

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(Established by an Act of Parliament)

**Head Office : Reserve Bank of India Building,
2nd Floor, Opp. Mumbai Central Railway Station,
Byculla, Mumbai – 400 008.
www.dicgc.org.in**

**42nd Annual Report of the Board of Directors,
Balance Sheet and Accounts
for the year ended
31st March 2004**

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LETTER OF TRANSMITTAL
(To the Reserve Bank of India)

DEPOSIT INSURANCE AND CREDIT
GUARANTEE CORPORATION

Reserve Bank of India Building, 2nd Floor,
Opp. Mumbai Central Railway Station,
Byculla, Mumbai – 400 008.

DICGC/ 44 / 06.02.16 / 2004-2005

21 June 2004
31 Jyestha 1926 (SAKA)

The Chief General Manager and Secretary
Reserve Bank of India
Secretary's Department
Central Office
Central Office Building
Shahid Bhagat Singh Road
Mumbai - 400 001.

Dear Sir,

**Balance Sheet, Accounts and Report on the Working
Of the Corporation for the year ended 31st March 2004**

In pursuance of the provisions of Section 32(1) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, I am directed by the Board of Directors to forward herewith a signed copy each of :

- (i) the Balance Sheet and Accounts of the Corporation for the year ended 31 March 2004 together with the Auditors' Report and
- (ii) the Report of the Board of Directors on the working of the Corporation for the year ended 31 March 2004.

Yours faithfully,

Sd/-

(S.K.Gogia)
General Manager

LETTER OF TRANSMITTAL
(To the Government of India)

DEPOSIT INSURANCE AND CREDIT
GUARANTEE CORPORATION

Reserve Bank of India Building, 2nd Floor,
Opp. Mumbai Central Railway Station,
Byculla, Mumbai – 400 008.

DICGC / 45 / 06.02.16 / 2004-2005

21 June 2004
31 Jyestha 1926 (SAKA)

The Secretary to the Government of India
Ministry of Finance
Department of Economic Affairs
(Banking Division)
Jeevan Deep Building
Parliament Street
New Delhi - 110 001.

Dear Sir,

**Balance Sheet, Accounts and Report on the Working of
the Corporation for the year ended 31st March 2004**

In pursuance of the provisions of Section 32(1) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, I am directed by the Board of Directors to forward herewith a signed copy each of :

1. (i) the Balance Sheet and Accounts of the Corporation for the year ended 31 March 2004 together with the Auditors' Report and

(ii) the Report of the Board of Directors on the working of the Corporation for the year ended 31 March 2004.
2. Copies of the material mentioned as at serial no. (i) and (ii) above (i.e. Balance-sheets, Accounts and Report on the Working of the Corporation) have been furnished to the Reserve Bank of India. Three extra copies thereof are also sent herewith.
3. We may kindly be advised of the date/s on which the above documents are placed before each House of Parliament (viz., the Lok Sabha and Rajya Sabha) under Section 32(2) of the Act *ibid*.

Yours faithfully,

Sd/-

(S.K.Gogia)
General Manager

BOARD OF DIRECTORS

CHAIRPERSON

Nominated by the Reserve Bank of India under Section 6(1)(a) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

Shri G. P. MUNIAPPAN (upto 31.5.2003)
Deputy Governor, Reserve Bank of India, Mumbai.

Shri VEPA KAMESAM (from 11.6.2003 upto 23.12.2003)
Deputy Governor, Reserve Bank of India, Mumbai.

Smt. K. J. UDESHI (from 09.1.2004)
Deputy Governor, Reserve Bank of India, Mumbai.

DIRECTORS

Nominated by the Reserve Bank of India under Section 6(1)(b) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

Shri K.L.KHETARPAUL (from 01.02.2003 upto 10.6.2003)
Executive Director, Reserve Bank of India, Mumbai.

Smt. SHYAMALA GOPINATH (from 07.07.2003)
Executive Director, Reserve Bank of India, Mumbai.

Nominated by the Central Government under Section 6(1)(c) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

Shri SUDESH KUMAR
Director, Ministry of Finance, Department of Economic Affairs (Banking Division), Government of India, New Delhi.

Nominated by the Central Government under Section 6(1)(d) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

Shri P.C.GHOSH
Chairman, General Insurance Corporation of India, Mumbai.

Shri Y. C. NANDA (upto 30.6.2003)
Chairman, National Bank for Agriculture and Rural Development, Mumbai.

Smt. Ranjana Kumar (from 07.01.2004)
Chairperson, National Bank for Agriculture and Rural Development, Mumbai.

Nominated by the Central Government under Section 6(1)(e) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 for a period of three years w.e.f. 29-05-2001

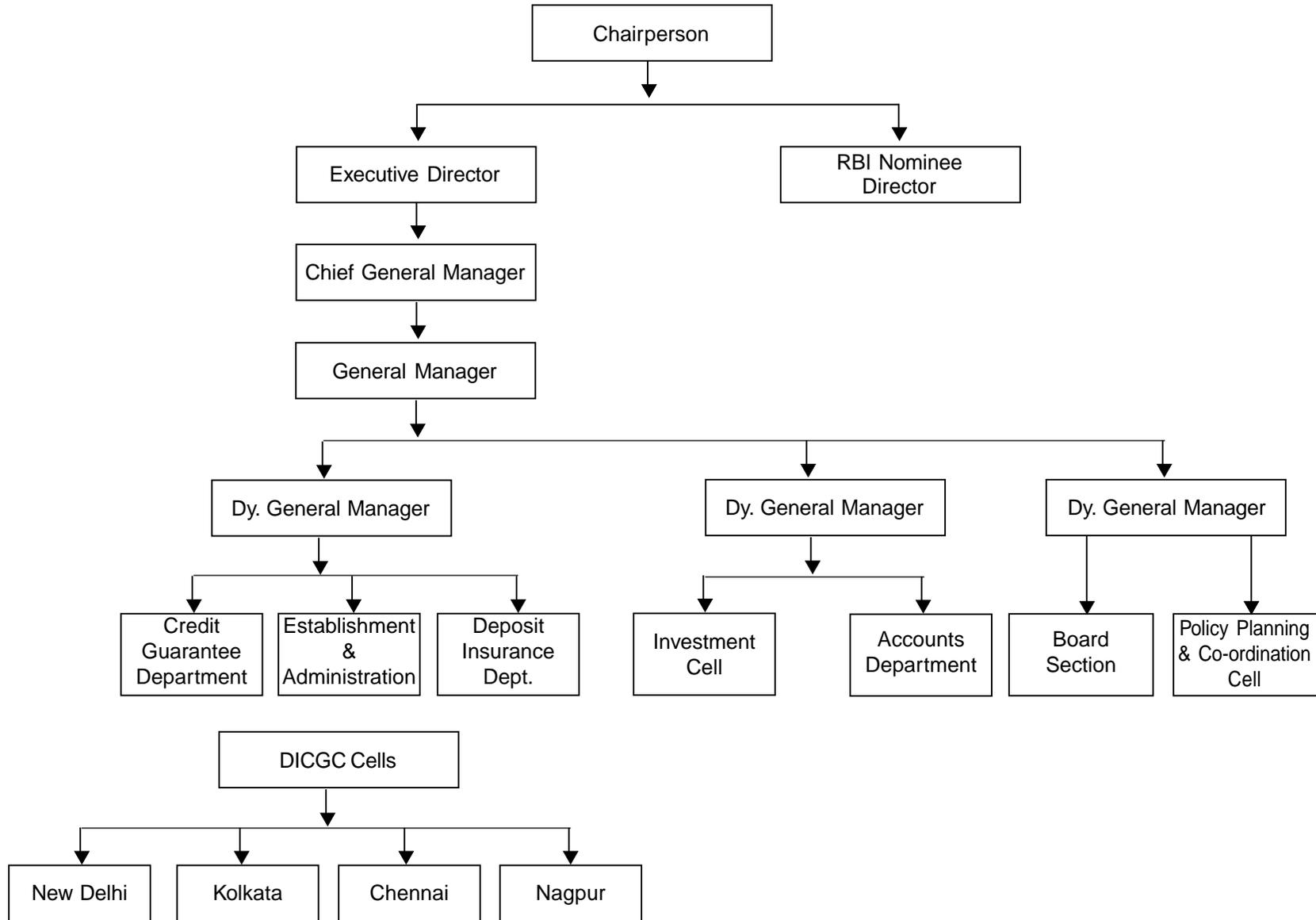
Shri S. DORESWAMY
Former Chairman & Managing Director, Central Bank of India and Dena Bank, Mumbai.

Shri MUKUND M. CHITALE
Former President of the Institute of Chartered Accountants of India, Mumbai.

Prof. AJAY SHAH
Consultant, Department of Economic Affairs, Ministry of Finance, Government of India, New Delhi.
Assoc. Professor, Indira Gandhi Institute of Development and Research, Mumbai.

Shri M. G. BHIDE
Former Chairman, Bank of India, Mumbai.

ORGANISATION CHART



OFFICES OF THE CORPORATION

		Fax No. 2301 5662 & 2301 8165	
		Tel.Nos.	Telegram
HEAD OFFICE	Reserve Bank of India Building, 2 nd Floor, Opp. Mumbai Central Railway Station, Byculla, Mumbai – 400 008.	2308 4121	CREDITGARD
	Executive Director	2301 9460 Cellular No. 9820909232	
	Chief General Manager	2301 9675 Cellular No. 9820051890	
	(i) General Manager	2301 9645	
	(ii) Deputy General Manager	2301 9792	
	(iii) Deputy General Manager	2301 9570	
		Email - dicgc@rbi.org.in	
BELAPUR OFFICE	R.B.I. Building, Smt. Nirmaladevi Marg, Sector 10, Plot No.3, 3 rd Floor, CBD, Belapur, Navi Mumbai - 400 614.		
	Deputy General Manager	27570132 (D)	

Website : www.dicgc.org.in

PRINCIPAL OFFICERS OF THE CORPORATION

EXECUTIVE DIRECTOR

N. H. Siddiqui (from 12.06.2003)

CHIEF GENERAL MANAGER

Anand Sinha

GENERAL MANAGER

S. K. Gogia

DEPUTY GENERAL MANAGERS

S. K. Bal (upto 28.06.2003)

P. N. Karkera (upto 31.03.2004)

R. N. Vanjara (upto 31.12.2003)

Smt R. Kausaliya

Shri R. K. Acharya

Shri J. K. Dash

MANAGER AND SECRETARY

Navin Nambiar

BANKERS

RESERVE BANK OF INDIA

TAX CONSULTANT

M/s. Habib & Co.
Mumbai - 400 003.

AUDITORS

M/s. Chhajed & Doshi
Chartered Accountants
Mumbai

ACTUARIES

M/s. K. A. Pandit
Consultants & Actuaries
Mumbai 400 001.

CORPORATE PROFILE

OBJECTS and PURPOSE

An Act of Parliament established the Deposit Insurance Corporation on 1 January 1962. With effect from 15 July 1978, it took over the undertaking of the Credit Guarantee Corporation of India Limited, a public limited company promoted by Reserve Bank of India on 14 January 1971 with a view to integrating the twin and cognate functions of giving insurance protection to small depositors in banks and providing guarantee cover to credit facilities extended to certain categories of small borrowers particularly those belonging to the weaker sections of the society. With the integration of the two organisations, the Corporation was renamed as the Deposit Insurance and Credit Guarantee Corporation. From 1 April 1981, it extended its guarantee support to credit granted to small-scale industries also, after cancellation of Government of India's scheme in that behalf.

The Corporation's objective is to provide for the benefit of depositors in banks, insurance against the loss of all or part of their deposits in all branches of a bank to a maximum of Rs.1,00,000. It also provided guarantee support to credit extended by participating institutions viz., commercial banks (including regional rural banks), co-operative banks, state financial corporations and other term lending institutions. Till 31 March 1989, the guarantee support covered certain categories of small borrowers and small-scale industries. Effective from 1 April 1989, guarantee cover was extended to entire priority sector (as per Reserve Bank's definition) advances. Since 1990-91, certain categories of priority sector advances, which are guaranteed

by Central/State Governments, ECGC etc., had been excluded from guarantee cover. However, with the modification in the terms and conditions in April 1995 all banks have opted out of the schemes. Hence the Corporation is not operating these Scheme now.

The Corporation maintains two separate funds viz., Deposit Insurance Fund and Credit Guarantee Fund. They are funded by the premium and guarantee fees received and are utilised exclusively for meeting the respective claims. Besides, one more fund called General Fund, is maintained in which the capital of the Corporation is held and the staff establishment and administrative expenses are met from the investment income out of this fund. The Corporation was granted exemption from payment of income tax till 31 December 1986.

The authorised capital of the Corporation is Rs.50 crore which is entirely issued and subscribed by Reserve Bank of India.

The management of the Corporation vests in a Board of Directors of which a Deputy Governor, Reserve bank of India, is the Chairman. The Head Office of the Corporation is at Mumbai. It had four branches at Kolkata, Chennai, Nagpur and New Delhi. While their major functions have been taken up by the Head Office, the residual items of work have been vested with the DICGC Cells specially created in the Rural Planning and Credit Department, Reserve Bank of India at the respective centers.

HIGHLIGHTS — DEPOSIT INSURANCE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1984	1988-89	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
1. CAPITAL	1	1.5	15	50	50	50	50	50	50	50	50	50	50	50	50	50	50
2. DEPOSIT INSURANCE																	
i) Deposit Insurance Fund (Rs.) (Actuarial)	1	25	154	219	@	@	@	@	@	@	@	2754	434	501	563	831	871
ii) Insured Banks	276	476	1683	1805	1903	1931	1990	2025	2122	2296	2438	2583	2676	2728	2715	2629	2595
iii) Assessable Deposits (Rs.)	1895	7458	42360	61880	126864	244375	249034	364058	392072	450674	492380	609962	704068	806260	968752	1213163	1318268
iv) Insured Deposits (Rs.)	448	4656	31774	46340	90192	164527	168405	266747	295575	337671	370531	439609	498558	572434	674051	828885	870940
v) Total number of Accounts (in lakh)	77	341	1598	2026	2781	3543	3529	4994	4868	4351	4109	4642	4417	4462	4817	6002	5440
vi) Number of Fully Protected Accounts (in lakh)	60	328	1581	2000	2705	3395	3497	4956	4819	4273	3713	4544	4302	4325	4645	5782	5189
vii) Claims paid (Rs.) since inception	-	1	3	3	69	178	179	181	190	194	196	209	225	262	677	863	1044

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@ Refer - Highlights - Credit Guarantee Progress at a Glance. - Next page

HIGHLIGHTS — CREDIT GUARANTEE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1984	1988-89	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
1. CAPITAL (Rs.)	1	1.5	15	50													
CREDIT GUARANTEE																	
i) Credit Guarantee Fund (Rs.)	—	—	89	118	@	@	@	@	@	@	@	210	48	\$	*	Nil	Nil
ii) Guaranteed Advances																	
a) Small Borrowers (Rs.)	—	208	4840	7104	14291	26348	25484	18910	17261	3939	3241	278	NA	NA	NA	NA	NA
b) Small Scale Industries (Rs.)	—	—	3822	4891	10465	15503	14177	13847	11271	3376	2813	39	5	1	0.52	NA	NA
iii) Claims Received (for the year)																	
a) Small Borrowers (Rs.)	—	—	25	62	364	883	1168	1348	1841	1842	184	218	219	22	—	—	—
b) Small Scale Industries (Rs.)	—	—	30	71	241	260	323	379	524	270	120	34	26	14	1	0.26	—
iv) Claims Disposed of (for the year)																	
a) Small Borrowers (Rs.)	—	—	15	32	281	566	1026	1100	1031	403	401	1188	1195	171	—	—	—
b) Small Scale Industries (Rs.)	—	—	27	47	177	243	288	409	308	291	221	225	139	54	5	0.61	—

ix.

@ In view of the amendments to the forms of Balance Sheet and Revenue Account on account of actuarial valuation of the Corporation's liabilities since 1987, the Credit Guarantee Fund disclosed deficit every year thereafter except for the year 1989-90. The deficits/surplus in the Fund was adjusted against surplus in the Deposit Insurance Fund in the respective years.

During 1996-97, the deficit in the Credit Guarantee Fund was Rs.1686.96 crore. As on 31st March 1997, a net sum of Rs.1913.92 crore was due to Deposit Insurance Fund from Credit Guarantee Fund leaving an unadjusted amount of Rs.1311.95 crore in Credit Guarantee Fund Account. In the year 1997-98, Credit Guarantee Fund had a surplus which was utilised to wipe out the leftover unadjusted amount

\$ 0.07 crore of Rupees

* 0.02 crore of Rupees

NA : Not applicable since no credit institution is participating under the schemes.