



भारतीय रिजर्व बैंक  
**RESERVE BANK OF INDIA**  
[www.rbi.org.in](http://www.rbi.org.in)

RBI/2016-17/281  
DBR.BP.BC.No.61/21.04.018/2016-17

April 18, 2017

All Scheduled Commercial Banks  
(excluding Regional Rural Banks)

Madam / Dear Sir,

**Guidelines on compliance with Accounting Standard (AS) 11 [The Effects of Changes in Foreign Exchange Rates] by banks - Clarification**

Please refer to [circulars DBOD.No.BP.BC.76/21.04.018/2004-05 dated March 15, 2005](#) and [DBOD.BP.BC.No.76/21.04.018/2005-06 dated April 05, 2006](#) on the captioned subject.

2. It has been observed that banks have been recognizing gains in profit & loss account from Foreign Currency Translation Reserve (FCTR) on repatriation of accumulated profits / retained earnings from overseas branch(es) by treating the same as partial disposal under AS 11.

3. The matter has been examined taking into consideration, inter alia, the views of the Institute of Chartered Accountants of India. It is clarified that the repatriation of accumulated profits shall not be considered as disposal or partial disposal of interest in non-integral foreign operations as per AS 11 *The Effects of Changes in Foreign Exchange Rates*. Accordingly, banks shall not recognise in the profit and loss account the proportionate exchange gains or losses held in the foreign currency translation reserve on repatriation of profits from overseas operations.

Yours faithfully,

(S.S.Barik)  
Chief General Manager-in-Charge