

**Certification of holding of securities  
in banks' investment portfolio**

UBD.No.CO.POT.PCB.Cir.48/09.29.00/2001-02

June 11,2002  
Jyestha 21,1924(S)

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

Dear Sir/Madam

**Certification of holding of securities  
in banks' investment portfolio**

In terms of our Circular UBD.NO. Planning 13/UB.81/92-93 dated 15 September 1992, all primary (urban) co-operative banks ( PCBs) are required to get their purchase and sale of Government securities transactions, separately audited by internal auditors and place the reports before their Board of Directors, every quarter. Further, PCBs having deposits over Rs.50 crore have been advised vide circulars UBD.NO.POT.77/ 09.06.00/93-94 dated 31 May 1994 and UBD.No. Plan(PCB)Cir.32/09.06.00/96-97 dated 5 December 1996, to introduce a system of concurrent audit to serve as an administrative support to branches, help in adherence to prescribed systems and procedures and prevention and timely detection of lapses/irregularities. In terms of our circular dated 31 May 1994 the concurrent auditors are required to ensure that the transactions in securities are undertaken within the powers delegated by the Board of Directors and that the securities shown in the books of the bank are physically held by it.

2. In the light of the recent developments involving securities transactions of certain UCBs , the position has been reviewed and it has been decided that the concurrent auditors shall also certify that investments held by the bank as on the last reporting Friday of each quarter and as reported to the Reserve Bank of India are actually owned/held by it as evidenced by physical securities or the custodians' statement. Those banks not having the system of concurrent audit may have the above certification furnished by an auditor appointed by the Registrar of Co-operative Societies.

3. The above certificate should be submitted to our Regional Office having jurisdiction over your bank within 30 days from the end of the relative quarter . Accordingly, the first such certificate for last reporting Friday of the quarter ended 30 June 2002 should be submitted to our Regional Office before 1 August 2002.

4. Kindly acknowledge receipt of this circular to our Regional Office.

Yours faithfully

(Sudarshan Sen)  
General Manager