



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

**Western India Regional Council**

**WIRC/ICAI/ 10981 /2025**

**6 January 2025**

The Secretariat  
Accounting Standards Board  
The Institute of Chartered Accountants of India  
ICAI Bhawan, P.B. No.7100, Indraprastha Marg,  
New Delhi- 110 002, India.

Dear Sir/Madam,

Please find attached comments **on Tentative Agenda Decision – Assessing Indicators of Hyperinflationary Economies (IAS 29)**, issued by the IASB for comments.

Kindly take the same on record.

Regards,

**CA. Ankit Rath**  
**Chairman - WIRC of ICAI**



### **Feedback on Tentative Agenda Decision – Assessing Indicators of Hyperinflationary Economies (IAS 29)**

We are writing to express my feedback on the tentative agenda decision concerning the assessment of indicators of hyperinflationary economies under IAS 29. We commend the Committee for its thorough consideration of this issue and fully support the logic underlying the decision not to add a standard-setting project.

#### **Support for the Tentative Agenda Decision**

##### **1. Judgment as an Inherent Requirement:**

Assessing whether an economy is hyperinflationary inherently requires the exercise of professional judgment. Economic conditions and dynamics vary significantly across jurisdictions, making it impractical to rely solely on a prescriptive set of indicators. The principles-based approach in IAS 29 rightly emphasizes judgment over rigid rules, allowing entities to tailor their assessments to the specific circumstances of their operating environments.

##### **2. Challenges of Expanding Indicators:**

Adding more indicators to the list provided in paragraph 3 of IAS 29 would likely increase complexity rather than enhance clarity. A longer list may overwhelm preparers, lead to misinterpretation, or result in unnecessary debates over the relative weight of various indicators. Instead, the current framework encourages preparers to adopt a holistic and balanced approach, considering relevant indicators while applying context-driven judgment.

##### **3. Importance of Consensus:**

Given the subjective nature of hyperinflationary assessments, consensus among preparers, auditors, and regulators is essential to maintain consistency and comparability. The findings noted in the tentative agenda decision—that stakeholders generally align on conclusions within groups—demonstrate that the current framework effectively supports consensus-building.

##### **4. Principles-Based Approach:**

The principles-based approach of IAS 29 ensures that preparers focus on economic substance rather than form. This flexibility allows for the accommodation of unique and evolving economic conditions, fostering high-quality financial reporting.





## **Broader Implications and Suggestions**

### **1. Fostering Dialogue and Education:**

While the current guidance in IAS 29 is sufficient, ongoing efforts to educate stakeholders on the application of hyperinflation indicators would be valuable. This could include workshops, practical case studies, or illustrative examples to further clarify the application of judgment in complex scenarios.

### **2. Encouraging Transparency in Disclosures:**

Entities should be encouraged to provide transparent disclosures explaining their judgment process, the indicators considered, and the rationale behind their conclusions. Such disclosures can enhance the comparability and reliability of financial statements.

### **Conclusion**

We support the Committee's decision not to pursue a standard-setting project on this issue. The current framework in IAS 29 strikes an appropriate balance by allowing for the exercise of professional judgment while providing sufficient guidance to support consistency in practice. Adding more indicators would risk introducing unnecessary complexity without addressing the inherent subjectivity of hyperinflation assessments.