



भारतीय रिजर्व बैंक

RESERVE BANK OF INDIA

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March 6, 2012

Chief Executive Officers of  
All Primary (Urban) Co-operative Banks

Dear Sir / Madam,

**Convergence of Indian Accounting Standards with International Financial Reporting Standards – Urban Co-operative Banks**

The Core Group constituted by the Ministry of Corporate Affairs, Government of India had approved in March 2010, a road map for convergence of Indian Accounting Standards (IAS) with International Financial Reporting Standards (IFRS). In the Annual Policy Statement 2010-2011 of the Reserve Bank issued on April 20, 2010, it was stated that UCBs having net worth in excess of Rs. 300 crore would, in the preparation of their accounts, converge with IFRS in tandem with the time schedule given for scheduled commercial banks and accordingly convert their opening balance sheet as on April 1, 2013 in compliance with IFRS converged IAS. UCBs having net worth in excess of Rs. 200 crore but not exceeding Rs. 300 crore would convert their opening balance sheet as on April 1, 2014 in compliance with IFRS converged IAS. An extract of the relevant paragraphs (92 to 94) of the Annual Policy Statement of 2010-2011 is enclosed.

2. UCBs having net worth in excess of Rs. 200 crore are, therefore, advised to take necessary steps to ensure that they are in readiness to adopt the IFRS converged IAS from 1<sup>st</sup> of April 2013 or 1<sup>st</sup> April 2014 as the case may be.

3. Please acknowledge receipt of this circular to the concerned Regional Office of this Department.

Yours faithfully,

(A.Udgata)

Chief General Manager-in-Charge

Encl; one

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बैंक हिन्दी में पत्राचार का स्वागत करता है ।।

**Reserve Bank of India – Annual Policy Statement 2010-11 – Convergence of Indian Accounting Standards with International Financial Reporting Standards**

*Para 92. As a part of the efforts to ensure convergence of the Indian Accounting Standards (IASs) with the International Financial Reporting Standards (IFRSs), the roadmap for banking companies and non-banking financial companies (NBFCs) has been finalised by the Ministry of Corporate Affairs in consultation with the Reserve Bank. As per the roadmap, all scheduled commercial banks will convert their opening balance sheet as at April 1, 2013 in compliance with the IFRS converged IASs.*

*Para 93. However, with regard to UCBs and NBFCs, a gradualist approach is considered appropriate. The roadmap envisages UCBs having net worth in excess of Rs. 300 crore and NBFCs which are part of NSE Nifty 50 and BSE Sensex 30 as well as those NBFCs having net worth in excess of Rs. 1,000 crore to converge with IFRSs in tandem with the time schedule given for scheduled commercial banks, UCBs having net worth in excess of Rs. 200 crore but not exceeding Rs. 300 crore and other listed NBFCs as well as unlisted NBFCs having a net worth in excess of Rs. 500 crore shall convert their opening balance sheets as on April 1, 2014 in compliance with the IFRS converged IASs. Remaining UCBs, unlisted NBFCs not falling in the above categories and regional rural banks (RRBs) need to follow only the notified IASs which are not converged with IFRSs.*

*Para 94. Considering the amount of work involved in the convergence process, it is expected that banks and other entities concurrently initiate appropriate measures to upgrade their skills, management information system (MIS) and Information technology (IT) capabilities to manage the complexities and challenges of IFRSs. The implementation poses additional challenge as certain aspects of IFRSs, especially the standards on financial instruments, are under review and would take sometime before they are finalized. In order to facilitate smooth migration to IFRSs, it is proposed:*

- To undertake a study of the implications of the IFRSs convergence process and also to issue operational guidelines as appropriate.*
- To disseminate information through learning programmes with a view to preparing banks and other entities to adhere to the roadmap’.*