

December 19, 2006

All Scheduled Commercial Banks  
(excluding RRBs)

Dear Sir,

**Draft Guidelines - Accounting Standard 17, Segment Reporting –  
Enhancement of disclosure**

Please refer to our circular DBOD.No.BP. BC. 89 /21.04.018/2002-03 dated March 29, 2003 in terms of which banks are required to adopt the three business segments viz. 'Treasury', 'Other banking business' and 'Residual' as the uniform business segments and 'Domestic' and 'International' as the uniform geographic segments for the purpose of segment reporting under AS-17. While issuing the guidelines, banks were advised that while the above would be the minimum disclosures that they may have to make, they should initiate measures to move towards greater disclosures within a defined time period.

2. In view of the passage of time since the issue of the above guidelines, we have examined the scope and need for requiring banks to make greater disclosures under segment reporting. As the segment of 'other banking business' is very broad, it has been decided to divide this segment into the following three categories viz. Corporate/ Wholesale Banking, Retail Banking and Other Banking Operations. Accordingly, banks will adopt the following business segments for public reporting purposes, from September 30, 2007.

- (a) Treasury,
- (b) Corporate / wholesale banking, (*new*)
- (c) Retail banking, (*new*)
- (d) Other banking operations, and
- (e) Residual operations.

The geographical segments will remain unchanged as 'domestic' and 'international'.

3. 'Retail Banking' under segment reporting will comprise all exposures to individual person, including proprietorship concerns, subject to a limit of Rs. one crore. All advances to individuals above Rs. one crore would be grouped under 'Other Banking Operations'. Wholesale banking would include all exposure to partnership firms, trusts, companies and government entities/statutory bodies. All other banking transactions not covered under (b) and (c) above will be shown under 'Other Banking Operations'. The format for disclosure under segment reporting may be modified to include the new segments referred to above.

4. Banks, in their own interest, may consider aligning their Management Information Systems (MIS) and organisational structure to bring them in line with the reporting segments.

5. The revised guideline has been placed on our website [www.rbi.org.in](http://www.rbi.org.in) as a draft for feedback from all concerned. The draft will be open for comments upto January 12, 2007. Comments on the draft guidelines may be addressed to the undersigned at the address given below. Comments may be sent by e-mail.

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Yours faithfully,

(Prashant Saran)  
Chief General Manager-in-Charge