



Indian Accounting Standards

The Reserve Bank of India (RBI) is going to align the definition of financial difficulty with the guidelines issued by the **Basel Committee on Banking Supervision**.

The RBI had put out a non-exhaustive indicative list of signs of financial difficulty.

- It has brought the Indian Accounting Standard (IndAS) norms back into play.
- The RBI had indefinitely [deferred the IndAS norms](#) which were to come into effect from April 1, 2019, as it would have called for higher capital for bad loan provisioning by banks.
- It was the second such deferred move, banks were to implement IndAS from April 2018, it also needed legislative amendments to make the format of financial statements compatible with IndAS.

Indian Accounting Standards (Ind AS)

- These are a set of accounting standards that govern the accounting and recording of financial transactions as well as the presentation of statements such as profit and loss account and balance sheet of a company.
- The standards were formulated by the **Accounting Standards Board (ASB)**, which was constituted as a body in the year 1977. ASB is a committee under ICAI which consists of representatives from government departments, academicians, other professional bodies viz. ICAI, representatives from ASSOCHAM, CII, FICCI, etc.
- The Ind AS are named and numbered in the same way as the **International Financial Reporting Standards (IFRS)**.

International Financial Reporting Standards (IFRS)

- It is an accounting standard that has been issued by the International Accounting Standards Board (IASB) with the objective of providing a common accounting language to increase transparency in the presentation of financial information.
- IASB is an independent body that was formed in 2001 for establishing the IFRS. It succeeded the International Accounting Standards Committee (IASC), which was earlier given the responsibility of establishing the international accounting standards. It is based in London.

Basel Committee

- In December 2010, the Basel Committee on banking supervision published Basel III norms. A global regulatory framework for more resilient banks and banking systems which presents the details of global regulatory standards on bank capital adequacy and liquidity, including a countercyclical capital buffer.