

# Regulatory and Other Measures

SEPTEMBER 2006

RBI/2006-07/124 UBD.PCB.Cir.No.10/13.05.000/2006-07 dated September 4, 2006

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

## ***GUIDELINES ON RELIEF MEASURES TO BE EXTENDED BY BANKS IN AREAS AFFECTED BY NATURAL CALAMITIES-UCBS.***

Please refer to paragraph 8(iii) of the Annex to our Circular UBD.PCB.Cir.No./13.05.000/2006-07 dated August 21, 2006, which deals with restructuring of existing loans of borrowers affected by natural calamities.

2. We advise that instructions on moratorium, maximum repayment period, additional collateral for restructured loans and asset classification norms in respect of fresh finance will be applicable to all affected restructured borrowal accounts, including accounts of industries and trade, besides agriculture.

3. The asset classification as on the date of natural calamity will continue, if the restructuring is completed within a period of three months from the date of natural calamity. The restructured accounts would, otherwise, be governed by provisions of circular UBD.BPD.No. 30/09.09.001/05-06 dated March 9, 2006. These would apply to non-SME advances as well. Further, the guidelines applicable to sub-standard accounts, will apply, mutatis mutandis to doubtful accounts.

RBI/2006-07/137 UBD.CO.BPD.PCB.No.11/12.05.001/2006-07 dated September 26, 2006

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

## ***ISSUE OF MASTER CIRCULAR ON 'FRAUDS - CLASSIFICATION AND REPORTING' FOR PRIMARY (URBAN) CO-OPERATIVE BANKS***

As you are aware, the Master Circular on 'Frauds – Classification and Reporting' for Primary (Urban) Co-

operative Banks (UCBs) was issued by Urban Banks Department, Central Office on September 19, 2003. Consequent upon setting up of Fraud Monitoring Cell (FrMC) in the Department of Banking Supervision with effect from June 1, 2004, the work relating to monitoring and follow-up of frauds in UCBs was transferred to Fraud Monitoring Cell (FrMC). Accordingly, DBS (FrMC) have issued Master Circular vide their Circulars DBS. FrMC BC. No. 2/23.04.001/2005-06 dated December 16, 2005 and the updated version incorporating therein all the instruction was issued subsequently vide DBS CO FrMC. BC.No.7/23.04.001/2006-07 dated July 27, 2006. All the urban co-operative banks were requested to carefully go through the new guidelines and reporting requirements as contained in the Master Circular.

2. In this connection, attention is invited to the instructions contained in paragraphs 4.1.1, 4.2.1 and 8.2 of the DBS (FrMC) Master Circular dated December 16, 2005. The Primary (Urban) Co-operative Banks are required to furnish the data on frauds, thefts, burglaries *etc.*, in format FMR – 2, 3, and 4 on a quarterly basis to the Regional Offices of UBD under whose jurisdiction the Head Office of the bank is situated, within 15 days of the end of the quarter to which the data relates.

However, it is observed that many UCBs continue to send the quarterly returns in FMR 2, 3 and FMR – 1 (fraud amount less than Rs. 25 lakh) directly to DBS, CO which is not in line with the instructions issued vide Master Circular dated December 16, 2005. It is, therefore, advised that UCBs should follow the guidelines / instructions as contained in the aforesaid Master Circulars issued by Fraud Monitoring Cell, Department of Banking Supervision.