

IFRS CONVERGENCE IN INDIA: OPPORTUNITIES AND CHALLENGES

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Abstract

One of the most important things to have a successful organization is to have a good financial reporting system. IFRS is a single set of uniform standards which ensures cross country comparison and transparency. Out of 166 jurisdictions in the world, 144 jurisdictions have adopted IFRS. India being one of the fastest-growing economies has converged with International Financial Reporting Standards (IFRS). This paper tries to analyze the information available on IFRS adoption process in India. It also discusses the IFRS adoption procedure in India and the utility for India in adopting IFRS. It also discusses the problems faced by the stakeholders in the process of adoption of IFRS in India.

Keywords- India, IFRS, Convergence.

INTRODUCTION

International accounting standards have gone through a remarkable change for ensuring acceptability, understandability and reliability to the users of accounting information. International Financial Reporting Standards (IFRS) has been adopted by most of the countries around the globe and its main advantage is a global comparability of financial report.

IFRS is a single set of uniform standards to be used for cross country comparisons and more transparency. The adoption of International Financial Reporting Standards (IFRS) around the world has been occurring rapidly during the last two decades. IFRS was established in 2001 through a body called International Accounting Standards Board (IASB), which is a successor to the International Accounting Standards Committee (IASC). The International Accounting Standard Board (IASB) in the interest of public provided a single set of high quality uniform accounting standards. Users of financial statement all around the globe require sound understanding of financial statement which can only be made possible through Generally Accepted Accounting Practice (GAAP). With globalization of finance gaining ground, convergence with IFRS will enable the world to exchange financial information in a meaningful and trustworthy manner (Ikpefan and Akande 2012).

IFRS are designed to bring consistency to accounting language, practices and statements, and help businesses and investors to make better financial analyses and decisions. The IFRS Foundation sets the standards to "bring transparency, accountability, and efficiency to financial markets around the world... fostering trust, growth, and long-term financial stability in the global economy." Companies benefit from the IFRS because investors are more likely to put money into a company if the company's business practices are transparent (ifrs.org)