

Master Circular

FRAUDS - CLASSIFICATION AND REPORTING

(Updated up to June 30, 2004)

(The Master Circular is also available at RBI website www.mastercirculars.rbi.org.in and may be down loaded from there)



RESERVE BANK OF INDIA

**Urban Banks Department,
Central Office,
Mumbai.**

RBI/2004-05/ 199

BSD.IP. 14 /12.03.00/2004-05

October 1, 2004

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

Dear Sir,

Master Circular

**FRAUDS - CLASSIFICATION
AND REPORTING**

Please refer to our Master Circular UBD.BSD.IP.No. 15 /12.03.00/2003-04 dated 19 September 2003 on the captioned subject (available at RBI website www.mastercirculars.rbi.org.in). The enclosed Master Circular consolidates and updates all the instructions/guidelines on the subject upto June 30, 2004.

2. Please acknowledge receipt of this Master Circular to the Regional Office concerned of this Department.

Yours faithfully,

(N.S. Vishwanathan)
Chief General Manager

Encl: As above

Master Circular

FRAUDS - CLASSIFICATION AND REPORTING

Contents

- 1. Introduction**
- 2. Timely Detection and Reporting**
- 3. Classification of Frauds**
- 4. Reporting of Actual or Suspected Frauds**
 - 4.1 Reporting of frauds upto Rs.1 lakh**
 - 4.2 Frauds Involving Amounts in excess of Rs. 1 lakh and upto Rs.5 lakh**
 - 4.3 Frauds Involving Amounts of Rs. 5 Lakh and above**
 - 4.4 Frauds committed by unscrupulous borrowers**
 - 4.5 Frauds relating to Negotiable Instruments**
 - 4.6 Cases of attempted frauds**
 - 4.7 Clarification for reporting of actual / suspected frauds**
 - 4.8 Report to the Board**
- 5. Statistics on Frauds**
 - 5.1 General**
 - 5.2 Instructions for compilation / submission of statements**
 - 5.3 Reports to the Board of Directors**
 - 5.4 Submission to RBI**
 - 5.5 Quarterly report on actual or suspected frauds upto Rs.1 lakh each**
- 6. Annual Review of Frauds**
- 7. Entrustment of Cases to Police Investigations/ Departmental Enquiries**
 - 7.1 Guidelines for reporting frauds to the Police/CBI**
 - 7.2 Report on cases entrusted to police authorities**
- 8. Reporting Cases of Theft, Burglary, Dacoity and Bank Robberies**
- 9. Forms**

Master Circular

Frauds – Classification and Reporting

1. INTRODUCTION

1.1 Increasing incidence of frauds and dacoities/ robberies in banks is a matter of concern. Frauds perpetrated in banks show an increasing trend mainly on account of non-adherence/improper implementation of various guidelines.

1.2 The primary responsibility for preventing frauds is that of bank management. Reserve Bank of India, on its part, has been advising banks from time to time about the major fraud prone areas and the necessary safeguards for their prevention.

1.3 Reserve Bank of India has also been circulating to banks details of frauds of ingenious nature which come to its notice so that individual banks could introduce necessary safeguards by means of appropriate procedures and internal checks having regard to the modus operandi of the frauds.

1.4 For the purpose, it is very important that Reserve Bank of India receives full information about the incidence of frauds and the action taken by the banks to prevent them.

1.5 In order to enable the Reserve Bank of India to have required information on frauds, suitable reporting system has been introduced which is detailed hereunder.

2. TIMELY DETECTION AND REPORTING

2.1 It has been observed that very often frauds are detected in banks long after their perpetration, thus allowing the fraud to continue for a long time. In spite of the existence of various control systems and arrangements to supervise the working of branches of banks through internal and external inspections/ audits, vigilance machinery, etc., a number of frauds perpetrated are not detected during the course of inspection/ audit.

2.2 It is also observed that in some cases, the reports on frauds are submitted to Reserve Bank of India with considerable delay and many a time, without adequate information. The reasons for delay in detection and in reporting are also not clearly stated in such reports. On many occasions, Reserve Bank of India comes to know about frauds involving large amounts only through press reports. This happens due to non-reporting of frauds by banks immediately on their detection.

2.3 UCBs must look into the reasons for delay in reporting of frauds to Reserve Bank of India and ensure that the reporting system is suitably streamlined so that frauds are reported without any delay. Further, banks must fix staff accountability for delays in reporting of frauds to Reserve Bank of India.

3. CLASSIFICATION OF FRAUDS

3.1 In order to have uniformity in reporting cases of frauds, the question of classification of bank frauds on the basis of the provisions of the Indian Penal Code has been considered and frauds have been classified as under:

- (i) Misappropriation and criminal breach of trust.
- (ii) Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property.
- (iii) Unauthorized credit facilities extended for reward or for illegal gratification.
- (iv) Negligence and cash shortages.
- (v) Cheating and forgery.
- (vi) Irregularities in foreign exchange transactions.
- (vii) L/C or Bank Guarantee
- (viii) Any other type of fraud not covered above.

3.2 Cases of 'negligence and cash shortages' referred to in item (iv) above are to be reported as frauds if the intention to cheat/defraud is suspected/ proved.

3.3 Cases of theft and burglary should not be reported as frauds. All cases of theft, burglary, dacoity and robbery may be reported separately as detailed in paragraph 8.

4. REPORTING OF ACTUAL OR SUSPECTED FRAUDS

4.1 Reporting of Frauds upto Rs.1 lakh

- (i) The cases of individual frauds involving amounts upto Rs.one lakh each are not to be reported individually to the Reserve Bank as and when such frauds come to bank's notice.
- (ii) Banks should report such frauds in a consolidated form, category-wise on a quarterly basis as detailed in paragraph 5.

4.2 Frauds involving amounts in excess of Rs. 1 lakh and upto Rs.5 lakh

- (i) To enable Reserve Bank of India to have immediate information on all actual or suspected frauds in excess of Rs. 1 lakh each, banks should report to Reserve Bank of India full details of frauds, as soon as such frauds come to their notice but within two weeks of detection, in the format given in Form I (in duplicate) to be submitted to the Regional Office of Urban Banks Department, under whose jurisdiction the bank falls.
- (ii) Banks should report such frauds in a consolidated form category-wise on a quarterly basis as detailed in paragraph 5.

4.3 Frauds Involving amounts of Rs. 5 lakh and above

- (i) Banks should report to Reserve Bank of India by means of a D.O. letter addressed to the Chief General Manager -in- Charge, Reserve Bank of India, Urban Banks Department, Central Office, Garment House, Dr. Annie Besant

Road, Worli, Mumbai – 400 018, all cases of frauds involving Rs. 5 lakh and above within two weeks or / after such frauds coming to the notice of the banks.

- (ii) For this purpose, banks may issue suitable instructions to their controlling offices/ branches to furnish the requisite information relating to the frauds to the Controlling/Head Office immediately on detection.
- (iii) The above D.O. letter may contain brief particulars such as the names of parties involved (if they are proprietorship/ partnership concerns or private limited companies, the names of proprietors, partners and directors), amount involved, nature of fraud, the modus operandi in nut-shell, name of the branch/ office where fraud was committed, whether complaint with the Police/ CBI has been lodged and names of the officials involved.
- (iv) Further, information in the prescribed format (in duplicate) as detailed in paragraph 4.2(i) above may be furnished after obtaining full details, to the concerned Regional Offices of Reserve Bank of India under whose jurisdiction the bank and the branch fall, within two weeks from the date of detection of the fraud with a copy to the Central Office of the Urban Banks Department, Mumbai.

4.4 Frauds committed by unscrupulous borrowers

- (i) It is observed that a large number of cases of frauds in banks are being committed by unscrupulous borrowers including companies, partnership firms/ proprietary concerns and/or their directors or partners by means of -
 - (a) Fraudulent discount of instruments or kite-flying in clearing effects.
 - (b) Fraudulent removal of pledged stocks/ disposing of hypothecated stocks without the knowledge of the bank resulting in the accounts becoming unsecured/inflating the value of stocks in the stock statements and drawing excess bank finance.
 - (c) Diversion of funds outside the borrowing unit, lack of interest or criminal neglect on the part of the borrowers, their partners, etc., and also due to managerial failure leading to the unit becoming sick and due to laxity in effective supervision over the operations in the borrowal accounts on the part of the bank functionaries rendering the advances difficult of recovery.
- (ii) In respect of frauds in borrowal accounts involving an amount of Rs.5 lakh and above, additional information as prescribed under Part B of Form-1 may also be furnished. In such cases, a copy of the above fraud report should also be forwarded separately to the Central Office of the Reserve Bank of India, Urban Banks Department, Central Office, Garment House, 1st Floor, Worli, Mumbai 400 018.
- (iii) The report should indicate, *inter alia*, the names of parties involved (if they are proprietorship/ partnership concerns or private limited companies, the names of proprietors, partners and directors), amount involved, nature of fraud and the modus operandi in a nut-shell, name of the branch/office where fraud was committed, whether complaint with the Police/CBI has been lodged and names of officials involved.
- (iv) A copy of the note put up to the Board in respect of all cases of frauds involving Rs. 5 lakh and above may also be sent to the Central Office of the Urban Banks Department, Reserve Bank of India, Central Office, Garment House, 1st Floor, Dr. Annie Besant Road, Worli, Mumbai 400 018, promptly by means of a

D.O.letter with a copy to the Regional Office of UBD under whose jurisdiction the bank falls.

- (v) Banks should make the Chief Executive Officer responsible for reporting all such cases to Reserve Bank of India. It is suggested that the scheduled urban banks may nominate a senior official as Chief Vigilance Officer who should be made responsible to investigate all such frauds and to ensure prompt submission of reports to RBI on cases of frauds in the prescribed manner.
- (vi) In cases of frauds where criminal complaints or reports are filed with CBI/Police, copies of such criminal complaints should be sent to the Regional Office of Reserve Bank of India along with the reports on such frauds.

4.5 Frauds relating to Negotiable Instruments

- (i) In order to have uniformity in the matter of accounting of frauds relating to negotiable instruments, such cases should be reported by **paying banker** to the concerned Regional Office of the Reserve Bank of India as soon as the fraud comes to its notice.
- (ii) Such fraud reports submitted by the paying banker will be taken by Reserve Bank of India purely for statistical purposes. This procedure will have no bearing on the dispute between the paying banker and the collecting banker.
- (iii) The collecting banker should also report such fraud cases in the prescribed format to the concerned Regional Office of Reserve Bank of India to enable them to follow up the cases with regard to the lapses/ staff accountability aspects. However, they should not include the figures of such cases in statistical statements detailed in paragraph 5.1. (iii) below.

4.6 Cases of attempted frauds

- (i) Cases of attempted frauds may be advised to the concerned Regional Office of Reserve Bank of India, Urban Banks Department, by way of a letter indicating the modus operandi and how the fraud was detected.
- (ii) These cases of attempted frauds should not be included in the
 - (a) report on actual or suspected fraud submitted vide paragraph 4.1(i) above, and
 - (b) quarterly reports on frauds detailed in paragraph 5 below.

4.7 Clarification for reporting of actual / suspected frauds

- (i) The report should include instances where banks have been put to loss through: (a) misrepresentation, (b) breach of trust, (c) manipulation of books of account, (d) fraudulent encashment of instruments like cheques, drafts and bills of exchange, (e) unauthorized handling of securities charged to the bank, (f) misfeasance, embezzlement, misappropriation of funds, (g) conversion of property, (h) cheating, shortages, irregularities, etc.
- (ii) Cases of attempted frauds need not be reported to Reserve Bank of India in the above format but may be done by way of a letter (Paragraph 4.6).

(iii) Banks should ensure that in the reports on frauds, 'brief history/ modus operandi' is presented concisely avoiding vague and generalized terms.

4.8 Report to the Board

- (i) Banks should report to their Board of Directors all the instances of frauds promptly on their detection.
- (ii) While examining such cases, it is essential to take note of the failure on the part of the concerned branch officials of the bank/branch and initiate appropriate action against the member/s of the staff involved /responsible for causing the fraud or loss to the bank.
- (iii) In respect of frauds involving amounts in excess of Rs.1 lakh, a copy of the note put up to the Board may also be sent promptly to the concerned Regional Office of Urban Banks Department.

5. STATISTICS ON FRAUDS

5.1 General

Banks should arrange to furnish to Reserve Bank of India statements regarding fraud/ dacoity cases as detailed below:

(i) Form-1

Report on cases of frauds, etc. actual or suspected, should be reported as and when such frauds come to the notice of the bank, within two weeks in the prescribed form.

(ii) Form II

Quarterly report on frauds reported to Reserve Bank of India during the calendar quarter, should be submitted within two weeks of the close of the calendar quarter in Form-II

(iii) Form III

Total Number of Cases of Frauds and Amount outstanding for the quarter should be submitted within two weeks of the close of the calendar quarter in Form III.

5.2 Instructions for compilation/submission of statements

Banks should follow the undernoted instructions in regard to compilation/ submission of the above referred statements:

- (a) Cases of attempted frauds need not be included in these statements.
- (b) Collecting bankers should not include the figures of frauds relating to negotiable instruments in these statements.
- (c) Paying bankers should take into statistics, frauds relating to negotiable instruments.

- (d) **Form-I** relates to cases of frauds reported to Regional Offices of the Reserve Bank of India during the quarter and the action taken by the banks like reporting to the Local Police Authorities and taking up of investigation by the banks themselves. This statement should be submitted to the Regional Office of the Urban Banks Department.
- (e) **Form II**, which relates to information on cases of frauds reported to RBI during the calendar quarter, is to be submitted to the Regional Office of the Urban Banks Department.
- (f) It is clarified that Statement in Form II should indicate all cases of frauds whether involving an amount above Rs. 1 lakh or up to Rs. 1 lakh which are reported during a quarter. However, total number and amount of frauds up to Rs. 1 lakh are to be included in these statements in consolidated form only. The actual or suspected frauds up to Rs. 1 lakh in individual cases should be consolidated category-wise as in item 24 of Form-I.
- (g) **Form-III** should include the position of all outstanding frauds, i.e. number and amount with a broad classification as indicated in proforma. The report on outstanding frauds should indicate State-wise data for Multi-State Co-operative Banks.

5.3 Reports to the Board of Directors

- (i) Information relating to frauds, etc. should be placed before the Board of Directors at quarterly intervals, giving all relevant information in this regard. Such reports may be placed before the Board of Directors at their meeting held in the month following the relative calendar quarter.
- (ii) The supplementary material analyzing statistical information and details of each fraud should accompany the reports placed before the Board of Directors so that the Board would have adequate material to contribute effectively in regard to the punitive action or preventive aspects of frauds.
- (iii) While submitting detailed notes to the Board, the points mentioned in paragraph 4.8 above may be kept in view.

5.4 Submission to RBI

- (i) The above referred statements, etc., may be sent to Reserve Bank of India as soon as possible, but, in any case, not later than 15 days from the end of the calendar quarter to which they relate.
- (ii) These statements may be submitted to the Regional Office within 15 days from the date fraud, etc. came to bank's notice.
- (iii) The statements to be sent to Central Office of the Urban Banks Department may be sent in a cover marked 'SECRET'. Copies of the statements may similarly be sent to the Regional Offices concerned of the Urban Banks Department in a cover marked 'SECRET'.

5.5 Quarterly report on actual or suspected frauds up to Rs. 1 lakh each

- (i) Banks should report on a quarterly basis, cases of frauds up to Rs. 1 lakh each in a consolidated form and all frauds above Rs.1 lakh within 15 days of detection individually.

- (ii) The cases of cash shortages up to Rs. 1,000/- should be reported on the same day by the persons handling the cash and where there is no suspicion of frauds, need not be reported to Reserve Bank of India as frauds. However, cases of cash shortages involving more than Rs. 1,000/- and those detected by the management/ Inspecting Officer, irrespective of the amount may be reported to Reserve Bank of India as frauds.

6. ANNUAL REVIEW OF FRAUDS

6.1 The trend observed in a number of frauds in various banks, calls for effective action for their prevention. The initial step needed therefor is to make a detailed study of the frauds that have already taken place with a view to finding out the gaps in the systems and procedures or the defects in following them and initiating prompt necessary action to plug the loopholes. Such Annual Review should include, *inter alia*, various aspects covered under paragraph 6.5 below.

6.2 A periodical review of all the frauds that have been perpetrated in the banks, say once a year, will also be helpful for initiating adequate measures for prevention of frauds.

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

- (i) Whether the system in the bank is adequate to detect frauds, once they have taken place, within the shortest possible time.
- (ii) Whether frauds are examined from staff angle for further action.
- (iii) Whether frauds have taken place on account of laxity in following the systems and procedures and, if so, whether effective action has been taken to ensure that the systems and procedures are scrupulously followed by the staff concerned.
- (iv) Whether frauds are reported to local Police or CBI, as the case may be, for investigation, as per the guidelines issued to public sector banks by Government of India in this regard.

6.4 Banks should arrange to conduct a review of the frauds that have taken place in their offices on an annual basis (calendar year) and place a Note on the review before the Board for information. Review for the year ended December may be put up to the Board before 31st March of the following year.

6.5 In order to judge the efficacy of the systems and procedures adopted by banks to combat frauds and also with a view to making the review of frauds more meaningful, banks should ensure that the following details are also incorporated in the annual review:

- (i) The total number of frauds and total amount detected/reported during the year and the amount outstanding.
- (ii) Analysis of frauds over Rs. 1 lakh/5 lakh/10 lakh.
- (iii) Estimated loss to the bank and the amount recovered during the year and provisions made, if any (for last 3 years).
- (iv) Number of cases (with amounts) where staff are involved during the year and action taken against staff.
- (v) Category-wise classification and analysis of frauds.

- (vi) Region-wise/Zone-wise break-up of figures of number of frauds (with amounts) (for Multi-State Co-operative Banks.)
- (vii) Time taken to detect frauds (No. of cases detected within three months, six months, one year of their commission).
- (viii) Analysis of frauds reported to CBI/Police and present position in the matter.
- (ix) No. of frauds where final action has been taken by the bank and cases disposed of.
- (x) The preventive/ punitive steps taken by the bank during the year to reduce/minimize the incidence of frauds.
- (xi) A comparative analysis of the current year figures with those of the previous two years.
- (xii) A separate Annexure may also be enclosed with this review note detailing the modus operandi of major frauds reported during the year along with their present position.

6.7 Multi-State Co-operative Banks should present State-wise data in the reviews in respect of frauds perpetrated during the year under review.

6.8 Three copies of such reviews should be sent to the concerned Regional Office of RBI under whose jurisdiction the bank falls.

6.9 Banks should nominate the Chief Executive Officer or a senior officer under advice to RBI who may attend the work relating to the annual review of frauds. The nominated officer may also be made responsible for the timely preparation and placing before the Board and transmission of the review to the concerned Regional Office of the Urban Banks Department by 15th May of the succeeding year.

7. ENTRUSTMENT OF CASES FOR CBI/POLICE INVESTIGATIONS/ DEPARTMENTAL ENQUIRIES

7.1 Guidelines for reporting frauds to Police/CBI

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

- (i) In dealing with cases of frauds/embezzlement, banks should not merely be actuated by the necessity for 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.
- (ii) Therefore, as a rule, the following cases should invariably be referred to State Police:
 - (a) The cases of frauds on banks involving an amount of Rs. 1 lakh and above, committed by outsiders on their own and/or with the connivance of bank staff/officers.
 - (b) The cases of frauds committed by bank employees themselves, when it involves bank funds exceeding Rs. 10,000/-.

7.2 Report on cases entrusted to Police authorities

7.2.1 Banks should submit the following statements to RBI:

- (i) A report, as soon as any case is filed by the bank with the police for investigation.
- (ii) Quarterly statement as at the end of March, June, September and December each year, containing details of the cases which are being investigated by CBI and in particular, the undernoted information in respect of each case may be furnished in the statement:
 - a. Name of the branch
 - b. Nature of account
 - c. Name of the party
 - d. Amount involved
 - e. Brief details of the case *
 - f. Names and designations of the bank employees, if involved.
 - g. Date on which the case was filed with CBI.
 - h. The present position of the case.

* If the details of the case have already been reported to RBI, the Reference No. and date of the bank's letter reporting the case to RBI may also be given in (e) above.

8. REPORTING CASES OF THEFT, BURGLARY, DACOITY AND BANK ROBBERIES

8.1 Banks should arrange to report within 24 hours of their occurrence, bank robberies, decoities, thefts or burglaries to the following authorities by fax/telegram. The report should include details of modus operandi and other information as at columns 1 to 5 of Form IV.

- (i) Chief General Manager-in-Charge, Reserve Bank of India, Urban Banks Department, Central Office, Garment House, Dr. Annie Besant Road, Worli, Mumbai – 400 018
- (ii) A copy to be endorsed to the concerned Regional Office of Reserve Bank of India, Urban Banks Department of the State in which the dacoity has taken place.

8.2 Banks are also required to submit to Reserve Bank of India, a consolidated statement on quarterly basis in **Form IV** covering all the cases pertaining to the quarter.

Guidelines for compiling Fraud Report in Form I

(i) Name of branch: In case the fraud relates to more than one branch, name of only one branch where the amount involved has been the highest and/or which is mainly involved in the follow up of the fraud may be mentioned. The names of other branches may be given in the brief history/modus operandi under item 13.

(ii) Area of operation where fraud has occurred: Indicate the relevant area out of those given in column 1 of Form III {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 Account, Off-balance Sheet (Letters of Credit / Guarantee /Co-acceptance), Others }.

(iii) 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) Unauthorized 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.

(iv) Amount involved: Amounts should, at all places, be indicated in Rs. lakh upto two decimal places.

(v) 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 any time 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.

(vi) 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 as on the directions of the Reserve Bank), a notional date on which the same may be said to have been recognized as fraud may be indicated.

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

Form 1

Report on Actual or Suspected Frauds in Urban Banks

1. PART A: FRAUD REPORT

1. Name of the bank	<input type="text"/>
2. Bank Code	<input type="text"/>
3. State of Registration	<input type="text"/>
4. Name of branch	<input type="text"/>
5. Branch Code	<input type="text"/>
6. Nature of fraud (Select from Sr.No.24)	<input type="text"/>
7 (a) Area of operation where fraud has occurred.	<input type="text"/>
b) Whether fraud has occurred in a borrowal account	<input type="text"/>
8. Amount involved	<input type="text"/>
9. Date of occurrence	<input type="text"/>
10. Date of detection	<input type="text"/>
11. Date of Reporting to RBI	<input type="text"/>
12. Reason for delay, if any, in reporting fraud to RBI	<input type="text"/>
13. Brief history/modus operandi	<input type="text"/>
14. Status of Fraud:	
(i) Attempted	<input type="text" value="Yes/No"/>
(ii) Suspected	<input type="text" value="Yes/No"/>

15. Fraud Committed by:

(a) Staff

(b) Director

(c) Customers

16. If fraud was committed by insider/s, indicate:

Name/s of officials involved	Designation

17. If the fraud was committed by outsiders indicate, whether –

a) Borrower

b) Depositor

c) Others

18. Whether reported to RCS

19. (a) Whether Head Office/ Controlling Office could have detected the fraud by a scrutiny of control returns

(b) Whether there is need to improve the information system

20. (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

(b) If yes, why the fraud could not be detected during such inspection/audit

© Action taken for non-detection of fraud during such inspection/audit

21. Action taken/proposed to be taken:

(a) Complaint with Police/CBI

(i) Whether any complaint has been lodged
With the Police/CBI

Yes/No

(ii) If yes, name of office/branch of
CBI/Police

(iii) Date of reference

(iv) Present position of the case

v) Date of completion of Police/
CBI investigation

vi) Date of submission of investigation
report by Police/CBI

vii) If not reported to Police/CBI,
reasons therefor

viii) If no action taken, give reason/s

(b) Whether recovery suit filed:

(i) Date of filing

(ii) Present position

© Insurance Claim:

(i) Whether any claim has been lodged
with insurance co.

Yes/No

(ii) If not, reasons therefor

(d) Details of staff side action

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

Yes/No

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

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

(ii) If not reason therefore

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

22. (a) Total amount recovered

i) Amount recovered from party/ parties concerned

ii) From insurance

iii) Amount written off

(b) Extent of loss to the bank

(c) Provision held

23. Suggestions for consideration of RBI

24. Classification of frauds:

Code No.	Type of fraud
01	Misappropriation of Funds, Embezzlement and Breach of Trust
02	Fraudulent encashment of Negotiable Instrument like cheques /draft/bills of exchange, encashment of forged instrument and manipulation of books of account, conversion of property
03	Unauthorized credit facilities for rewards or illegal gratification or otherwise
04	Negligence, cash shortages
05	Cheating, forgery
06	Irregularities in Forex transactions
07	L/C or bank guarantee related
08	Any other type of fraud not covered above

Part B: Additional information on Frauds on 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)

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

--

- (b) Name and address of the proprietors/partners/directors:

No.	Name of proprietor/partner/director	Address

2. Details of account

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

Form II

Category-wise classification of frauds reported during the quarter _____

Name of the bank:

Category	Misappropriation and criminal breach of trust		Fraudulent encashment/manipulation of books of account and conversion of property		Unauthorized credit facility extended for illegal gratification		Negligence and cash shortages		Cheating and forgery		Irregularities in foreign exchange transactions		Others		Total	
	No.	Am t.	No.	A m ou nt	No.	A m t.	No.	Am t.	N o.	Am t.	N o.	Am t.	N o.	Am t.	N o.	A m t.
Less than Rs.1 lakh																
Rs.1 lakh and above but less than Rs.5 lakh																
Rs.5 lakh and above																
Total																

Form III
Quarterly Report on Frauds outstanding

Name of the bank

Report for the quarter ended :

(Amount in Rs. Lakh)

Area of operation where fraud has occurred	Cases outstanding as at the end of previous quarter		No. of new cases reported during the quarter		Cases closed during the quarter		Amount recovered or written-off during the quarter	Cases outstanding at the end of the quarter		Provision made
	No.	Amount	No.	Amount	No.	Amount		No. (2+4-6)	Amount (3+5-7)	
1	2	3	4	5	6	7	8	9	10	11
Cash										
Deposits										
(i) Savings										
(ii) Current										
(iii) Term										
Non-resident accounts										
Advances										
(i) Cash credit										
(ii) Term Loans										
(iii) Bills										
(iv) Others										

Area of operation where fraud has occurred	Cases outstanding as at the end of previous quarter	No. of new cases reported during the quarter	Cases closed during the quarter	Amount recovered or written - Are a off during the quarter	Cases outstanding at the end of the quarter	Provision made				
---	--	---	--	---	--	-----------------------	--	--	--	--

	No.	Amount	No.	Amount	No	Amount		No (2+4 -6)	Amount (3+5 -6)	
1	2	3	4	5	6	7	8	9	10	11
Foreign exchange transactions										
Inter-branch accounts										
Cheques/Demand drafts, etc.										
Clearing etc. accounts										
Off-balance sheet										
(i) Letters of credit										
(ii) Guarantee										
(iii) Co-acceptance										
(iv) Others										
Others										
Total										

Form-IV

Report on Dacoities/Robberies/Theft/Burglaries

Name of the bank:

Report for the quarter ended:

Name of branch	Address	Type of case*	Date and time of occurrence	Amount involved	Amount recovered	Insurance claim settled	Arrested	
							Staff	Robbers
1	2	3	4	5	6	7	8	9

Killed			Injured		Convicted		Compensation paid		Action Taken	Crime No. and name of police station at which offence has been registered	Remarks (No. of armed guards on duty)
Staff	Robbers	Others	Staff	Others	Staff	Robbers	Staff	Others			
10	11	12	13	14	15	16	17	18	19	20	21

*Dacoity/Robbery/Theft/Burglary