



IMPLEMENTATION OF IFRS CONVERGED INDIAN ACCOUNTING STANDARDS (IND AS) IN INDIA: STATUS QUO, CHALLENGES AND FUTURE PROSPECTS

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Abstract

The effects of globalization of business and movement of capital across countries have created the need for standard financial reporting across countries. The International Accounting Standards Board (IASB) has created the most widely used set of accounting standards in the world, IFRS accounting standards. Instead of a 'full adoption', India took a convergence route with the adoption of Indian Accounting Standards (Ind AS) which are substantially converged with IFRS standards, but also taking into account some domestic regulatory requirements. Ind AS has transformed the financial reporting landscape in India to be more transparent, comparable, reliable and trusted. There have also been challenges related to the transition process in terms of legal and regulatory compliance, fair value measurement, professional expertise, information technology systems, taxation and disclosure. In the present study, the convergence of IFRS in India has been studied with the advantages and disadvantages of implementation of Ind AS have also been examined and future prospects have been discussed in improving the financial reporting practices. This study is a secondary data analysis which uses the data gathered from various national and international organisations in the form of reports, publications and regulatory documents. The results show that India has come a long way in harmonizing its accounting standards with international standards, but ongoing regulatory support, professional training and technological adjustments are crucial to ensure their successful implementation in the country.

Keywords: *IFRS, Ind AS, Financial Reporting, Accounting Standards, Convergence.*

INTRODUCTION

The increasing integration of world capital markets has made it more important than ever before to have a foundation of high-quality accounting standards to help ensure transparency, comparability and consistency in financial reporting. The International Accounting Standards Board (IASB) has released a framework of accounting standards called International Financial Reporting Standards (IFRS) which are now accepted worldwide for the preparation of financial

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statements (Ball, 2006; Palea, 2013). IFRS aims at achieving a common approach to accounting, and to improve the trustworthiness of financial information for investors, regulators and creditors and other stakeholders. Through the introduction of International accounting principles and standards India came to realize that it needed to increase transparency and access to international capital markets.

The IFRS Convergence approach taken by India is the adoption of Indian Accounting Standards (Ind AS) rather than the “one size fits all” approach. The standards are mostly consistent with IFRS with some adaptations to reflect domestic legal, economic and regulatory needs (Potharla, 2025). The Companies Act, 2013 and notification of the Companies (Indian Accounting Standards) guidelines, 2015 (Ind AS Rules) have introduced a legal framework for the implementation of Ind AS. Since then, several groups of companies have adopted Ind AS, which have resulted in changes in recognition, measurement, presentation and disclosure. Ind AS has helped in enhancing the quality and comparability of the financial statements and boost the investor's confidence (IASB, 2024).

There are still some challenges that need to be resolved, such as fair value accounting, regulatory coordination, tax consequences, professional competence, and information systems and compliance costs. It is important to recognise these challenges to gauge the impact of convergence in India and to make future enhancements. Ind AS has helped in enhancing the quality, transparency and comparability of financial statements in India. It has helped to build investor confidence and opened up the international capital markets. However, issues with fair value measurement, regulatory coordination, tax considerations, professional judgment, information systems, and compliance costs remain a concern with implementation effectiveness. In this context, the current study discusses the convergence of IFRS in India, its advantages, and the obstacles that need to be addressed for its successful implementation, followed by recommendations for enhancing the financial reporting system in India.

Objectives of the study

The study aims at the following:

1. To explore the development and application of IFRS converged Indian Accounting Standards (Ind AS) in India.
2. To examine the advantages of converging IFRS for companies, investors and regulators as well as other stakeholders.
3. To find out the key challenges in implementing Ind AS in India.

4. To determine how IFRS convergence will affect the quality, transparency and comparability of financial reporting.
5. 5. To recommend on steps to be taken to improve the effectiveness of financial reporting practices in Ind AS.

Research Methodology

The present study is descriptive and conceptual study. The research process used in the study has been based solely on secondary data which are reported or published data of the IFRS Foundation, Ministry of Corporate Affairs (MCA), Institute of Chartered Accountants of India (ICAI), Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), National Financial Reporting Authority (NFRA), books, research journals, conference proceedings and appropriate websites. The information gathered has been analysed and interpreted to gain the understanding of the movement, benefits, challenges and future prospects of IFRS convergence in India.

Review of Literature

Literature Review on IFRS Convergence and implementation of Ind AS

S. No.	Author(s) & Year	Objective of the Study	Methodology	Major Findings
1	Nikhil, M. N., etal (2024)	To examine the determinants and consequences of mandatory IFRS convergence in India.	Systematic Literature Review of published studies.	IFRS convergence through Ind AS improved financial reporting quality, transparency, comparability, and investor confidence. Mixed evidence was observed regarding earnings management and value relevance.
2	Malviya, M., etal. (2025)	To review the role of Ind AS in global financial reporting convergence.	Review-based study using secondary data.	Ind AS strengthened transparency, accountability, and comparability of financial statements and facilitated integration with global markets.

3	Potharla, S. (2025)	To evaluate the differences between Ind AS and IFRS, particularly carve-outs and carve-ins.	Qualitative comparative analysis.	India's convergence approach balances international comparability with domestic regulatory requirements. However, certain deviations from IFRS continue to exist.
4	Das, S., Saha, T. R., & Das, S. (2025)	To examine expert perceptions regarding mandatory Ind AS implementation.	Survey-based study involving accounting professionals and experts.	Experts reported improvements in transparency, relevance, comparability, and understandability of financial statements after Ind AS adoption.
5	Rawat, G, etal (2024)	To review the impact of IFRS convergence on financial reporting quality in India and other countries.	Literature review and comparative analysis.	IFRS convergence improves reliability, relevance, and comparability of financial information while facilitating global investment decisions.

Research Gap:

Many studies have examined the impact of Ind AS adoption on financial reporting quality, very few research studies have comprehensively reviewed the current status, implementation challenges, and future prospects of IFRS convergence in India in the context of recent regulatory developments. The present study tries to address this gap.

Overview of IFRS Convergence and Ind AS Implementation in India

The IASB has published a set of standards known as International Financial Reporting Standards which have become the globally accepted guidelines used for financial reporting. As of 2024, IFRS is adopted or allowed in over 140 jurisdictions around the world (IASB, 2024) and provides a universal language for financial reporting, promoting transparency, comparability, and cross-border investments. India chose not to adopt IFRS but took a convergence route. In order to make the domestic accounting practices compliant with International Accounting Standards (IFRS), and in response to the regulatory requirements, the Ministry of Corporate Affairs (MCA) told the Companies (Indian Accounting Standards)

Rules, 2015, introducing Indian Accounting Standards (Ind AS). These standards are essentially aligned with IFRS's and are updated regularly to incorporate changes made by the IASB.

The implementation of Ind AS has been done in a phased manner (ICAI, 2024) and is now applicable to listed companies, large unlisted companies, non-banking financial companies (NBFCs), and some other specified entities. In current times, Ind AS is the main accounting approach for large-scale corporate entities in India. Financial reporting has not just continued to evolve in terms of the traditional accounting standards. Regulatory requirements have focused on increased disclosure, digital reporting via the Extensible Business Reporting Language (XBRL) and reporting on sustainability issues. Business Responsibility and Sustainability Reporting (BRSR) introduced by Securities and Exchange Board of India (SEBI) underscores the role of Environmental, Social and Governance (ESG) factors in the corporate reporting concerns.

The National Financial Reporting Authority (NFRA) has also beefed up the regulatory system by improving the control of accounting and auditing activities. The amendments made to Ind AS and the scrutiny by regulatory authorities have helped in enhancing the transparency, accountability and investor's confidence in the Indian financial reporting. International Financial Reporting Standards (IFRS) continue to grow in importance as India's economy becomes more and more a part of the global economy's capital markets. Future developments are anticipated to center on sustainability reporting, digital transformation, and financial reporting systems that utilise artificial intelligence, and closer compliance with the international accounting standards that are in a continuous state of change.

Recent Regulatory Developments in Ind AS

In the last several years, the financial reporting landscape in India has been grappling with significant changes as regulators strive to further promote transparency, accountability, and comparability of financial statements with international standards. The Ministry of Corporate Affairs (MCA) has issued several changes to the Indian Accounting Standards (Ind AS) from time to time to ensure that it remains current with the International Financial Reporting Standards (IFRS). The changes are also aimed at enhancing Indian company's compliance with the evolving international reporting requirements and consideration of the requirement on the domestic regulatory level.

An important development has been the increasing involvement of the National Financial Reporting Authority (NFRA) in the promotion of the quality of financial reporting and audit

process. NFRA, in its inspections, investigations and monitoring of the quality of audit reports, contributed to strengthening stakeholder trust in corporate reporting by enhancing the regulatory oversight. The other major change is that the emphasis has shifted to ESG reporting. The Securities and Exchange Board of India (SEBI) has suggested to the top listed companies to implement Business Responsibility and Sustainability Reporting (BRSR). This is framework is related to companies reporting on sustainability performance, environmental, social responsibility programs, good governance and stakeholder engagement issues. The BRSR framework has broadened the scope of the corporate reporting beyond just financial data and is in line with the global trend of integrated reporting.

Financial reporting in India has been significantly affected by digital transformation as well. The implementation of Extensible Business Reporting Language (XBRL) has enhanced the reliability, availability, and comparability of financial data (Meena & Gupta, 2024). The XBRL-based reporting enables regulators, investors and analysts to easily process financial data and enhances data-driven decision making. Technological advancements such as artificial intelligence, data analytics, cloud-based accounting systems and automation tools are increasingly being adopted in the financial reporting process. The technologies can be used to improve the efficiency of reporting, reduce the reporting error risk and ensure the accounting standards are met.

Moreover, investors have been demanding more transparent and quality disclosures which has prompted companies to enhance their reporting. The integration of financial and non-financial information is on the rise in integrated reporting practices and has helped an organisation deliver a more holistic view of the organisation and its enterprise value to stakeholders over time. In terms of future developments, India's financial reporting framework will continue to evolve with sustainability-related disclosures, innovations in digital financial reporting, enhanced regulatory oversight, and continued evolution of IFRS standards being key areas of development. The developments are likely to enhance the credibility, relevance and global acceptability of financial reporting of companies in India.

Tangible outcomes of Ind AS adoption in India

1. Improve Transparency and Disclosure

Ind AS has ushered in greater transparency in financial reporting, through the mandates for detailed disclosures of financial instruments, fair value measurements, risk exposures and management assumptions. Such revelations allow stakeholders to have a complete picture of a business's financial condition and performance.

2. Improved Comparability of Financial Statements

The convergence of Ind AS with IFRS has enabled Indian companies to prepare financial statements that are comparable with those of global organizations. This comparability helps investors, analysts and regulators assess companies' performance both within and between countries and industries.

3. Increased Investor Confidence

The introduction of internationally accepted accounting standards has improved the financial reporting reliability and credibility. Financial statements that fairly present the economic substance of transactions and are prepared in keeping with generally accepted international reporting standards are more likely to give investors the confidence to make investment decisions.

4. Better Access to International Capital Markets (Daske et al., 2008)

Adoption of Ind AS has helped in ease of access for foreign investments and international financing. Financial statements prepared in accordance with global standards benefit companies looking to list on foreign exchanges, enter into foreign partnerships or foreign borrowing. Financial statements prepared in accordance with global standards benefit companies that are looking to list on foreign exchanges, enter foreign partnerships or foreign borrowing, by reducing information barriers.

5. Strengthening Corporate Governance

Ind AS has introduced more transparency and accountability in the businesses. Better corporate governance practices and increased stakeholder trust in management come with better disclosure requirements, fair value reporting and tougher recognition rules

6. Enhance the Quality of Financial Reporting

The principles based nature of Ind AS ensures that it recognises substance over form, which helps in a more accurate presentation of business transaction.

7. Fair Value Accounting

More Use of Fair Value Accounting. In contrast to the traditional historical cost accounting, Ind AS highlights fair value measurement in various aspects (ICAI, 2024). This will offer more up-to-date and realistic data about assets, liabilities and financial instruments, which will enhance the usefulness of the financial statements.

8. Enhanced Decision-Making by Stakeholders

Relevant and timely financial information for the benefit of the investors, creditors, management and regulators. High-quality reporting facilitates sound investment and financing decisions, allocation of resources, and regulatory action.

9. Attraction of Foreign Direct Investment (FDI)

The adoption of internationally aligned accounting standards reduces concerns regarding financial reporting differences. As a result, foreign investors can more easily interpret and trust the financial statements of Indian companies, encouraging greater investment inflows.

10. Reduction in Information Asymmetry

Ind AS will improve the extent of financial reporting and uniformity of financial disclosures, thereby bridging the information gap between the management and the external parties of the company. This helps to promote the efficient organization of the market and enhance investor protection.

11. Improved Merger and Acquisition Activities

Ind AS prepared financial statements provide enhanced value addition to the valuation process and the due diligence process in mergers, acquisitions and strategic alliances. Foreign investors and acquiring companies can gain a better understanding of the Indian companies by using information comparable with those from around the world.

12. Increased Global Competitiveness of Indian Companies

Indian companies improve their credibility and market competitiveness by implementing IFRS, thereby raising their standards of financial accounting (Malviya et al., 2025). This helps the growth of businesses, partnerships, international trade and investment.

Benefits of Ind AS

The process of implementing the Indian Accounting Standards (Ind AS) that are aligned with International Financial Reporting Standards (IFRS) greatly enhanced the quality of financial reporting in India. Amongst the other advantages of Ind AS, improved transparency and disclosure are one of the major benefits. In order for stakeholders to make informed decisions, the standards call for detailed disclosures of financial performance, financial risks, financial assumptions, estimates, and management judgments.

Ind AS has also enhanced the comparability of financial statements of companies and countries. The standards are essentially comparable to IFRS, and it makes it easier for investors and analysts to make comparisons of Indian companies' performance with that of

the international companies. The comparability strengthens the reliability of the financial information and helps in the economic decision-making process for cross border investments. There's another big upside, too: It boosts the trust of the investors. Financial reporting with high quality reduces the information asymmetry and increases the reliability of financial statements. As a result, investors are more inclined to invest in companies that are adhering to the reporting standards that are accepted internationally. Ind AS adoption has helped to open up the international capital markets. For those Indian firms that are looking for foreign investments or international listing, financial statements prepared under the standards recognized internationally are beneficial. This has helped in better capitalisation and improved competitiveness on an international level.

Ind AS has also helped to improve corporate governance, making it more accountable and transparent, with ethical reporting. Good governance increases stakeholder confidence and helps promote sustainable organisations. Moreover, Ind AS facilitates decision making by managers with the availability of more relevant and reliable financial information. Financial reporting plays a vital role in strategic planning, performance measurement and decision making about resources for management.

Challenges in Implementing Ind AS

Though it has many benefits, there are various challenges in implementing Ind AS for companies, regulators, auditors and other stakeholders.

The fair value measurement is one of the most important challenges. Ind AS focuses on the fair value accounting of assets and liabilities, where several accounting valuation techniques and professional judgment are required.

Determining fair values can be difficult, particularly in the absence of active markets. The other challenge has to do with professional competence and training.

Ind AS demands specialized technical knowledge from accountants, auditors, financial analysts and regulators to successfully implement it. Standards are continually updated and this requires continuous professional development and training.

Substantial changes are also needed in accounting information systems in the transition to Ind AS. To meet new disclosure requirements, organizations need to invest in software improvements, data management systems and reporting systems.

Other challenges include regulatory and tax matters. In some cases, accounting standards and taxation requirements may vary from one to another, resulting in complexities in financial

reporting and tax calculations. For this, it is important that regulatory bodies coordinate themselves.

Implementation process can raise the compliance expenses, especially for smaller organizations. Companies can also find themselves facing financial pressures in the form of training, consultancy services, valuation experts, system changes, and compliance monitoring. Last but not the least, the complexity of financial reporting under Ind AS may pose problems of interpretation and implementation. The use of estimates, assumptions and professional judgement is pervasive, which may impact consistency and comparability if not used appropriately.

Recommendations

The following are suggested to enhance the effectiveness of Ind AS's implementation in India. First, on-going professional education and training should be provided for accountants, auditors, regulators and corporate executives. Advanced Ind AS/IFRS topics should be covered in the curricula of professional bodies and academic institutions.

Second, there is a need for increased coordination and understanding between regulatory authorities like NFRA, SEBI, RBI, Ministry of Corporate Affairs (MCA) and tax authorities in order to maintain uniformity of regulatory requirements.

Third, India should improve its valuation system by providing more specialized training and certification in the realm of valuation. This would enhance the reliability of the fair value measurements and eliminate subjectivity in financial reporting.

Fourth, organizations need to use digital tools, including XBRL, artificial intelligence, data analytics, and cloud-based accounting systems, to enhance their reporting process, make it more efficient, accurate, and compliant.

Fifth, there should be a greater focus on research and studies on emerging issues of Ind AS implementation, sustainability reporting and digital financial reporting practices from academic institutions and professional organizations. Finally, regulators must tighten up the monitoring and enforcement regime, including periodic inspections, reviews and corrective actions to assure adherence to accounting standards in order to build investor confidence.

Conclusion

The convergence with Indian Accounting Standards (Ind AS) and International Financial Reporting Standards (IFRS) is one of the big strides in the evolution of the Indian financial reporting system. The adoption of Ind AS has been a great step towards transparency,

comparability, reliability and credibility of financial statements, which in turn has contributed to the investor confidence and access of international capital market.

The findings of the research showed that there has been enough convergence of the accounting practices of India with international practices, but there are some challenges to be faced in implementing the same. The challenges are: complexities of fair value measurement, technological needs, needs for professional training, regulatory coordination issues, and compliance costs.

The financial reporting ecosystem in India has been evolving, such as the recent addition of more companies adopting XBRL reports, the introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework, and enhanced powers for the NFRA. The changes have been made in keeping with India's commitment to 'catching up with the international best practices'.

It will be crucial for the long-term success of Ind AS implementation to have ongoing support from the regulators, capacity building, technological development and enforcement mechanisms. In a country like India where quality financial reporting standards are increasingly being a part of the global capital markets, the function of high quality financial reporting standards will get more and more extended. There is, therefore, a need for sustained initiatives from the regulators, professional bodies, universities and corporations to fully reap benefits of convergence and to enhance the credibility of financial reporting in India.

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