

Banks, insurers to align with global accounting rules from April 1, 2018

Our Bureau

Centre announces roadmap for implementing Ind AS in the financial sector

New Delhi, January 19:

The Centre has announced the much-awaited roadmap for implementing the Indian Accounting Standards (Ind AS) by banks, insurers and non-banking finance companies (NBFCs).

Ind AS are a set of accounting standards developed by Indian authorities, which converge with the International Financial Reporting Standards (IFRS).

According to the roadmap, scheduled commercial banks (excluding regional rural banks) and insurers, will be required to prepare Ind AS-based financial statements for accounting periods beginning April 1, 2018. This would have to be done with comparatives ending March 31, 2018 or thereafter.

Ind AS would be applicable to both consolidated financial statements. The roadmap would also apply to all-India term-lending refinancing institutions, such as Exim Bank, NACAS, NHB and SIDBI, an official release said.

Urban cooperative banks and regional rural banks are not required to apply Ind AS and can continue to comply with the existing standards for the present, the release added.

The new roadmap is being implemented as a follow-up of the 2015-16 Budget announcement made by Finance Minister Arun Jaitley. Also, the Centre has now stipulated that commercial banks cannot voluntarily adopt Ind AS prior to the roadmap date.

The roadmap also clarifies that holding company, subsidiary, joint venture and associate entities of commercial banks, insurers and NBFCs will also have to comply with the standards.

NBFCs have been asked to prepare Ind AS-based financial statements in two phases.

Under phase I, NBFCs having net worth of Rs. 500 crore or more would have to prepare the statements for accounting periods beginning April 1, 2018.

Under phase II, NBFCs whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and have net worth less than Rs. 500 crore should prepare the statements from April 1, 2019.

The same roadmap will apply to unlisted NBFCs having net worth of Rs. 250 crore or more, but less than Rs. 500 crore.

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