



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2015-16/1
DCBR.CO.BPD.MC.No.1/12.05.001/2015-16

July 1, 2015

Chief Executive Officers of
All Primary (Urban) Co-operative Banks

Dear Sir/Madam,

Master Circular on Frauds- Classification and Reporting

Please refer to our [Master Circular UBD.CO. BPD. MC.No. 17 /12.05.001/2014-15 dated July 1, 2014](#) on the captioned subject (available at RBI website www.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions / guidelines on the subject up to June 30, 2015.

Yours faithfully

(Suma Varma)
Principal Chief General Manager

सहकारी बैंक विनियम विभाग, केंद्रीय कार्यालय, गारमेट हाऊस पहली मंज़िल, एनी बेसेंट मार्ग डॉ, वरली, मुंबई 400018 - भारत
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हिंदी आसान है, इसका प्रयोग बढ़ाइए—

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिए किसी की भी व्यक्ति की जानकारी जैसे बैंक के खाते का ब्योरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिए।
Caution: RBI never sends mails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

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Formats :

FMR-1 Report on Actual or Suspected Frauds in Banks

FMR-2 Quarterly Report on Frauds Outstanding

FMR-3 Quarterly Progress Report on Frauds

FMR-4 Report on Dacoities / Robberies / Thefts / Burglaries

1. INTRODUCTION

1.1 Incidence of frauds, dacoities, robberies, etc., in banks is a matter of concern. While the primary responsibility for preventing frauds lies with banks themselves, the Reserve Bank of India (RBI) has been advising banks from time to time about the major fraud prone areas and the safeguards necessary for prevention of frauds. RBI has also been circulating to banks, the details of frauds of an ingenious nature not reported earlier so that banks could introduce necessary safeguards by way of appropriate procedures and internal checks. To facilitate this ongoing process, it is essential that banks report to the Reserve Bank full information about frauds and the follow-up action taken thereon. Banks may, therefore, adopt the reporting system for frauds as prescribed in the following paragraphs.

1.2 It has been observed that frauds are, at times, detected in banks long after their perpetration. The fraud reports are also submitted to the RBI, many a time, with considerable delay and without the required information. On certain occasions, the RBI comes to know about frauds involving large amounts only through press reports. Banks should, therefore, ensure that the reporting system is suitably streamlined so that frauds are reported without any delay. Banks must fix staff accountability in respect of delays in reporting fraud cases to the RBI.

1.3 Delay in reporting of frauds and the consequent delay in alerting other banks about the modus operandi and issue of caution advices against unscrupulous borrowers could result in similar frauds being perpetrated elsewhere. Banks may, therefore, strictly adhere to the timeframe fixed in this circular for reporting fraud cases to RBI failing which banks would be liable for penal action as prescribed under Section 47(A) of the Banking Regulation Act, 1949 (As applicable to Co-operative Societies).

1.4 Banks should specifically nominate a senior official who will be responsible for submitting all the returns referred to in this circular.

2. CLASSIFICATION OF FRAUDS

2.1 In order to have uniformity in reporting, frauds have been classified as under, based mainly on the provisions of the Indian Penal Code:

- a) Misappropriation and criminal breach of trust.
- b) Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property.
- c) Unauthorised credit facilities extended for reward or for illegal gratification.
- d) Negligence and cash shortages.
- e) Cheating and forgery.
- f) Irregularities in foreign exchange transactions.
- g) Any other type of fraud not coming under the specific heads as above.

2.2 Cases of 'negligence and cash shortages' and 'irregularities in foreign exchange transactions' referred to in item (d) & (f) above are to be reported as fraud if the intention to cheat/defraud is suspected/ proved. However, the following cases where fraudulent intention is not suspected/proved at the time of detection will be treated as fraud and reported accordingly:

(a) cases of cash shortages of more than ₹10,000 and

(b) cases of cash shortages of more than ₹ 5,000 if detected by management/auditor/inspecting officer and not reported on the day of occurrence by the persons handling cash.

2.3 To ensure uniformity and to avoid duplication, frauds involving forged instruments may be reported only by the paying banker and not by the collecting banker.

However, in the case of collection of an instrument which is genuine but the amount is collected fraudulently by a person who is not the true owner, the collecting bank, which is defrauded, will have to file fraud report with the RBI.

In case of collection of instrument where the amount has been credited and withdrawn before realisation and subsequently the instrument is found to be fake/forged and returned by the paying bank, it is the collecting bank who has to file FMR-1 with the RBI as they are at loss by parting the amount before realisation of the instrument.

2.4 Encashment of altered / fake cheques involving two or more branches of same bank

2.4.1 In case of collection of altered/fake cheque involving two or more branches of the same bank, the branch where the altered/fake cheque has been encashed, should report the fraud to Head Office of the bank. Thereafter, Head Office of the bank will file the fraud report with RBI.

2.4.2 In the event of an altered/fake cheque having been paid/encashed involving two or more branches of a bank under Core Banking Solution (CBS), there could be a possibility of dispute/difference of opinion as to whether the branch where the drawer of the cheque maintains the account or the branch where the encashment has taken place should report the matter to the Head Office of the bank. In such cases also the branch which has released the payment against an altered / fake cheque should report the fraud to the Head Office. Thereafter, Head Office of the bank will file the fraud report with RBI.

2.5 Cases of theft, burglary, dacoity and robbery should not be reported as fraud. Such cases may be reported separately as detailed in paragraph 8.

3. REPORTING OF FRAUDS TO RESERVE BANK OF INDIA

3.1 Frauds involving amounts of less than ₹ 1.00 lakh

The cases of individual frauds involving amounts of less than ₹ 1.00 lakh are not to be reported individually to the RBI. Statistical data in respect of such frauds should, however, be submitted to RBI in a quarterly statement as detailed in Para 4.1.

3.2 Frauds involving amounts of ₹ 1.00 lakh and above but less than ₹ 25.00 lakh

The cases of individual frauds involving amounts of ₹ 1.00 lakh and above but less than ₹.25.00 lakh should be reported to the Regional Office of Department of Cooperative Bank Supervision of Reserve Bank of India, under whose jurisdiction the Head Office of the bank falls, in the format given in FMR-1, within three weeks from the date of detection.

3.3 Frauds involving amounts of ₹ 25.00 lakh and above

3.3.1 The cases of individual frauds involving amounts of ₹ 25.00 lakh and above should be reported to Central Frauds Monitoring Cell, Department of Banking Supervision, Reserve Bank of India, 10/3/8, Nruputhunga Road,

P.B.No. 5467, Bengaluru- 560 001 in the format given in FMR-1, within three weeks from the date of detection. Separate FMR-1 should be furnished in respect of each, case without clubbing. A copy of FMR-1 should also be submitted to the Regional Office of Department of Cooperative Bank Supervision of Reserve Bank of India under whose jurisdiction the Head Office of the bank falls.

3.3.2 In addition to the requirement given at paragraph 3.3.1 above, banks may report the fraud by means of D.O. letter addressed to the Principal Chief General Manager of the Department of Banking Supervision, Reserve Bank of India, Central Office, within a week of such fraud coming to the notice of the bank's Head Office. The letter may contain brief particulars of the fraud such as amount involved, nature of fraud, modus operandi in brief, name of the branch/office, names of parties involved (if they are proprietorship/partnership concerns or private limited companies, the names of proprietors, partners and directors), names of officials involved and whether a complaint has been lodged with the Police. A copy of the D.O. letter should also be endorsed to the Regional Office of Department of Cooperative Bank Supervision of Reserve Bank of India under whose jurisdiction the bank's branch, where the fraud has been perpetrated, is functioning.

3.4 Frauds committed by unscrupulous borrowers

3.4.1 It is observed that a large number of frauds are committed by unscrupulous borrowers including companies, partnership firms/proprietary concerns and/or their directors/partners by various methods including the following:

- (i) Fraudulent discount of instruments or kite flying in clearing effects.
- (ii) Fraudulent removal of pledged stocks/disposing of hypothecated stocks without the bank's knowledge/inflating the value of stocks in the stock statement and drawing excess bank finance.
- (iii) Diversion of funds, lack of interest or criminal neglect on the part of borrowers, partners etc. in adhering to financial discipline and managerial failure with malafide intent leading to the unit becoming sick and laxity in effective supervision over the operations in borrowal accounts on the part of the bank

functionaries rendering the advance difficult for recovery and resulting in financial loss to the bank.

In respect of frauds in borrowal accounts additional information as prescribed under Part B of FMR – 1 should also be furnished.

3.5 Cases of attempted fraud.

The practice of reporting attempted fraud, where likely loss would have been Rs.25 lakhs or more to Fraud Monitoring Cell, Department of Banking Supervision, Reserve Bank of India, Central Office has been discontinued in terms of circular dated March 08, 2013. However, the bank should continue to place the individual cases of attempted fraud involving Rs.25 lakhs or more before the Audit Committee of its Board. The report containing attempted frauds which is to be placed before the Audit Committee of the Board should cover the following viz.

- * The modus operandi of attempted fraud
- * How the attempt did not materialize into a fraud or how the attempt failed / or was foiled.
- * The measures taken by the bank to strengthen the existing systems and controls.
- * New systems and controls put in place in the area where fraud was attempted,
- * In addition, yearly consolidated review of such cases detected during the year containing information such as area of operations where such attempts were made, effectiveness of new process and procedures put in place during the year, trend of such cases during the last three years, need for further change in process and procedures, if any, etc. as on March 31 every year may be placed before the Audit Committee of the Board starting from the year ending March 31, 2013 within three months from the end of the relative year.

4. Provisioning Pertaining to Fraud Accounts

It has been decided to prescribe a uniform provisioning norm in respect of all cases of fraud, as under :

(a) The entire amount due to the bank (irrespective of the quantum of security held against such assets), or for which the bank is liable (including in case of deposit accounts), is to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected;

(b) However, where there has been delay, beyond the prescribed period, in reporting the fraud to the Reserve Bank, the entire provisioning is required to be made at once. In addition, Reserve Bank of India may also initiate appropriate supervisory action where there has been a delay by the bank in reporting a fraud, or provisioning there against.

5. QUARTERLY RETURNS

5.1 Report on Frauds Outstanding (FMR-2)

5.1.1 Banks should submit a copy each of the Quarterly Report on Frauds Outstanding in the format given in FMR – 2 to the Regional Office of Department of Cooperative Bank Supervision of the Reserve Bank of India under whose jurisdiction the Head Office of the bank falls within 15 days of the end of the quarter to which it relates. Banks which may not be having any fraud outstanding as at the end of a quarter should submit a **nil** report.

5.1.2 Part – A of the report covers details of frauds outstanding as at the end of the quarter. Parts B and C of the report give category-wise and perpetrator-wise details of frauds reported during the quarter respectively. The total number and amount of fraud cases reported during the quarter as shown in Parts B and C should tally with the totals of columns 4 and 5 in Part – A of the report.

5.1.3 Banks should furnish a certificate, as part of the above report, to the effect that all individual fraud cases of ₹ 1.00 lakh and above reported to the RBI in FMR – 1 during the quarter have also been put up to the bank's Board of Directors and have been incorporated in Part – A (columns 4 and 5) and Parts B and C of FMR – 2.

5.2 Progress Report on Frauds (FMR-3)

5.2.1 Banks should furnish case-wise quarterly progress reports on frauds involving ₹ 1.00 lakh and above in the format given in FMR–3 to the Regional Office of Department of Cooperative Bank Supervision of Reserve Bank of India under whose

jurisdiction the bank's Head Office is situated, within 15 days of the end of the quarter to which it relates.

5.2.2 In case of frauds where there are no developments during a quarter, a list of such cases with brief description including name of branch and date of reporting may be furnished in Part – B of FMR – 3.

5.2.3 If there are no fraud cases involving ₹ 1.00 lakh and above outstanding, banks may submit a **nil** report.

6. REPORTS TO THE BOARD

6.1 Reporting of Frauds

6.1.1 Banks should ensure that all frauds of ₹ 1.00 lakh and above are reported to their Boards promptly on their detection.

6.1.2. Such reports should, among other things, take note of the failure on the part of the concerned branch officials and controlling authorities, and consider initiation of appropriate action against the officials responsible for the fraud.

6.2 Quarterly Review of Frauds

6.2.1 Information relating to frauds for the quarters ending **June, September and December** may be placed before the Audit Committee of the Board of Directors during the month following the quarter, to which it pertains, irrespective of whether or not these are required to be placed before the Board / Management Committee in terms of the Calendar of Reviews prescribed by the Reserve Bank of India.

6.2.2 A separate review for the quarter ending **March** is not required in view of the Annual Review for the year ending March prescribed below. The review for the year ended **March** may be placed before the Board before the end of next quarter. i.e. for the quarter ended **June 30**.

6.3 Special Committee of Board for Monitoring High Value Frauds

As delay in various aspects of frauds like detection, reporting to regulatory and enforcement agencies and action against the perpetrators of the frauds had been causing concern, the need was felt for paying focused attention on monitoring of frauds at the highest level and it was suggested to constitute a subcommittee of the Board which would be exclusively dedicated to the monitoring of fraud cases. It has

therefore been decided that Boards of banks should constitute a Special Committee for monitoring and following up cases of frauds involving amounts of Rs.1 crore and above exclusively, while ACB may continue to monitor all the cases of frauds in general.

(i) The broad guidelines regarding constitution and functions of the Special Committee of the Board are follows :

a) Constitution of the Special Committee

The Special Committee may be constituted with five members of the Board of Directors including Chairman, two members from ACB, and two other members from the Board.

b) Functions of Special Committee

The major functions of the Special Committee would be to monitor and review all the frauds of Rs.1 crore and above so as to;

- * Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same;
- * Identify the reasons for delay in detection, if any, reporting to top management of the bank and RBI;
- * Monitor progress of CBI / Police Investigation, and recovery position and;
- * Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- * Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- * Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

c) Meetings

The periodicity of the meetings of the Special Committee may be decided according to the number of cases involved. However, the Committee should meet and review as and when a fraud involving an amount of Rs.1 crore and above comes to light.

d) Review of the functioning of the Special Committee

The functioning of the Special Committee of the Board may be reviewed on a half yearly basis and the reviews where applicable may be put up to the Board of Directors.

6.4 Annual Review of Frauds

6.4.1 Banks should conduct an annual review of the frauds and place a note before the Board of Directors for information.

6.4.2 The main aspects which may be taken into account while making such a review may include the following:

- a) Whether the systems in the bank are adequate to detect frauds, once they have taken place, within the shortest possible time.
- b) Whether frauds are examined from staff angle and, wherever necessary, the staff side action is taken without undue delay.
- c) Whether deterrent punishment is meted out, wherever warranted, to the persons found responsible without undue delay.
- d) whether frauds have taken place because of laxity in following the systems and procedures or loopholes in the system and, if so, whether effective action has been taken to ensure that the systems and procedures are scrupulously followed by the staff concerned or the loopholes are plugged.
- e) Whether frauds are reported to the local Police for investigation.

6.4.3 The annual reviews should also, among other things, include the following details:

- a) Total number of frauds detected during the year and the amount involved as compared to the previous two years.
- b) Analysis of frauds according to different categories detailed in Paragraph 2.1 and also the different business areas indicated in the Quarterly Report on Frauds Outstanding (vide FMR – 2).
- c) Modus operandi of major frauds reported during the year along with their present position.
- d) Detailed analysis of frauds of ₹ 1.00 lakh and above.
- e) Estimated loss to the bank during the year on account of frauds, amount recovered and provisions made.
- f) Number of cases (with amounts) where staff are involved and the action taken against staff.
- g) Time taken to detect frauds (number of cases detected within three months, six months, one year, more than one year of their taking place).
- h) Position with regard to frauds reported to the Police.
- i) Number of frauds where final action has been taken by the bank and cases disposed off.
- j) Preventive/punitive steps taken by the bank during the year to reduce/minimise the incidence of frauds. Whether systems and procedures have been examined to ensure that weaknesses are addressed.

7. GUIDELINES FOR REPORTING OF FRAUDS TO POLICE

7.1 Banks should follow the following guidelines for reporting of frauds such as unauthorised credit facilities extended by the bank for illegal gratification, negligence and cash shortages, cheating, forgery, etc. to the State Police authorities:

- (a) In dealing with cases of fraud/embezzlement, banks should not merely be motivated by the necessity of recovering expeditiously the amount involved, but should also be motivated by public interest and the need for ensuring that the guilty persons do not go unpunished.

(b) Therefore, as a general rule, the following cases should invariably be referred to the State Police:

- i. Cases of fraud involving an amount of ₹ 1.00 lakh and above, committed by outsiders on their own and/or with the connivance of bank staff/officers.
- ii. Cases of fraud committed by bank employees, when it involves banks' funds exceeding ₹ 10,000

7.2 Filing of Police complaint in case of fraudulent encashment of DDs/TTs/Pay Orders/Cheques/Dividend Warrants, etc.

7.2.1 In case of frauds involving forged instruments, the paying banker has to file the police complaint (FIR) and not the collecting banker.

7.2.2 However, in case of collection of instrument which is genuine but the amount collected fraudulently by a person who is not the owner, the collecting bank which is defrauded has to file a police complaint (FIR).

7.2.3 In case of collection of instruments where the amount has been credited before realisation and subsequently the instrument is found to be fake/forged and returned by the paying bank, it is the collecting bank who has to file a police complaint as they are at loss by paying the amount before realisation of the instrument.

7.2.4 In cases of collection of altered/fake cheque involving two or more branches of the same bank, the branch where the altered/fake instrument has been encashed, should file a Police complaint (FIR).

7.2.5 In the event of an altered / fake cheque having been paid /encashed involving two or more branches of a bank under CBS, the branch which has released the payment against a fraudulent withdrawal, should file a Police complaint.

8. CLOSURE OF FRAUD CASES

Banks will report to the concerned Regional Office of Department of Cooperative Bank Supervision of Reserve Bank of India under whose jurisdiction the Head Office of the bank falls, the details of the fraud cases closed along with reasons for the closure where no further action was called for. Fraud cases closed during the quarter are required to be reported in quarterly return FMR-2.

Banks should report only such cases of frauds as closed where the actions as stipulated below are complete.

- a. The fraud cases pending with Police/Courts are finally disposed.
- b. The examination of staff accountability has been completed.
- c. The amount of fraud has been recovered or written off.
- d. Insurance claim, wherever applicable, has been settled.
- e. The bank has reviewed the systems and procedures, identified the causative factors and plugged the lacunae and the fact of which has been certified by the Board.

Banks should also pursue vigorously with the Police/Court for final disposal of the pending cases especially where the banks have completed staff side action.

9. Reporting Cases of Theft, Burglary, Dacoity and Bank Robberies

9.1 Banks should arrange to report by fax / e-mail instances of thefts, burglaries dacoities and robberies to the following authorities immediately on their occurrence.

- (a) The Principal Chief General Manager, Reserve Bank of India, Department of Cooperative Bank Supervision, Central Office, Garment House, Worli, Mumbai 400 018.
- (b) Regional Office of Reserve Bank of India, Department of Cooperative Bank Supervision of the state in which the theft/burglary/dacoity/robbery has taken place to enable the Regional Office to take up the issues with the concerned

authorities regarding security arrangements in the affected branch/es (endorsement).

The report should include details of modus operandi and other information as at columns 1 to 11 of FMR – 4.

9.2 Banks should also submit to concerned Regional Office of the Reserve Bank of India, Department of Cooperative Bank Supervision under whose jurisdiction the bank's Head Office is situated a quarterly consolidated statement in the format given in FMR – 4 covering all cases pertaining to the quarter. This may be submitted within 15 days of the end of the quarter to which it relates.

9.3 Banks which do not have any instances of theft, burglary, dacoity and/ or robbery to report during the quarter may submit a nil report.

FMR – 1

Report on Actual or Suspected Frauds in Banks

(Vide Paragraph 3)

Part A: Fraud Report

| | | |
|-----|---|--------|
| 1. | Name of the bank | |
| 2. | Fraud number ¹ | |
| 3. | Details of the branch ² | |
| | (a) Name of the branch | |
| | (b) Branch type | |
| | (c) Place | |
| | (d) District | |
| | (e) State | |
| 4. | Name of the Principal party/account ³ | |
| 5.a | Area of operation where the fraud has occurred ⁴ | |
| 5.b | Whether fraud has occurred in a borrowal account? | Yes/No |
| 6. | Nature of fraud ⁵ | |
| 7. | Total amount involved ⁶ (Rs. in lakh) | |
| 8.a | Date of occurrence ⁷ | |
| b | Date of detection ⁸ | |

| | | |
|------|---|----------|
| c | Reasons for delay, if any, in detecting the fraud | |
| d | Date on which reported to RBI ⁹ | |
| e | Reasons for delay, if any, in reporting the fraud to RBI | |
| 9.a | Brief history | |
| b | modus operandi (be precise, clear in description) | |
| 10. | Fraud committed by | |
| a | Staff | Yes/No |
| b | Customers | Yes/No |
| c | Outsiders | Yes/No |
| 11.a | Whether the controlling office (Regional/Zonal) could detect the fraud by a scrutiny of control returns submitted by the branch | Yes/No |
| b | Whether there is need to improve the information system | Yes/No |
| 12.a | Whether internal inspection/audit (including concurrent audit) was conducted at the branch(es) during the period between the date of first occurrence of the fraud and its detection. | Yes/No * |
| b | If yes, why the fraud could not have been detected during such inspection/audit. | |
| c | What action has been taken for non-detection of the fraud during such inspection/audit | |
| 13. | Action taken/proposed to be taken | |

a Complaint with Police/
Investigative agency

i) Whether any complaint has
been lodged with the Police/
Investigative agency

Yes/No

ii) If yes, name of office/
branch of Investigative
agency

1 Date of reference

2 Present position of the case

3 Date of completion of
investigation

4 a i) Date of submission of
investigation report by
Police/Investigative agency

ii) If not reported to Police/
Investigative agency, reasons
therefor

b Recovery suit with Co-op.
Court/Court

i) Date of filing

ii) Present position

c Insurance claim

i) Whether any claim has
been lodged with the
insurance company

Yes/No

ii) If not, reasons therefor

d Details of staff-side action

i) Whether any internal
investigation has been/is
proposed to be conducted

Yes/No

ii) If yes, date of completion

iii) Whether any departmental enquiry has been/is proposed to be conducted

iv) If yes, give details as per format given below:

v) If not, reasons therefor

| No. | Name | Desgn. | Whether suspended | Date of issue of charge sheet | Date of commencement of domestic inquiry | Date of completion of inquiry | Date of issue of final orders | Punishment awarded | Details of prosecution / conviction / acquittal, etc. |
|-----|------|--------|-------------------|-------------------------------|--|-------------------------------|-------------------------------|--------------------|---|
| | | | | | | | | | |

e Steps taken/proposed to be taken to avoid such incidents

14. (a) Total amount recovered

i) Amount recovered from party/parties concerned

ii) From insurance

iii) From other sources

(b) Extent of loss to the bank

(c) Provision held

(d) Amount written off

15. Suggestions for consideration of RBI

* Banks have to categorically mention the nature of audit the branch is subjected to viz. concurrent audit, statutory audit, internal inspection, etc.

Part B: Additional Information on Frauds in Borrowal Accounts

(This part is required to be completed in respect of frauds in all borrowal accounts)

1. (a) Business address of the party in whose account fraud has taken place

| |
|--|
| |
|--|

(b) Names and addresses of the proprietors/ partners/ directors

| No . | Name of proprietor/ partner/ director | Address |
|------|---------------------------------------|---------|
| | | |
| | | |
| | | |
| | | |

2. Details of account/s

| No . | Nature of account | Date of sanction | Sanctioned Limit | Balance outstanding |
|------|-------------------|------------------|------------------|---------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

3. Details of associate concerns

| No. | Name and address of associate concern | Name of proprietor/ partner/ director | Address of proprietor/ partner/ director |
|-----|---------------------------------------|---------------------------------------|--|
| | | | |
| | | | |
| | | | |
| | | | |

Instructions for compiling the Fraud Report (FMR 1):

¹ Fraud number: This has been introduced with a view to facilitate computerisation and cross-reference. The number will be an alphanumeric field consisting of the following: four alphabets (to indicate name of bank), two digits for the year (02, 03, etc.), two digits for the quarter (01 for January – March quarter, etc.) and the final four digits being a distinctive running number for the fraud reported during the quarter 4.

² Name of the branch: In case the fraud relates to more than one branch, indicate the name of only one branch where the amount involved has been the highest and/or which is mainly involved in following up the fraud. The names of the other branches may be given in the brief history/modus operandi against item number 9.

³ Name of party: A distinctive name may be given to identify the fraud. In the case of frauds in borrowal accounts, name of the borrowers may be given. In the case of frauds committed by employees, the name(s) of the employee(s) could be used to identify the fraud. Where fraud has taken place, say, in clearing account/inter-branch account, and if it is not immediately possible to identify the involvement of any particular employee in the fraud, the same may be identified merely as “Fraud in clearing/inter-branch account”.

⁴ Area of operation where the fraud has occurred: Indicate the relevant area out of those given in column 1 of statement FMR 2 (Part A) (Cash; Deposits (Savings/Current/Term); Non-resident accounts; Advances (Cash credit/Term Loans/Bills/Others); Foreign exchange transactions; Inter-branch accounts; Cheques/demand drafts, etc.; Clearing, etc. accounts; Off-balance sheet (Letters of credit/Guarantee/Co-acceptance/Others); Others)

⁵ Nature of fraud: Select the number of the relevant category from the following which would best describe the nature of fraud: (1) Misappropriation and criminal breach of trust, (2) Fraudulent encashment through forged instruments/manipulation of books of account or through fictitious accounts and conversion of property, (3) Unauthorised credit facilities extended for reward or for illegal gratification, (4) Negligence and cash shortages, (5) Cheating and forgery, (6) Irregularities in foreign exchange transactions, (7) Others.

⁶ Total amount involved: Amounts should, at all places, be indicated in Rs. lakh up to two decimal places.

⁷ Date of occurrence: In case it is difficult to indicate the exact date of occurrence of fraud (for instance, if pilferages have taken place over a period of time, or if the precise date of a borrower's specific action, subsequently deemed to be fraudulent, is not ascertainable), a notional date may be indicated which is the earliest likely date on which the person is likely to have committed the fraud (say, January 1, 2002, for a fraud which may have been committed anytime during the year 2002). The specific details, such as the period over which the fraud has occurred, may be given in the history/modus operandi.

⁸ Date of detection: If a precise date is not available (as in the case of a fraud detected during the course of an inspection/audit or in the case of a fraud being reported such on the directions of the Reserve Bank), a notional date on which the same may be said to have been recognised as fraud may be indicated.

⁹ Date of reporting to RBI: The date of reporting shall uniformly be the date of sending the detailed fraud report in form FMR 1 to the RBI and not any date of fax or DO letter that may have preceded it.

* Banks have to categorically mention the nature of audit the branch is subjected to viz. concurrent audit, statutory audit, internal inspection, etc.

| Category | Cases outstanding as at the end of the previous quarter | | New cases reported during the current quarter | | Cases closed during the current quarter | | Cases outstanding as at the end of the quarter | | Total amount recovered | Provision held for cases outstanding as at the end of the Qtr. | Amount Recovered during the current Qtr. | Amount Written off during the current quarter |
|-----------------------|---|--------|---|--------|---|--------|--|----------------|------------------------|--|--|---|
| | No. | Amount | No. | Amount | No. | Amount | No. (2+4-6) | Amount (3+5-7) | Amount | Amount | Amount | Amount |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Off-balance sheet | | | | | | | | | | | | |
| (i) Letters of credit | | | | | | | | | | | | |
| (ii) Guarantees | | | | | | | | | | | | |
| (iii) Co-acceptance | | | | | | | | | | | | |
| (iv) Others | | | | | | | | | | | | |
| Others | | | | | | | | | | | | |
| Total | | | | | | | | | | | | |

Note: For Indian banks with overseas offices/branches, the above figures relate to the domestic position. The figures in respect of overseas branches/offices may be shown in a separate sheet in the same format as above.

Part – C: Perpetrator-wise classification of frauds reported during the quarter _____

Name of the bank _____

| | Staff | | Customers | | Outsiders | | Staff and Customers | | Staff and Outsiders | | Customers and Outsiders | | Staff, Customers and Outsiders | | Total | |
|---|-------|------|-----------|------|-----------|------|---------------------|------|---------------------|------|-------------------------|------|--------------------------------|------|-------|------|
| | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. | No. | Amt. |
| Less than Rs. 1 lakh | | | | | | | | | | | | | | | | |
| Rs. 1 lakh and above but less than Rs. 25 lakh | | | | | | | | | | | | | | | | |
| Rs. 25 lakh and above | | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | | |

Note: 1. The above category-wise classification is mostly based on various provisions of the Indian Penal Code.

2. All amounts may be furnished in Rs. lakh up to two decimals.

Certificate

Certified that all frauds of Rs. 1 lakh and above reported to the Reserve Bank during the last quarter have also been reported to the bank's Board and have been incorporated in Part A (Columns 4 and 5) and Parts B and C above.

Signature:
Place:

Name and Designation
Date:

Part – C: Case-wise details of progress

Name of party/account: _____

Name of branch/office: _____

Amount involved

(Rs in lakh) _____

Fraud No : _____

| | | |
|-----|---|--|
| 1. | Date of first reporting | |
| 2.a | Date of filing recovery suit with Co-op. Court/Court | |
| b | Present position | |
| 3. | Recoveries made up to the end of the last quarter (Rs. In lakh) | |
| 4. | Recoveries made during the quarter (Rs. In lakh) | |
| | a) From party/parties concerned | |
| | b) From insurance | |
| | c) From other sources | |
| 5. | Total recoveries (3+4) (Rs. in lakh) | |
| 6. | Loss to the bank (Rs in lakh) | |
| 7. | Provision held (Rs in lakh) | |
| 8. | Amount written off (Rs in lakh) | |
| 9. | a) Date of reporting case to Police/ Investigative agency | |
| | b) Date of completion of investigation | |
| | c) Date of submission of investigation report | |

10. Details of staff-side action

| No. | Name | Design. | Whether suspended | Date of issue of charge sheet | Date of commencement of domestic inquiry | Date of completion of inquiry | Date of issue of final orders | Punishment awarded | Details of prosecution/conviction/acquittal, etc. |
|-----|------|---------|-------------------|-------------------------------|--|-------------------------------|-------------------------------|--------------------|---|
| 1. | | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| 4. | | | | | | | | | |

11. Other developments

12. Whether case closed during the quarter

Yes/No

13. Date of closure:

Report on Dacoities/Robberies/Theft/Burglaries

(Vide Paragraph 8)

Name of the bank _____

Report for the quarter ended _____

| Name of branch | Address | State | District | Type of branch ¹⁰ | Risk classification ¹¹ | Whether a currency chest branch | No. of Armed Guards | Type of Case ¹² | Date and time of occurrence | Amount involved (Rs. In lakh) | Amount recovered (Rs. In lakh) | Insurance claim settled (Rs. In lakh) | Arrested | |
|----------------|---------|-------|----------|------------------------------|-----------------------------------|---------------------------------|---------------------|----------------------------|-----------------------------|-------------------------------|--------------------------------|---------------------------------------|----------|---------|
| | | | | | | | | | | | | | Staff | Robbers |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | | | | | | | | | | |

| Killed | | | Injured | | Convicted | | Compensation paid (Actual in Rs.) | | Action taken | Crime No. and name of police station at which offence has been registered | Modus Operandi |
|--------|---------|--------|---------|--------|-----------|---------|-----------------------------------|--------|--------------|---|----------------|
| Staff | Robbers | Others | Staff | Others | Staff | Robbers | Staff | Others | | | |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| | | | | | | | | | | | |

¹⁰ Rural/Semi-urban/Urban/Metropolitan

¹¹ High/Normal/Low¹¹ Dacoity/Robbery/Theft/Burglary

¹² Dacoity/Robbery/Theft/Burglary