

September 26 , 2006

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

Dear Sir / Madam,

**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.

3. Please acknowledge receipt of this circular to the Regional Office concerned of Urban Banks Department.

Yours faithfully,  
(S.S.Barik)  
General Manager