

RBI asks banks to make enhanced disclosures in notes to accounts

Currently, if any item under the subhead “Miscellaneous Income” under the head “Other Income” exceeds one per cent of total income, banks have to give particulars in the notes to accounts

The Reserve Bank of India (RBI) has asked banks to make enhanced disclosures relating to material items in their notes to accounts wherever any item under the head “Other Liabilities and Provisions” and “Other Assets” exceeds one per cent of the total assets.

This is aimed at enhancing transparency in bank’s financial statements through disclosures.

Currently, if any item under the subhead “Miscellaneous Income” under the head “Other Income” exceeds one per cent of total income, banks have to give particulars in the notes to accounts. Similar instructions exist in case of subhead “Other expenditure” under the head “Operating Expenses”.

The RBI also asked paymentsbanks to disclose particulars of all such items in the notes to accounts, wherever any item under “Other Income” - “Commission, Exchange and Brokerage” — exceeds one per cent of the total income.

Comprehensive disclosures

The central bank underscored that more comprehensive disclosures than the minimum required are encouraged, especially if such disclosures significantly aid in the understanding of the financial position and performance of banks.

The RBI said its instructions relating to “Financial Statements — Presentation and Disclosures — Disclosure of material items “ are applicable to all commercial banks.

“These instructions shall come into effect for disclosures in the notes to the annual financial statements for the year ending March 31, 2023 and onwards,” per the central bank’s directions.

(Source: The Hindu Business Line)