

Government of India
Ministry of Finance
RAJYA SABHA

UNSTARRED QUESTION NO-873

ANSWERED ON FEBRUARY 9, 2021/20 Magha, 1942 (Saka)

INTRODUCTION OF RISK BASED INTERNAL AUDIT FOR LARGE UCBs AND NBFCs

QUESTION

873. Shri B. Lingaiah Yadav:

Will the Minister of FINANCE be pleased to state:

- (a) whether Reserve Bank of India (RBI) is proposing introduction of risk-based internal audit norms for large urban cooperative banks (UCBs) and non-banking financial companies (NBFCs), as part of measures aimed at improving governance and assurance functions at supervised entities; and
- (b) if so, the details thereof and results yielded so far?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b): Reserve Bank of India (RBI) has informed that a circular has been issued on February 03, 2021 on Risk-Based Internal Audit (RBIA) covering all deposit taking Non-Banking Finance Companies (NBFCs); all non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹5,000 crore and above; and all Primary (Urban) Co-operative Banks (UCBs) with asset size of ₹500 crore and above.

The circular intends, inter alia, to provide the essential requirements for a robust internal audit function, which, inter-alia, include sufficient authority, proper stature, independence, adequate resources and professional competence, so as to align these requirements in larger NBFCs/UCBs with those stipulated for Scheduled Commercial Banks. It is expected that the adoption of RBIA by such entities would help to enhance the quality and effectiveness of their internal audit system.
