



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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May 14, 2015

The Chief Executive Officer
All Primary (Urban) Co-operative Banks /DCCBs/StCBs

Provisioning pertaining to Fraud Accounts

Please refer to the guidelines compiled in [Paragraph 3.3.1 \(ii\)](#) of Master Circular on Prudential Norms on Income Recognition, Asset Classification and Provisioning and other related matters for UCBs dated July 1, 2014, and similar instructions for DCCBs & StCBs, in terms of which, in accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers, the asset classification, and consequent provisioning, depends upon the realisable value of security.

2. On a review, 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

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बैंक हिन्दी में पत्राचार का स्वागत करता है।

चेतावनी: भारतीय रिज़र्व बैंक द्वारा ई-मेल, डाक, एसएमएस या फोन कॉल के जरिये कोई भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं मांगा जाता है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी प्रकार से जवाब मत दीजिए।

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action where there has been a delay by the bank in reporting a fraud, or provisioning there against.

3. We reiterate that all UCBs/DCCBs/StCBs must scrupulously adhere to extant guidelines on 'Frauds - Classification and Reporting'.

Yours faithfully,

(Suma Varma)
Principal Chief General Manager