

Certification of Borrower's Account by Chartered Accountants

DBOD.No.BP.BC. 33 /21.04.018/2002-03

October 21, 2002

All Scheduled Commercial Banks
(excluding RRBs and LABs)

Dear Sir,

Certification of Borrower's Account by Chartered Accountants

Please refer to our circular DBOD No.CAS(COD)BC.146/27-77 dated December 22, 1977 on the requirement of audit of annual accounts of all borrowers having credit limit of Rs.10 lakh and above from the banking system, by Chartered Accountants. It is observed that audit of the accounts of borrowers would continue to contribute to strengthening their accounting systems and would also serve the interests of the financing banks. After issuance of the above guidelines, there has been manifold expansion of bank credit. Further, RBI has introduced prudential norms and risk management guidelines. It has, therefore, been decided that Boards of each bank may fix a suitable cut off limit with reference to the borrowing entity's overall exposure on the banking system, over which audit of accounts of borrowers by Chartered Accountants would be mandatory.

2. Please acknowledge receipt.

Yours faithfully,

(M.R.Srinivasan)
Chief General Manager