

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(Established by an Act of Parliament)

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



**46th Annual Report of the Board of Directors,
Balance Sheet and Accounts
for the year ended
31st March 2008**



Mission

To contribute to stability and public confidence in the banking system through provision of deposit insurance and credit guarantee to small depositors and borrowers.

Vision

To be recognised as one of the most efficient and effective deposit insurance and credit guarantee providers, responsive to the needs of its stakeholders.

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निक्षेप बीमा और प्रत्यय गारंटी निगम

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(भारतीय रिज़र्व बैंक की संपूर्ण स्वामित्ववाली सहयोगी Wholly owned subsidiary of the Reserve Bank of India)

www.dicgc.org.in

DICGC/22650/ 06.02.16 / 2008-2009

June 27, 2008

Aashadha 06, 1930 (SAKA)

LETTER OF TRANSMITTAL
(To the Reserve Bank of India)

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 / Madam,

**Balance Sheet, Accounts and Report on the Working
of the Corporation for the year ended 31st March 2008**

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 2008 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 2008.

Yours faithfully,

(V. P. Arya)
General Manager

भारतीय रिज़र्व बैंक बिल्डिंग, दूसरी मंजिल, मुंबई सेंट्रल रेलवे स्टेशन के सामने, मुंबई सेंट्रल, मुंबई-400008.
टेलिफोन सं. 022-23084121 फैक्स: 022-23018165, 23015662 ई-मेल: dicgc@rbi.org.in

Reserve Bank of India Building, Second Floor, Opp. Mumbai Central Railway Station, Post Box No. 4571, Mumbai Central, Mumbai-400008.

Tel. No. 022-23019675 Fax: 022-23018165, 23015662 e-mail: dicgc@rbi.org.in

हिन्दी आसान है, इसका प्रयोग बाइए



निक्षेप बीमा और प्रत्यय गारंटी निगम

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(भारतीय रिज़र्व बैंक की संपूर्ण स्वामित्ववाली सहयोगी Wholly owned subsidiary of the Reserve Bank of India)

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DICGC / 22648 / 06.02.16 / 2008-2009

June 27, 2008

Aashadha 06, 1930 (SAKA)

LETTER OF TRANSMITTAL
(To the Government of India)

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 2008**

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 2008 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 2008.
- 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.
- 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,

(V. P. Arya)
General Manager

भारतीय रिज़र्व बैंक बिल्डिंग, दूसरी मंज़िल, मुंबई सेंट्रल रेल्वे स्टेशन के सामने, मुंबई सेंट्रल, मुंबई-400008.
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हिन्दी आसान है, इसका प्रयोग बाइए

Board of Directors

CHAIRPERSON

Smt. Usha Thorat
Deputy Governor, Reserve Bank of India, Mumbai.

Nominated by the Reserve Bank of India under Section 6(1)(a) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
(from 24.11.2005)

DIRECTORS

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)(c) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
(from 27.08.2002 to 12.06.2008)

Dr. Shashank Saksena
Director, Ministry of Finance, Department of Financial Services, Government of India, New Delhi.

-do-
(from 12.06.2008)

Shri Umesh Chandra Sarangi
Chairman, National Bank for Agriculture and Rural Development.

Nominated by the Central Government under Section 6(1)(d) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961.
(from 11.01.2008)

Shri M. Ramadoss
Chairman-cum-Managing Director, Oriental Insurance Company Ltd.

-do-
(from 23.01.2008)

Prof. Prakash G. Apte
Sr. Professor, Indian Institute of Management, Bangalore

Nominated by the Central Government under Section 6(1)(e) of The Deposit Insurance and Credit Guarantee Corporation Act, 1961.
(from 07.10.2005)

Prof. Dilip M. Nachane
Director, Indira Gandhi Institute of Development and Research, Mumbai.

-do-
(from 07.10.2005)

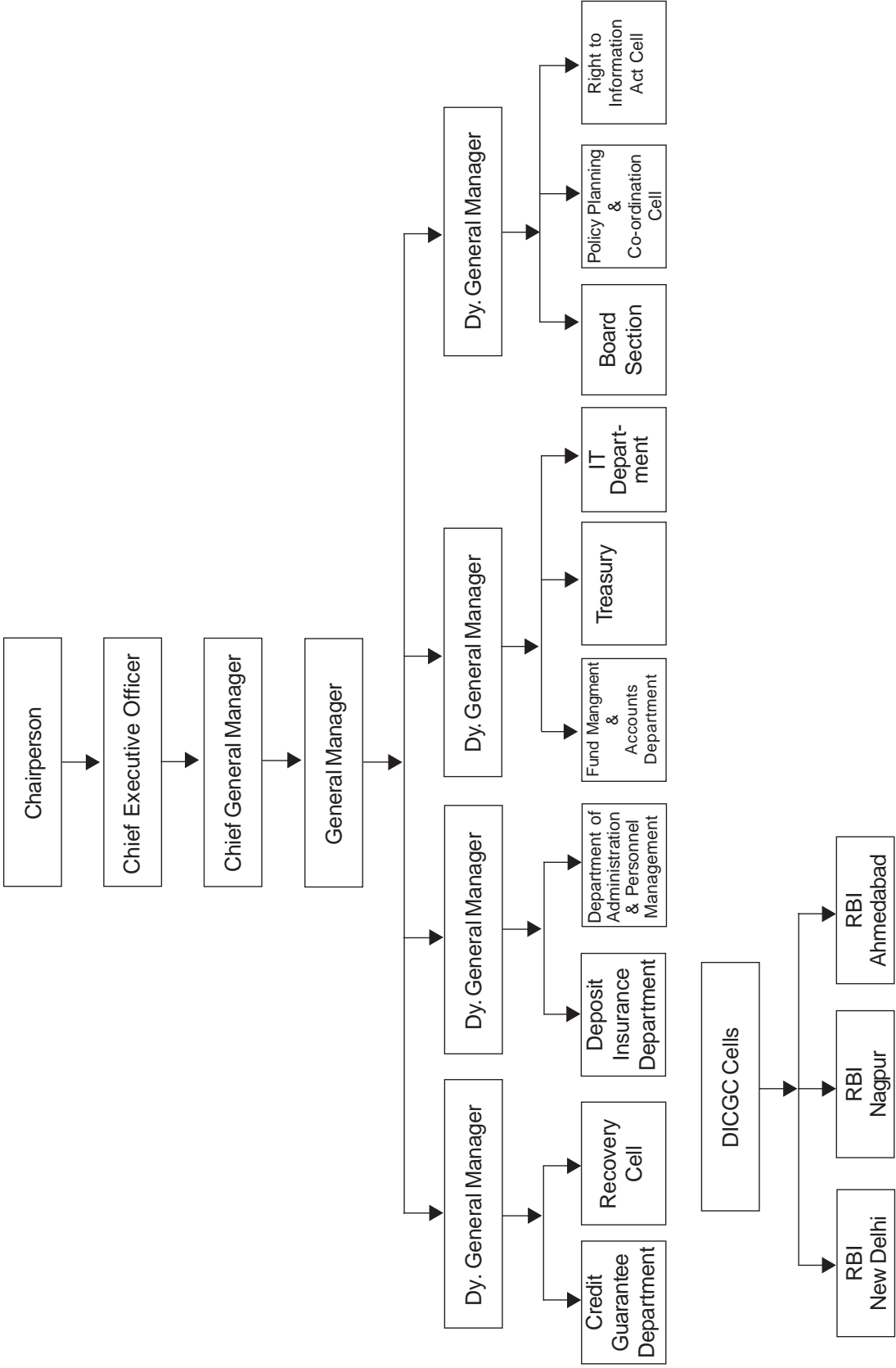
Dr. Atul Agarwal
Chartered Accountant, Kanpur

-do-
(from 07.10.2005)

Shri Ashwini Kakkar
CEO and Managing Director, Mercury Travels (India) Ltd.

-do-
(from 16.01. 2007)

ORGANISATION CHART



CONTACT INFORMATION OF THE CORPORATION

**Fax No. 2301 5662
2301 8165**

Telegram CREDITGUARD

Tel.Nos.

022-2308 4121	General
022-2302 1158	Premium
022-2302 1150	Claims
022-2301 9570	RTI
022-2301 1150	Customer Care Cell

HEAD OFFICE

**Deposit Insurance and
Credit Guarantee Corporation**

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

(i) Chief Executive Officer	022-2301 9461
(ii) Chief General Manager	022-2301 9675
(iii) General Manager	022-2301 9645
(iv) Deputy General Manager	022-2302 1149
(iv) Deputy General Manager	022-2301 9792
(v) Deputy General Manager	022-2301 9570
(vi) Deputy General Manager	022-2302 1146

Email - dicgc@rbi.org.in

Website : www.dicgc.org.in

PRINCIPAL OFFICERS OF THE CORPORATION

CHIEF EXECUTIVE OFFICER

Shri H. N. Prasad

CHIEF GENERAL MANAGER

Shri M. P. Kothari

GENERAL MANAGER

Shri V. P. Arya

SECRETARY & CPIO

Smt. R. Kausaliya

DEPUTY GENERAL MANAGERS

Shri R. K. Acharya

Shri J. K. Dash

Smt. R. Kausaliya

Shri H. N. Iyer

BANKERS

RESERVE BANK OF INDIA, MUMBAI

TAX CONSULTANT

M/s. Habib & Co.
Chartered Accountants
75, Mohamedali Road
Mumbai - 400 003

AUDITORS

M/s. NBS & Co.
14/2, Western India House,
Sir P.M. Road, Fort,
Mumbai 400 001.

ACTUARIES

M/s. K. A. Pandit
Consultants & Actuaries
II Floor, Churchgate House
Veer Nariman Road, Fort
Mumbai - 400 001

ABBREVIATIONS

CDIC	:	Canada Deposit Insurance Corporation
CEO	:	Chief Executive Officer
CGCI	:	Credit Guarantee Corporation of India Ltd.
CGF	:	Credit Guarantee Fund
CGO	:	Credit Guarantee Organization
CSAA	:	Control Self Assessment Audit
DIC	:	Deposit Insurance Corporation
DICGC	:	Deposit Insurance and Credit Guarantee Corporation
DIF	:	Deposit Insurance Fund
DIS	:	Deposit Insurance System
DRR	:	Designated Reserve Ratio
FBT	:	Fringe Benefit Tax
FDIC	:	Federal Deposit Insurance Corporation (USA)
GF	:	General Fund
LABs	:	Local Area Banks
IADI	:	International Association of Deposit Insurers
MIS	:	Management Information System
MoU	:	Memorandum of Understanding
NPA	:	Non-performing Assets
PDIC	:	Philippines Deposit Insurance Corporation
RBI	:	Reserve Bank of India
RCS	:	Registrar of Co-operative Societies
RRBs	:	Regional Rural Banks
SCBs	:	State Co-operative Banks
SSI	:	Small Scale Industries
TAFcUB	:	Task Force on Co-operative Urban Banks
UCBs	:	Urban Co-operative Banks
UK	:	United Kingdom
USA	:	United States of America
ZTC	:	Zonal Training Centre

HIGHLIGHTS - I - DEPOSIT INSURANCE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1992-93	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1 CAPITAL**	1	1.5	15	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
2 DEPOSIT INSURANCE																		
(i) Deposit Insurance Fund (Rs.)*	1	25	154	312	171	205	299	2022	3107	3310	3706	4250	5514	5908	7818	9103	10979	13362
(ii) Insured Banks (Nos)	276	476	1683	1931	2025	2122	2296	2438	2583	2676	2728	2715	2629	2595	2547	2531	2392	2356
(iii) Assessable Deposits (Rs.)	1895	7458	42360	244375	364058	392072	450674	492380	609962	704068	806260	968752	1213163	1318268	1619815	1790919	2344351	2984799
(iv) Insured Deposits (Rs.)	448	4656	31774	164527	266747	295575	337671	370531	439609	498558	572434	674051	828885	870940	991365	1052988	1372597	1805080
(v) Total number of Accounts (in lakh)	77	341	1598	3543	4994	4868	4351	4109	4642	4417	4462	4817	6002	5440	6495	5373	7169	10389
(vi) Number of Fully Protected Accounts (in lakh)	60	328	1581	3395	4956	4819	4273	3713	4544	4302	4325	4645	5782	5189	6195	5055	6829	9617
(vii) Claims paid (Rs.) since inception	—	1	3	178	181	190	194	196	209	225	262	677	863	1044	1485	2050	2594	2755

** Under General Fund of the Corporation

* Includes both actuarial Fund and fund surplus

HIGHLIGHTS -II- CREDIT GUARANTEE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1992-93	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
3. CREDIT GUARANTEE																		
(i) Credit Guarantee Fund (Rs.)**	-	-	89	907	1793	1775	2926	679	758	1188	1133	1262	1393	1511	250	345	349	367
(ii) Guaranteed Advances																		
a) Small Borrowers (Rs.)	-	208	4840	26348	18910	17261	3939	3241	278	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Small Scale Industries (Rs.)	-	-	3822	15503	13847	11271	3376	2813	39	5	1	0.52	NA	NA	NA	NA	NA	NA
iii) Claims Received (for the year)																		
a) Small Borrowers (Rs.)	-	-	25	883	1348	1841	1842	184	218	219	22	-	-	-	-	-	-	-
b) Small Scale Industries (Rs.)	-	-	30	260	379	524	270	120	34	26	14	1	0.26	-	-	-	-	-
iv) Claims Disposed off (for the year)																		
a) Small Borrowers (Rs.)	-	-	15	566	1100	1031	403	401	1188	1195	171	-	-	-	-	-	-	-
b) Small Scale Industries (Rs.)	-	-	27	243	409	308	291	221	225	139	54	5	0.61	-	-	-	-	-

** Includes both actuarial and fund surplus.

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

OPERATIONAL HIGHLIGHTS - III - (Deposit Insurance)

(Rs. in Crore)

PARTICULARS	2007-08	2006-07	2005-06	2004-05	2003-04
REVENUE STATEMENTS					
Premium Income	2844.39	2320.93	1973.61	1354.78	770.63
Investment Income	1145.08	1078.70	878.94	698.22	701.24
Net Claims	180.42	322.58	293.58	1000.90	938.46
Revenue Surplus Before Tax	3742.72	3047.01	2583.18	883.73	566.52
Revenue Surplus After Tax	2250.69	1690.58	1184.42	560.28	353.96
BALANCE SHEET					
Fund Balance (Actuarial)	1553.17	1211.30	1025.96	875.00	871.00
Fund Surplus	11809.23	9767.52	8076.94	6942.51	5037.42
Outstanding Liability for Claims	487.60	616.24	1260.45	1788.52	1236.25
PERFORMANCE METRICS					
1. Average No. of days between receipt of a claim and claim settlement	53	60	67	257	38
2. Average No. of days between de-registration of a bank and claim settlement.	605*	625*	120	376	285
3. Operating Costs as percentage of total business (Employee Costs as percentage of total business)	0.35% (0.11 %)	0.37 % (0.11 %)	0.33 % (0.16 %)	0.23 % (0.11%)	0.38 % (0.21 %)

* Due to submission of supplementary claims by liquidators of old liquidated banks.

AN OVERVIEW OF DICGC

(1) INTRODUCTION

The functions of the DICGC are governed by the provisions of “The Deposit Insurance and Credit Guarantee Corporation Act, 1961” (DICGC Act) and “The Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961” framed by the Reserve Bank in exercise of the powers conferred by sub-section (3) of Section 50 of the said Act. As no credit institution is participating in any of the credit guarantee schemes administered by the Corporation, presently it is not operating any of the schemes and deposit insurance remains the principal function of the Corporation.

(2) HISTORY

The concept of insuring deposits kept with banks received attention for the first time in the year 1948 after the banking crisis in Bengal. The issue came up for reconsideration in the year 1949, but was held in abeyance till the Reserve Bank set up adequate arrangements for inspection of banks. Subsequently, in the year 1950, the Rural Banking Enquiry Committee supported the concept. Serious thought to insuring deposits was, however, given by the Reserve Bank and the Central Government after the failure of the Palai Central Bank Ltd., and the Laxmi Bank Ltd. in 1960. The Deposit Insurance Corporation (DIC) Bill was introduced in Parliament on August 21, 1961. After it was passed by Parliament, the Bill got the assent of the President on December 7, 1961 and the Deposit Insurance Act, 1961 came into force on January 1, 1962.

Deposit Insurance Scheme was initially extended to all functioning commercial banks. This included the State Bank of India and its subsidiaries, other commercial banks and the branches of the foreign banks operating in India.

With the enactment of the Deposit Insurance Corporation (Amendment) Act, 1968, deposit insurance was extended to Co-operative Banks also and the Corporation was required to register “eligible co-operative banks” as insured banks under the provisions of Section 13 A of the DICGC Act.

The Government of India, in consultation with the Reserve Bank, introduced a credit guarantee scheme in July 1960. The Reserve Bank was entrusted with the administration of the scheme, as an agent of the Central Government, under Section 17 (11 A)(a) of the Reserve Bank of India Act, 1934 and was designated as the Credit Guarantee Organization (CGO) for guaranteeing the advances granted by banks and other credit institutions to small scale industries. The Reserve Bank operated the scheme up to March 31, 1981.

The Reserve Bank also promoted a public limited company on January 14, 1971, named the Credit Guarantee Corporation of India Ltd. (CGCI). The credit guarantee schemes introduced by the Credit Guarantee Corporation of India Ltd., aimed at encouraging the commercial banks to cater to the credit needs of the hitherto neglected sectors, particularly the weaker sections of the society engaged in non-industrial activities, by providing guarantee cover to the loans and advances granted by the credit institutions to small and needy borrowers covered under the priority sector as defined by the RBI.

With a view to integrating the functions of deposit insurance and credit guarantee, the two organizations, the DIC and the CGCI, were merged and the Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence on July 15, 1978. The Deposit Insurance Act, 1961 was thoroughly amended and it was renamed as ‘The Deposit Insurance and Credit Guarantee Corporation Act, 1961’.

With effect from April 1, 1981, the Corporation extended its guarantee support to credit granted to small scale industries also, after the cancellation of the Government of India’s credit guarantee scheme. With effect from April 1, 1989, guarantee cover was extended to the entire priority sector advances.

(3) INSTITUTIONAL COVERAGE

(I) **All commercial banks** including the branches of foreign banks functioning in

India, Local Area Banks and Regional Rural Banks are covered under the Deposit Insurance Scheme.

- (ii) All eligible **co-operative banks** as defined in Section 2(gg) of the DICGC Act are covered under the Deposit Insurance Scheme. All State, Central and Primary co-operative banks functioning in the States/ Union Territories, which have amended their Co-operative Societies Act, as required under the DICGC Act, 1961, empowering Reserve Bank to order the Registrar of Co-operative Societies of the respective States/Union Territories to wind up a co-operative bank or to supersede its committee of management and requiring the Registrar not to take any action for winding up, amalgamation or reconstruction of a co-operative bank without prior sanction in writing from the Reserve Bank, are treated as eligible co-operative banks. At present all co-operative banks, other than those in the States of Meghalaya and Mizoram, the Union Territories of Chandigarh, Lakshadweep and Dadra & Nagar Haveli are covered under the Scheme.

(4) REGISTRATION OF BANKS

- (i) In terms of Section 11 of the DICGC Act, 1961, all new commercial banks are required to be registered by the Corporation soon after they are granted licence by the Reserve Bank under Section 22 of the Banking Regulation Act, 1949. All Regional Rural Banks are required to be registered with the Corporation within 30 days from the date of their establishment, in terms of Section 11A of the DICGC Act, 1961.
- (ii) A new eligible co-operative bank is required to be registered with the Corporation soon after it is granted a licence by the Reserve Bank.
- (iii) When the owned funds of a primary co-operative credit society reaches the level of Rs.1 lakh, it has to apply to the Reserve Bank for a licence to carry on banking business as a primary co-operative bank and is to be registered with the Corporation within 3 months from the date of its application for licence.

- (iv) A co-operative bank which has come into existence after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968, as a result of the division of any other co-operative society carrying on business as a co-operative bank, or the amalgamation of two or more co-operative societies carrying on banking business at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 or at any time thereafter, is to be registered within three months of its making an application for licence. However, a co-operative bank will not be registered, if it has been informed by the Reserve Bank, in writing, that a licence cannot be granted to it.

In terms of Section 14 of the DICGC Act, after the Corporation registers a bank as an insured bank, it is required to send, within 30 days of such registration, intimation in writing to the bank to that effect. The letter of intimation, apart from the advice of registration and registration number, gives details about the requirements to be complied with by the bank, viz., the rate of premium payable to the Corporation, the manner in which the premium is to be paid, the returns to be furnished to the Corporation, etc.

(5) INSURANCE COVERAGE

Under the provisions of Section 16(1) of the DICGC Act, the insurance cover was originally limited to Rs.1,500/- only per depositor for deposits held by him in “ the same capacity and in the same right ” at all the branches of a bank taken together. However, the Act also empowers the Corporation to raise this limit with the prior approval of the Central Government. Accordingly, the insurance limit was enhanced from time to time as follows:

Effective from Date	Insurance Limit
May 1, 1993	Rs. 1,00,000/-
July 1, 1980	Rs. 30,000/-
January 1, 1976	Rs. 20,000/-
April 1, 1970	Rs. 10,000/-
January 1, 1968	Rs. 5,000/-

(6) TYPES OF DEPOSITS COVERED

The Corporation insures all bank deposits, such as savings, fixed, current, recurring, etc. except the deposits of (i) foreign governments; (ii) Central/ State Governments; (iii) State Land Development Banks with the State co-operative banks; as also (iv) inter-bank deposits (v) deposits received outside India and (vi) deposit specifically exempted by the Corporation with the previous approval of the Reserve Bank.

(7) INSURANCE PREMIUM

The Corporation collects insurance premia from insured banks for administration of the deposit insurance system. The premia to be paid by the insured banks are computed on the basis of their assessable deposits. Insured banks pay advance insurance premia to the Corporation semi-annually, within two months from the beginning of each financial half year based on its deposits as at the end of previous half year. The premium paid by the insured banks to the Corporation is required to be borne by the banks themselves and is not passed on to the depositors. For delay in payment of premium, an insured bank is liable to pay interest at the rate of 8 per cent above the Bank Rate on the default amount from the beginning of the relevant half-year till the date of payment.

Premium Rates per deposits of Rs.100

Date from	Premium (in Rs.)
1-04-2005	0.10
1-04- 2004	0.08
1-07-1993	0.05
1-10-1971	0.04
1-1-1962	0.05

8) CANCELLATION OF REGISTRATION

Under Section 15A of the DICGC Act, the Corporation has the power to cancel the registration of an insured bank if it fails to pay the premium for three consecutive half-year periods. However, the Corporation may restore the registration if the deregistered bank makes a request, paying all the dues in default including interest, provided the bank is otherwise eligible to be registered as an insured bank.

Registration of an insured bank may be cancelled if the bank is prohibited from accepting fresh deposits; or its licence is cancelled or a licence is refused to it by the Reserve Bank; or it is wound up either voluntarily or compulsorily; or it ceases to be a banking company or a co-operative bank within the meaning of Section 36A(2) of the Banking Regulation Act, 1949; or it has transferred all its deposit liabilities to any other institution; or it is amalgamated with any other bank or a scheme of compromise or arrangement or of reconstruction has been sanctioned by a competent authority where the said scheme does not permit acceptance of fresh deposits. In the case of a co-operative bank, its registration also gets cancelled if it ceases to be an eligible co-operative bank.

In the event of the cancellation of registration of a bank, other than for default in payment of premium, deposits of the bank as on the date of cancellation remain covered by the insurance.

(9) SUPERVISION AND INSPECTION OF INSURED BANKS

The Corporation is empowered to have free access to the records of an insured bank and to call for copies of such records. On Corporation's request, the Reserve Bank is required to undertake / cause the inspection / investigation of an insured bank.

(10) SETTLEMENT OF CLAIMS

- (i) In the event of the winding up or liquidation of an insured bank, every depositor is entitled to payment of an amount equal to the deposits held by him at all the branches of that bank put together in the same capacity and in the same right, standing as on the date of cancellation of registration (i.e. the date of cancellation of licence or order for winding up or liquidation) subject to set-off of his dues to the bank, if any [Section 16(1) read with (3) of the DICGC Act]. However, the payment to each depositor is subject to the limit of the insurance coverage fixed from time to time.
- (ii) When a scheme of compromise or arrangement or re-construction or amalgamation is sanctioned for a bank by a competent authority, and the scheme does

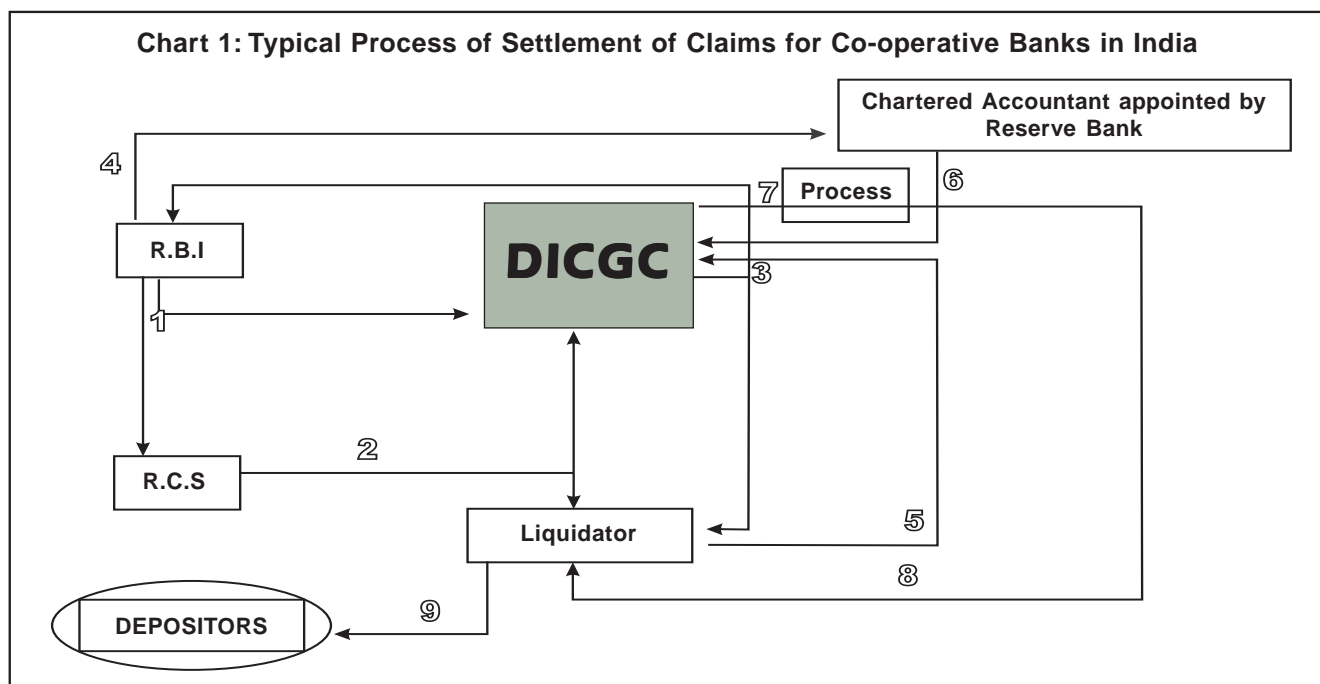
not entitle the depositors to get credit for the full amount of the deposits on the date on which the scheme comes into force, the Corporation pays the difference between the full amount of deposit and the amount actually received by the depositor under the scheme or the limit of insurance cover in force at the time, whichever is less. In these cases too the amount payable to a depositor is determined in respect of all his deposits held in the same capacity and in the same right at all the branches of that bank put together subject to the set-off of his dues to the bank, if any, [Section 16(2) and (3) of the DICGC Act].

(iii) Under the provisions of Section 17(1) of the DICGC Act, the liquidator of an insured bank which has been wound up or taken into liquidation, has to submit to the Corporation

a list showing separately the amount of the deposit in respect of each depositor and the amount of set off, in such a manner as may be specified by the Corporation and certified to be correct by the liquidator, within three months (Typical claim settlement process in Chart 1).

(iv) In the case of a bank/s under scheme of amalgamation/ reconstruction, etc. sanctioned by competent authority, a similar list has to be submitted by the chief executive officer of the concerned transferee bank or insured bank, as the case may be, within three months from the date on which the scheme of amalgamation/reconstruction, etc. comes into effect [Section 18(1) of the DICGC Act].

(v) The Corporation is required to pay the amount payable under the provisions of the



1. The Reserve Bank cancels the licence / rejects the application for licence of a bank and recommends its liquidation to the concerned Registrar of Co-operative Societies (RCS) with endorsement to the DICGC.
2. The RCS appoints a Liquidator for the liquidated bank with endorsement to the DICGC.
3. The DICGC cancels the registration of the bank as an insured bank and issues guidelines for submission of the claim list by the liquidator within 3 months and requests Reserve Bank to appoint an external auditor [Chartered Accountant, (C.A)] for on-site verification of the list.
4. The Reserve Bank appoints C.A. and the DICGC conducts briefing and orientation session for C.A. to check the claim list.
5. The Liquidator submits the claim list for payment to the depositors (both hard and soft forms).
6. The external auditors (C.A.) submit their report on the aspects of the claim list.
7. The claim list is computer-processed and payment list is generated.
8. Consolidated payment is released to the Liquidator and further information sought on incomplete/doubtful claims. The release of claims is announced through the website of the Corporation.
9. The liquidator releases the payment to the depositors.

DICGC Act in respect of the deposits of each depositor within two months from the date of receipt of such lists prepared in accordance with issued guidelines and complete / correct in all respects. The Corporation gets the list certified by a firm of Chartered Accountants which conducts on-site verification.

- (vi) The Corporation generally makes payment of the eligible claim amount to the liquidator/ chief executive officer of the transferee/ insured bank, for disbursement to the depositors. However, the amounts payable to the untraceable depositors are held back till such time as the liquidator/ chief executive officer is in a position to furnish all the requisite particulars to the Corporation.

(11) Recovery of Settled Claims

In terms of Section 21(2) of the DICGC Act read with Regulation 22 of the DICGC General Regulations, the liquidator or the insured bank or the transferee bank, is required to repay to the Corporation out of the amounts realised from the assets of the failed bank and other amounts in hand after making provision for the expenses incurred.

(12) Funds, Accounts and Taxation

The Corporation maintains three distinct Funds viz. (i) Deposit Insurance Fund (DIF); (ii) Credit Guarantee Fund (CGF) and (iii) General Fund

(GF). The first two Funds are created by accumulating the insurance premia and guarantee fees, respectively and are applied for settlement of the respective claims. The authorised capital of the Corporation is Rs.50 crore which is entirely subscribed to by the Reserve Bank. The General Fund is utilised for meeting the establishment and administrative expenses of the Corporation. The surplus balances in all the three Funds are invested in Central Government securities. Inter-Fund transfer is permissible under the Act.

The books of accounts of the Corporation are closed as on March 31 every year. The affairs of the Corporation are audited by an Auditor appointed by its Board of Directors with the previous approval of Reserve Bank. The audited accounts together with Auditor's report and a report on the working of the Corporation are required to be submitted to Reserve Bank within three months from the date on which its accounts are balanced and closed. Copies of these documents are also submitted to the Central Government, which are laid before each House of the Parliament. The Corporation follows mercantile system of accounting and it adopted the system of actuarial valuations of its liabilities from the year 1987 onwards.

The Corporation has been paying income tax since the financial year 1987-88 and fringe benefit tax since 2005-06. The Corporation is assessed to Income Tax as a 'company' as defined under the Income Tax Act, 1961.

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Deposit Insurance – Guidance from Bank for International Settlement

The 'Guidance for Developing Effective Deposit Insurance Systems' was framed by the Working Group set up by the Financial Stability Forum (FSF) of the Bank for International Settlement (BIS) in the year 2001. This guidance is based on the following conclusions arrived at by the Working Group:

- Explicit and limited deposit insurance is preferable to implicit coverage that arises when the public, including depositors and perhaps other creditors, expect some form of protection from Government or the Central Bank in the event of a bank failure. However, such explicit deposit insurance should clarify obligations to depositors and creditors so as to limit uncertainties and the scope for discretionary decisions that may result in arbitrary actions.
- Deposit insurance systems must be properly designed, well implemented and understood by the public to be credible and avoid moral hazard.
- To be effective, the deposit insurance function needs to be part of a well-designed financial safety net, supported by strong prudential regulation and supervision, effective laws that are enforced, and sound accounting and disclosure regimes.

2. Deposit Insurance Systems – Mandates and Designs

Design of the Deposit Insurance System varies across the world depending upon the mandate and the roles and responsibilities assigned to the deposit insurer as part of the financial safety net. The mandate of an organization, in general, refers to the legal duties it has to undertake in performing the tasks necessary to achieve its public policy objectives. Existing deposit insurers typically have mandates ranging from narrow, so called *pay-box system* to those with broader powers and responsibilities, such as *risk or loss minimization*

system with a variety of combinations in between (see **Box-I**).

Deposit insurance is an integral component of the financial safety net. Co-operation among safety net players is, therefore, important in all aspects of the management of financial system stability. An important area for co-operation is the sharing of information on the financial condition of banks under surveillance (see **Box-II**), supervisory action taken to revitalize them and the results thereof. Such information should be timely, accurate, and relevant with due importance to maintaining confidentiality, where required. It is highly desirable to formalize information-sharing arrangements, either through legislation or Memorandum of Understanding (MoU) or legal agreements or a combination of these arrangements. These arrangements may also be helpful in providing a general framework for safety-net participants to coordinate their related activities. It is preferable to spell out the arrangement for sharing of critical information in the law / by-laws.

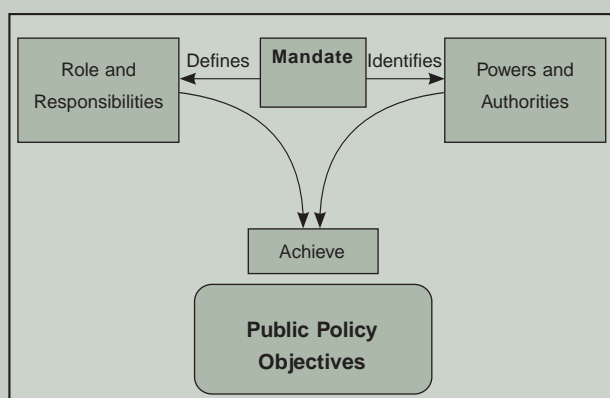
A number of countries have set up deposit insurance as a department of the central bank or the supervisor or the government itself. Several other countries have opted for separate statutory organization for the purpose, with an independent board of directors or a governing committee. A few countries such as Switzerland, Germany and Argentina manage their schemes privately. The overriding argument in favour of a government-run scheme is financial integrity. Further, a privately run system may lack credibility without government support and enforcement mechanism.

3. Deposit Insurance in India

Deposit Insurance was introduced in India much before the framing of the "Guidance for Developing Effective Deposit Insurance Systems" by the Financial Stability Forum. In fact, the Deposit Insurance and Credit Guarantee Corporation (DICGC) was set up way back in 1962, next only to the Federal Deposit Insurance Corporation (FDIC) of USA. The DICGC is a wholly-owned

Box-1: Mandates of DIS with particular reference to Extended Pay-box System

The mandate of an organization refers to the legal duties it has to undertake in performing the tasks necessary to achieve its public policy objectives. The mandate generally defines the roles and responsibilities of the organization. However, there is no single mandate or set of mandates suitable for all deposit insurers. Deposit insurance systems (DIS) across the world have mandates ranging from narrow, so-called “pay-box” systems to those with broader powers and responsibilities, such as risk-minimization, with a variety of combinations in between. To enhance the effectiveness of the deposit insurance system’s mandate, roles and responsibilities should be consistent with the powers and authorities on one hand and the public policy objectives on the other. Thus the linkage could be graphically presented as follows:



There are three types of mandates in the deposit insurance system. These are: Pay-Box Deposit Insurance System, Pay-Box with Extended Powers Deposit Insurance systems and Risk Minimizing Deposit Insurance Systems.

The main public policy objective shared among the Pay-Box Deposit Insurance Systems is to pay off depositors of failed insured institutions and to contribute to the stability of the financial system by protecting less-financially-sophisticated depositors. The main responsibility of such systems is to reimburse depositors using different reimbursement methods.

Only a few pay-box systems have direct or indirect access to information relating to depositors. Most of the pay-box systems obtain member banks’ information through the supervisory authorities rather than directly from the member institutions. But no clear distinction, in this respect, is observed among different systems with different mandates.

Besides the primary functions of the pay-box deposit insurer (viz., premium collection, fund management and reimbursement to depositors), a **pay-box with extended powers** is usually involved in the failure resolution, responsible for bank liquidation and co-monitoring member banks. However, powers and authorities vary across the systems. Some of the examples of this system are Bulgaria, Korea, Japan, Taiwan etc (Table 1). The public policy objectives mainly include protecting depositors and maintaining financial stability. Authorities on reimbursement and resolving failed banks of these deposit insurers could adequately match their needs to fulfill their public policy objectives.

Pay-box with extended powers operate deposit insurance on a compulsory basis, which help avoiding adverse selection, and in most cases the deposit insurers do not have the authority to determine entry and exit of member institutions. Moreover, most of such deposit insurers do not have intervention power or the authority to provide financial assistance to troubled institutions.

Most of the pay-box (with extended powers) systems are found to assume direct roles in risk assessment, monitoring and

resolution of bank failures. Deposit insurers in this category have diversified channels for funding with government guarantees, but only limited number of them has clearly set up fund target ratio.

Efficiency and effectiveness of banks’ resolution seriously influence the depositors’ right and the financial stability. In most of the cases, the authority over deciding viability and resolution methods of a troubled bank vests with supervisors or central banks. However, there is a view that for the purpose of lowering the loss of a deposit insurance system, this authority should also be provided to the deposit insurer. If not, a formal coordination mechanism among financial safety-net players needs to be established and the accountability of each member should be specified, particularly for this category of deposit insurers, as their mandate overlaps clearly with the mandates of the other safety net members.

Risk minimizing systems have the capability to manage their risks proactively during the lifecycle of member institutions. They have been accorded extensive intervention and supervisory powers. Risk minimizers are found to assume direct roles in risk assessment and monitoring, and resolution of bank failures. Funding channels for deposit insurers in this category are similar to those for other systems. As per a BIS study in respect of four risk minimizing institutions (FDIC, CDIC, Philippine and Vietnam) these institutions invest the accumulated funds in the bond market, mainly in government bonds and in the government guaranteed securities, and they have the authority to determine their sources of funds, borrowing limits and the levels of premiums or levies. This reflects a clear consistency in this respect, as ensuring flexible funding policies and adequate deposit insurance fund levels are crucial for an effective deposit insurance system. Also, unlike other types of deposit insurers, most of the risk minimizers have the authority to control entry and exit of member institutions and they have the power to terminate the licence or the insured status of any member institution. Finally, in this type of system, the responsibility of deciding the resolution method of a troubled institution belongs to the deposit insurer, and they usually have the needed powers and authorities to carry out this responsibility. Risk minimizing deposit insurers follow the least cost approach and utilize a wide set of failure resolution methods.

In India, the mandate is pure pay-box system. The DICGC’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 up to a prescribed limit. The mandate is in the nature of pay-box system in the case of (i) liquidation and (ii) reconstruction / amalgamation of an insured bank.

Table: Examples of countries with various Mandates

Pay-box System	Pay-box with Extended Powers Systems	Risk Minimisers
Brazil	Korea	USA
Cyprus	Japan	Canada
Czech Republic	Taiwan	Philippine
Tanzania	Bulgaria	Vietnam
UK	Russia	
Sweden	Mexico	
India		

References

Garcia, G.G.H (2000), “Deposit Insurance – Actual and Good Practices”, IMF Occasional Paper No. 197, Washington DC.
 International Association of Deposit Insurers (2006), “Developing General Guidance for Effective Deposit Insurance Mandate”, BIS, Switzerland.

Box-2: Interrelationships among Financial Safety Net Players (SNPs)

Deposit insurance is a component of financial safety net, which also includes prudential regulation and supervision, and the lender-of-last-resort function. The interrelationship among these players, which are largely influenced by the institutional, economic and financial situation of a country as also its history, can vary significantly. Irrespective of the specific structure of a country's financial safety net, however, smooth cooperation and goodwill among the various components are key to an effective deposit insurance system.

The need for coordination and goodwill among the various safety-net participants is directly related to the possibility of conflicting mandates. When dealing with bank crisis, for example, it is particularly important to establish precisely which safety-net participant(s) has the power to formally declare an institution to be insolvent (or formally initiate the liquidation procedure of a failed institution). If, for example, there is more than one institution dealing with different phases of the resolution, co-ordination among them assumes even greater significance. In order to reconcile potentially conflicting mandates prior discussion and a high degree of transparency must be a requirement when establishing the co-ordination framework to facilitate information sharing and effective communication.

Information sharing is one of the vital areas in the relationship of the deposit insurer and other safety net players. Due to its specific powers and responsibilities, the supervisory authority is usually the only safety-net agency able to assess accurately and influence the quality of information provided by financial institutions. Therefore close co-ordination in collection and sharing of information between supervisory authority and other SNPs becomes imperative. For information to be useful to the deposit insurer, it should be timely, accurate and relevant to facilitate an effective system of ongoing evaluation of individual insured institutions as well as the banking industry as a whole. Further, it is important to balance the need of the deposit insurer for supplemental information against the additional burden that it may put on the banking industry. Depending on its institutional mandate and powers, the need for relevant information by the deposit insurer can vary significantly. In the case of a simple pay-box system, the deposit insurer would need the basic information to calculate insurance premium and to reimburse depositors in a timely and efficient manner, when required to do so. Such information would relate to data on banks' deposit base, including information on the amount of assessable and insured deposits held by individual depositors. The nature of information required by the deposit insurer will vary from normal times to that in a crisis. A risk-minimizing deposit insurer would however, have greater need for information, given its broader mandate.

Although informal arrangements for information sharing and coordination can work well in certain circumstances, given the sensitivity of institution-specific information and the challenge of maintaining open communication channels, it may be useful to formalise arrangements in this regard either through legislation, Memorandum of Understanding (MoUs), formal agreements or a combination of these arrangements. If formal information-sharing arrangements are relied upon, they should clearly acknowledge the roles and responsibilities of the respective parties, set out what is to be shared and by whom, as well as the type, level of detail and frequency of information

to be exchanged. Apart from these specifics, formal agreements may also be useful in providing a general framework for safety-net participants to coordinate their related operational and policy-making activities by promoting regular meetings and opportunities for consultation. The experience of various deposit insurance systems around the world shows that strong coordination, information-sharing and exchange arrangements are essential. In some of the countries, the functions and responsibilities of the deposit insurer and the central bank in the areas of examination, monitoring, prompt corrective action, and failure resolution, are defined in their respective charters and/or circulars, rules and regulations and MoUs. In some other countries a statutory committee composed of representatives of the central bank, deposit insurance system, ministry of finance and supervisory authority has been established to facilitate information sharing and to coordinate regulatory policy. In a few countries the interrelationship between DIS and the Central Bank is through Strategic Alliance Agreement entered into between the key safety net players, complementing each other towards their common goals of promoting financial stability.

The DICGC Act provides a mechanism for inter-agency co-ordination between the DICGC and the RBI. The Corporation is empowered to have free access to the records of an insured bank and to call for copies of such records. On Corporation's request, the RBI is required to undertake / cause the inspection / investigation of an insured bank. By the same token, the DICGC is bound to furnish to the RBI, such statements and information relating to the business or affairs of itself or of an insured bank as the RBI may consider necessary or expedient. In practice, however, this provision of the Act has hardly been used under normal circumstances. For improving coordination on matters relating to UCBs with its regulators the following action has been initiated:

- A coordination committee at the level of CEO/CGM of DICGC and regulator of UCBs meets regularly and discusses issues of importance;
- Corporation is an invitee in the Standing Advisory Committee for UCBs;
- Representative of DICGC is invited to interact in Local Boards and Central Board of RBI as also Board for Financial Supervision, on issues concerning the Corporation, as and when required;
- Representative of DICGC is invited at the meetings of the Sub-Committee of the TAFUCB.

The Coordination Committee has helped to solve many of the issues of mutual interest relating to UCBs with the support of the Regulator.

References:

Garcia, G.G.H (2000), "Deposit Insurance – Actual and Good Practices", IMF Occasional Paper No. 197, Washington DC.

Financial Stability Forum (2001), "Guidance for Developing Effective Deposit Insurance Systems".

International Association of Deposit Insurers (2006), "General Guidance to Promote Effective Interrelationships among Financial Safety Net Participants", BIS, Switzerland.

subsidiary of the RBI. Its capital, which initially stood at Rs.1 crore, has been increased from time to time and currently stands at Rs.50 crore (since

May 1, 1984). The DICGC has been given the mandate to operate as a Pay Box Deposit Insurance System.

Deposit Insurance in India is governed by the Deposit Insurance and Credit Guarantee Corporation Act, 1961 and the Deposit Insurance and Credit Guarantee Corporation General Regulations 1961 framed thereunder. The broad features of the current scheme include bulk insurance of deposits on a mandatory basis, with its implementation and operation being closely linked with the regulatory functions of the Reserve Bank of India to safeguard the interest of depositors. The statutory arrangement aims at the protection of small depositors of banks. The Act and the Regulations clearly lay down the guidelines for the management of the DICGC, registration of insured banks, liability to depositors, management of funds of the Corporation and their accounts and audit, sharing of information with the bank supervisors, manner of settlement of claims of depositors of failed banks and subsequent appropriation of recoveries, if any, out of distressed assets etc. Amendments have been carried out on a few occasions; a few more are under consideration.

The DICGC charges premium at a *flat rate* to all insured banks, though there is an enabling provision in Section 15 (1) of the Deposit Insurance & Credit Guarantee Corporation Act, 1961, which empowers the Corporation to charge *different rates for different categories of insured banks*. Moving to a risk based premium system in India was recommended by the Narasimham Committee on Banking Sector Reforms (1998) and later reiterated by the Advisory Group (Capoor Committee) on Reforms in Deposit Insurance in India, 1999. DICGC had set up a Committee under the Chairmanship of Prof. D.M.Nachane, Senior Professor, IGIDR, who is a Director on the Board of the Corporation, to examine the issue and formulate a suitable credit risk model for the Corporation. The Committee recommended a model based on capital adequacy and supervisory rating used by RBI. Looking, however, to the heterogeneity amongst insured banks, strengthening the co-operative banking sector having just commenced and the recent

developments in the international financial markets, there is a need to carefully assess the determinants of risk based premia, trade-off, if any, between minimising moral hazard and placing additional burden on banks that are already weak, before going ahead with adoption of risk based premium. However, the issue will be kept under constant review.

4. Deposit Insurance - Creating Awareness and building up Public Confidence

Deposit insurance is also one of the policy tools used by governments and central banks to build public confidence. A high level of confidence in the deposit insurance system can help mitigate bank runs. But this requires a vigorous campaign to spread public awareness about deposit insurance. A good public awareness program educates the public about the benefits and limitations of the deposit insurance system, focusing on its target audience. For depositors whose deposits exceed the limit of deposit insurance, public awareness can encourage them to mitigate their exposure by keeping their deposits with banks whose financial health is unquestionable, thereby promoting competitiveness and market discipline. Deposit insurers employ a wide variety of tools and channels of communication, wherever possible, to ensure that the messages are conveyed to the target audience. An appropriate mix of tools should be used to reach the maximum number of people within the target audience cutting across different backgrounds and levels of society¹. Factors that must be taken into consideration in determining an effective mix of tools are the levels of literacy, size of population, demographic characteristics of the specific target audiences, as well as budgetary constraints². Some deposit insurers circulate deposit insurance information through publications, such as annual reports, brochures, guideline handbooks and answers to Frequently Asked Questions, distributed through the branches of member institutions, seminars and workshops, or provided to the public

¹ The Deposit Insurance Corporation of Japan survey showed that the most popular communication channels for deposit insurers, stated by ratio are leaflets (21.1%), the Internet (15.8%), seminars (13.2%), television and radio (10.5%), video (7.9%), posters (7.9%), call centers (5.3%) and school textbooks (5.3%).

² Financial Stability Forum, "Public Awareness: Discussion Paper," in the *Final Report of the Working Group on Deposit Insurance* (Basel: Financial Stability Forum, 2001).

on request. Given the increasing reach and accessibility of the Internet, a website to directly communicate with the public is an important tool for an effective public awareness campaign. Deposit insurance signs or logos are common tools used by deposit insurers to enhance public awareness. The deposit insurance logo and sign symbolize a “seal of trust” that may be placed in printed and electronic media and bank premises to assure the public that they have the protection of the deposit insurance system³. Some deposit insurers have also established call centers to enhance communication and provide multilingual services facilitating public access to deposit insurers and deposit insurance information⁴. In the event of a member institution’s failure, depositors need to be informed about reimbursement procedures, and information related to how and when they can receive their deposits.

In India, as part of public awareness program the Corporation disseminates information about deposit insurance scheme to the public through insured banks, its own website, booklet on guidelines on deposit insurance etc. The Corporation’s web-site furnishes detailed information on deposit insurance

system in India, answers to ‘Frequently Asked Questions’ (FAQs), manner of settlement of claims, list of insured banks, details of claims settled, circulars issued to insured banks etc. For the convenience of insured banks, the Corporation has posted forms of periodic returns required to be submitted by them and is also in the process of uploading a Premium calculator on its website. DICGC has forwarded a booklet on FAQs on deposit insurance together with a copy of the poster containing basic information on deposit insurance to all banks, to be printed according to their requirement in the language generally read and understood by their account holders. The booklet on deposit insurance is to be made available to the depositors and the poster is to be displayed prominently in the premises of every branch. The Corporation disseminates policy changes/ information / data through circulars to all insured banks, press release in newspaper/ RBI web site, annual report of the Corporation, DICGC’s web-site, etc. For the convenience of the depositors, the Corporation releases information/ data on claims settled with name of the bank along with the amount on the DICGC web-site.

³ The Hungary DIS uses “Insured Deposit” as an emblem incorporated into a seal and printed on each insured product of member banks.

⁴ Malaysia’s DIS maintains a call center with a toll-free number to provide responses in four major languages.

**REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE DEPOSIT
INSURANCE AND CREDIT GUARANTEE CORPORATION FOR THE YEAR ENDED
31ST MARCH 2008**

(Submitted in terms of section 32(1) of the Deposit Insurance and
Credit Guarantee Corporation Act, 1961)

Part – I : OPERATIONS AND WORKING

1.1 REGISTRATION/DE-REGISTRATION OF INSURED BANKS

The number of registered insured banks as on March 31, 2008 stood at 2356 comprising of 80 commercial banks, 92 RRBs, 4 LABs and 2180 co-operative banks. Year-wise/category-wise particulars showing the number of registered banks since inception of the scheme in 1962 are furnished in Annex I and II. During the year 2007-08, 8 Co-operative Banks and 2 Regional Rural Banks were registered and 3 Commercial Banks, 37 Co-operative Banks and 6 Regional Rural Banks were de-registered, the details of which are furnished in Annex III.

1.2 EXTENSION OF DEPOSIT INSURANCE SCHEME

The deposit insurance scheme at present covers commercial banks including Local Area Banks and Regional Rural Banks in all the States & Union Territories. While the deposit insurance scheme also covers Co-operative Banks in 28 States

and three Union Territories (**Annex II**), the extension of the Scheme to the co-operative banks in **Meghalaya**, and three Union Territories viz., **Chandigarh, Lakshadweep and Dadra & Nagar Haveli** is pending, as the concerned Governments are yet to introduce necessary Legislative changes in their respective Co-operative Societies Acts.

1.3 INSURED DEPOSITS

The number of accounts and the amount of deposits insured with the Corporation as also the extent of protection afforded to depositors at the end of 2006-07 and 2007-08 are furnished in Table 1.

The extent of protection to depositors offered since inception of the scheme and category-wise break-up for last three years are furnished in Annex IV and V respectively.

1.4 RECEIPT OF DEPOSIT INSURANCE PREMIUM

The category-wise break-up of premium (including interest on overdue premium) collected from insured banks during 2006-07 and 2007-08 is furnished in Table 2.

Table 1: Insured Deposits @

Particulars			
	(Accounts in lakhs and amount in Rupees crore)	2006-07	2007-08
1	Total No of Accounts	7,168.95	10,389.09
2	Fully protected accounts	6,829.01	9,617.17
3	Percentage of 2 to 1	95.26%	92.57%
4	Assessable deposits	23,44,351.21	29,84,799.81
5	Insured deposits	13,72,596.97	18,05,080.83
6	Percentage of 5 to 4	58.55%	60.48%

@ Based on returns as on last working day of September of the previous years.

Table 2 : Premium received

(Rupees in Crore)

Year	Commercial Banks including LABs & RRBs	Co-operative Banks	Total
2006-07	2115.79	205.13	2320.92
2007-08	2622.21	222.18	2844.39

The Deposit Insurance Fund is sourced out of the premium paid by the insured banks and the coupon income received from (and reinvested in) the Central Government Securities. There is also an inflow of small amounts into this fund out of the recoveries made by the liquidator/administrator/transferee banks. Thus the Corporation builds up

its Deposit Insurance Fund (DIF) through transfer of excess of income over expenditure each year. This fund is used for settlement of claims of depositors of banks taken into liquidation / reconstruction / amalgamation etc. The size of the DIF (including surplus) is Rs. 13362.40 crore as on March 31, 2008 implying a Reserve Ratio (Fund/Insured deposits) of 0.74 per cent.

1.5 SETTLEMENT OF DEPOSIT INSURANCE CLAIMS DURING 2007-08

During the year 2007-08, the Corporation settled aggregate claims for Rs.161.03 crore in respect of 22 original claims and 18 additional claims of co-operative banks as detailed in Table 3.

Table 3 : Claims settled

Sr. No.	Name of the Bank	No. of Depositors	Amount of Claims (Rs. In lakh)
Andhra Pradesh (6)			
1	Kanyaka Parmeshwari Mutually Aided CUBL Kukatpally.	5958	290.84
2	Mother Theresa Co-operative Bank Ltd. Hyderabad	1	0.25
3	Bharat Mercantile UCBL Hyderabad.	2823	309.56
4	Krushni Co-op. Urban bank Ltd. Secunderabad	6	5.60
5	Vasundhara Mahila Co-operative Bank Ltd. Warangal	1588	23.04
6	Trinity Co-op. Urban bank Ltd. Hyderabad	28	16.07
	Sub Total	10404	645.36
Bihar (1)			
7	Begusarai Urban Development Bank Ltd. Begusarai	1546	59.38
	Sub Total	1546	59.38
Chhattisgarh (1)			
8	Jilla Sah. Kendriya Bank Maryadit Raigarh.	907	39.65
	Sub Total	907	39.65
Gujarat (19)			
9	Anand Urban CBL Anand	30766	1843.55
10	Sindh Mercantile CBL Ahmedabad	14956	1034.59
11	Karamsad CBL Surat	19660	1228.83
12	Adarsh Mahila CBL Mehsana	4512	128.98
13	The Umreth CUBL Umreth	5134	220.79
14	Janta CBL Nadiad	*	67.30
15	Matar Nagrik Sah. Bank Ltd. Matar	141	15.09
16	Metro CBL Surat	1	0.18
17	Nadiad Mercantile CBL Nadiad	344	107.88
18	Sarvodaya Nagarik Sahakari BL Visnagar	25889	1595.88
19	The Vikas CBL Ahmedabad	592	85.82
20	Rajkot Mahila Nagrik SBL Rajkot	12599	682.09
21	Seth B B Shroff Bulsar Peoples CBL Valsad	239	30.63
22	Shree Jamnagar Nagarik Sahakari Bank Ltd.	*	112.38
23	Shri Vitrag CBL Surat	37	4.19
24	Sunav Nagrik Sah.BL Surat	6	0.70

Sr. No.	Name of the Bank	No. of Depositors	Amount of Claims (Rs. In lakh)
25	The Petlad Nagrik Sahakari Bank Ltd., Petlad	160	11.43
26	The Royale CBL, Surat	808	85.15
27	Ahmedabab Mahila Nagrik Sahakari Bank Ltd., Ahmedabad	11	2.15
	Sub Total	115855	7257.61
	Karnataka (1)		
28	Onake Obava Mahila CBL, Chitradurga	3813	547.89
	Sub Total	3813	547.89
	Maharashtra (6)		
29	Shriram SBL, Nashik	13984	2980.53
30	Parbhani Peoples CBL, Parbhani	37025	3677.87
31	Purna Nagri SBL, Purna	10562	475.50
32	Yashwant Sahakari Bank Ltd., Mumbai	4174	59.39
33	Lord Balaji CBL, Sangli	1540	243.13
34	Sevalal UCBL, Mandrup	678	6.66
	Sub Total	67963	7443.07
	Rajasthan (1)		
35	Lok Vikas UCBL, Jaipur	3	1.70
	Sub Total	3	1.70
	Madhya Pradesh (4)		
36	Mahila Nagrik Sah. Bank Ltd., Khargone	1422	42.68
37	Shree CBL, Indore	817	24.77
38	Mitra Mandal Sahakari Bank Ltd., Indore	94	5.21
39	Datia Nagrik Sahakari Bank Ltd., Datia	2708	14.86
	Sub Total	5041	87.52
	Tamil Nadu (1)		
40	Madurai Urban Cooperative Urban Bank Ltd., Madurai	2176	36.71
	Sub Total	2176	36.71
	Total	207708	16118.89
	Shri Satyasai CBL, A.P. **	(417)	(16.07)
	Grand Total	207291	16102.82

* withheld amount released.

** Amount adjusted on account of claims settled in the previous year but met out of liquid funds by the liquidator.

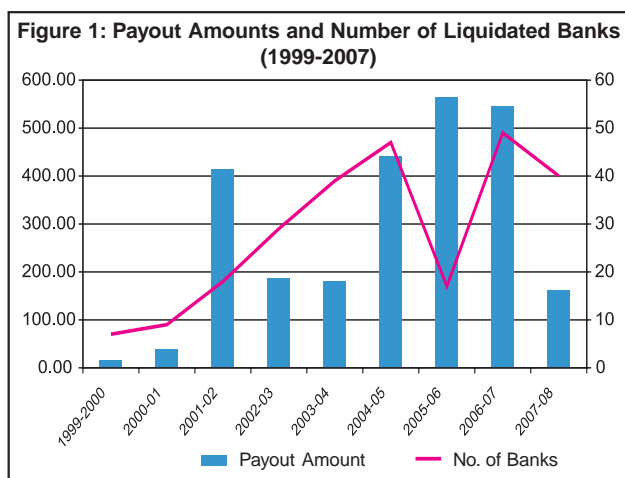
A provision of Rs.487.60 crore was held towards the estimated claim liabilities in respect of depositors of 160 banks which are under amalgamation/ liquidation and whose licence / application for licence to carry on banking business has been cancelled / rejected by Reserve Bank of India.

1.6 TOTAL CLAIMS SETTLED/REPAYMENTS RECEIVED

As on 31st March, 2008, the aggregate amount (cumulative) of claims paid and provided for since the inception of the Scheme, in respect of 27 commercial banks was Rs. 295.83 crore. Repayment received from liquidators/

amalgamated banks up to 31st March 2008 aggregated Rs.110.20 crore (including Rs. 25.11 crore received during the year under review). The total amount of claims paid/provided for in respect of 199 co-operative banks, since the inception of the Scheme till 31st March, 2008 (including Rs.161.03 crore paid during the year under review) was Rs. 2459.53 crore. Repayments received from the liquidators/ amalgamated banks up to 31st March, 2008 aggregated Rs.121.50 crore (including Rs.73.61 crore received during the year). The particulars of banks in respect of which claims have been paid, written off, provided for and repayments received till 31st March, 2008 are furnished in **Annex VI**.

It may be observed from Figure 1 that spurt in claim payment during the period 2004-05 to 2006-07 has normalised during the year 2007-08.

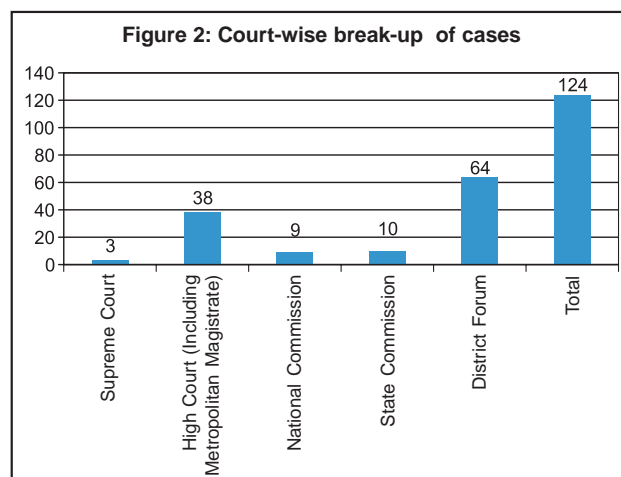


1.7 COURT CASES

There has been substantial increase in number of court cases relating to deposit insurance activity of the Corporation since the year 2001-02. The number of such cases has gone up from 10 as on 31-3-2002 to 124 as on March 31, 2008 (Table 4). This has been mainly on account of large number of banks being placed under liquidation or directions under Section 35 A of the Banking Regulation Act, 1949 by RBI, resulting in restrictions on withdrawal of deposits. Aggrieved with non-payment of deposits, depositors approach Consumer Courts and implead the Corporation as one of the respondents. Sometimes, such cases have been filed before liquidation of the banks or submission of claim list by the liquidators in which the Corporation is not liable to pay any amount to the depositors. Cases have also been filed for payment of amounts in excess of maximum permissible limit or inadmissible under DICGC Act.

All the cases pending as on 31.03.2002 were filed against the Corporation and there was no case

which was filed by the Corporation. Over the years there has been spurt in cases, not only filed against the Corporation but also filed by the Corporation. Out of 124 cases, 23 were filed by the Corporation and 101 were filed against the Corporation. Court-wise break-up is provided in the Figure 2.



1.8 CREDIT GUARANTEE SCHEMES

As on March 31, 2008, no credit institution was participating under any of the Credit Guarantee Schemes of the Corporation and no claim was received during the year 2007-08 under any of the credit guarantee schemes of the Corporation.

The details of guarantee fees received, guarantee claims received and claims paid during the period 1991-92 to 2007-08 are given in Table 5:

The scheme-wise break-up of guarantee fee received since 1991-92 is given in **ANNEXURE VII**.

1.8.1 Small Borrowers' Credit Guarantee Schemes

Under (i) Small Loans Guarantee Scheme, 1971 (SLGS 1971) and (ii) Small Loans (Co-operative Banks) Guarantee Scheme, 1984 (SLCBGS 1984) the Corporation had settled 3,74,23,627 claims for Rs.10,043.06 crore

Table 4: Position of Court-Cases (Since 2001-02)

As on	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006	31.03.2007	31.03.2008
No. of cases	10	66	89	126	126	128	124

Table 5 : Guarantee fees/Claims received and claims paid

(Amount in Rupees Crore)

Year	Guarantee fee receipts	Guarantee claims received	Claims paid	Gap (2)-(3)	Gap (2)-(4)
1.	2.	3.	4.	5.	6.
1991-92	565.87	627.23	462.29	(-) 61.35	(+) 103.58
1992-93	702.78	1143.27	643.55	(-) 440.49	(+) 69.23
1993-94	846.09	1490.76	889.99	(-) 644.67	(-) 43.90
1994-95	829.13	1726.82	1179.01	(-) 897.69	(-) 349.88
1995-96	704.64	2365.23	1042.27	(-) 1660.59	(-) 337.63
1996-97	564.02	2112.37	378.64	(-) 1548.35	(+) 185.38
1997-98	164.91	497.26	371.40	(-) 332.35	(-) 206.49
1998-99	123.23	252.19	601.91	(-) 128.96	(-) 478.68
1999-00	21.99	245.49	403.13	(-) 223.50	(-) 381.14
2000-01	0.07	36.06	47.34	(-) 35.99	(-) 47.27
2001-02	0.02	1.24	1.33	(-) 1.22	(-) 1.31
2002-03	0.21	0.26	0.14	(-)0.05	(-) 0.07
2003-04	0.02 *	—	—	—	—
2004-05	—	—	—	—	—
2005-06	—	—	—	—	—
2006-07	—	—	—	—	—
2007-08	—	—	—	—	—

* Guarantee Fee received after stipulated period was refunded to bank during the year 2003-04.

upto the year ended March 2008. The year-wise details of receipt and disposal of claims are given in **Annexure VIII**.

Recoveries received under the Schemes during 2007-08 by virtue of Corporation's subrogation rights aggregated Rs.2.83 crore as against Rs.6.11 crore received during the previous year. The cumulative amount of recoveries received since the inception of the Schemes aggregated Rs.2021.89 crore forming 29.14 per cent of claims paid at Rs.6938.84 crore.

1.8.2 Small Loans (SSI) Guarantee Scheme, 1981

The year-wise details of claims received and disposed off, from 1st April 1981 onwards are given in **Annexure IX**. Recoveries made under the Scheme during 2007-08 by virtue of the Corporation's right of subrogation amounted to Rs. 0.47 crore as compared to Rs.0.68 crore received during the previous year. Cumulative recoveries since 1981

aggregated Rs.266.41 crore as on March 31, 2008 forming 26.61 per cent of the total amount of claims paid at Rs.1001.13 crore.

1.8.3 Credit Guarantee Scheme for Small Scale Industries, Government's Credit Guarantee Scheme (since cancelled)

The Corporation continues to act as an agent of the Government of India, to pursue with the credit institutions for recoveries in claim paid accounts under the erstwhile Government Scheme. No amount towards recoveries was received during the year ended March 31, 2008 under the Scheme.

PART II: RECENT POLICY INITIATIVES

(i) Expeditious Settlement of Claims

The basic objective of deposit insurance is to ensure prompt reimbursement to the depositors, particularly small depositors, to the extent permitted under the law, for the losses suffered in the event of

an insured bank's closure, so as to minimise the loss of public confidence and restrict a run on other banks.

As per the DICGC Act, the Corporation is required to settle the claim of depositors within two months from the date of receipt of the claim list from the liquidator. The liquidator is required to submit the claim list of depositors within 3 months of taking charge as liquidator. However, it is observed that liquidators generally fail to submit the claim within the statutory time frame of 3 months, with the result that depositors' claims are not settled within the statutorily prescribed time limit. Payment by DICGC to depositors towards their insured deposits and recovery of dues from the failed banks is routed through liquidators of banks. In case of banking companies, the liquidators are appointed by the High Court on the application of RBI under the provisions of the Banking Regulation Act, 1949. In case of co-operative banks, the Registrar of Co-operative Societies directly appoints the liquidators. However, experience shows that in several cases there is considerable delay in appointment of liquidators as also in submission of claims to the DICGC by the liquidators, particularly those of co-operative banks, resulting in delay in payment and inconvenience to the depositors. Of late, the Corporation has taken certain initiatives to eliminate delay in settlement of claims of the depositors. The Corporation has formulated policy guidelines to mitigate hardship to the depositors of insured banks due to delay on account of liquidation order having been challenged in court of law. Further, in extraordinary situations where the DICGC does not receive the claim list from liquidators even after considerable delay and prolonged correspondence, it issues an advertisement in local newspapers informing the depositors about the non-receipt of claims at its end and requesting them to make a claim with the liquidators under intimation to DICGC. Before issuing such advertisement, however, DICGC gives one month's time to the concerned Registrar of Co-operative Societies for arranging submission of claims list by the liquidator. However, it has been observed that though this has yielded the desired results in some cases, in many other cases the response has been poor. An onsite pilot study was conducted by the Corporation in respect of four such banks in one of the States. Findings of the study reveal the following:

- (i) The main reason for non-submission of claim list is pendency of audit of the books of accounts of the banks as on the cut off date and that for the earlier periods. Inadequate and improper maintenance of records, unauthenticated entries in the books of the banks etc. are causing delay in the audit by the Government Auditors.
- (ii) Some of the liquidators were having liquid funds, sufficient to make payment to depositors, in accordance with the provisions of the DICGC Act, 1961, but they had utilized the funds for payment of deposits which were not eligible for settlement of claims, e.g. deposits of the banks / Government and those exceeding Rs.1.00 lakh.
- (iii) The liquidators also resorted to adjustment of deposits against the loan amounts of third parties.

On the basis of observations made in the study report it has been decided that if a bank under liquidation is having liquid funds which are adequate to make payment to depositors, the liquidator may approach Deposit Insurance & Credit Guarantee Corporation for its in-principle approval to pay the small depositors upto Rs.1 lakh as per the provisions of DICGC Act 1961. The Corporation will consider such requests for payment to depositors subject to the condition that the liquidator would not submit any claim to the Corporation, or if the payment is made in part to eligible depositors, submit the claim for net amount after adjustment of such payment.

In a special situation where claim list has not been submitted by the liquidator even after a long period because of delay in audit of accounts, the Corporation has suggested for appointment of Chartered Accountant firm by the Registrar of Co-operative Societies to assist the liquidator in completing the audit and/or preparation of the claim list. On being satisfied about the authenticity of claims, the Corporation may waive, as a special case, the submission of audited balance sheet as on the cut off date. It has been suggested by the Corporation that C.A. for the above purpose may be appointed by the RCS on the recommendation of the sub-committee of the TAFUCB and they should carry out audit as per the terms approved by

the Sub-Committee. The Corporation will also consider request in other genuine circumstances on a case-to-case basis.

The cumulative impact of the above policies relating to settlement of claims during the pendency of court cases, issue of advertisement by the Corporation regarding non receipt of claim list and decisions taken in the light of the findings of the pilot study, has been encouraging and the Corporation has settled such claims of 14 banks for a total amount of Rs.132 crore in respect of 1,93,873 depositors.

(ii) Liberalised Interpretation in case of Joint Holding

Further, the Corporation had revised the policy on joint deposit accounts such that joint deposits held in the names of A & B and B & A have been treated as two separate accounts, eligible for maximum claim of Rs.1 lakh each. In response to this policy change additional claims in respect of 9 banks amounting to Rs. 216 lakh were settled.

Though the above steps have brought about some relief to the depositors of failed banks, the corporation is concerned about the delay in receipt of claim list from liquidators of Co-operative Banks, which continues even now.

Part III: STATEMENTS OF ACCOUNTS

3.1 Insurance Liabilities

- (a) During the year 2007-08, an amount of Rs.161.03 crore was paid towards insurance claims. The ascertained liabilities towards deposit insurance claims outstanding as on 31st March 2008 have been estimated at Rs.487.60 crore which represents about 21 % reduction over previous year and are fully provided for.
- (b) The **Balance of Fund (i.e. actuarial liability)** as at the end of the year under review stood at Rs.1,553.17 crore as per assessment by the approved Actuaries. The actuarial liabilities have gone up by 28 % over the year compared to growth in assessed premium by about 23 %.
- (c) There is no likely claim liability in respect of the Credit Guarantee Fund (CGF).

3.2 Revenue during the year

- (a) The pre-tax **revenue surplus in the DIF** during the year 2007-08 increased by Rs.695.71 crore from Rs. 3,047.01 crore to Rs.3,742.72 crore(i.e by about 23 %). This increase was principally brought about by increase in premium receipt by Rs.523.46 crore; increase in investment incomes by Rs.391.44 crore; reduction in net claims by Rs.142.16 crore; increase in recoveries by Rs.78.69 crore off-set by reduction in write-back of provision for insurance claims by Rs.274.16 crore; increase in actuarial liability by 156.53 crore; reduction of other income by Rs.9.34 crore.
- (b) The pre-tax **revenue surplus in the CGF** during 2007-08 declined by Rs.0.33 crore (i.e. by more than 1 %) over the previous year from Rs. 28.25 crore to Rs.27.92 crore. This decline is mainly due to reduction in recoveries by Rs.3.49 crore; reduction in other income by Rs.1.25 crore offset by increase in investment income by Rs.4.41 crore.
- (c) The **General Fund** registered a pre-tax **revenue deficit** of Rs.5.99 crore during 2007-08 as against a surplus of Rs.2.48 crore during the previous year. This deficit is brought about mainly by reduction in income from miscellaneous receipt by Rs. 4. 03 crore; reduction in investment income by Rs.3.85 crore ; increase in depreciation by Rs.0.63 crore.

Total cash inflow and cash outflow during the year is shown in the following figures.

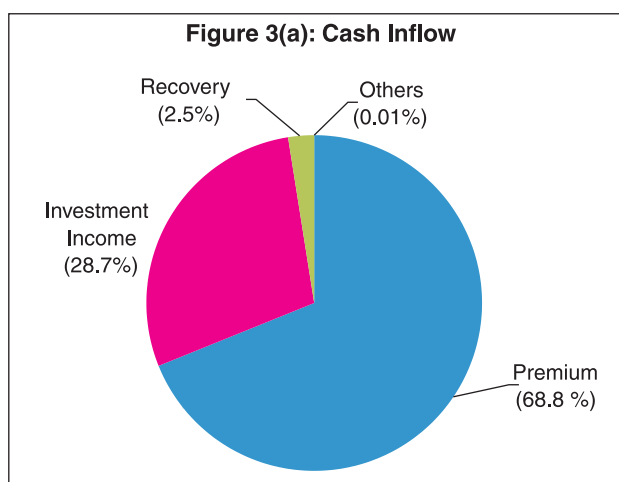
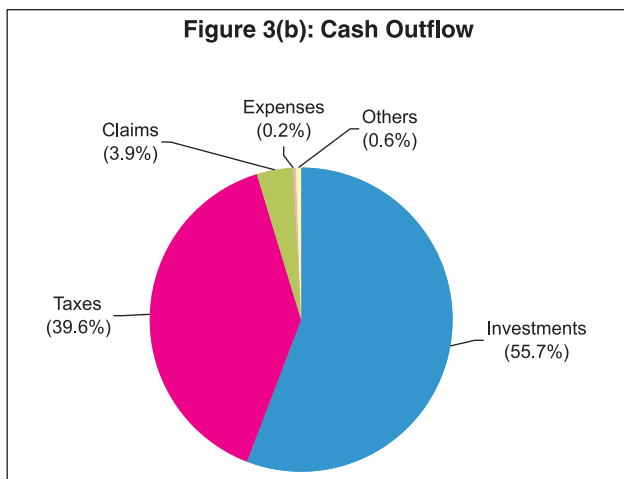


Figure 3(b): Cash Outflow



3.3 Accumulated Surplus

As on 31st March 2008, the accumulated surpluses / reserves (post tax) in the DIF, CGF and GF stood at Rs. 11,809.23 crore (Rs.9,767.52 crore in the previous year), Rs.367.48 crore (Rs.349.05 crore in the previous year) and Rs.163.53 crore (Rs. 69.58 crore in the previous year) respectively. An amount of Rs.100 crore was transferred from DIF to GF during the year.

3.4 Investments

The book values (at cost) of investments of the three Funds viz. DIF, CGF and GF stood at Rs.14,398.69 crore (Rs. 12,194.40 crore), Rs.458.38 crore (Rs.436.97 crore) and Rs.213.60 crore (Rs. 139.01 crore) respectively as at the end of year. The accumulated depreciation in the value of dated securities in the above three Funds at Rs.614.30 crore (Rs. 627.02 crore); Rs.29.62 crore (Rs. 22.44 crore); Rs.13.24 crore (Rs. 7.36 crore) respectively on that date have been fully provided for under Investment Reserve.

3.5 Income Tax

During the year, the Corporation paid a total amount of Rs. 1,634.81 crore (Rs.1,247.81 crore in the previous year) towards advance tax for the current year and Rs. 660.58 crore (Rs.339.73 crore) for the past assessment years. Further, the Corporation provided for Rs.1,397.84 crore (Rs. 1,098.68 crore) towards current year's income tax liability and Rs.748.20 crore (Rs. 288.27 crore) for earlier years. The Corporation also paid Fringe Benefit Tax (FBT) amounting to Rs.0.38 crore during the year.

The Corporation has been inducted into Large Tax-payers' Unit (LTU), Mumbai during the year.

Part IV: ORGANISATIONAL MATTERS

4.1. Board of Directors

The general superintendence, direction and the management of the affairs and business of the Corporation vest in a Board of Directors which exercises all powers and does all acts and things which may be exercised or done by the Corporation.

4.1.1 In terms of Regulation 6 of the DICGC General Regulations, 1961, the Board of Directors of the Corporation is required to meet ordinarily once in a quarter each year. During the year ended March 31, 2008 four meetings of the Board were held.

4.1.2 During the year Shri Umesh Chandra Sarangi, Chairman, NABARD has been appointed as Director by the Central Government under Section 6(1)(d) of DICGC Act with effect from January 11, 2008 vice Dr.Y.S.P. Thorat, who retired as Chairman, NABARD on November 30, 2007. Shri M. Ramadoss, Chairman-cum-Managing Director of the Oriental Insurance Co. Ltd., has been appointed as Director by the Central Government under Section 6(1)(d) of DICGC Act with effect from January 23, 2008 following the retirement of Shri R.K.Joshi with effect from April 30, 2007. Dr. Shashank Saksena, Director, Department of Financial Services, Ministry of Finance, Government of India has been appointed as a Director on the Board of the Corporation by the Central Government under Section 6(1)(c) of DICGC Act with effect from June 12, 2008 vice Shri Sudesh Kumar.

4.2 Audit Committee of the Board

The members of Audit Committee of the Board consist of following Directors with Chief General Manager acting as the Member Secretary.

Dr. Atul Agarwal	Chairman
Shri Sudesh Kumar	Member
Prof. Prakash G.Apte	Member
Shri M. Ramadoss	Member(from 23.01.08)

During the year ended March 31, 2008 four meetings of the Audit Committee of the Board were held.

4.3 Management

Smt. Usha Thorat, Deputy Governor, Reserve Bank, is the Chairperson of the Corporation since November 24, 2005. Shri H.N.Prasad was appointed as the Chief Executive Officer of Deposit Insurance and Credit Guarantee Corporation with effect from November 22, 2007.

4.4 Internal Controls

4.4.1 Budgetary Control

The Corporation has devised various control returns under its Management Information System (MIS) for submission by the participating entities for monitoring receipt of premium and guarantee fees and to exercise budgetary control over revenue and expenditure under its three Funds viz., Deposit Insurance Fund, Credit Guarantee Fund and General Fund.

4.4.2 Management Audit and Systems Inspection by RBI

Management Audit and Systems Inspection, 2006 was conducted by Inspection Department of Reserve Bank of India in the month of February / March 2006. The compliance with the observations in the Inspection Report has been 100 per cent.

4.4.3 Concurrent Audit

The Corporation has introduced a system of concurrent audit (on site) of all its operations by an external firm of Chartered Accountants

since the year 2004-05. The monthly audit findings are placed before the Audit Committee.

4.4.4 Control Self Assessment Audits (CSAA)

The Corporation has additionally put in place a Control Self Assessment Audit (CSAA) format (peer review) whereby officers of the Corporation are required to conduct audit checks in areas with which they are not functionally associated and submit report to the Chief Executive Officer/Chief General Manager.

4.5 Staff Strength

The Staff strength of the Corporation as on March 31, 2008 was 105 as compared to 100 a year ago. Category wise position of staff is as at table 6.

Of the total staff, 49.5 per cent were in Class I, 26.7 per cent in Class III and the remaining 23.8 per cent in Class IV. Of the total staff, 14.3 per cent belonged to Scheduled Castes and 12.4 per cent belonged to Scheduled Tribes as on March 31, 2008.

4.6 Training and Skill Enhancement

During the year, 72 employees consisting of 26 officers, 32 Class III and 14 Class IV staff were deputed for various training programmes conducted by Reserve Bank of India at various training Colleges and Zonal Training Centres (ZTC) and by external training institutions in India.

4.7 International Training / Visits

During 2007-08 five officers were deputed by the Corporation to participate in training programmes, seminars and conferences organized

Table 6 : Staff profile as on 31-3-2008

Category	Number	of which		Percentage	
		SC	ST	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)
Class I	52	5	6	11.6	11.5
Class III	28	6	3	18.2	10.7
Class IV	25	4	4	16.7	16.0
Total	105	15	13	14.3	12.4

SC: Scheduled Castes ST: Scheduled Tribes

by various International Institutions, viz. (i) IADI- Executive training programme organized by Federal Deposit Insurance Corporation, Virginia, Washington DC, (ii) Third Round Table Conference organized by Deposit Insurance Corporation of Japan (iii) Sixth Annual Regional Conference organized by Deposit Insurance & Consumer Protection, Malaysia (iv) Sixth IADI, Asian Regional Committee and International Conference at Bali, Indonesia.

During the period December 6-7, 2007 Russian Delegates comprising of CEO and three other officials visited the Corporation for discussion on deposit insurance system, regulations and public awareness. As desired by the delegates, a visit to Union Bank of India, Head office, as an insured bank was organized by the Corporation to discuss public awareness and data maintenance.

4.8 The Right to Information Act, 2005

The Government of India enacted the Right to Information Act, 2005 on June 15, 2005. The Act came into effect from October 12, 2005. The Corporation, as a public authority, as defined in the Act is obliged to provide information to the members of public. During the year 2007-08, a total of 97 requests were resolved including 10 cases which were resolved in appeal. The decisions of Central Information Commission, New Delhi against the two appeals filed during the period against the decision of the Appellate Authority were in favour of the Corporation.

4.9 Progressive use of Hindi

During the year 2006-07, the Corporation continued with its efforts to promote the use of Hindi in its working. The Corporation ensures compliance of Section 3(3) of the official Languages Implementation Act. The Head Office of the Corporation has been notified under Rule 10(4) of the Official Languages Rules, 1976. The Corporation prepares quarterly progress reports of use of Hindi.

Many programmes including competitions were conducted at the time of Hindi fortnight observed from last week of September 2007. The Official Languages implementation Committee meets regularly once a quarter to monitor and promote the use of Hindi in the day-to-day functioning of the Corporation.

4.10 Customer Care Cell in the Corporation

The Corporation is a public institution and its main function is to settle the claims of depositors of insured failed banks. The Corporation has set up a customer care cell for prompt redressal of complaints from the members of public against the Corporation.

4.11 Auditors

In terms of Section 29(1) of the DICGC Act, 1961, M/s. NBS & Co., Chartered Accountants, Mumbai were appointed, with approval of the Reserve Bank as Auditors of the Corporation for the year 2007-2008.

The Board appreciates the efforts put in by the staff of the Corporation for maintaining the operational efficiency.

For and on behalf of
Board of Directors

**DEPOSIT INSURANCE
AND CREDIT GUARANTEE
CORPORATION,
MUMBAI**

(Usha Thorat)
Chairperson

Dated June 19th 2008

ANNEXURE - I

**STATEMENT SHOWING THE NUMBER OF BANKS COVERED UNDER THE
DEPOSIT INSURANCE SCHEME SINCE 1962**

Year/Period	At the beginning of the year/period	Registered during the year / period	De-registered during the year / period where Corporation's Liability			At the end of the year/period (2+3-6)
			was attracted	was not attracted	Total (4+5)	
1	2	3	4	5	6	7
1962	287	0	2	9	11	276
1963 to 65	276	1	7	161	168	109
1966 to 70	109	1	5	22	27	83
1971 to 75	83	544	0	16	16	611
1976 to 80	611	995	9	15	24	1582
1981 to 85	1582	280	8	17	25	1837
1986 to 90	1837	102	8	10	18	1921
1990-91	1921	8	5	2	7	1922
1991-92	1922	14	2	3	5	1931
1992-93	1931	3	2	1	3	1931
1993-94	1931	63	1	3	4	1990
1994-95	1990	36	0	1	1	2025
1995-96	2025	99	1	1	2	2122
1996-97	2122	176	1	1	2	2296
1997-98	2296	145	1	2	3	2438
1998-99	2438	149	4	0	4	2583
1999-00	2583	103	8	2	10	2676
2000-01	2676	62	9	1	10	2728
2001-02	2728	15	18	10	28	2715
2002-03	2715	10	29	7	36	*2629
2003-04	2629	9	39	4	43	2595
2004-05	2595	3	47	4	51	2547
2005-06	2547	3	17	2	19	2531
2006-07	2531	46	24	161	185	2392
2007-08	2392	10	18	28	46	2356

* Net of 60 banks deregistered in past years, but not reckoned in previous rows

ANNEXURE-II

CATEGORY - WISE BREAK-UP OF INSURED BANKS

Year	No of insured banks				Total
	Commercial Banks	RRBs	LABs	Co-operative Banks	
2005-06	86	196	4	2245	2531
2006-07	83	96	4	2209	2392
2007-08	80	92	4	2180*	2356

***STATE WISE BREAKUP OF CO-OPERATIVE BANKS**

State/ Union Territory	Apex	Central	Primary	Total
1. Andhra Pradesh	1	22	116	139
2. Assam	1	1	8	10
3. Arunachal Pradesh	1	0	0	1
4. Bihar	1	20	4	25
5. Chhattisgarh	1	6	12	19
6. Delhi	1	0	15	16
7. Goa	1	0	6	7
8. Gujarat	1	17	274	292
9. Haryana	1	17	9	27
10. Himachal Pradesh	1	2	5	8
11. Jammu & Kashmir	1	3	4	8
12. Jharkhand	0	8	2	10
13. Karnataka	1	20	283	304
14. Kerala	1	14	60	75
15. Madhya Pradesh	1	39	60	100
16. Maharashtra	1	31	611	643
17. Manipur	1	0	2	3
18. Mizoram@	1	-	-	1
19. Nagaland@	1	-	-	1
20. Orissa	1	17	12	30
21. Punjab	1	20	4	25
22. Rajasthan	1	29	39	69
23. Sikkim	1	0	1	2
24. Tamil Nadu	1	24	129	154
25. Tripura	1	0	1	2
26. Uttar Pradesh	1	50	70	121
27. Uttarakhand	1	10	7	18
28. West Bengal	1	17	49	67
Union Territories				
1. Andaman & Nicobar Islands	1	0	0	1
2. Daman & Diu	0	0	0	0
3. Pondicherry	1	0	1	2
TOTAL	29	367	1784	2180

@ => these states are covered under Deposit Insurance Scheme during the FY 2007-08

ANNEXURE-III

BANKS REGISTERED AND DE-REGISTERED DURING THE YEAR 2007-08

Bank Type / State	Sr. No.	Name of the Bank
A. REGISTERED (10)		
Commercial Banks (0)	Nil	
Co-operative Banks (8)		
Bihar (1)	(1)	Ara Central Co-op. Bank Ltd.,
Mizoram (1)	(2)	Mizoram State Co-op. Apex Bank Ltd.
Nagaland (1)	(3)	Nagaland State Co-op. Bank Ltd.
Punjab (2)	(4)	S.A.S. Nagar Central Co-op. Bank Ltd.
	(5)	The Tarn Taran Distt. Central Co-op. Bank Ltd.
Rajasthan (3)	(6)	Baran District Central Co-op. Bank Ltd.
	(7)	Dausa District Central Co-op. Bank Ltd.
	(8)	Hanumangarh District Central Co-op. Bank Ltd.
Regional Rural Banks (2)	(1)	Neelachal Gramya Bank
	(2)	Sarva UP Gramin Bank
B. DE-REGISTERED (46)		
Commercial Banks (3)	(1)	The Bharat Overseas Bank Ltd. (Transfer of undertaking to Indian Overseas Bank)
	(2)	The Sangli Bank Ltd. (Amalgamated with ICICI Bank)
	(3)	Lord Krishna Bank (Amalgamated with Bank of Punjab)
Co-operative Banks (37)		
Andhra Pradesh (4)	(1)	Premier Co-op. Urban Bank Ltd. (Amalgamated with Cosmos Co-op. Bank Ltd.)
	(2)	Bobbili Co-op. Urban Bank Ltd. (Merged with Visakhapatnum Co-op. Urban Bank Ltd.)
	(3)	Manasa Co-op. Urban Bank Ltd. (Merged with Cosmos Co-op. Bank Ltd.)
	(4)	Neelkantha Co-op. Urban Bank Ltd. (Merged with Nasik Merchant's Co-op. Bank Ltd.)

ANNEXURE-III (Contd.)

Bank Type / State	Sr. No.	Name of the Bank
Chhatisgarh (1)	(5)	Indira Priyadarshini Mahila Nagrik Sahakari Bank, Maryadit.
Gujarat (16)	(6)	Anand Urban Co-op. Bank Ltd.
	(7)	Vanthali Vibhagiya Nagrik Sahakari Bank Ltd.
	(8)	Royal Co-op. Bank Ltd.
	(9)	Baroda District Industrial Co-op. Bank Ltd. (Merged with Prime Co-op. Bank Ltd.)
	(10)	Standard Co-op. Bank Ltd. (Merged with Kalupur Commercial Co-op. Bank Ltd.)
	(11)	The Kuber Co-op. Bank Ltd.
	(12)	Tapi Co-op. Bank Ltd. (Merged with Kalupur Commercial Co-op. Bank Ltd.)
	(13)	Mahila Utkarsh Nagrik Sahakari Bank Ltd. (Merged with Co-op. Bank Ltd., Rajkot)
	(14)	Shri Chital Nagrik Sahakari Bank Ltd. (Merged with Amreli Nagrik Sahakari Bank Ltd.)
	(15)	Adajan Nagrik Sahakari Bank Ltd. (Merged with Prime Co-op. Bank Ltd.)
	(16)	Junagadh Vibhagiya Nagrik Sahakari Bank Ltd. (Merged with Rajkot Nagrik Sahakari Bank Ltd.)
	(17)	Naroda Industrial Co-op. Bank Ltd.
	(18)	The Dakor Mahila Nagrik Sahakari Bank Ltd.
	(19)	The Talod Janata Sahakari Bank Ltd.
	(20)	Shree Janata Sahakari Bank Ltd., Radhanpur
	(21)	The Bharuch Nagrik Sahakari Bank Ltd.
Karnataka (7)	(22)	The Varada Co-op. Bank Ltd
	(23)	The Kittur Rani Channamma Mahila Pattana Sahakari Bank Niyamita.
	(24)	The Hirekerur Urban Co-op. Bank Ltd
	(25)	Srirampura Co-op. Bank Ltd
	(26)	The Urban Co-op. Bank Ltd., Siddhapur
	(27)	The Laxmeshwar Urban Co-op. Bank Ltd
	(28)	The Maratha Co-op. Bank Ltd.,

ANNEXURE-III (Concl.d.)

Bank Type / State	Sr. No.	Name of the Bank
Maharashtra (6)	(29)	Shri Balasaheb Satbhai Merchant's Co-op. Bank Ltd.
	(30)	Parivartan Co-op. Bank Ltd.
	(31)	Shri Shivneri Sahakari Bank Ltd. (Amalgamated with Dombivli Nagari Sahakari Bank Ltd.)
	(32)	Shri Parshwanath Co-op. Bank Ltd. (Amalgamated with Karad Urban Co-op. Bank Ltd.)
	(33)	Ravi Co-op. Bank Ltd.
	(34)	Chetak Urban Co-op. Bank Ltd.
Punjab (1)	(35)	Kurali Urban Co-op. Bank Ltd. (Merged with Citizen Urban Co-op. Bank Ltd.)
Tamil Nadu (1)	(36)	Bodinayakanur Co-op. Urban Bank Ltd.
West Bengal (1)	(37)	The Rohuta Union Co-op. Bank Ltd.
Regional Rural Banks (6)	(1)	Puri Gramya Bank (Amalgamated with Neelachal Gramya Bank)
	(2)	Dhenkanal Gramya Bank (Amalgamated with Neelachal Gramya Bank)
	(3)	Kisan Gramin Bank (Amalgamated with Sarva U.P. Gramin Bank)
	(4)	Devipatan Kshetriya Gramin Bank (Amalgamated with Sarva U.P. Gramin Bank)
	(5)	Rani Laxmibai Kshetriya Gramin Bank (Amalgamated with Sarva U.P. Gramin Bank)
	(6)	Uttar Pradesh Gramin Bank (Amalgamated with Sarva U.P. Gramin Bank)

ANNEXURE -IV

**STATEMENT SHOWING THE EXTENT OF PROTECTION AFFORDED TO THE
DEPOSITORS OF INSURED BANKS**

**(Commercial Banks, Regional Rural Banks, Local Area Banks and Co-operative Banks)
(As on last working day of June 1990 through March 2008)**

Year	No. of fully protected accounts (in lakhs)*	Total No. of accounts (in lakhs)	Percentage of (2 to 3)	Insured deposits* (Rs. crore)	Total assessable deposits (Rs. crore)	Percentage of (5 to 6)
1	2	3	4	5	6	7
1961	55.42	70.58	78.50	392.32	1693.74	23.10
1990-91	2982.52	3089.12	96.50	109315.52	156891.90	69.70
1991-92	3169.18	3287.00	96.40	127924.91	186307.39	68.70
1992-93	3395.03	3543.02	95.80	164526.57	244375.38	67.30
1993-94	3497.10	3529.03	99.10	168404.82	249033.83	67.60
1994-95	4956.05	4993.99	99.20	266746.65	364057.60	73.30
1995-96	4818.63	4868.07	99.00	295574.97	392071.69	75.40
1996-97	4273.23	4351.26	98.20	337671.00	450674.17	74.90
1997-98	3713.02	4108.73	90.40	370531.21	492279.86	75.20
1998-99	4544.33	4641.93	97.90	439609.10	609962.08	72.10
1999-00	4302.11	4417.30	97.40	498558.33	704068.36	70.80
2000-01	4324.59	4461.84	96.90	572434.09	806259.84	71.00
2001-02	4644.52	4816.73	96.40	674050.88	968751.63	69.60
2002-03	5782.31	6001.61	96.30	828884.65	1213163.45	68.30
2003-04	5189.44	5439.66	95.40	870940.32	1318267.87	66.07
2004-05	6195.30	6495.40	95.40	991365.09	1619814.64	61.20
2005-06	5055.35	5373.94	94.07	1052988.13	1790918.86	58.80
2006-07	6829.01	7168.95	95.26	1372596.97	2344351.21	58.55
2007-08	9617.17	10389.09	92.57	1805080.83	2984799.81	60.48

* Number of accounts with balance not exceeding Rs.1,500 till the end of 1967, Rs. 30,000 from 1981 onwards till 1992-93 and Rs. 1,00,000 from 1993-94 onwards.

ANNEXURE V

**EXTENT OF PROTECTION AFFORDED TO THE DEPOSITORS OF INSURED BANKS
(CATEGORY WISE) FOR THE YEARS 2004-05, 2005-06, 2006-07, 2007-08**

Year	Category of Banks	No of Insured banks	No of reporting banks	Insured deposits (Rs. crore)	Total assessable deposits (Rs. crore)	Percentage of insured deposits to assessable deposits
1	2	3	4	5	6	7
2004-05	I. Commercial					
	i) SBI Group	8	7	250624.87	369982.75	67.74
	ii) Public Sector	19	18	476661.09	745692.02	63.92
	iii) Foreign Banks	31	30	13327.97	67814.28	19.65
	iv) Private Banks	30	28	78899.12	230851.74	34.18
	v) LABs	4	3	75.67	109.14	69.33
	Total	92	86	819588.72	1414449.93	57.94
	II. RRBs	196	170	47697.75	50270.25	94.88
	III. Co-operative	2259	1886	124078.62	155094.46	80.00
	Total I+II+III	2547	2142	991365.09	1619814.64	61.20
2005-06	I. Commercial Banks					
	i) SBI Group	8	8	327527.85	460045.52	71.19
	ii) Public Sector	19	16	465449.25	754413.49	60.43
	iii) Foreign Banks	29	24	8465.40	64445.64	12.88
	iv) Private Banks	30	26	89365.56	303014.67	29.33
	v) Local Area Banks	4	2	100.11	185.54	53.95
	Total	90	76	890908.17	1582104.86	55.52
	II. Regional Rural Banks	196@	141	39637.68	43529.09	91.14
	III. Co-operative Banks	2245	1676	122442.28	165284.91	74.08
	Total I+II+III	2531	1893	1052988.13	1790918.86	58.80
2006-07	I. Commercial Banks					
	i) SBI Group	8	8	354191.53	519745.40	68.15
	ii) Public Sector	19	19	701459.74	1026061.50	68.36
	iii) Foreign Banks	29	29	11016.38	112734.46	9.77
	iv) Private Banks	27	27	103263.48	416864.78	24.77
	v) Local Area Banks	4	4	171.55	332.37	51.61
	Total	87	87	1170102.68	2075738.51	56.37
	II. RRBs	96	86	56309.34	61190.19	92.02
	III. Co-operative Banks	2209	2035	146184.95	207422.51	70.48
	Total I+II+III	2392	2208	1372596.97	2344351.21	58.55
2007-08	I. Commercial Banks					
	i) SBI Group	8	8	532645.74	650374.62	81.90
	ii) Public Sector	19	19	916220.21	1325207.09	69.14
	iii) Foreign Banks	29	29	12612.34	161422.20	7.81
	iv) Private Banks	24	24	120930.68	535472.11	22.58
	v) Local Area Banks	4	4	174.87	338.49	51.66
	Total	84	84	1582583.84	2672814.51	59.21
	II. RRBs	92	80	63732.54	69221.84	92.07
	III. Co-operative Banks	2180	1968	158764.45	242763.46	65.40
	Total I+II+III	2356	2132	1805080.83	2984799.81	60.48

ANNEXURE VI

**Insurance claims settled and repayment received - All banks liquidated /amalgamated/
reconstructed up to 31st March 2008**

(Amounts are in Rupees lakh)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
I COMMERCIAL BANKS				
(i)	i) Full repayments received			
	1) Bank of China, Kolkata (1963)	9.25	9.25	-
*	2) Shree Jadeya Shankar Ling Bank Ltd; Bijapur (1965)	0.12	0.12	-
*	3) Bank of Behar Patna (1970)	46.32	46.32	-
*	4) Cochin Nayar Bank Ltd; Trichur (1964)	7.04	7.04	-
*	5) Latin Christian Bank Ltd; Ernakulam (1964)	2.08	2.08	-
	6) Bank of Karad Ltd.Mumbai (1992)	3700.00	3700.00	-
*	7) Miraj State Bank Ltd; Miraj (1987)	146.59	146.59	-
Total 'A'		3911.40	3911.40	-
(ii)	Repayments received in part and balance due written off			
*	8) Unity Bank Ltd., Chennai (1963)	2.53	1.37 (1.16)	-
*	9) Unnao Commercial Bank Ltd, Unnao (1964)	1.08	0.31 (0.77)	-
*	10) Chawla Bank Ltd; Dehradun (1969)	0.18	0.14 (0.04)	-
*	11) Metropolitan Bank Ltd; Kolkata(1964)	8.80	4.42 (4.38)	-
*	12) Southern Bank Ltd; Kolkata (1964)	7.34	3.73 (3.61)	-
*	13) Bank of Algapuri Ltd; Algapuri (1963)	0.28	0.18 (0.10)	-
*	14) Habib Bank Ltd; Mumbai (1966)	17.26	16.78 (0.48)	-
*	15) National Bank of Pakistan, Kolkata (1966)	0.99	0.88 (0.11)	-
Total 'B'		38.46	27.81 (10.65)	-
iii)	Part repayment received			
*	16) National Bank of Lahore Ltd; Delhi (1970)	9.69	-	9.69
*	17) Bank of Cochin Ltd; Cochin (1986)	1162.78	705.79	456.99
*	18) Lakshmi Commercial Bank Ltd Bangalore	3340.62	913.58	2427.04
*	19) Hindustan Commercial Bank Ltd; Delhi (1988)	2191.67	667.05	1524.62

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
* 20)	United Industrial Bank Ltd; Kolkata (1990)	3501.58	304.61	3196.97
* 21)	Traders Bank Ltd; New Delhi (1990)	306.34	134.82	171.52
* 22)	Bank of Thanjavur Ltd; Thanjavur T.N. (1990)	1078.36	820.25	258.11
* 23)	Bank of Tamilnad Ltd.. Tirunelverli T.N. (1990)	764.50	758.97	5.53
* 24)	Parur Central Bank Ltd., North Parur Maharashtra (1990)	260.92	231.92	29.00
* 25)	Purbanchal Bank Ltd., Guwahati (1990)	725.77	97.60	628.17
* 26)	Sikkim Bank Ltd., Gangtok (2000)	1726.69	–	1726.69
* 27)	Benares State Bank Ltd.U.P.(2002)	10564.42	2446.18	8118.24
Total 'C'		25633.34	7080.77 (10.65)	18552.57
Total A + B+ C		29583.20	11019.98 (10.65)	18552.57
II. CO-OPERATIVE BANKS				
(i) Full Repayments Received				
1)	Malvan Co-op. Urban Bank Ltd., Malvan (1977)	1.84	1.84	
2)	Bombay Peoples Co-op. Bank Ltd., Mumbai (1978)	10.72	10.72	
3)	Dadhich Sahakari Bank Ltd., Mumbai (1984)	18.37	18.37	
4)	Ramdurg Urban Co-op. Credit Bank Ltd., Ramdurg Karnataka (1981)	2.19	2.19	
5)	Bombay Commercial Co-op. Bank Ltd., Mumbai (1976)	5.73	5.73	–
6)	Metropolitan Co-op. Bank Ltd., Mumbai (1992)	125.00	125.00	–
7)	Hindupur Co-op. Town Bank Ltd., A.P.(1996)	1.22	1.22	–
8)	Vasundhara CUBL A.P (2005)	6.30	6.30	–
Total 'D'		171.37	171.37	–
ii) Repayments received in part and balance due written off				
9)	Ghatkopar Janata Sah.akari Bank Ltd., Mumbai (1977)	2.76	(2.76)	–
10)	Bhadraavathi Town Co-op. Bank Ltd., Bhadravathi (1994)	0.26	(0.26)	–
11)	Aarey Milk Colony Co-op. Bank Ltd., Mumbai (1978)	0.60	(0.60)	–
Total 'E'		3.62	(3.62)	–
iii) Part Repayments Received				
* 12)	Ratnagiri Urban Co-op. Bank Ltd., Ratnagiri, Maharashtra(1978)	46.43	12.56	33.87
* 13)	Vishwakarma Co-op. Bank Ltd., Mumbai, Maharashtra (1979)	11.57	5.60	5.97
* 14)	Prabhadevi Janata Sahakari Bank Ltd. Mumbai, Maharashtra (1979)	7.02	3.06	3.96
* 15)	Kalavihar Co-op. Bank Ltd., Mumbai (1979)	13.17	3.36	9.81

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
*	16) Vysya Co-op. Bank Ltd., Bangalore, Karnataka (1982)	91.31	12.95	78.36
	17) Kollur Parvathi Co-op. Bank Ltd., Kollur, A.P.(1985)	13.96	6.70	7.26
	18) Adarsh Co-op. Bank Ltd., Mysore, Karnataka (1985)	2.74	0.65	2.09
*	19) Kurduwadi Merchants Urban Co-op. Bank Ltd. Kurduwadi (1986)	4.85	4.01	0.84
	20) Gadag Urban Co-op. Bank Ltd., Gadag, Karnataka (1986)	22.85	12.66	10.19
	21) Manihaal Urban Co-op. Credit Bank Ltd., Manihal, Karnataka (1987)	9.62	2.28	7.34
	22) Hind Urban Co-op. Credit Bank Ltd., Lucknow, U.P.(1988)	10.95	–	10.95
	23) Yellamaanchili Co-op. Bank Ltd. Yellamaanchili, A.P. (1990)	4.36	0.52	3.84
	24) Vasavi Co-op. Urban Bank Ltd., Gurzala, A.P. (1991)	3.89	0.49	3.40
	25) Kundara Urban Co-op. Bank Ltd. Kundara, Kerala (1991)	17.37	8.73	8.64
	26) Manoli Shri Panchlingeshwar Urban Co-op. Bank Ltd., Karnataka (1991)	17.44	11.39	6.05
	27) Sardar Nagrik Sahakari Bank Ltd., Baroda, Gujarat (1991)	74.85	18.00	56.85
*	28) Belgaum Muslim Co-op. Bank Ltd., Belgaum, Karnataka (1992)	37.11	2.74	34.37
	29) Bhiloda Nagrik sahakari Bank Ltd., Bhiloda, Gujarat (1994)	19.84	1.03	18.81
	30) Citizen's Urban Co-op. Bank Ltd., Indore, M.P.(1994)	220.21	–	220.21
	31) Chetana Co-op.Bank Ltd., Mumbai (1995)	875.49	7.58	867.91
	32) Bijapur Industrial Co-op. Bank Ltd., Hubli, Karnataka (1996)	24.13	–	24.13
	33) The Peoples Co-op. Bank Ltd., Ichalkaranji, Maharashtra (1996)	365.46	–	365.46
	34) The Swastik Janata Sahakari Bank Ltd., Mumbai (1998)	226.63	–	226.63
	35) Kolhapur Zilla Janata Sahakari Bank Ltd., Mumbai (1998)	801.17	–	801.17

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
36)	Dharwad Industrial Co-op. Bank Ltd. Hubli, Karnataka (1998)	9.16	–	9.16
37)	Dadar Janata Sahakari Bank Ltd., Mumbai (1999)	518.03	5.00	513.03
38)	Vinkar Sahakari Bank Ltd., Mumbai (1999)	180.68	–	180.68
39)	Trimoorti Sahakari Bk Ltd.,Pune, Maharashtra (1999)	285.56	–	285.56
40)	Awami Mercantile Co-op. Bank Ltd.,Mumbai (2000)	462.40	–	462.40
41)	Ravikiran Urban Co-op. Bank Ltd., Mumbai (2000)	618.97	–	618.97
42)	Gudur Co-op. Urban Bank Ltd., Gudur, A.P.(2000)	67.37	–	67.37
43)	Anakapalle Co-op. Urban Bank Ltd., Anakapalle, A.P. (2000)	24.47	1.37	23.10
44)	Indira Sahakari Bank Ltd., Mumbai (2000)	1570.13	0.84	1569.29
45)	Nandgaon Merchants Co-op. Bank Ltd., Nandgaon Maharashtra (2000)	22.42	–	22.42
46)	Siddhartha Sahakari Bank Ltd., Jalgaon, Maharashtra (2000)	53.99	11.00	42.99
47)	Solapur Zilla Mahila Sahakari Bank Ltd., Solapur Maharashtra (2000)	274.95	–	274.95
48)	The Sami Taluka Nagrik Sahakari Bank Ltd., Sami, Gujarat (2000)	20.17	–	20.17
49)	Ahilyadevi Mahila Nagar Sahakari Bank Ltd., Kalamnuri, Maharashtra (2001)	16.96	–	16.96
50)	Nagrik Sahakari Bank Ltd., Sagar, M.P. (2001)	70.14	–	70.14
51)	Indira Sahakari Bank Ltd., Aurangabad, Maharashtra (2001)	218.63	4.66	213.97
52)	Nagrik Co-op. Comm. Bank Mydt. Bilaspur, M.P. (2001)	261.36	–	261.36
53)	Ichaalkaranji Kamgar Nagrik Sahakari Bank Ltrd., Ichaalkaranji, Maharashtra (2001)	50.68	–	50.68
54)	Parishad Co-op. Bank Ltd., New Delhi, (2001)	39.47	37.81	1.66
55)	The Sahyog Co-op. Bank Ltd., Ahmedabad, Gujarat (2002)	299.53	–	299.53
& 56)	Madhavpura Mercantile Co-op. Bank Ltd., Ahmedabad, Gujarat (2001)	40094.00	–	40094.00
57)	Krushu Co-op. Urban Bank Ltd., Secunderabad, A.P. (2001)	2292.04	225.00	2067.04

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
58)	Jabalpur Nagrik Sahakari Bank Ltd., Jabalapur, M.P (2002)	194.87	150.72	44.15
59)	Shree Laxmi Co-op. Bank Ltd., Ahmedabad, Gujarat (2002)	1387.39	13.80	1373.59
60)	Maratha Market Peoples Co-op. Bank Ltd., Mumbai (2002)	379.60	–	379.60
61)	The Latur Peoples Co-op. Bank Ltd., Latur, Maharashtra (2002)	30.49	–	30.49
62)	Shree Laxmi Mahila Co-op. Bank Ltd., AP (2002)	78.21	–	78.21
63)	The Friends Co-op. Bank Ltd., Mumbai (2002)	483.92	–	483.92
64)	The Bhagyanagar Co-op. Urban Bank Ltd.,A.P.(2002)	96.97	93.64	3.33
65)	The Aska Co-op. Urban Bank Ltd., Orissa (2002)	70.33	–	70.33
66)	The Veraval Ratnakar Nagrik Sahakari Bank Ltd., Veraval, Gujarat (2002)	265.54	–	265.54
67)	Veraval Vibhagiya Nagrik Saha. Bank Ltd., Veraval, Gujarat (2002)	258.66	–	258.66
68)	Sravya Co-op. Urban Bank Ltd., Orissa (2002)	743.77	24.21	719.56
69)	Majoor Sahakari Bank Ltd., Ahmedabad Gujarat (2002)	147.79	–	147.79
70)	Mira Bhayander Co-op. Bank Ltd., Maharashtra (2003)	224.48	–	224.48
71)	Shree Labh Co-op. Bank Ltd., Mumbai (2003)	475.00	3.39	471.61
72)	Khed Urban Co-op. Bank Ltd., Maharashtra (2003)	463.68	–	463.68
73)	Janata Sahakari Bank Ltd., Dewas, MP (2003)	717.42	661.41	56.01
74)	Nizamabad Co-op. Urban Bank Ltd., AP (2003)	112.90	100.38	12.52
75)	Megacity Co-op. Urban Bank Ltd., AP (2003)	161.98	146.78	15.20
76)	The Kurnool Urban Co-op. Bank Ltd.,A.P (2003)	474.33	465.56	8.77
77)	Yamunanagar Urban Co-op. Bank Ltd., Hariyana (2003)	300.47	28.00	272.47
78)	The Praja Co-op. Urban Bank Ltd., AP (2003)	92.54	86.14	6.40
& 79)	Charminar Co-op. Urban Bank Ltd.,AP (2003)	14323.44	3580.86	10742.58
80)	Rajampet Co-op. Urban Bank Ltd., AP (2003)	163.45	68.00	95.45
81)	Shree Bhagayalaxmi Co-op. Bank Ltd., Gujarat (2003)	340.33	10.00	330.33
82)	Aryan Co-op. Urban Bank Ltd., AP (2003)	467.81	436.32	31.49
83)	The First City Co-op. Urban Bank Ltd., AP (2003)	128.73	108.35	20.38

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
84)	Kalwa Belapur Sahakari Bank Ltd., Maharashtra (2003)	488.80	0.25	488.55
85)	Ahmedabad Mahila Sahakari Bank Ltd., Gujarat (2003)	333.24	–	333.24
86)	Theni Co-op. Urban Bank Ltd., TN (2003)	331.68	–	331.68
87)	Mandasaur Commercial Co-op. Bank Ltd., M.P.(2003)	1411.40	1067.98	343.42
88)	Mother Theresa Co-op. Urban Bank Ltd.,AP (2003)	506.87	–	506.87
89)	Dhana Co-op. Urban Bank Ltd., AP (2003)	238.55	–	238.55
90)	Ahmedabad Urban Co-op. Bank Ltd.,Gujarat (2003)	373.44	–	373.44
91)	The Star Co-op. Bank Ltd., AP (2003)	26.27	–	26.27
92)	Armoor Co-op. Urban Bank Ltd., AP (2003)	7.08	4.95	2.13
93)	The Janata Commercial Co-op. Urban Bank Ltd., Ahmedabad, Gujarat(2003)	411.26	–	411.26
94)	Manikanta Co-op. Urban Bank Ltd., AP (2003)	216.78	158.00	58.78
95)	Bhavnagar Welfare Co-op. Bank Ltd., Gujarat (2003)	355.08	–	355.08
96)	Navodaya Sahakara Bank Ltd., Karnataka (2003)	30.38	–	30.38
97)	Pithapuram Co-op. Urban Bank Ltd., AP (2003)	76.98	76.91	0.07
98)	Shri Adinath Sahakari Bank Ltd., Maharashtra (2003)	429.71	35.00	394.71
99)	Santram Co-op. Bank Ltd., Gujarat (2003)	1155.54	–	1155.54
100)	Palana Co-op. Urban Bank Ltd., Gujarat (2003)	229.52	217.91	11.61
101)	Nayaka Mercantile Co-op. Bank Ltd., Gujarat (2004)	255.31	–	255.31
102)	General Co-op. Bank Ltd., Gujarat (2004)	7025.57	–	7025.57
103)	Western Co-op. Bank Ltd. Mumbai (2004)	422.74	–	422.74
104)	Charotar Nagrik Sahakari Bank Ltd. Gujarat (2004)	20039.27	–	20039.27
105)	Pratibha Mahila Sahakari Bank Ltd., Jalgaon, Maharashtra (2004)	341.93	–	341.93
106)	Visnagar Nagrik Sahakari Bank Ltd., Gujarat(2004)	37760.53	–	37760.53
107)	Narsaraopet Co-op. Bank Ltd., Andhra, Pradesh (2004)	17.94	–	17.94
108)	Bhanjanagar Co-op. Bank Ltd., Orissa (2004)	98.00	–	98.00
109)	Sai Co-op. Bank Ltd. A. P. (2004)	101.70	61.70	40.00
110)	Neelagiri Co-operative Urban Bank Ltd A.P. (2005)	25.31	5.49	19.82
111)	Kalyan Co-operative Urban Bank Ltd. A.P. (2005)	135.10	–	135.10
112)	Trinity Co-operative Urban Bank Ltd. A.P. (2005)	193.06	61.99	131.07
113)	Gulberga Co-operative Bank Ltd. Karnataka (2005)	246.48	–	246.48

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
114)	Vijaya Co-operative Bank Ltd., A.P (2005)	122.25	95.00	27.25
115)	Shri Satyasai Co-operative Bank Ltd., A.P. (2005)	73.87	–	73.87
116)	Sriganganagar CUBL, Rajasthan (2005)	47.88	–	47.88
117)	Sitara CUBL, Hyderabad, A.P (2005)	37.41	–	37.41
118)	Mahalaxami CUBL, Hyderabad, A.P(2005)	416.12	–	416.12
119)	Ma Sharda Mahila Nagrik Sahakari BL Akola, Maharashtra (2005)	133.52	–	133.52
120)	Partur Peoples CBL, Maharashtra	158.37	–	158.37
121)	Solapur Distt. Industrial CBL, Maharashtra (2005)	1072.07	–	1072.07
122)	Baroda Peoples Coop. Bank, Baroda, Gujarat (2005)	5619.85	–	5619.85
123)	The Co-op. Bank of Umreth, Gujarat (2005)	480.14	–	480.14
124)	Shree Patni Co-op. Urban Bank Ltd., Gujarat (2005)	839.26	–	839.26
125)	The Classic Co-op. Bank Ltd., Surat, Gujarat (2005)	57.26	–	57.26
126)	Sabarmati CUBL, Gujarat (2005)	3011.94	–	3011.94
127)	Matar Nagrik Sah. Bank Ltd., Gujarat (2005)	295.26	–	295.26
128)	Diamond Jubilee CBL, Gujarat (2005)	6063.44	–	6063.44
129)	Petlad Commercial CBL, Gujarat (2005)	707.39	–	707.39
130)	Nadiad Mercantile Co-operative Bank Ltd., Gujarat (2005)	2917.63	–	2917.63
131)	Shree Vikas Co-op. Bank Ltd., Gujarat (2005)	2129.12	–	2129.12
132)	Textile Processors CBL, Gujarat (2005)	536.99	–	536.99
133)	Pragati Co-op Bank Ltd., Gujarat (2005)	1277.29	–	1277.29
134)	Ujavar Co-operative Bank Ltd., Gujarat (2005)	157.06	–	157.06
135)	Sunav Nagrik Sahkari Bank Ltd., Gujarat (2005)	174.83	–	174.83
136)	Sanskardhani Mahila Nagrik Sahakari Bank Ltd., Jabalpur, M.P. (2005)	30.31	–	30.31
137)	The Citizen Co-operative Bank Ltd., M.P. (2005)	85.01	–	85.01
138)	The Darbhanga Central co-operative Bank Ltd., Bihar (2005)	190.00	–	190.00
139)	Bellampalli Co-operative Urban Bank Ltd., A.P. (2005)	75.03	–	75.03
140)	Shree Vithal CBL, Gujarat (2005)	797.30	3.50	793.80
141)	Suryapur CBL., Surat, Gujarat (2005)	5471.14	–	5471.14
142)	Shri Sarvodaya CBL., Ahmedabad (2005)	108.98	–	108.98
143)	Petlad Nagrik Sahakari BL., Gujarat (2005)	233.62	–	233.62
144)	Raghuvanshi CBL., Mumbai (2005)	1205.60	–	1205.60
145)	Solapur Merchants CBL., Solapur, Maharashtra (2005)	306.97	–	306.97

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
146)	Aurangabad Peoples CBL., Maharashtra (2005)	293.22	53.22	240.00
147)	Urban Co-Op Bank Ltd., Tehri Uttranchal (2005)	145.65	–	145.65
148)	Shreenathji Co-Op Bank Ltd., Gujarat (2005)	407.40	–	407.40
149)	Century Co-Op Urban Bank Ltd., Surat, Gujarat (2006)	656.81	53.40	656.81
150)	Jilla Sahakari Kendriya Bank Maryadit, Raigarh, Chattisgarh (2006)	1816.38	–	1816.38
151)	Madhepura Supaul Central Coop. Bank Ltd., Madhepura, Bihar (2006)	650.54	–	650.54
152)	Navsari Peoples Co-op Bank Ltd., Navsari, Gujarat (2006)	2734.04	–	2734.04
153)	Seth B B Shroff Bulsar Peoples Co-operative Bank Ltd., Valsad, Gujarat (2006)	2320.10	46.94	2273.16
154)	Maharashtra Brahmin Sahakari Bank Ltd., Indore, M.P. (2006)	2866.76	–	2866.76
155)	Mitra Mandal Sahakari Bank Ltd., Indore, M.P. (2006)	1432.30	127.09	1305.21
156)	Chapra Distt. Central Co-operative Bank Ltd., Chapra, Bihar (2006)	825.30	–	825.30
157)	Shri Vitrag Co-op Bank Ltd., Surat, Gujarat (2006)	912.42	–	912.42
158)	Shree Swaminarayan Co-operative Bank Ltd., Vadodara, Gujarat (2006)	4126.94	–	4126.94
159)	Janata Co-operative Bank Ltd., Nadiad, Gujarat (2006)	3182.44	–	3182.44
160)	The Natpur Co-operative Bank Ltd., Nadiad, Gujarat (2006)	5420.50	–	5420.50
161)	Metro Co-operative Bank Ltd., Surat, Gujarat (2006)	1165.55	–	1165.55
162)	The Royale Co-Op Bank Ltd., Surat, Gujarat (2006)	883.06	–	883.06
163)	Jaihind Co-operative Urban Bank Ltd., Mumbai, Maharashtra (2006)	1178.98	–	1178.98
164)	Madurai Urban Co-operative Urban Bank Ltd., Madurai, T.N. (2006)	2504.95	–	2504.95
165)	Karnataka Contractors Sahakari Bank Niyamitha, Bangalore, Karnataka (2006)	293.31	–	293.31
166)	Anand Peoples Co-operative Bank Ltd., Anand, Gujarat (2006)	3514.26	–	3514.26

ANNEXURE VI (Contd.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
167)	Kotagiri Urban Co-operative Bank Ltd., Kotagiri, T.N. (2006)	240.41	–	240.41
168)	The Relief Mercantile Co-operative Bank Ltd., Ahmedabad, Gujarat (2006)	113.98	–	113.98
169)	Cauveri Urban Co-operative Bank Ltd., Bangalore, Karnataka (2006)	48.47	–	48.47
170)	Baroda Mercantile CBL., Vadodara, Gujarat (2006)	122.13	–	122.13
171)	Dabhoi Nagrik Sahakari Bank Ltd., Dabhoi, Gujarat (2006)	1612.92	–	1612.92
172)	Dhansura Peoples CBL., Dhansura, Gujarat (2006)	587.99	6.50	581.49
173)	Samastnagar CBL., Mumbai, Maharashtra (2006)	1126.28	–	1126.28
174)	Prudential CBL., Secunderabad, A.P. (2007)	7559.59	3500.00	4059.59
175)	Lok Vikas UCBL., Jaipur, Rajasthan (2007)	66.06	–	66.06
176)	Nagrik Sahkari Bank Maryadit, Ratlam, M.P. (2007)	203.94	–	203.94
177)	Sindh Mercantile CBL, Ahmedabad Gujarat (2007)	1034.59	–	1034.59
178)	Shriram Sahakari BL, Nashik Maharashtra (2007)	2980.53	–	2980.53
179)	Parbhani Peoples CBL, Parbhani Maharashtra (2007)	3677.87	–	3677.87
180)	Purna Nagri Sahakari BL, Purna Maharashtra (2007)	475.50	–	475.50
181)	Yashwant Sahakari BL, Mumbai Maharashtra (2007)	59.39	–	59.39
182)	Kanyaka Parmeshwari Mutually Aided CUBL, Kukatpally A.P. (2007)	290.84	–	290.84
183)	Mahila Nagrik SBL, Khargaone ,M.P. (2007)	42.68	–	42.68
184)	Karamsad CBL, Anand ,Gujarat (2007)	1228.83	–	1228.83
185)	Bharat Mercantile UCBL, Hyderabad. A.P. (2007)	309.56	–	309.56
186)	Lord Balaji CBL, Sangli Maharashtra (2007)	243.13	–	243.13
187)	Vasundhara Mahila CBL, Warangal, A.P. (2007)	23.04	–	23.04
188)	Begusarai Urban Development Co-op. Bank Ltd. Begusarai, Bihar (2007)	59.38	–	59.38
189)	Datia Nagrik Sahkari Bank Ltd., Datia, M.P. (2007)	14.86	–	14.86
190)	Adarsh Mahila CBL, Mehsana Gujarat (2007)	128.98	–	128.98
191)	The Umreth Co-operative Urban Bank Limited Umreth Gujarat (2007)	220.79	–	220.79
192)	Sarvodaya Nagrik Sahakari Bank Limited Visnagar Gujarat (2007)	1595.88	–	1595.88
193)	Shree Co-operative Bank Limited, Indore M.P. (2007)	24.77	–	24.77

ANNEXURE VI (Concl.d.)

Sr. No.	Name of the bank (the year original claims were settled)	Claims Settled	Repayments received (Written Off)	Balance (3)-(4)
1	2	3	4	5
194)	Onake Obava Mahila Co-operative Bank Limited Chitradurga, Karnataka (2007)	547.89	–	547.89
195)	The Vikas Co-operative Bank Limited, Ahmedabad, Gujarat (2007)	85.82	–	85.82
196)	Shree Jamnagar Nagrik SBL, Gujarat (2007)	112.38	–	112.38
197)	Anand Urban Co-operative Bank Limited, Anand, Gujarat (2008)	1843.55	–	1843.55
198)	Rajkot Mahila Nagrik Sahakari Bank Limited Rajkot Gujarat (2008)	682.09	–	682.09
199)	Sevalal UCBL Mandrup, Maharashtra (2008)	6.66	–	6.66
	Total 'F'	245777.75	11978.50	233799.25
	Total D+E+F	245952.74	12149.87 (3.62)	233799.25
	Total A+B+C+D+E+F	275535.94	23169.85 (14.27)	252351.82

(figures in brackets under repayment columns indicate amount written off up to 31st March 2008)

* Scheme of amalgamation ; & Scheme of reconstruction; Other banks are under liquidation

ANNEXURE – VII

STATEMENT INDICATING SCHEME-WISE BREAK-UP OF GUARANTEE FEE RECEIVED DURING THE YEARS 1991-92 TO 2007-08

(Amount in Rs. crores)

Sr. Scheme No.	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-08
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1 Small Loans Guarantee Scheme, 1971	351.44	431.74	665.36	631.64	496.90	396.43	112.70	81.03	11.02	–	–	–	–	–
2 Small Loans (Co-op. Banks) Guarantee Scheme, 1984	0.20	0.21	0.12	0.14	0.03	0.01	\$	\$	\$	–	–	–	–	–
3 Small Loans (Small Scale Industries) Guarantee Scheme, 1981	214.23	270.83	180.61	197.35	207.71	167.58	52.21	42.20	10.97	0.07	0.02	0.21	*0.02	–
Total	565.87	702.78	846.09	829.13	704.64	564.02	164.91	123.23	21.99	0.07	0.02	0.21	*0.02	–

\$ Negligible

* The amount was received late from the bank and the same was refunded to it in the same year 2003-2004.

ANNEXURE – VIII

**STATEMENT SHOWING RECEIPT AND DISPOSAL OF CLAIMS UNDER THE CORPORATION'S CREDIT
GUARANTEE SCHEMES RELATING TO SMALL BORROWERS**

(Amount in Rs. crores)

Period	Claims received		Claims disposed off		Of the claims disposed off (vide Columns 4 & 5)					
	No.	Amount	No.	Amount	Claims paid		Claims withdrawn/returned		Claims rejected	
1	2	3	4	5	No.	Amount	No.	Amount	No.	Amount
Upto 1996-97	35161103	9400.25	23487795	6078.79	22691855	5573.42	294004	326.19	501936	179.18
During 1997-98	540971	183.90	1179328	400.90	1135571	371.40	1	0.00	43756	29.50
During 1998-99	757245	217.76	4245233	1188.39	2130920	588.64	1904005	515.12	210308	84.63
During 1999-2000	889208	219.19	4535934	1194.58	1207936	361.87	30581	7.15	3297417	825.56
During 2000-2001	75100	21.93	679344	171.34	176388	42.71	–	–	502956	128.63
During 2001-2002	–	–	–	–	4539	0.77	–	–	(–) 4539	(–) 0.77
During 2002-2003	–	–	–	–	–	0.03*	–	–	–	–
During 2003-2004	–	–	–	–	–	–	–	–	–	–
During 2004-2008	–	–	–	–	–	–	–	–	–	–
Tapes returned to credit institutions	–	–	\$3295993	\$ 1009.03	–	–	\$ 3295993	\$1009.03	–	–
Total	37423627	10043.03	37423627	10043.03	27347209	6938.84	5524584	1857.49	4551834	1246.73

\$ No. and value of claims on magnetic tapes returned to credit institutions due to tape read error.

* Amount of excess claims paid to banks treated as not recoverable and written off.

Note : Subsequent to the year ended March 2002, opted out credit institutions were not eligible to lodge any claims with the Corporation

ANNEXURE - IX

STATEMENT SHOWING RECEIPT AND DISPOSAL OF CLAIMS UNDER THE CORPORATION'S SMALL LOANS (SSI) GUARANTEE SCHEME, 1981

(Amount in Rs. crores)

Period	Claims received		Claims disposed off		Of the claims disposed off						Claims pending as at the end of the year	
					Claims paid		Claims withdrawn/ returned		Claims rejected			
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13
1 Apr. 1981 to 31 Mar. 1997	1237477	3033.08	1143354	2778.40	805435	941.30	291631	1309.62	46288	527.48	94123	254.68
1 Apr. 1997 to 31 Mar. 1998	61695	313.36	52241	220.78	–	–	34504	98.12	17737	122.66	103577	347.26
1 Apr. 1998 to 31 Mar. 1999	13965	34.43	43620	225.14	21470	13.27	3660	37.80	18490	174.07	73922	156.55
1 Apr. 1999 to 31 Mar. 2000	13575	26.30	71086	139.00	42011	41.26	275	0.62	28800	97.12	16411	43.85
1 Apr. 2000 to 31 Mar. 2001	3408	14.13	17215	53.83	4941	4.63	2519	3.91	9755	45.29	2604	4.16
1 Apr. 2001 to 31 Mar. 2002	1164	1.25	3674	5.06	884	0.56	230	0.14	2560	4.36	94*	0.35*
1 Apr. 2002 to 31 Mar. 2003	1647	0.26	1741	0.61	874	0.11	–	–	867	0.50	–	–
1 Apr. 2003 to 31 Mar. 2004	–	–	–	–	–	–	–	–	–	–	–	–
1 Apr. 2004 to 31 Mar. 2008	–	–	–	–	–	–	–	–	–	–	–	–
Total	1332931	3422.81	1332931	3422.82	875615	1001.13	332819	1450.21	124497	971.48	–	–

AUDITOR'S REPORT

NBS & Co.
Chartered Accountants

We have audited the attached Balance Sheets of Deposit Insurance Fund, Credit Guarantee Fund and General Fund of the **Deposit Insurance & Credit Guarantee Corporation** as at 31st March, 2008 and annexed Revenue Accounts and also Cash Flow Statements of the said three Funds of the Corporation for the year ended on that date.

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on the accounts maintained and produced for our audit.

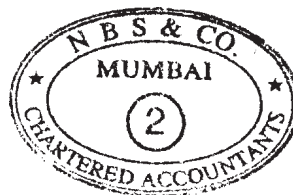
We conducted our audit in accordance with the Auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- a) We have obtained all information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit and found to be satisfactory.
- b) In our opinion the said Balance Sheets and Revenue Accounts have been drawn up and set out in the manner prescribed by the Deposit Insurance & Credit Guarantee Corporation Act, 1961.
- c) The said Balance Sheets and the Revenue Accounts of the Corporation comply with the applicable mandatory Accounting Standards.
- d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes thereon, contain all necessary particulars and are properly drawn up so as to exhibit a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the said Balance Sheets, which are full and fair, of the state of affairs of the Corporation as on 31st March, 2008;
 - ii) In the case of the said Revenue Accounts of the surplus of the Corporation, in case of Deposit Insurance and Credit Guarantee Fund and excess of expenditure over income in case of the General Fund, for the year ended on that date; and
 - iii) In the case of Cash Flow Statements, of the cash flows for the year ended on that date.

Dated: 19th June , 2008

Place : MUMBAI



For **NBS & Co**
Chartered Accountants


(Pradeep Shetty),
Partner
Membership No. 46940



**DEPOSIT INSURANCE AND
(Established under the Deposit Insurance
(Regulation 18 –
Balance Sheet as at the close
I - DEPOSIT INSURANCE FUND (DIF)**

<i>Previous Year</i>		LIABILITIES	<i>Deposit Insurance Fund</i>		<i>Credit Guarantee Fund</i>	
<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>					
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
1,21,130.00	—	1 Fund : (Balance at the end of the year)	1,55,317.00			
		2 Surplus :				
8,07,693.58	34,472.37	Balance at the beginning of year	9,76,751.97	34,904.65		
		Transferred to/ from other Fund/s	-10,000.00			
1,69,058.39	432.28	Transferred from Revenue Account	2,14,171.30	11,80,923.27	1,843.20	36,747.85
<u>9,76,751.97</u>	<u>34,904.65</u>					
		3 (a) Investment Reserve :				
31,469.00	605.41	Balance at the beginning of year	62,702.30	2,243.76		
31,233.30	1,638.34	Transferred from Revenue Account	-1,272.44	61,429.86	718.25	2,962.01
<u>62,702.30</u>	<u>2,243.75</u>					
		(b) Investment Fluctuation Reserve				
32,670.53	2,789.89	Balance at the beginning of year	32,670.53	2,789.89		
—	—	Transferred from Revenue Account	10,897.54	43,568.07	0.00	2,789.89
61,624.19	—	4 Estimated Liability in respect of claims intimated but not admitted	48,760.42		—	
4,298.18	—	5 Insured Deposits remaining unclaimed	4,801.44			
		6 Other Liabilities				
1,698.97	0.00	i) Sundry Creditors	1,303.44	0.00		
4,39,966.85	0.00	ii) Provision for Income Tax	5,89,170.47	1,01,854.04		
1.77	1,00,904.93	iii) Sundry Deposit	5,90,473.91		0.00	1,01,854.04
<u>17,00,844.76</u>	<u>1,40,843.22</u>	TOTAL	<u>20,85,273.97</u>		<u>1,44,353.79</u>	

As per our report of even date.

For M/s. NBS & Co.
Chartered Accountants

Usha Thorat
Chairperson

M. Ramadoss
Director

Prakash G. Apte
Director

Pradeep Shetty
Partner



Mumbai
19th June 2008.

**CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A')
of business on the 31st March 2008
AND CREDIT GUARANTEE FUND (CGF)**

(Rupees in lakh)

<i>Previous Year</i>		ASSETS	<i>Deposit Insurance Fund</i>		<i>Credit Guarantee Fund</i>	
<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
<i>Amount</i>	<i>Amount</i>					
69.83	13.19	1. Balance with the Reserve Bank of India		46.97		9.81
–	–	2. Cash in Transit				–
		3. Investments in Central Government Securities (at cost)				
28,837.92	94.21	Treasury Bills	6,624.73		0.00	
11,90,601.59	43,603.14	Dated Securities	14,33,244.63	14,39,869.36	45,837.54	45,837.54
12,19,439.51	43,697.35					
11,32,693.30	40,538.12	Face Value	13,68,366.83		43,190.40	
11,68,228.69	41,462.00	Market Value	13,89,213.56		42877.99	
32,218.65	1,584.31	4. Interest accrued on investments		34,803.60		1,458.07
		5. Other Assets				
4,49,097.11	95,548.37	(i) Advance Income Tax and TDS pending final assessment / adjustment	6,10,554.04		97,048.37	
19.66		(ii) Misc.other Assets	0.00	6,10,554.04	0.00	97,048.37
17,00,844.76	1,40,843.22	Total		20,85,273.97		1,44,353.79



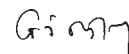
Dilip Nachane
Director



Atul Agarwal
Director



H. N. Prasad
Chief Executive Officer



J. K. Dash
Dy. Gen. Manager



**DEPOSIT INSURANCE AND
(Form
Revenue Account for the
I - DEPOSIT INSURANCE FUND (DIF)**

<i>Previous Year</i>		EXPENDITURE	<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Fund</i>	<i>Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
		1. To Claims:		
54,459.85	-	Paid during the year	16,102.82	-
61,624.19	-	Add: Estimated liability in respect of claims at the end of the year	48,760.42	-
-1,26,045.27	-	Less: Estimated Liability in respect of claims at the end of the previous year	-61,624.19	-
42,218.99	-	Add: Excess Provision written back (<i>per contra</i>)	14,803.18	-
32,257.76	0.00	Net Claims	18,042.23	0.00
1,21,130.00		2. To Balance of Fund at the end of the year (as per Actuarial Valuation)	1,55,317.00	
31,233.30	1,638.34	3. To Provision for depreciation in the value of investments credited to Investment Reserves	-1,272.44	718.25
	78.87	4. To Debtors Written Off		
3,04,701.19	2,824.76	To Net Surplus Carried Down	3,74,272.45	2,792.31
4,89,322.25	4,541.97	TOTAL	5,46,359.24	3,510.56
		To Provision for Taxation		
1,08,833.30	951.11	Current Year	1,38,835.37	949.11
26,809.50	1,441.37	Earlier Years - Short (Excess)	10,368.24	0.00
		To Investment Fluctuation Reserve (IFR)	10,897.54	0.00
1,69,058.39	432.28	To Balance Carried to Balance Sheet	2,14,171.30	1,843.20
3,04,701.19	2,824.76		3,74,272.45	2792.31

As per our report of even date.

For M/s. NBS & Co.
Chartered Accountants


Pradeep Shetty
Partner





Usha Thorat
Chairperson



M. Ramadoss
Director



Prakash G. Apte
Director

Mumbai
19th June 2008.


CREDIT GUARANTEE CORPORATION
'B')
year ended 31st March 2008
AND CREDIT GUARANTEE FUND (CGF)

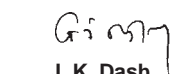
(Rupees in lakh)

<i>Previous Year</i>		INCOME	<i>Deposit</i>	<i>Credit</i>	<i>Deposit</i>	<i>Credit</i>
<i>Insurance</i>	<i>Guarantee</i>		<i>Insurance</i>	<i>Guarantee</i>	<i>Insurance</i>	<i>Guarantee</i>
<i>Fund</i>	<i>Fund</i>		<i>Fund</i>	<i>Fund</i>	<i>Fund</i>	<i>Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
1,02,596.00	–	1. By Balance of Fund at the beginning of the year	1,21,130.00	–		
2,32,092.92	–	2. By Deposit Insurance Premium (including interest on overdue premium)	2,84,439.18	–		
–	–	3. By Guarantee Fees (including interest on overdue guarantee fees)	–	–		
2,003.14	679.11	4. By recoveries in respect of claims paid / settled (including interest on overdue repayment)	9,871.87	330.52		
42,218.99	–	5. By excess provision of claims written back (per contra)	14,803.18	–		
		6. By income from Investments				
1,08,356.71	3,684.15	(a) Interest on Investments	1,19,917.62	3,635.65		
-486.5	-24.95	(b) Profit (Loss) on sale / redemption of securities (Net)	-5,409.53	-455.61		
		7. Other Incomes				
2,540.99	124.79	(a) Interest on Refund of Income Tax	1,606.92	0.00		
	78.87	(b) By Provision for Debtors Written Back				
4,89,322.25	4,541.97	Total	5,46,359.24	3,510.56		
3,04,701.19	2,824.76	By Net Surplus Brought Down	3,74,272.45	2,792.31		
3,04,701.19	2,824.76		3,74,272.45	2,792.31		


Dilip Nachane
 Director


Atul Agarwal
 Director


H. N. Prasad
 Chief Executive Officer


J. K. Dash
 Dy. Gen. Manager



DEPOSIT INSURANCE AND
(Established under the Deposit Insurance
Regulation 18 –
Balance Sheet as at the close
II – GENERAL

<i>Previous Year Amount</i>	LIABILITIES	<i>Amount</i>	<i>Amount</i>
5,000.00	1. Capital : Provided by Reserve Bank of India as per Section 4 of the DICGC Act, 1961		5,000.00
	2. RESERVES		
	A) General Reserve		
7,384.65	Balance at the beginning of the year	6,957.93	
0.00	Transferred from Deposit Insurance Fund	10,000.00	
-426.72	Surplus / Deficit transferred from Revenue Account	-604.71	16,353.22
6,957.93			
	B) Investment Reserve		
278.50	Balance at the beginning of the year	736.29	
457.79	Transferred from Revenue account	588.01	1,324.30
	C) Investment Fluctuation Reserve		
1,636.33	Balance at the beginning of the year	1,636.33	
	Transferred from Revenue Surplus	-	1,636.33
	3. CURRENT LIABILITIES AND PROVISIONS		
136.79	Outstanding Employees' Cost	141.55	
71.78	Outstanding Expenses	114.77	
1.16	Sundry Creditors	100.73	
1,035.49	Provision for Income Tax	1,035.49	
32.00	Provision for Fringe Benefit Tax(FBT)	38.00	1,430.54
15,607.77	Total		25,744.39

As per our report of even date.


For M/s. NBS & Co.
Chartered Accountants


Pradeep Shetty
Partner





Usha Thorat
Chairperson



M. Ramadoss
Director



Prakash G. Apte
Director

Mumbai
19th June 2008.


CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A'
of business on the 31st March 2008
FUND (GF)

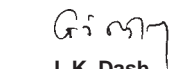
(Rupees in lakh)

<i>Previous Year Amount</i>	ASSETS	<i>Amount</i>	<i>Amount</i>
	1. CASH		
0.02	(i) In hand	0.07	
26.95	(ii) With Reserve Bank of India	2.66	2.73
	2. Investments in Central Government Securities (At Cost)		
80.08	Treasury Bills	–	
11,955.32	Dated Securities	16,731.36	
1,865.97	Dated Securities deposited with CCIL (Face Value 4500.00)	4,628.94	21,360.30
13,145.83	Face Value : 20159.05		
13,255.65	Market Value : 20103.97		
416.55	3. Interest accrued on Investments		579.39
	4. Other Assets		
44.94	Furniture, Fixtures & Equipment (less depreciation)	135.70	
1.77	Stock of Stationery	0.85	
1.95	Pre-paid Expenses	1.01	
17.51	Interest accrued on Staff Advances	21.68	
94.78	Advances to Staff/ expenses / allowances etc.	104.23	
3.00	Sundry Debtors	2.07	
200.00	Margin Deposit with CCIL	500.00	
867.03	Advance Income Tax and TDS pending final assessment / adjustment	2,998.03	
31.90	Advance Fringe Benefit Tax (FBT)	38.40	3,801.97
15,607.77	Total		25,744.39


Dilip Nachane
Director


Atul Agarwal
Director


H. N. Prasad
Chief Executive Officer


J. K. Dash
Dy. Gen. Manager



DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION
(Form 'B')
Revenue Account for the year ended 31st March 2008
II — GENERAL FUND (GF)

(Rupees in lakh)

Previous Year	EXPENDITURE	Previous Year	INCOME
491.96	To Payment / Reimbursement of staff cost	489.16	By Income from Investments
0.95	To Directors' and Committee Memebrs' Fees	0.70	(a) Interest on Investments
7.89	To Directors' / Committee Members' Travelling & other allowances / expenses	6.05	(b) Profit (Loss) on sale / redemption of investments
		1,185.96	1,101.63
		-3.36	-173.82
			927.81
97.68	To Rents, Taxes, Insurance, Lightings etc.	97.85	
106.65	To Establishment, Travelling and Halting Allowances	112.97	By Miscellaneous Receipt
24.69	To Printing, Stationery and Computer Consumables	11.09	Share of Recoveries Under GOI Credit Guarantee Scheme - SSI
18.29	To Postage, telegrams and Telephones	20.44	0.00
		0.27	
2.77	To Auditors' Fees	2.76	Interest on advances to staff
38.20	To Legal Charges	34.34	5.19
1.03	To Advertisements	22.42	Profit / Loss on sale of dead stocks (Net)
457.79	To Provision for depreciation in the value of investments credited to Investment Reserve	588.01	0.99
		401.72	0.02
			2.63
			By Interest on Refund of Income Tax
			0.00
			7.84
	To Miscellaneous Expenses		
36.6	Professional Charges	12.58	
9.15	Service Contract / Maintenance	10.31	
2.52	Books, News Papers, Periodicals	2.56	
1.14	Book Grants	2.28	
0.18	Repair of Office Property-Dead Stock	0.61	
10.24	Transaction Charges-CCIL	12.27	
22.55	Others	30.40	
82.38		71.01	
15.40	Depreciation	77.50	
247.76	To Balance being excess of Income over expenditure for the year carried down	-	
		-	
		-	By Balance being excess of Expenditure over Income for the year carried down
			-
			598.71
<u>1,593.44</u>	Total	<u>1,534.36</u>	Total
		<u>1,593.44</u>	<u>1,534.36</u>
	To balance being excess of Expenditure over Income carried down	598.71	247.76
	To Provision for Income Tax		
83.43	Current Year	-	426.72
576.55	Earlier Years - Short (Excess)	-	
14.50	To Provision for Fringe Benefit Tax (FBT)	6.00	
	To General Reserve Account		
<u>674.48</u>	Total	<u>604.71</u>	Total
		<u>674.48</u>	<u>604.71</u>

As per our report of even date.

For M/s. NBS & Co.
Chartered Accountants

Pradeep Shetty
Partner

Usha Thorat
Chairperson

Atul Agarwal
Director

M. Ramadoss
Director

H. N. Prasad
Chief Executive Officer

Prakash G. Apte
Director

Dilip Nachane
Director

J. K. Dash
Dy. Gen. Manager

Mumbai
19th June 2008.



SIGNIFICANT ACCOUNTING POLICIES

1. General

The financial statements are prepared by following going concern concept on the historical cost basis and conform to the statutory provisions and practices prevailing in the country. Management makes estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, particularly in respect of claims under Deposit Insurance. Actual results could differ from these estimates.

2. Recognition of Income & Expenditure

- i) (a) Items of income and expenditure are generally accounted for on accrual basis unless otherwise stated,
- (b) Interest on Income Tax Refund is accounted for on accrual basis on receipt of relevant assessment order allowing interest on such refund.
- ii) Receipts towards deposit insurance premia and guarantee fees are generally appropriated as revenue income on receipt of relevant statements of deposits and guaranteed advances and in cases, where such statements are not received till the finalisation of accounts, ad-hoc payments, if any, made by the participating credit institutions are recognised as income, if considered adequate, when compared with the previous years' records. Unadjusted amounts are carried forward under the head 'Sundry Creditors'.
- iii) Pending assessment of the guarantee fees due from the banks/credit institutions, which have opted out of the Credit Guarantee Schemes in respect of the claims lodged by them after their opting out is accounted on receipt basis.
- iv) Unrealised amount of deposit insurance premia and guarantee fee is not recognized as income, unless the relevant statements are received from insured banks/participating credit institutions.
- v) Penal interest for delay in payment of guarantee fee and insurance premia is accounted as income up to the date of last such payment by the credit institutions/ banks and interest on outstanding amount of guarantee fee / premia is not recognised as income.
- vi) The recovery (including penal interest) by way of subrogation rights in respect of deposit insurance claims settled/Guarantee Claims paid is accounted in the year in which it is received. Likewise, recoveries in respect of claims settled and subsequently found not eligible are accounted for when realised/adjusted.
- vii) Interest on investments is accounted on accrual basis.
- viii) Provision for year end liability in respect of claims is made on the basis of events taking place up to the date of Balance Sheet, to the extent of information available till the time of finalization of accounts and retained till the full and final settlement.
- ix) Adequate provision for the liability towards fund balances as at the end of the year is made on the basis of actuarial valuation.
- x) The claims for refund of guarantee fees and of repayments against claims settled are accounted for on such refund claims being admitted by the Corporation. The year end liability towards such refund claims (including cases falling under Agricultural Rural Debt Relief Scheme, 1990) and its impact on the actuarial valuation of fund balances as at the close of the year remain undetermined.
- xi) Claims for reimbursement from RBI against certain establishment expenses, such as, salaries and allowances are accounted on claim receipt basis.
- xii) Balances unclaimed and outstanding for more than three consecutive years in transitory accounts including "Stale Cheques Accounts" are reviewed and written back to income. Claims in this respect are considered and charged against income in the year of payment.

3. Investments

- i) All investments are current investments. The same are valued script-wise at weighted average cost or market value whichever is lower. For the purpose of valuation, rates provided by the Fixed Income Money Market and Derivatives Association of India (FIMMDA) and Primary Dealer Association of India (PDAI) are taken as market rates as per the guidelines of RBI as applicable to banks/financial institutions.
- ii) Provision for diminution in the value of securities is not deducted from investments in the balance sheet but such provision is retained by way of accumulation to Investment Reserve Account in conformity with the prescribed format for statement of accounts.
- iii) The Investment Fluctuation Reserve (IFR) is maintained to meet the market risk arising on account of the depreciation in the value of portfolio in future. The adequacy of IFR is assessed on the basis of market risk of the investment portfolio, as on the balance sheet date. The IFR in excess of the market risk, if any, is retained and carried forward. Whenever the IFR size falls below the required size, credits to IFR are made as an appropriation of excess of income over expenditure before transfer to Fund Surplus / General Reserve.
- iv) Inter fund transfer of securities is made at cost price.

4. Fixed Assets

- i) Fixed assets are stated at cost less depreciation.
- ii) Depreciation on assets is provided in the following manner:
 - a) Computer & Computer accessories, electronic communication equipment and electrical office equipment - 33.33 per cent on Straight Line method.
 - b) Furniture & fixtures and other office equipment - 20 per cent on Straight Line method.
 - c) Depreciation on addition to the assets is provided for the full year on Computer and Computer accessories even if used for

less than six months and for other assets depreciation is provided for full if in use over six months and no depreciation is provided on assets sold/disposed off during the year.

5. Employees' Cost

- (i) Employees' cost such as salaries, allowances, contribution to PF and Gratuity Fund is being incurred as per the arrangement with Reserve Bank of India, since all the staff of the Corporation is on deputation from the Reserve Bank of India.
- (ii) The operation of the DICGC cells located at Delhi, Nagpur, Ahmedabad and is under the control of RPCD of Reserve Bank of India at all these places. The employees' cost has been provided in the General Fund on adhoc basis pending receipt of claims from respective RBI offices.

6. Segment Reporting

The Corporation is at present primarily engaged in providing Deposit Insurance to Banks / Credit Institutions at a uniform rate of premium irrespective of location of the Bank / Institution. Thus in the opinion of the management, there is no distinct reportable segment, either Business or Geographical.

7. Taxation

Liability in respect of taxation is provided for in accordance with the provisions of the Income Tax Act, 1961 and rules framed there under. Deferred Tax Asset and Liability are measured using the tax rates and tax laws that have been enacted or substantively enacted as on the Balance Sheet date and recognized, if material.

8. Prior period income/expenditure

- (i) Income and expenditure over Rs.10,00,000/- in each case pertaining to prior period items arising in current period on account of errors and omissions are considered as prior period credits/debits.
- (ii) Prepaid expenses are not recognised unless the amount involved exceeds Rs.1,00,000/- in each case.

NOTES TO ACCOUNTS

- Contingent Liabilities not provided for: Income tax liability disputed in appeals by the Income Tax Department against the Corporation for Assessment Years 1990-91 to 2003-04 Rs.3,656.20 lakh (Pre. Year Rs. 3,709.48 lakh).
- The Accounting Policy relating to recognition and accounting of Prior Period Items and Prepaid Expenses is changed to increase the existing limit of Rs. 1,00,000/- and Rs.5,000/- for each case to Rs.10,00,000/- and Rs. 1,00,000/- respectively. However, there is no material impact of the change on accounts for the current year due to change in the Accounting Policy.
- The Accounting Policy relating to capitalisation of software has been revised during the year. As per the revised policy, software costing Rs. 1,00,000/- and above would be capitalized as against previous policy of treating all software expenses as revenue expenditure. Further, the depreciation rate on computer (including software) & computer accessories, electronic communication equipment and electrical office equipment was increased to 33.33 per cent on Straight Line Method from 32 per cent during the previous year. Profit for the current year has been overstated by Rs.66,67,000/- due to this change in Accounting Policy.
- Share in recoveries by way of subrogation right in respect of a reconstructed bank, has been deposited by way of Government Securities (at cost) amounting to Rs. 2,468.53 lakh (Previous year Rs. 2,564.65 lakh) held in joint CSDL A/c and balance of Rs. 463.88 lakh (Previous year Rs. 989.97 lakh) is held in the bank account jointly with the re-structured bank, in

accordance with the Scheme of Reconstruction and will be accounted for in the year of realization.

- As approved by the Board of Directors in accordance with the provisions of Section 25 A (b) of Deposit Insurance and Credit Guarantee Corporation Act, 1961, a sum of Rs. 100 crore was transferred from Surplus of Deposit Insurance Fund to General Fund during the year.
- Outstanding Expenses include an amount of Rs.20,00,000/- in respect of legal charges due to the Reserve Bank of India provided on *ad hoc* basis for the period April 2007 to March 2008.
- Details of movement in provisions (AS-29)

(Rs. In lakh)

Particulars	Opening balance as on 01-04-2007	Provision made during the year	Provision written back	Provisions / reversed / adjusted	Closing balance as on 31-3-2008
Provision for expenses	5.00	20.00	Nil	5.00	20.00

- There is no material deferred tax liability or asset hence not recognized.

9 Related Party Disclosure:

- Key Management Personnel:

Mr. H N Prasad, Chief Executive Officer
Mr. M. P. Kothari, Chief General Manager

- Transactions with related parties:

Remuneration (Including Gratuity and Perquisites)	Rs. 15.10 lakh (Previous year Rs. 6.29 lakh)
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- The figures of Previous Year have been recast / regrouped / rearranged to make them comparable with those of current year.

Note on Currency Unit

- The reference / conversion rate for Indian Rupee (INR / Rs.) with respect to major foreign currencies can be observed from www.rbi.org.in.
- Rs. 1 lakh = Rs.100,000.00 or Rs.0.10 million
- Rs.10 lakh = Rs. 1 million
- Rs.1 crore = Rs.10 million
- Rs. 100 crore = Rs.1 billion