in the years 2004–2024. The quantity of exports rose to 22.5 million tonnes (2023/24) following 5.2 million tonnes (2004/05), and the export value grew to USD 10.5 billion (USD 1.4 billion). This holds both the growth in the quantity of exports and growth in the export income.

Table 2 shows the trend of rice exports in various years selected, and the trend indicates that the quantum of rice exports plus the value measures of the exports follows a steady upward trend.

Table 2: India's Rice Exports (2004–2024)

Year	Rice Exports (Million Tonnes)	Export Value (USD Billion)
2004-05	5.2	1.4
2008-09	8.1	2.1
2012-13	10.5	6.4
2016-17	11	5.8
2019-20	14	8.0
2021-22	21.2	9.6
2023-24	22.5	10.5

Source of Data - APEDA Export Statistics; Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce & Industry, Government of India

The table shows how the export performance has been increasing with time, pointing out significant points of growth.

Figure 1 illustrates the trend of the rice exports during the period of the study.

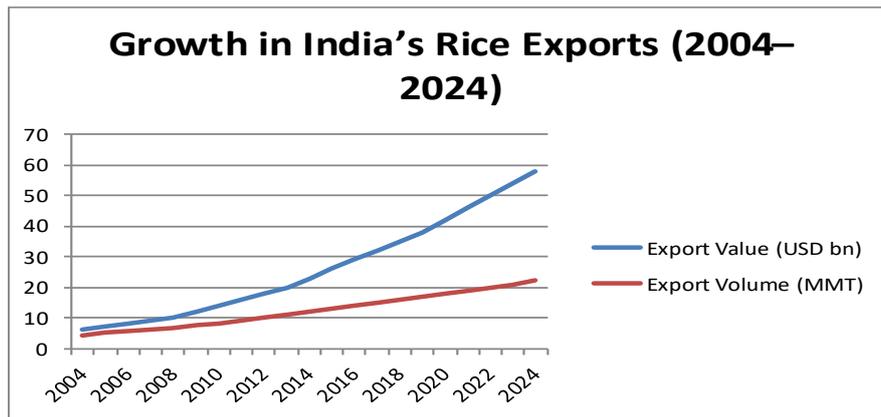


Figure 1: Growth in India's Rice Exports (2004-2024)

The figure depicts that the export has been growing slowly until 2011 and then a higher rate is registers in the years that follow, and again an increase in the export in the years after 2020. The graphical trend indicates the variation of the volumes and value of exports over time.

The statistics also indicate that the volume of basmati rice in exports is comparatively less but forms a relatively more significant proportion of the exports value. This implies that there is a difference in price delivery among the various types of rice exports.

India does not depend too much on imports as the imports are less than 0.1 million tonnes in a year. This is indicative of low dependency on external sources of supplies and comparatively steady internal supply system.

These trends highlight the fact that regulatory environments, as well as factors of production, aid in cost structures, hence the reason why compliance costs ought to be incorporated in accounting models.

4.4 Tariff and Trade Barrier Structure

There are moderate tariff rates of basmati rice in principal importing areas. In the United States, the tariff rates applied are 0-5 percent, European Union is 5-15 percent, Mexico is 10-20 percent, and the United Kingdom is 4-6 percent.

Table 3 indicates the rates applied to the tariffs and major non-tariff measures in major markets.

Table 3: Applied Tariff Rates on Rice (Approximate, 2024 - 25)

Country/Region	Tariff on Basmati Rice	Key Non-Tariff Measures
United States	0-5% (MFN)	Strict pesticide residue norms traceability
European Union	5-15% (varies by member)	SPS standards sustainability compliance
Mexico	10-20%	Import licensing, quality certification
United Kingdom	4-6%	Post-Brexit SPS checks

Source: WTO Tariff Profiles, United States International Trade Commission (USITC), European Commission TARIC Database, and Government of Mexico Customs Tariff Schedule (2024-25).

Not only do the table demonstrate that beyond the tariffs, other regulations requirements like the sanitary standards, pesticide residue limits, traceability requirements, sustainability certifications, and Trade licensing are also common throughout these regions.

According to the data regulatory requirements are always universal existing together with tariff structures among key importing nations. These criteria relate to food safety, environmental conformity and quality assurance guidelines.

The results indicate that the accounting systems are redefined indirectly through the requirements by the regulator bodies through modifying the cost composition in regard to institutional factors in accounting systems.

4.5 Price Trends and Market Adjustments

There is fluctuation in price trends in basmati rice markets with time especially during the best agricultural seasons. Fluctuations in mandi price are noticed in the short term and there are changes in the mandi prices over various periods.

Figure 2 shows the dynamics in the prices of basmati rice in Punjab and Haryana between 2010-11 and 2023-24. As depicted in the figure, the price trends are cyclical where there have been periodic rises and falls over time.

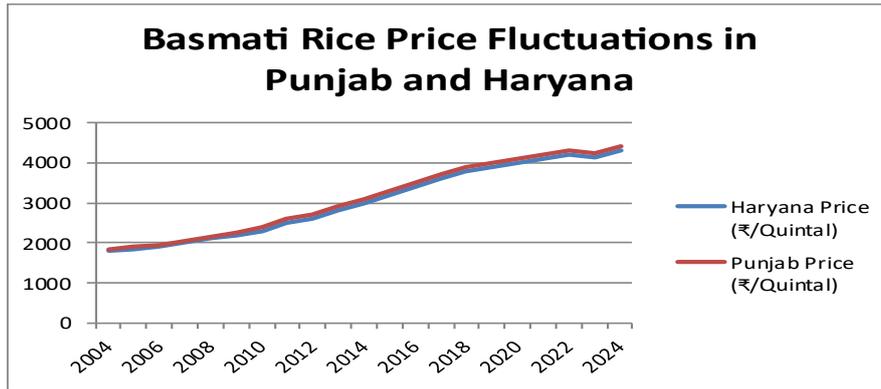


Figure 2: Basmati Rice Price Fluctuations in Punjab and Haryana

The graphical analysis shows that the price changes take place in cycles but not in a linear manner. These changes are shown in the fluctuations as the market conditions change in various years.

4.6 Export Diversification Trends

Export destinations of Indian rice have changed over time and there has been differentiation of destinations in various regions.

The table 4 shows the destinations of Indian rice exports in 2005-24.

Table 4: Changing Destination Share of Indian Rice Exports (%)

Region	2005	2015	2024
Middle East	35	32	30
Africa	28	30	34
USA & EU	18	14	10
ASEAN	8	12	16
Russia & CIS	3	5	8

Source: APEDA Export Data, FAOSTAT Trade Database, UN Comtrade, Author’s compilation.

The table reflects change in the share of exports to Middle East, Africa, USA & EU, ASEAN, and Russia and CIS.

Figure 3 provides the share of exports on destinations, which is the relative contribution of various regions with time.

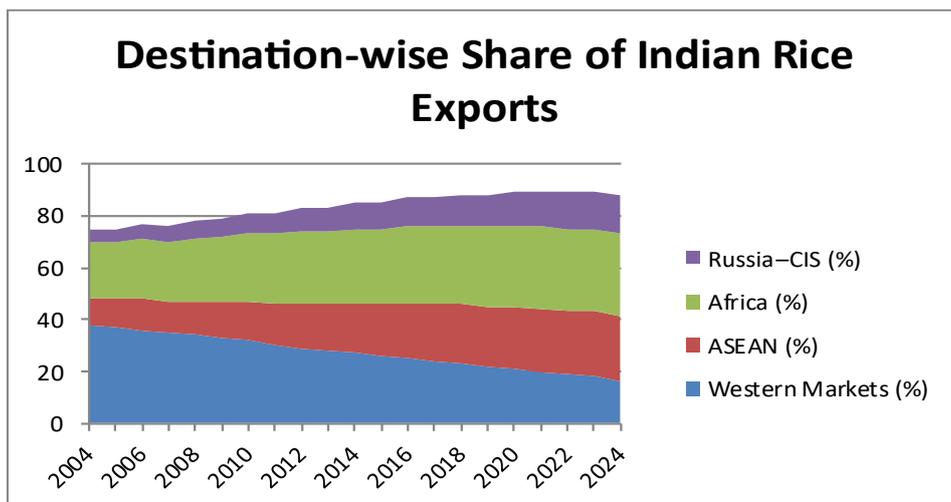


Figure 3: Destination-wise Share of Indian Rice Exports (2004–2024)

Figure 4 is a trend comparison of Western markets and alternative markets.

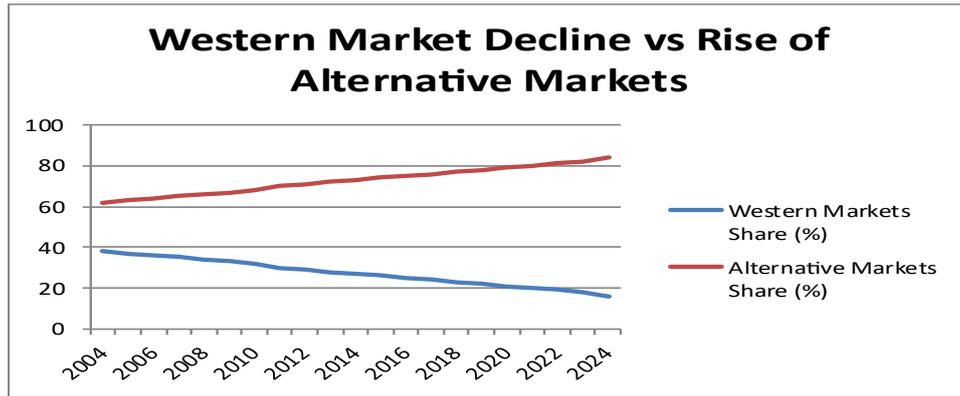


Figure 4: Western Market Decline vs Rise of Alternative Markets (2004–2024)

The Figure 5 indicates the coverage ratio of export gap, and the Figure 6 indicates the reorientation of basmati exports of Haryana and Punjab.

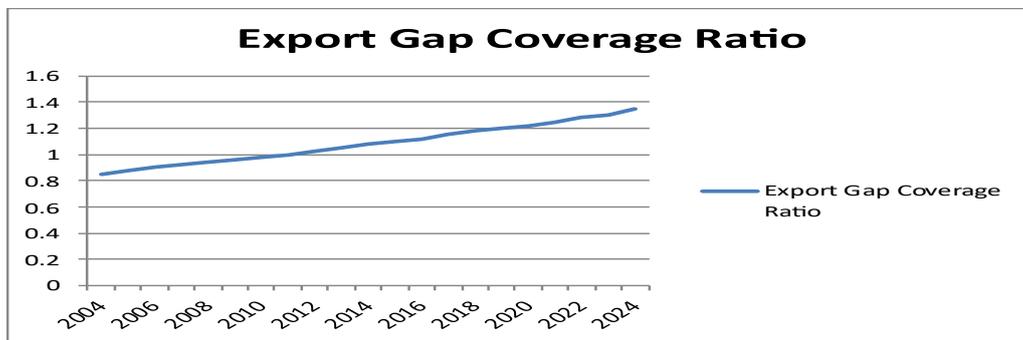


Figure 5: Export Gap Coverage Ratio - New Partners vs Western Loss

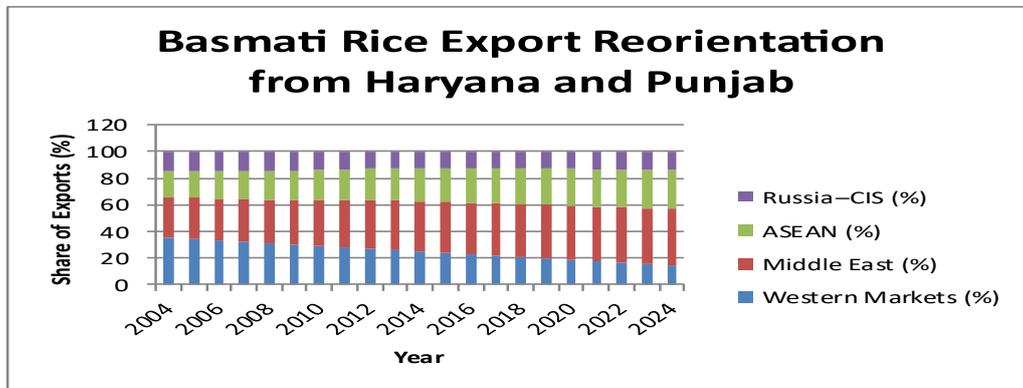


Figure 6: Basmati Rice Export Reorientation from Haryana and Punjab

The aggregate effects of these figures show the shift in the patterns of export destinations and distribution of exports in regions during the study period. The graphic displays represent changes in the export shares and regional distribution over time.

5. Discussion

According to the results of the research, compliance costs are a separate category of accounting that is defined by its external source and in-house financial influence. These costs do not originate as traditional cost items as they are incurred due to regulatory environments, but consumed at the firm-level accounting systems. This duality places the compliance costs on the borderline between internal structure of costs and external pressures of the

institutional setting. Theoretically, this is in line with transaction cost economics which regulators can be seen as a cost of doing business in institutional structures (Williamson, 1985).

In the study, the traditional theory of cost accounting is extended to a different category of compliance costs that are a hybrid mode of production cost and transaction costs. Traditional accounting models emphasise on production and operating costs, but the compliance costs cannot fully fall into the above categories. They, instead, represent operations as well as the requirements imposed externally. This ambivalent aspect is confronting the conventional cost allocation approaches and requires the increased models of cost accounting (Cooper and Kaplan, 1988; Shank and Govindarajan, 1993).

Compliance costs are institutional based influences that are part of the accounting systems. The institutional theory implies that the accounting systems, as well as other organizational practices, develop in reaction to regulatory and normative pressure (DiMaggio and Powell, 1983; Scott, 2013). The existence of the compliance costs evidences that outside regulatory ecosystems influences the internal accounting systems. Accounting suggests does not solely represent a technical system but rather it is also a practice of an institution which is inspired by the wider socio-economic situations (Hopwood and Miller, 1994). Moreover, development of managerial accounting practice due to institutional pressures is reminiscent to the models of Burns and Scapens (2000), in which the accounting systems are capable of developing over time to be restricted by the external pressures.

Adding compliance costs to the accounting systems have significant implication on the cost measurement, allocation, and decision making. These are usually indirect costs that happen in stages and also distributed in different activities thus making them hard to assign with the conventional ways of costing. The process needs more sophisticated allocation methods including activity-based costing and process-based costing approaches to be included into them. In addition, the compliance costs affect the pricing, profitability analysis and cost control policies. They would be more accurate because of their recognition in accounting systems and improve the decision making as governed by regulation (Tran-Nam et al., 2000).

The conceptual framework that was developed during the study though centered in the empirical research is foreign to other export oriented business but is often applicable. The manufacturing, pharmaceuticals and environmental management are the most prevalent areas where the compliance costs are incurred as the regulatory requirements are significant in those aspects. The contemporary tendencies concerning cost accounting, material flow cost accounting, and the model of the economy of circulation and cycles also place high priority in offloading cost of external ties in the accounting system (Nishitani et al., 2022; Mellquist et al., 2022). This means that the compliance cost accounting does not solely head to the agricultural industry, but it can be generalized to encompass other industries that are governed under a highly controlled environment.

The research contributes to the accounting theory by establishing compliance costs as a component part of the cost accounting systems. It broadens the scope of cost classification by incorporating the regulatory induced costs in an existing set-up. This helps the current growth of management accounting theory that has come to realize the role of external and institutional forces in

forming cost structures. In accounting systems, the use of digital technologies and informatization also contributes to the implementation of complicated categories of costs into an accounting practice (Liang, 2025). Also, new forms of coverage of digital accountability and computational cost structures accentuate how modern cost accounting can change in character (Li and Freeborn, 2025; Casper et al., 2025).

6. Theoretical Implications for Accounting Research

The cost of compliance puts pressure to the old cost classification models by posing institutionally induced costs elements which are not in line with the traditional cost categories. Their multi-stage and indirect character makes it difficult to measure and allocate costs and therefore may have an influence on the quality of the accounting systems. Inclusion cost of compliance also changes the decision-making models especially in aspects of pricing strategies and profitability analysis because the firms have to pay the cost of regulation. In addition, integration of compliance costs connects the fields of accounting to economics and the institutional theory, by extending the research on accounting to the outside of the organization in addition to the internal functioning. This kind of interdisciplinary integration provides a place upon which more holistic and more adaptive systems of accounting can be engineered in more regulated international environments.

7. Conceptual Accounting Framework

The interrelationship among the effects of trade impediment, compliance expense, export expenditure, and export recent revenue can be explained with the help of a concept of accounting based on the empirical results and queue of thoughts. A conceptual accounting framework can be used to explain the relationship between trade barriers, compliance costs, export costs and exports profitability.

Compliance costs to exporters are forced by trade barriers, like tariffs, sanitary and phytosanitary requirements, traceability and sustainability certification. These compliance requirements add to compliance costs, such as certification costs, testing costs, documentation costs, storage costs and delay costs. When the cost of compliance is greater, the cost of exports becomes high and hence the export profit margins are low.

The answer to rising export costs taken by export firms is the adoption of cost accounting, cost control methods, and management accounting methods like budgeting, risk management, market diversification and long-term contracting. These strategies help stabilize export profitability despite increasing compliance costs and regulatory barriers.



Figure 7: Conceptual Framework Flow

This conceptual framework (Figure 7) explains that the main impact of trade barriers on export industries occurs through cost structures and profitability rather than only through export volumes. Therefore, cost accounting and management accounting play an important role in export cost management and profitability analysis in export-oriented industries.

8. Policy Recommendations to Reduce the Impacts of Western Tariffs

Policy solutions must be introduced to increase long-term resilience in the basmati rice export industry by mitigating the constraint in market access, as well as, the increasing compliance cost. The long-term deals with ASEAN countries can contribute to the stabilization of export demand and the elimination of the over-regulated Western markets, and it will enhance the relations of India with ASEAN countries.

Also, the elimination of the risks of transactions and enhanced flexibility of trade can be achieved by means of enhancing trade settlement mechanisms according to the local currencies including payment, according to the rupee currency, or through bilateral agreements with states like Russia. Improving the systems of transacting in rupees and rubbles will enhance strategic ties with Russia. Price assistance and export insurance of basmati rice are some of the services that have been in place in the country to stabilise the income of the farmers in the event of a volatile market. These tools are to be enhanced to reduce the effect of short term market fluctuations and regulatory shocks on the export earnings.

Compliance costs can also be minimised by investing in testing, certification and quality infrastructure in production sites, which will be able to lower the unit level compliance expenses and enhance effectiveness of adhering to global regulatory requirements. Changing the discourse about the Indian basmati rice to highlight its ability to withstand climate change and its

environmentally positive properties can enable the conformance to international best practices in sustainability and access the market with changing regulations.

All these policy measures are expected to be reinforced by harmonized institutional initiatives involving trade policy, development of infrastructure, and compliance policies to lower the cost levels and boost export competitiveness.

9. Conclusion

The paper has discussed the effect of trade barriers on Indian basmati rice export business in terms of cost accounting and management accounting. It has been analyzed that the significant effects of trade barriers are neither necessarily in terms of a decrease in the volumes of exports, but rather by the rise in the costs of export compliance and total export costs. The exporters have to pay more in terms of compliance as a result of certification requirements, testing procedures, documentation requirements, traceability systems, and logistics delays, as well as it affected export profitability. Considering the cost accounting, the export industries have to put into consideration the production, processing, logistics, tariff, compliance, documentation and storage and risk costs when assessing the export profitability. The export compliance cost accounting model constructed in this paper indicates that the increment in compliance costs leads to increment in total cost of export and profit margin decline unless companies implement cost control and management accounting measures. The results also indicate that the reaction of exporters to rising compliance costs is based on management accounting strategies which include cost control system, export cost budget, risk management, market diversification, long-term contracting and logistics optimization. The strategies have been helping to preserve stability in the export profitability where the

regulatory environment is dynamic. The research also adds to the accounting literature by incorporating the accounting and management accounting through the export compliance costs and trade barriers. This research work contributes to the accounting theory by rehumanizing the concept of cost structures to present regulatory compliance costs as another major area of cost accounting systems. The suggested model will form the basis of future theoretical studies on the subject of accounting in regulated settings. In general, it can be concluded that effective cost accounting systems and compliance cost management is the key to remaining competitive in regulated global markets through export activities.

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