

Report on Actual or Suspected Frauds in NBFCs

(Vide Paragraph 3)

Part A: Fraud Report

1.	Name of the NBFC	
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.a	Nature of fraud ⁵	
6.b	Whether computer is used in committing the fraud?	
6.c	If yes, details thereof	
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	
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, if any	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	
	i)Whether any complaint has been lodged with the Police?	Yes/No
	ii)If yes, name of the Police Station.	
	Date of reference	
	Present position of the case	
	Date of completion of Police investigation	

Date of submission of investigation report by Police	
iii) If not reported to Police, reasons therefore	

b Recovery suit with Court/Others

i) Date of filing	
ii) Present position	

c Insurance claim

i) Whether any claim has been lodged with an 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/Dt. of suspension	Date of issue of charge sheet	Date of commencent of domestic inquiry	Date of comple- tion of inquiry	Date of issue of final orders	Punish- ment awarded	Details of prosecution/ conviction/ acquittal, etc.
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e	Steps taken/proposed to be taken to avoid such incidents	
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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 NBFC	
(c)	Provision held	
(d)	Amount written off	
15.	Suggestions for consideration of RBI	

Part B: Additional Information on Frauds in Borrowal Accounts

(This part is required to be completed in respect of frauds in all borrowal accounts involving an amount of Rs. 5 lakh and above)

Sr. No.	Type of party	Name of party/account	Party Address

Borrowal accounts details:

Party Sr. No.	Name of party/ac count	Borrowal account Sr. No.	Nature of Account	Date of Sanction	Sanctioned limit	Balance outstanding

Borrowal account Director/proprietor details:

Name of party/account	Sr.No.	Name of Director/Proprietor	Address

Associate Concerns:

Name of party/account	Sr. No. Associate Concern	Name of Associate Concern	Address

Associate Concern Director/proprietor details:

Name of Associate Concern	Sr. No.	Name of Director	Address

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 NBFC), 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.

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, 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 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 (Term); Non-resident accounts; Advances (Cash Credit/Term Loans/Bills/Others); Foreign exchange transactions; Inter-branch accounts; Cheques/demand drafts, 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.