

## **RBI may soon do away with branch audit of PSU banks: Srcs**

RBI may soon do away with branch audits; to save public sector banks hundreds of crores, reports CNBC-18's Gopika Gopakumar quoting sources.

Most PSU banks have two kinds of auditors, statutory central auditors and statutory branch auditors. Statutory central auditors for most banks are around 6 but when it comes to branch auditors the number runs into thousands. For instance SBI has around 3625 branch auditors. Punjab National Bank has 1300 branch auditors. All this compared to private sector banks which have only one statutory central auditor.

Also when you compare the auditor fees public sector banks- SBI for instance pay as much as Rs 124 crore as auditor fees compared to Rs 2 crore which ICICI pays to its auditors. So that's the reason why RBI is looking to bring down the number of branch auditors for public sector banks.

Currently branches with advances of more than Rs 3 crore and above comes under branch auditors but the RBI is looking to increase their number to Rs 20 crore advances and above.

Now even the RBI governor in December last year had mentioned that the relevance of branch audits had significantly declined but that's largely because after the implementation of core banking system the relevance has actually declined and there is no need for branch auditors but for statutory central auditors.

So, that's the reason why RBI is looking to reduce the cost for public sector banks but the final numbers on branch auditors for this fiscal has not been decided yet.

That has bankers got a little worried because the annual balance sheet for the current fiscal is yet to be decided and is yet to be audited but that's largely because Institute of Chartered Accountants (ICAI) have objected to the reduction in the number of branch auditors clearly because of the number of auditors who will probably loss their jobs because if the RBI goes ahead and cuts the number of branch auditors.

Source : [moneycontrol.com](http://moneycontrol.com)