

## **Working Group on Consolidated Accounting to Facilitate Consolidated Supervision**

The Reserve Bank of India has set up a multi-disciplinary working group to look into the introduction of consolidated accounting and other quantitative techniques of consolidated supervision of bank groups. The composition of the Working Group is:

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| 1. Shri Vipin Mallik<br>Chartered Accountant<br>Member, Central Board of Directors,<br>Reserve Bank of India                | Chairman           |
| 2. Shri K L Khetarpaul<br>Chief General Manager-in-charge<br>Reserve Bank of India<br>Department of Banking Supervision     | Member             |
| 3. Shri P V Subba Rao<br>Chief General Manager<br>Reserve Bank of India<br>Department of Banking Operations and Development | Member             |
| 4. Shri B.D.Sumitra<br>Chief general Manager<br>State Bank of India   | Member             |
| 5. Shri G. Sitharaman<br>President<br>Institute of Chartered Accountants of India   | Member             |
| 6. Shri Nagesh Pinge<br>Joint General Manager<br>ICICI Ltd.   | Member             |
| 7. Shri Aditya Narain<br>Deputy General Manager<br>Reserve Bank of India<br>Department of Banking Supervision               | Member - Secretary |

The Group has been set up against the backdrop of the renewed focus on empowering supervisors to undertake consolidated supervision of bank groups in recent times. The renewed focus on consolidated supervision is following the failure of large international banks triggered by the operations of their subsidiary ventures and by the concerns arising out of the entry of banks into other lines of business. The Core Principles of Effective Banking Supervision issued by the Basel Committee on Banking Supervision (BCBS) have underscored this requirement as an independent principle which requires that bank supervisors have the ability to supervise banking groups on a consolidated basis. In India, with diversification, banks and financial institutions now have both financial and non-financial subsidiaries. It was, therefore,

felt necessary to align the Reserve Bank's approach with that prevalent internationally, of which consolidated accounting is an integral part.

The Group will:

1. examine the feasibility of introducing consolidated accounting for groups in which banks are either parents or subsidiaries in line with international best practices.
2. specify (i) the scope and (ii) the techniques to be used for consolidation of accounts and recommend the introduction or adoption of any accounting standards for this purpose.
3. recommend the introduction of any other quantitative methods such as group prudential norms to facilitate consolidated supervision, revenue recognition and reporting of statement of changes in the financial position of the group.
4. outline the sequencing of the introduction of consolidated accounting and other quantitative methods.
5. specify the legislative amendments which would be required for the introduction of consolidated accounting and other quantitative methods.

The Group is expected to submit its report within six months.

**Alpana Killawala**  
**General Manager**

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