

# **DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION**

(Established by an Act of Parliament)

**Head Office : Reserve Bank of India,  
2<sup>nd</sup> Floor, Opp. Mumbai Central Railway Station,  
Byculla, Mumbai – 400 008. INDIA  
[www.dicgc.org.in](http://www.dicgc.org.in)**



**47<sup>th</sup> Annual Report of the Board of Directors  
Balance Sheet and Accounts  
for the year ended  
31<sup>st</sup> March 2009**



## *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/RPIC/3002/06.02.16 / 2009-10

June 26, 2009

Ashadha 04, 1931 (SAKA)

LETTER OF TRANSMITTAL  
(To the Reserve Bank of India)

The Chief General Manager and Secretary  
Secretary's Department  
Reserve Bank of India  
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 31<sup>st</sup> March 2009**

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 2009 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 2009.

2. The printed copies of the Annual Report of the Corporation will be sent to you shortly.

Yours faithfully,

(R. Kaushalya)  
Secretary  
Encls: As above

भारतीय रिज़र्व बैंक बिल्डिंग, दूसरी मंज़िल, मुंबई सेंट्रल रेल्वे स्टेशन के सामने, मुंबई सेंट्रल, मुंबई-400008.

टेलिफोन सं.: 022-23019570 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. 022-23019570 Fax: 022-23018165, 23015662 e-mail: dicgc@rbi.org.in

हिन्दी आसान है, इसका प्रयोग बढ़ाइए



निक्षेप बीमा और प्रत्यय गारंटी निगम

**DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION**

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June 26, 2009

Ashadha 04, 1931 (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/Madam,

**Balance Sheet, Accounts and Report on the Working  
of the Corporation for the year ended 31<sup>st</sup> March 2009**

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- (i) the Balance Sheet and Accounts of the Corporation for the year ended 31 March 2009 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 2009.
- 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*. The printed copies of the Annual Report of the Corporation will be sent to you shortly.

Yours faithfully,

(R. Kaushalya)

Secretary

Encls: As above

भारतीय रिजर्व बैंक बिल्डिंग, दूसरी मंजिल, मुंबई सेंट्रल रेल्वे स्टेशन के सामने, मुंबई सेंट्रल, मुंबई-400008.

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हिन्दी आसान है, इसका प्रयोग बढ़ाइए

# *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. Anand Sinha**  
Executive Director, Reserve Bank of India  
Mumbai.

Nominated by Reserve Bank of India under section 6 (1) (b), of The Deposit Insurance and Credit Guarantee Corporation Act, 1961.  
(from 06.12.2008)

**Dr. Shashank Saksena**  
Director, Ministry of Finance, Department of  
Financial Services, 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 12.06.2008)

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

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, New Delhi.

-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 to 06.10.2008)

**Prof. Dilip M. Nachane**  
Senior Professor, Indira Gandhi Institute of  
Development and Research, Mumbai.

-do-  
(from 07.10.2005 to 06.10.2008)

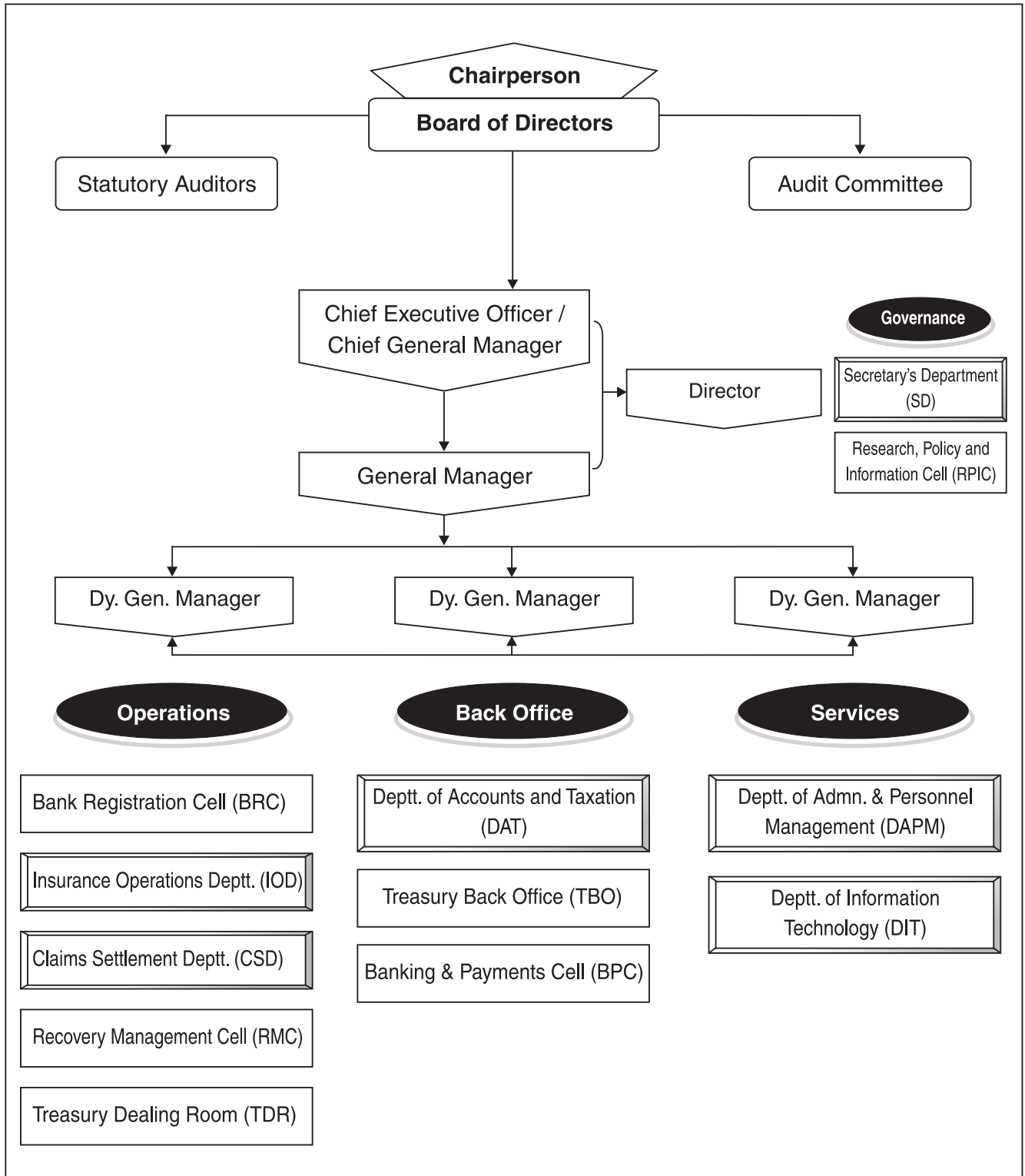
**Dr. Atul Agarwal**  
Chartered Accountant, Kanpur.

-do-  
(from 07.10.2005 to 06.10.2008)

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

-do-  
(from 16.01. 2007)

## ORGANISATION CHART



## CONTACT INFORMATION OF THE CORPORATION

**Fax No. 022 - 2301 5662**  
**022 - 2301 8165**

**Telegram CREDITGUARD**

**Tel.Nos.**

022-2308 4121 General  
022-2306 2161 Premium  
022-2306 2162 Claims  
022-2301 9570 RTI  
022-2302 1150 Customer Care Cell

### HEAD OFFICE

**Deposit Insurance and  
Credit Guarantee Corporation**

Reserve Bank of India,  
2<sup>nd</sup> Floor, Opp. Mumbai Central Railway Station,  
Byculla, Mumbai – 400 008.  
INDIA

(i) Chief Executive Officer	022-2301 9460
(ii) General Manager	022-2301 9645
(iii) Director	022-2301 9570
(iv) Deputy General Manager	022-2301 9792
(v) Deputy General Manager	022-2302 1149
(vi) Deputy General Manager	022-2302 1146

**Email - [dicgc@rbi.org.in](mailto:dicgc@rbi.org.in)**

**Website : [www.dicgc.org.in](http://www.dicgc.org.in)**



## **PRINCIPAL OFFICERS OF THE CORPORATION**

### **CHIEF EXECUTIVE OFFICER**

Shri H. N. Prasad

### **GENERAL MANAGER**

Shri V. P. Arya

### **SECRETARY & CPIO**

Smt. R. Kausaliya

### **DEPUTY GENERAL MANAGERS**

Shri R. K. Acharya

Shri J. K. Dash

Shri Rajesh Kumar

### **BANKERS**

RESERVE BANK OF INDIA, MUMBAI

### **TAX CONSULTANT**

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

### **AUDITORS**

M/s.K.S. Aiyar & Co.  
Chartered Accountants  
F-7, Laxmi Mills, Shakti Mills Lane  
(Off Dr. E. Moses Road)  
Mahalaxmi, Mumbai 400 011.

### **ACTUARIES**

M/s. K. A. Pandit  
Consultants & Actuaries  
2nd Floor, Churchgate House  
Veer Nariman Road, Fort  
Mumbai - 400 001

## ABBREVIATIONS

ACB	:	Audit Committee of Board
AACS	:	As applicable to Cooperative Societies
BR Act	:	Banking Regulation Act
CA	:	Chartered Accountant
CBL	:	Cooperative Bank Limited
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
FAQs	:	Frequently Asked Questions
FBT	:	Fringe Benefit Tax
FY	:	Financial Year
GF	:	General Fund
IADI	:	International Association of Deposit Insurers
IFR	:	Investment Fluctuation Reserve
IGIDR	:	Indira Gandhi Institute of Development & Research
IIM	:	Indian Institute of Management
LABs	:	Local Area Banks
MIS	:	Management Information System
MoU	:	Memorandum of Understanding
NBFCs	:	Non-Banking Financial Companies
PDAI	:	Primary Dealers Association of India
PF	:	Provident Fund
RBI	:	Reserve Bank of India
RCS	:	Registrar of Co-operative Societies
RPCD	:	Rural Planning & Credit Department
RRBs	:	Regional Rural Banks
SBL	:	Sahakari Bank Limited
SCBs	:	State Co-operative Banks
SLCBGS	:	Small Loans (Co-operative Banks) Guarantee Scheme
SLGS	:	Small Loans Guarantee Scheme
SSI	:	Small Scale Industries
TAFUCB	:	Task Force on Co-operative Urban Banks
TDS	:	Tax deducted at Source
UCBs	:	Urban Co-operative Banks

## HIGHLIGHTS - I : DEPOSIT INSURANCE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1992-93	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	2008-09
<b>1 CAPITAL*</b>	1	1.5	15	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
<b>2 DEPOSIT INSURANCE</b>																		
(i) Deposit Insurance Fund**	1	25	154	312	205	299	2022	3107	3310	3706	4250	5514	5908	7818	9103	10979	13362	16155
(ii) Insured Banks (Nos.)	276	476	1683	1931	2122	2296	2438	2583	2676	2728	2715	2629	2595	2547	2531	2392	2356	2307
(iii) Assessable Deposits	1895	7458	42360	244375	392072	450674	492380	609962	704068	806260	968752	1213163	1318268	1618815	1790919	2344351	2984799	3398565
(iv) Insured Deposits	448	4656	31774	164527	295575	337671	370531	439609	498558	572434	674051	828885	870940	991365	1052988	1372597	1805081	1908951
(v) Total number of Accounts (in lakh)	77	341	1598	3543	4868	4351	4109	4642	4417	4462	4817	6002	5440	6495	5373	7169	10389	13489
(vi) Number of Fully Protected Accounts (in lakh)	60	328	1581	3395	4819	4273	3713	4544	4302	4325	4645	5782	5189	6195	5055	6829	9617	12040
(vii) Claims paid since inception	-	1	3	178	190	194	196	209	225	262	677	863	1044	1485	2050	2594	2755	2984

\* 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	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	2008-09
<b>1. CREDIT GUARANTEE</b>																		
(i) Credit Guarantee Fund*	-	-	89	907	1775	2926	679	758	1188	1133	1262	1393	1511	250	345	349	367	385
(ii) Guaranteed Advances																		
a) Small Borrowers	-	208	4840	26348	17261	3939	3241	278	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
b) Small Scale Industries	-	-	3822	15503	11271	3376	2813	39	5	1	0.52	NA	NA	NA	NA	NA	NA	NA
(iii) Claims Received (for the year)																		
a) Small Borrowers	-	-	25	883	1841	1842	184	218	219	22	-	-	-	-	-	-	-	-
b) Small Scale Industries	-	-	30	260	524	270	120	34	26	14	1	0.26	-	-	-	-	-	-
(iv) Claims Disposed off (for the year)																		
a) Small Borrowers	-	-	15	566	1031	403	401	1188	1195	171	-	-	-	-	-	-	-	-
b) Small Scale Industries	-	-	27	243	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	2008-09	2007-08	2006-07	2005-06	2004-05
<b>REVENUE STATEMENTS</b>					
Premium Income	3453.08	2844.39	2320.93	1973.61	1354.78
Investment Income	1288.58	1145.08	1078.70	878.94	698.22
Net Claims	908.77	180.42	322.58	293.58	1000.90
Revenue Surplus Before Tax	3972.56	3742.72	3047.01	2583.18	883.73
Revenue Surplus After Tax	2688.71	2250.69	1690.58	1184.42	560.28
<b>BALANCE SHEET</b>					
Fund Balance (Actuarial)	1816.89	1553.17	1211.30	1025.96	875.00
Fund Surplus	14338.59	11809.23	9767.52	8076.94	6942.51
Outstanding Liability for Claims	1074.91	487.60	616.24	1260.45	1788.52
<b>PERFORMANCE METRICS</b>					
<b>1. Average No. of days between receipt of a claim and claim settlement</b>	<b>43</b>	<b>53</b>	<b>60</b>	<b>67</b>	<b>257</b>
<b>2. Average No. of days between de-registration of a bank and claim settlement</b>	<b>825*</b>	<b>605*</b>	<b>625*</b>	<b>120</b>	<b>376*</b>
<b>3. Operating Costs as percentage of total business (Employee Costs as percentage of total business)</b>	<b>0.47%</b> <b>(0.16%)</b>	<b>0.35%</b> <b>(0.11 %)</b>	<b>0.37 %</b> <b>(0.11 %)</b>	<b>0.33 %</b> <b>(0.16 %)</b>	<b>0.23 %</b> <b>(0.11%)</b>

\* 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 State of Meghalaya and 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 reach 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	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 (i) deposits of foreign governments; (ii) deposits of Central/ State Governments; (iii) deposits of State Land Development Banks with the State co-operative banks; (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 deposit of Rs.100**

<b>Date from</b>	<b>Premium (in Rs.)</b>
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, for other than 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 16(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



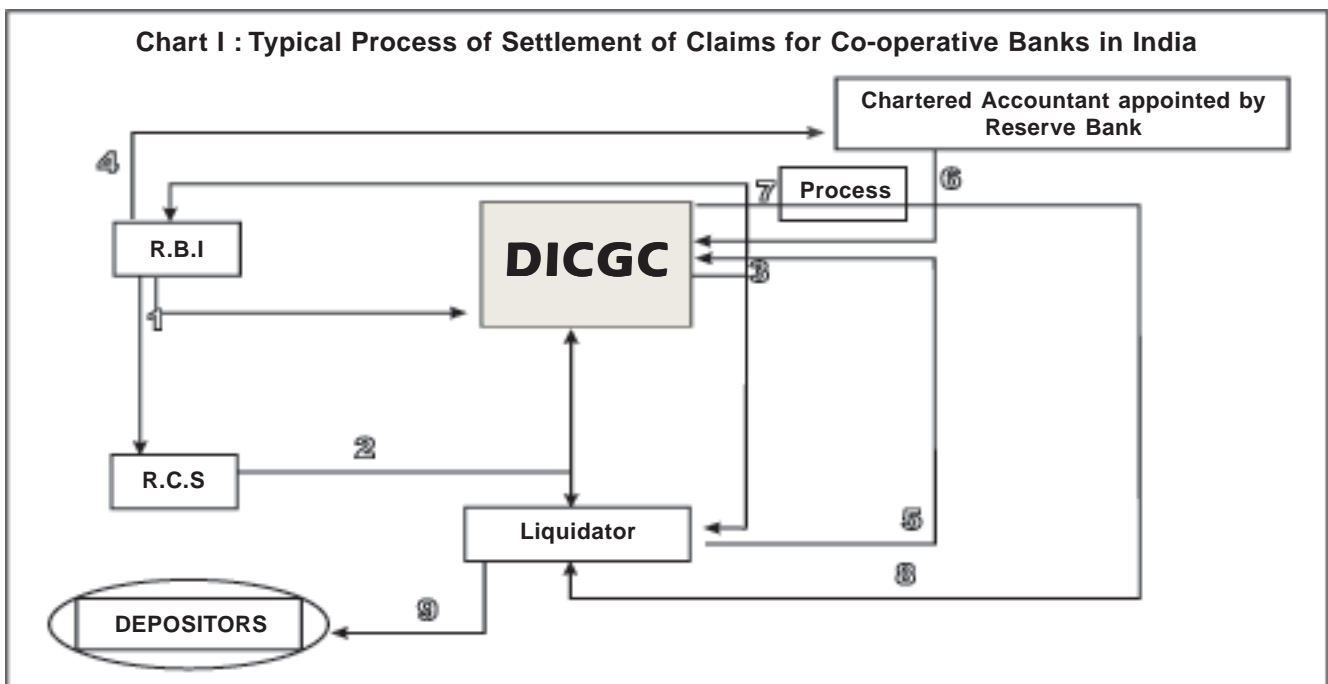
not entitle the depositors to get credit for the full amount of the deposits on the date on which the scheme comes into force, the Corporation pays the difference between the full amount of deposit and the amount actually received by the depositor under the scheme or the limit of insurance cover in force 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 I).

(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, as the case may be, 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 DISCUSSION AND ANALYSIS

### Core Principles for Effective Deposit Insurance Systems – Position in the Indian Context

The 'Core Principles for Effective Deposit Insurance' were published by the International Association of Deposit Insurers (IADI) in February 2008. Pursuant to the recommendations of the 'Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience' published in April 2008, the Basel Committee on Banking Supervision (BCBS) and IADI agreed in July 2008 to collaborate to develop an internationally agreed set of Core Principles for Effective Deposit Insurance Systems using the IADI Core Principles as the basis. A joint working group with representation from the Cross - border Bank Resolution Group (CBRG) of BCBS and IADI's Guidance Group, was established to develop Core Principles to be submitted to the BCBS and IADI for their respective review and approval. The draft submitted by the group was put in the public domain as a consultative paper and after considering the suggestions received, the revised 'Core Principles for Effective Deposit Insurance' were published by the Bank for International Settlement (BIS) in June 2009. This document is a refinement of the IADI Core Principles with explanations and supporting guidance on each of the revised Core Principles, as also an accompanying set of preconditions, which address mainly external elements necessary to support effective deposit insurance systems. The situation prevailing in India *vis-à-vis* the Core Principles is furnished below. The position prevailing in regard to pre-conditions is also detailed in the **Box**.

#### Setting Objectives

##### Principle 1 – Public policy objectives

- **Public policy objectives that the deposit insurance system is expected to achieve should be formally specified and well integrated into the design of the deposit insurance system.**
- **While there could be several other objectives of deposit insurance, the**

**principal objectives for deposit insurance systems are to contribute to the stability of the financial system and protect depositors who are generally not in a position to make an informed assessment of the risk of failure of the bank where they have kept their deposit.**

*Preamble to the DICGC Act, 1961 spells out the purpose of establishment of the Corporation as "Insurance of deposits and guaranteeing of credit facilities and other matters concerned therewith or incidental thereto". Specific public policy objectives, e.g., coverage of only small depositors (up to Rupees one lakh), providing subvention (if needed) for merger of weak banks with stronger banks etc. are integrated into the design of the deposit insurance system through appropriate provisions in the Act.*

##### Principle 2 – Mitigating moral hazard

- **Moral hazard should be mitigated by ensuring that the deposit insurance system contains appropriate design features and through other elements of the financial system safety net.**

*In the Indian context, the thrust towards mitigating moral hazard (which is inherent to any deposit insurance system) is through appropriate design features, such as placing limits on the amounts insured, excluding certain categories of depositors from coverage etc.*

*Steps taken by the Reserve Bank of India, an important element of the financial system safety net, for creating and promoting appropriate incentives through good corporate governance and sound risk management of individual banks, effective market discipline and framework for strong prudential regulation and supervision goes a long way in mitigating moral hazard.*

*Differential or risk-adjusted premium system has not been introduced by the Corporation because the banking system in India comprises of non-competing categories of banks, where it is not*

## Box : Preconditions for Effective Deposit Insurance Systems

- The introduction or the reform of a deposit insurance system can be more successful when a country's banking system is healthy and its institutional environment is sound.
- In order to be credible, and to avoid distortions that may result in moral hazard, a deposit insurance system needs to be part of a well-constructed financial system safety net, properly designed and well implemented. A financial safety net usually includes prudential regulation and supervision, a lender of last resort and deposit insurance.
- The distribution of powers and responsibilities between the financial safety-net participants is a matter of public policy choice and individual country circumstances.

*In India, apart from the normal central banking function of lender of last resort, the Reserve Bank of India (RBI) is also responsible for prudential regulation and supervision of the banking system. DICGC is a wholly owned subsidiary of RBI and functions as a part of financial system safety net in close co-ordination with the central bank. Moral hazard issues are taken care of by the RBI by creating and promoting appropriate incentives through good corporate governance and sound risk management of individual banks, effective market discipline and framework for strong prudential regulation and supervision.*

*The country's banking system is by and large sound except for some weakness on account of the poor health of some urban and rural co-operative banks.*

- A deposit insurance system is not intended to deal, by itself, with systemically significant bank failures or a "systemic crisis". In such cases all financial system safety-net participants must work together effectively. In addition, the costs of dealing with systemic failures should not be borne solely by the deposit insurance system but dealt with through other means such as by the state.

*Till now, there has not been any bank failure in India which has posed difficulties to the DICGC in meeting the payout to the depositors to the extent provided in the law.*

*Notwithstanding the above, RBI and Government of India are always vigilant to take care of any crisis situation in the banking system. On quite a few occasions, potential threats to certain systemically significant banks have been proactively handled by RBI / Government, successfully averting any crisis situation.*

- The Core Principles are intended as a voluntary framework for effective deposit insurance practices; national authorities are free to put in place supplementary measures that they deem necessary to achieve effective deposit insurance in their jurisdictions. The Core Principles are not designed to cover all the needs and circumstances of every banking system. Instead, specific country circumstances should be more appropriately considered in the context of existing laws and powers to fulfil the public policy objectives and mandate of the deposit insurance system.

*In view of the pay-box mandate, some of the core principles are not applicable to the DICGC. The design of the*

*financial system safety net in India assigns responsibilities in respect of some of the important core principles to the central bank.*

- An effective deposit insurance system needs to be based on a number of external elements or preconditions. These preconditions, although mostly outside the direct jurisdiction of the deposit insurance system, have a direct impact on the system. These preconditions include:
  - an ongoing assessment of the economy and banking system;
  - sound governance of agencies comprising the financial system safety net;
  - strong prudential regulation and supervision; and
  - a well developed legal framework and accounting and disclosure regime.
- Where existing conditions are not ideal, it is important to identify them. If actions are necessary, they can be taken before, or in concert with, the adoption or reform.

*India has been participating in the Financial Sector Assessment Plan (FSAP), a joint initiative of the World Bank and the International Monetary Fund (IMF), since 2001. The Committee on Financial Sector Assessment (CFSA), constituted by the Government of India in September 2006, conducted a comprehensive assessment of financial sector stability and development in India, based on the guidelines laid down in the Handbook on Financial Sector Assessment, jointly brought out by the IMF and the World Bank. On the whole, the assessment has found that the financial system in India is essentially sound and resilient, and that systemic stability is robust. Compliance with international standards and codes is generally satisfactory, and India is broadly compliant with most of the standards and codes. The assessment also documents the areas of non-compliance, partial or otherwise.*

*There is a comprehensive corporate governance framework in India for listed companies. Listing agreement, which has been amended from time to time, has served as an effective tool for ensuring availability of information in public domain on an ongoing basis.*

*There are various legal and regulatory requirements pertaining to corporate governance of agencies comprising the financial system safety net. Jurisdictions and roles of various regulators are also clearly defined. Further, regulators interact through co-ordinating mechanisms to take stock of developments in the financial system. These interactions also enable steps towards plugging of regulatory gaps in the system. Disclosures are stipulated by the prevailing legal framework.*

*However, there is need for enhancing the focus on certain sectors to strengthen the overall system. Some of the weak areas include cooperative banks and some regional rural banks that enjoy deposit insurance. While they are insignificant from the point of view of the system, their failure can pose severe stress on the deposit insurance fund. Various measures have been initiated in the recent years to improve the functioning of these banks. In case of Urban Cooperative Banks (UCBs), steps have been taken to improve their financial health by tightening the prudential norms and supervisory systems. In order to*

## Box : Preconditions for Effective Deposit Insurance Systems

address the problem of dual control (sharing of regulatory authority over co-operative banks with the Central / State Governments), MoUs have been entered into with Governments, in terms of which Taskforce for Urban Cooperative Banks (TAFUCB) have been constituted in most of the States. TAFUCBs are working very effectively in restoring good health to the weak but viable urban and rural co-operative banks and non-disruptive exit of the unviable ones through mergers and liquidation.

Further, based on the recommendations of the Task Force on Revival of Rural Co-operative Credit Institutions (Chairman: Prof. A. Vaidyanathan) and in consultation with the State Governments, the Government of India has approved a package with appropriate financial outlay for revival of the short-term rural co-operative credit structure (STCCS) comprising State Co-operative Banks at the apex level, Central Co-operative Banks at the intermediate level and Primary Agricultural Credit Societies at the ground level. The revival package covers financial assistance for cleansing of balance sheets of STCCS (as on March 31, 2004), capital infusion for ensuring CRAR of 7 per cent, technical support for capacity building for training, introduction of common accounting and MIS and their computerisation. Release of financial assistance has been made conditional to certain legal and institutional reforms, viz., amendments to Co-operative Societies Acts (CSAs), introduction of professionals on boards of co-operatives, introduction of common accounting system (CAS) and management information system (MIS), among others. Prudential norms relating to Income Recognition, Asset Classification and Provisioning have been made applicable to these banks, enabling greater consistency and transparency in their published accounts.

Recapitalisation of RRBs has infused much needed capital in RRBs and the process is on the verge of completion. Amalgamation process has also strengthened RRBs. RRBs are venturing into new areas of business. These changes have raised earning potential of RRBs, most of which had earned gross profit for the year ended March 31, 2008. As for strengthening of prudential norms for RRBs, Income Recognition, Asset Classification and Provisioning norms have been made applicable to them.

- The establishment or reform of a deposit insurance system is more difficult if underlying issues relating to the health and stability of the economy and the banking system have not been addressed.
- Policymakers should undertake a situational analysis of the economic environment as it affects the banking system and will influence the effectiveness of a deposit insurance system. The soundness of the banking system, including a detailed evaluation of the condition of banks' capital, liquidity, credit quality, risk management policies and practices, and the extent of any problems should be assessed.
- The structure of the banking system should be considered since the number, type and characteristics of banks will have design implications for the deposit insurance system.

As discussed in the foregoing paragraphs, these issues have been broadly addressed in the Indian context. Certain

governance issues in some banks, particularly the RRBs and Co-operative Banks, need special attention. Corrective measures have been initiated in this direction, as already discussed.

- Deposit insurance systems cannot be effective if relevant laws do not exist or if the legal regime is characterised by inconsistencies. A well developed legal framework should include a system of business laws, including corporate, bankruptcy, contract, consumer protection and private property laws, which is consistently enforced and provides a mechanism for the fair resolution of disputes.
- Additional factors that should be considered include: the ability of a legal regime to support the intervention or closure of troubled banks in a timely manner; that there be provisions made for the clear and orderly liquidation of assets and resolution of creditors' claims; and that financial system safety net participants and those individuals working for them be provided with legal protection.

Legal framework in India is quite comprehensive. Within the judicial system, there is a separate dispensation for fair and timely resolution of disputes involving consumer protection. However, there are issues in regard to timely resolution of troubled co-operative banks, mainly on account of dual control of RBI and the State / Central Governments over these banks. The issues have been partly addressed through Section 2(g)(g) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, making it mandatory for the Government authorities to comply with the directives of the regulator (RBI) for winding up or reconstruction / amalgamation of any insured co-operative bank or supersession of its Board. Some more legislative changes are contemplated for speeding up the resolution process of troubled banks.

- The sound governance of agencies comprising the financial system safety net strengthens the financial systems architecture and contributes directly to financial system stability.
- The four major elements comprising sound governance are: operational independence, accountability, transparency and disclosure, and integrity. All are equally important, and reinforce each other in supporting sound governance.

So far as governance of agencies comprising the financial system safety net in India is concerned, there are legislative and other arrangements to ensure their operational independence, accountability, transparency and disclosure, and integrity.

- Strong prudential regulation and supervision should allow only viable banks to operate and be members of the deposit insurance system, as this has direct implications for the effectiveness of a deposit insurance system.

There are no issues in this area insofar as commercial banks are concerned. However, there are some banks in the cooperative sector that may not be viable. As explained above the Government of India, National Bank for Agriculture Rural Development (NABARD) and RBI are taking action to address the viability of banks in this sector. As regards membership of

## Box : Preconditions for Effective Deposit Insurance Systems

deposit insurance system in India, it is automatic so as to avoid the problem of adverse selection.

- **Banks should be well capitalised and follow sound and prudent risk management, governance and other business practices.**

*The capital adequacy of banks in India (barring a segment of rural and urban co-operative banks) is well above the international benchmark.*

- **Other characteristics include an effective licensing or chartering regime for new banks, regular and thorough examinations, the risk assessment of individual banks and a framework for the early detection and timely intervention and resolution of troubled banks.**

*This is being actively attended to by the RBI. However, the arrangements for timely intervention and resolution of troubled co-operative banks leave scope for improvement as discussed above. As mentioned, the issue is being addressed by the regulator and the Government.*

- **Sound accounting and disclosure regimes are necessary for an effective deposit insurance system. Accurate, reliable and timely information reported by these regimes can be used by management, depositors, the marketplace, and authorities to make decisions regarding the risk profile of a bank, and thereby increase market, regulatory and supervisory discipline. A sound accounting and disclosure regime should include comprehensive and well defined accounting principles and rules that command wide international acceptance.**
- **A system of independent audits is needed for companies of significant size, to ensure that users of financial statements, including banks, have independent assurance that the accounts provide a true and fair view of the financial position of the company and are prepared according to established accounting principles, with auditors held accountable for their work.**

*There exists a sound accounting and disclosure regime for banks in India, which includes comprehensive and well defined accounting principles and rules that command wide international acceptance. The accounts of banks are audited by independent auditors, either appointed by the RBI or with the approval of RBI. Detailed guidelines have been issued by*

*the RBI for appointment of Statutory Central Auditors (SCAs) / branch auditors of public sector banks as also SCAs for private sector and foreign banks, which are strictly followed.*

*However, in the cooperative banks, there is ample scope for improvement in the quality of accounts and audit. Though there has been a recent move to have the audit of these banks done by professional Chartered Accountants (rather than internal auditors) applying the best accounting standards, a lot still needs to be done in this area.*

*For companies of significant size, systems are very much in place for their independent audit and accountability of the auditors. However, in the light of certain recent revelations pertaining to a few large companies, the actual implementation of the guidelines needs to be monitored through effective implementation of the principles and practices of corporate governance.*

- **A well designed financial system safety net contributes to the stability of the financial system; however, if poorly designed it may increase risks, notably moral hazard.**
- **In addition to addressing moral hazard in the design features of the deposit insurance system, moral hazard should be mitigated through other elements of the financial system safety net by creating and promoting appropriate incentives through good corporate governance and sound risk management of individual banks, effective market discipline and frameworks for strong prudential regulation, supervision and laws (including minimisation of the risk of loss through the timely resolution of troubled banks). These elements involve trade-offs and are most effective when they work in concert.**

*The design of the financial system safety net in the Indian context is in keeping with the domestic situations. .*

*The Reserve Bank of India, a very important element of financial system safety net, has issued various prudential guidelines which go a long way in mitigating moral hazards. These prudential guidelines pertain to Income recognition and asset classification, provisioning, capital adequacy, market discipline and classification, valuation and operation of investment portfolio. In addition, the instructions on exposure norms and finance against shares and debentures ensure that exposure to sensitive sectors is limited and concentration risk is avoided.*

*possible to apply the same set of prudential norms for regulation and supervision. Further, the supervisory rating system, which forms the basis for the system of differential premium based on risk profile of banks for most of the deposit insurers, is yet to stabilize for banks other than commercial banks. We also need to consider the recent developments in the financial markets, which have demonstrated the risks posed by some of the financial conglomerates and deposit accepting entities, hitherto perceived as sound and strong*

*entities. These developments challenge the principle of risk-based premium.*

## Mandates and Powers

### Principle 3 – Mandate

- **It is critical that the mandate selected for a deposit insurer be clear and formally specified.**
- **There should be consistency between the stated public policy objectives and the**

### **powers and responsibilities given to the deposit insurer.**

*The DICGC Act, 1961 clearly and formally lays down the mandate for the Corporation to function as a “pay box” system. It has limited role in resolution of troubled banks by way of subvention in restructuring and merger of these banks with stronger banks, if considered appropriate and in the interest of the depositors by the regulator.*

*Powers and responsibilities given to DICGC are consistent with the stated policy objectives for deposit insurance.*

### **Principle 4 – Powers**

- **A deposit insurer should have all powers necessary to fulfil its mandate and these should be formally specified.**
- **All deposit insurers require the power to finance reimbursements, enter into contracts, set internal operating budgets and procedures, and access to timely and accurate information to ensure that they can meet their obligations to depositors promptly.**

*DICGC Act, 1961 and the Regulations framed thereunder grant necessary powers to the DICGC for fulfilling its specified mandate and achieving the stated public policy objectives. The Act and the Regulations have laid down a well defined procedure for determination and settlement of claims. However, being a pay-box system, DICGC does not have prudential regulatory or supervisory responsibilities or intervention powers. These functions are discharged by the Central Bank of the Country, viz. the RBI. Nevertheless, there is active co-ordination between the RBI and the DICGC and the various provisions of the DICGC Act, 1961 ensure that the Corporation has adequate legal authority and access to deposit information, either directly or through the RBI, for effective discharge of its responsibilities. Though the Corporation has been adhering to the time limit statutorily prescribed for settlement of claims on its part, it does not have direct control over timely receipt of claims from the liquidators, particularly in case of liquidated co-*

*operative banks, on account of dual control over these banks. However, within the existing legal framework, the Corporation / RBI have been taking various steps (please see Box) for ensuring timely reimbursement to insured depositors.*

*Although funding has never been a problem for timely reimbursement to insured depositors, the reserve ratio of the Corporation is still on the lower side (0.85 per cent as on March 31, 2009), suggesting the need for further strengthening of the Deposit Insurance Fund.*

## **Governance**

### **Principle 5 – Governance**

- **The deposit insurer should be operationally independent, transparent, and accountable and insulated from undue political and industry influence.**

*Though a wholly owned subsidiary of RBI, the DICGC is operationally independent in the sense that it has been constituted under a separate Act of Parliament with an independent Board. Also, there has not been any instance of undue political or industry influence on the Corporation. Detailed specifications in regard to maintenance and disclosure of accounts, as laid down in the Act *ibid*, ensure transparency in the operations of the Corporation. The Act also makes the Corporation accountable for discharging its functions in the prescribed manner, and within a prescribed time limit.*

## **Relationship with other Safety-Net Participants and Cross Border Issues**

### **Principle 6 – Relationships with other safety-net participants**

- **A framework should be in place for close coordination and information sharing, on a routine basis as well as in relation to particular banks, among the deposit insurer and other financial system safety-net participants. Such information should be accurate and timely (subject to confidentiality when required). Information sharing and coordination arrangements should be formalised.**

The Corporation has adequate formal arrangements for co-ordination with the other financial system safety-net participants, viz. the RBI and Government. Some of these arrangements include quarterly co-ordination meeting with the regulators, exchange of information in respect of weak banks, TAFCUB meetings etc.

### Principle 7 – Cross-border issues

- **Provided confidentiality is ensured, all relevant information should be exchanged between deposit insurers in different jurisdictions and possibly between deposit insurers and other foreign safety-net participants when appropriate. In circumstances where more than one deposit insurer will be responsible for coverage, it is important to determine which deposit insurer or insurers will be responsible for the reimbursement process. The deposit insurance already provided by the home country system should be recognised in the determination of levies and premiums.**

*DICGC is the only entity in the country entrusted with the responsibility of insurance of domestic deposits. It does not insure overseas deposits of Indian banks.*

*The Corporation is an active member of the International Association of Deposit Insurers (IADI) and has been exchanging information with different deposit insurers of the world on matters of mutual interest.*

### Membership and Coverage

#### Principle 8 – Compulsory Membership

- **Membership in the deposit insurance system should be compulsory for all financial institutions accepting deposits from those deemed most in need of protection (e.g. retail and small business depositors) to avoid adverse selection.**

*Membership of deposit insurance system in India is compulsory for all banks. However, DICGC does not provide deposit insurance cover to depositors of certain non-bank entities raising deposits, e.g. Non-Banking Financial Companies,*

*Salary earners' Societies and certain other co-operative credit societies, as these entities are not as closely regulated and supervised as banks.*

#### Principle 9 – Coverage

- **Policymakers should define clearly in law, prudential regulations or by-laws what an insurable deposit is. The level of coverage should be limited but credible and be capable of being quickly determined. It should cover adequately the large majority of depositors to meet the public policy objectives of the system and be internally consistent with other deposit insurance system design features.**

*The terms 'deposit' and 'insured deposit' are defined in Sections 2(g) and 2(j) respectively of the DICGC Act, 1961. The level of coverage is limited to Rs. 1.00 lakh. With this level, the Corporation was able to fully protect 89.3 percent of the deposit accounts as on March 31, 2009, as against the international benchmark of 80 percent. Amount-wise, 56.2 percent of the assessable deposits were protected by the deposit insurance cover, as against the international benchmark of 20 percent.*

#### Principle 10 – Transitioning from a blanket guarantee to a limited coverage deposit insurance system

- **When a country decides to transition from a blanket guarantee to a limited coverage deposit insurance system, or to change a given blanket guarantee, the transition should be as rapid as a country's circumstances permit. Blanket guarantees can have a number of adverse effects if retained too long, notably an increase in moral hazard. Policymakers should pay particular attention to public attitudes and expectations during the transition period.**

*Not applicable in case of India as blanket guarantee has not been extended in the country.*

### Funding

#### Principle 11 – Funding

- **A deposit insurance system should have available all funding mechanisms**



necessary to ensure the prompt reimbursement of depositors' claims including a means of obtaining supplementary back-up funding for liquidity purposes when required. Primary responsibility for paying the cost of deposit insurance should be borne by banks since they and their clients directly benefit from having an effective deposit insurance system.

- **For deposit insurance systems (whether ex-ante, ex-post or hybrid) utilising risk adjusted differential premium systems, the criteria used in the risk-adjusted differential premium system should be transparent to all participants. As well, all necessary resources should be in place to administer the risk-adjusted differential premium system appropriately.**

*The Reserve Ratio of the Corporation at 0.85 percent as on March 31, 2009 was less than the international benchmark of around 1.25 percent. Thus, the deposit insurance fund needs to be further strengthened. However, considering the fact that a deposit insurance system is not intended to deal, by itself, with systemically significant bank failures or a "systemic crisis" (para 7 of the consultative document), the funding mechanism of the Corporation is considered adequate to take care of the random failures of co-operative banks as hitherto. Besides, Section 26 of the DICGC Act, 1961 provides for obtaining supplementary back-up funding from RBI up to Rs.5.0 crore, in case of need. This, however, is quite insignificant in the present context and the Corporation's Board has recommended amendment of the Act to provide for unlimited collateralised borrowing from RBI, in case of need.*

*Primary responsibility for paying the cost of deposit insurance in India is borne by banks.*

*DICGC follows an ex-ante deposit insurance system, with a flat rate premium. Risk-adjusted differential premium system has not been introduced in India.*

## **Public Awareness**

### **Principle 12 – Public awareness**

- **In order for a deposit insurance system to be effective it is essential that the public be informed on an ongoing basis about the benefits and limitations of the deposit insurance system.**

*The Corporation has been disseminating information on deposit insurance system in India through its Annual Reports, booklets on deposit insurance, pamphlets, etc. - both directly as also through insured banks. The Corporation's website is also quite comprehensive and is updated regularly.*

## **Selected Legal Issues**

### **Principle 13 – Legal protection**

- **The deposit insurer and individuals working for the deposit insurer should be protected against lawsuits for their decisions and actions taken in "good faith" while discharging their mandates. However, individuals must be required to follow appropriate conflict-of-interest rules and codes of conduct to ensure they remain accountable. Legal protection should be defined in legislation and administrative procedures, and under appropriate circumstances, cover legal costs for those indemnified.**

*Such protection (except against damages as are caused by his / her own wilful act or default) is provided under Sections 40 and 42 of the DICGC Act, 1961 to Directors / Officers of the Corporation or the RBI or any other person or agency authorised by the DICGC / RBI to discharge any function under the Act.*

### **Principle 14 – Dealing with parties at fault in a bank failure**

- **A deposit insurer, or other relevant authority, should be provided with the power to seek legal redress against those parties at fault in a bank failure.**

*If a fraud / criminal act by any party leads to a bank failure, the regulator / liquidator can approach*

the appropriate legal authority against the concerned party under the criminal law. There are also provisions in the Banking Regulations Act, 1949, under which a High Court can take cognizance of and try in a summary way any offence alleged to have been committed by any promoter / director / employee of the bank which is being wound up.

## **Failure Resolution**

### **Principle 15 – Early detection and timely intervention and resolution**

- **The deposit insurer should be part of a framework within the financial system safety net that provides for the early detection and timely intervention and resolution of troubled banks. The determination and recognition of when a bank is or is expected to be in serious financial difficulty should be made early and on the basis of well defined criteria by safety net participants with the operational independence and power to act.**

*DICGC is very much a part of the financial system safety net. However, as per the mandate given by the DICGC Act, 1961, it functions as a pay-box system. As such, the authority to take action for early detection and timely intervention for resolution of troubled banks lies with the RBI, which is the prudential regulator and supervisor of banks in India. The legal provisions, supported by the MoUs in case of co-operative banks, grant the operational independence and power to RBI to act for discharging its responsibilities in this regard*

### **Principle 16 – Effective Resolution Processes**

- **Effective failure-resolution processes should**
  - **facilitate the ability of the deposit insurer to meet its obligations including reimbursement to depositors promptly and accurately and on an equitable basis**
  - **minimise resolution costs and disruption of markets**

- **maximise recoveries on assets and**
- **Reinforce discipline through legal actions in cases of negligence or other wrongdoings.**

- **In addition, the deposit insurer or other relevant financial system safety net participant should have the authority to establish a flexible mechanism to help preserve critical banking functions by facilitating the acquisition by an appropriate body of the assets and the assumption of the liabilities of a failed bank (e.g. providing depositors with continuous access to their funds and maintaining clearing and settlement activities).**

*As per the extant statutory provisions, the DICGC comes into picture only after liquidation or merger / reconstruction of a failed bank with DICGC subvention has been approved by the Competent Authority. The DICGC Act, 1961 provides for a time of three months to the liquidator to submit the Claim List to the Corporation and thereafter a time of two months to the Corporation to pay to the depositors. While the Corporation has been strictly adhering to the time schedule, the liquidators are many-a-time in default.*

*The position needs to be set right through appropriate legal changes in regard to resolution of failed banks, particularly co-operative banks. It would be worthwhile to consider a legal framework for bank resolution on the lines of international best practices, which should also focus on minimising resolution costs, maximising recoveries and facilitating continuation of critical banking functions of failed banks through arrangements like bridge bank, open bank assistance, purchase & assumption etc.*

*Incidentally, in the present context, the time limit legally prescribed for settlement of claims is itself too long compared to that prevailing internationally and there is a need to bring it down drastically. This is possible only if the maintenance of depositors' records and preparation / processing of claims are fully computerised. The corporation has initiated the process of developing a web enabled integrated claims management system with*

enabling provision for backward integration with depositors' database. However, the ultimate objective of prompt reimbursement to the depositors of failed banks can be achieved only if depositors' data with the insured banks is also computerised and the data is complete in all respects.

## **Reimbursing Depositors and Recoveries**

### **Principle 17 – Reimbursing depositors**

- **The deposit insurance system should give depositors prompt access to their insured funds. Therefore, the deposit insurer should be notified or informed sufficiently in advance of the conditions under which reimbursement may be required and be provided with access to depositor information in advance. Depositors should have a legal right to reimbursement up to the coverage limit and should know when and under what conditions the deposit insurer will start the payment process, the time frame over which payments will take place, whether any advance or interim payments will be made as well as the applicable coverage limits.**

*In India, depositors have legal right to reimbursement up to the coverage limit (i.e. Rupees*

*One Lakh) and the information in this regard together with time frame for making payments and other related information have been widely circulated through pamphlets / booklets etc. through insured banks as also the Corporation's website. However, proper infrastructure as discussed under Principle 16 will facilitate full compliance with this requirement.*

### **Principle 18 – Recoveries**

- **The deposit insurer should share in the proceeds of recoveries from the estate of the failed bank. The management of the assets of the failed bank and the recovery process (by the deposit insurer or other party carrying out this role) should be guided by commercial considerations and their economic merits.**

*Section 21 of DICGC Act, 1961 read with Regulation 22 of the DICGC General Regulations, 1961 provide for repayment to DICGC out of recoveries from the estate of the failed bank.*

*Management of the assets of failed banks and the recovery process rest with the liquidator. However, there are lacunae in the system which prolong the liquidation process resulting in escalation of administrative cost and lowering of recoveries. The matter is being looked into.*

# REPORT OF THE BOARD OF DIRECTORS ON THE WORKING OF THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

(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, 2009 stood at 2307 comprising 80 Commercial Banks, 86 Regional Rural Banks (RRBs), 4 Local Area Banks (LABs) and 2137 Co-operative Banks. Year-wise / category-wise particulars showing the number of registered banks since inception of the Scheme in 1962 are furnished in **Annexure I and II**. During the year 2008-09, 3 Commercial Banks, 4 Co-operative Banks, and 6 RRBs were registered and 3 Commercial Banks, 47 Co-operative Banks and 12 RRBs were de-registered, the details of which are furnished in **Annexure III**.

### 1.2 EXTENSION OF DEPOSIT INSURANCE SCHEME

The Deposit Insurance Scheme at present covers Commercial Banks including Local Area Banks and RRBs in all the States & Union Territories. While the Deposit Insurance Scheme covers

Co-operative Banks in 28 States and three Union Territories (**Annexure II**), the extension of the Scheme to the Co-operative Banks in Meghalaya and three Union Territories, viz., Chandigarh, Lakshadweep and Dadra & Nagar Haveli continues to be pending for want of necessary amendments to the respective Co-operative Societies Acts by the concerned State Government / Union Territory.

### 1.3 INSURED DEPOSITS

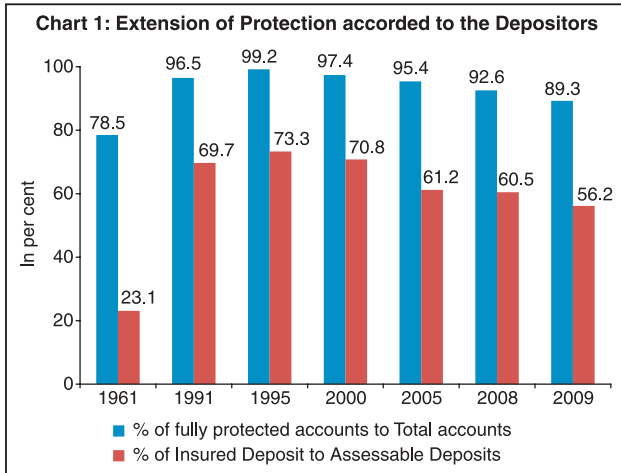
The number of accounts and the amount of deposits insured with the Corporation as also the extent of protection afforded to depositors at the end of 2007-08 and 2008-09 are furnished in Table 1.

The extent of protection to depositors offered since inception of the scheme and category-wise break-up for last four years are furnished in **Annexure IV and V** respectively. Extension of protection accorded to the depositors over the years is shown at Chart 1. The current level of insurance cover at Rs. One lakh works out to 2.2 times per capita GDP as on March 31, 2009 as against the international benchmark of around 1 to 2 times per capita GDP.

**Table 1: Insured Deposits @**

Particulars (Accounts in lakhs and amount in Rupees crore)		As at the end of	
		2007-08	2008-09
1	Total No. of Accounts	10,389.09	13,489.36
2	Fully protected accounts	9,617.17	12,040.00
3	Percentage of 2 to 1	92.57 %	89.26 %
4	Assessable deposits	29,84,799.81	33,98,565.08
5	Insured deposits	18,05,080.83	19,08,950.99
6	Percentage of 5 to 4	60.48 %	56.17 %

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



#### 1.4 RECEIPT OF DEPOSIT INSURANCE PREMIUM

The category-wise break-up of premium (including interest on overdue premium) collected from insured banks during 2007-08 and 2008-09 are furnished in Table 2.

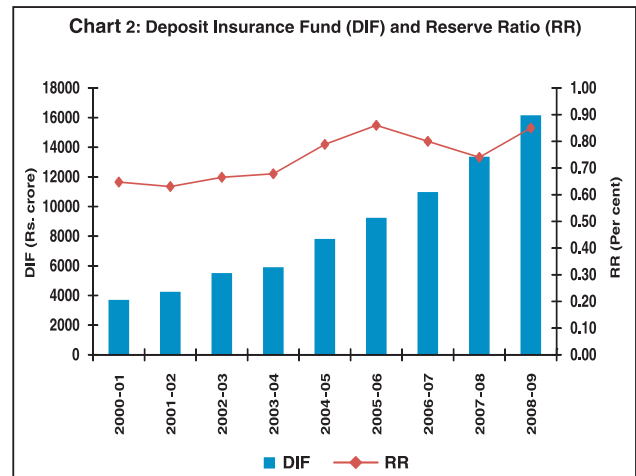
**Table 2 : Premium received**

(Rupees in Crore)

Year	Commercial Banks (including LABs & RRBs)	Co-operative Banks	Total
2007-08	2622.21	222.18	2844.39
2008-09	3166.22	286.86	3453.08

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 liquidators / administrators/ 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 16155.48 crore as on March 31, 2009 implying a Reserve Ratio (Deposit Insurance Fund / Insured Deposits) of 0.85 percent. Movement in Reserve Ratio since 2000-01 is furnished below at Chart 2.



#### 1.5 SETTLEMENT OF DEPOSIT INSURANCE CLAIMS DURING 2008-09

During the year 2008-09, the Corporation settled aggregate claims for Rs.228.43 crore in respect of 1 Commercial Bank and 75 Co-operative Banks (29 original claims and 46 supplementary claims) as detailed in Table 3.

**Table 3 - Claims Settled**

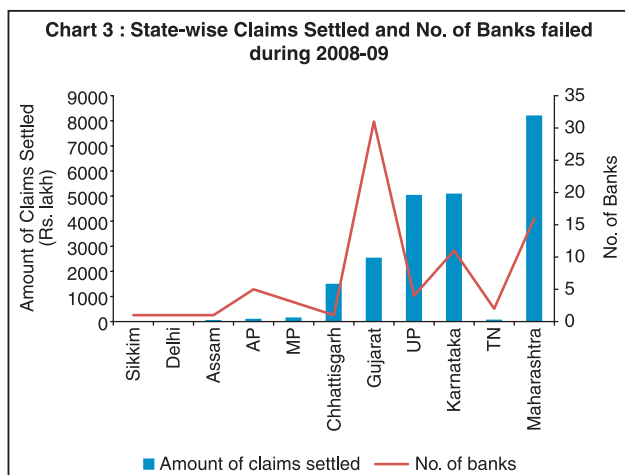
Sr. No.	Name of the Bank	No. of Depositors	Amount of Claims (Rs. in lakh)
<b>Commercial Bank (1)</b>			
1	Sikkim Bank Ltd., Gangtok	1	0.55
<b>Total</b>		<b>1</b>	<b>0.55</b>
<b>Co-operative Banks</b>			
<b>Andhra Pradesh (5)</b>			
1	Kanyaka Parmeshwari Mutually Aided CUBL, Kukatpally.	7	5.66
2	Mother Theresa Co-operative Bank Ltd., Hyderabad	155	65.59
3	Bharat Mercantile UCBL, Hyderabad.	12	2.77

Sr. No.	Name of the Bank	No. of Depositors	Amount of Claims (Rs. in lakh)
4	Krushi Co-op. Urban bank Ltd., Secunderabad	6	1.94
5	Shree Swamy Gyanada Yogeshwara Mahila, CBL Puttur	679	36.26
	<b>Sub Total</b>	<b>859</b>	<b>112.22</b>
	<b>Assam (1)</b>		
6	Nagaon UCBL, Nagaon	12804	61.31
	<b>Sub Total</b>	<b>12804</b>	<b>61.31</b>
	<b>Delhi (1)</b>		
7	Jailakshmi CBL, Delhi	16467	12.42
	<b>Sub Total</b>	<b>16467</b>	<b>12.42</b>
	<b>Chhattisgarh (1)</b>		
8	Indira Priyadarshini SBL, Raipur	20792	1507.24
	<b>Sub Total</b>	<b>20792</b>	<b>1507.24</b>
	<b>Gujarat (31)</b>		
9	Anand Peoples CBL, Anand	252	74.02
10	Anand Urban CBL, Anand	26	1.54
11	Baroda Mercantile CBL, Vadodara	14	6.12
12	Baroda peoples CBL, Baroda	145	58.85
13	Bharuch Nagarik SBL, Bharuch	12705	991.59
14	Charotar NSBL, Chrotar	358	207.20
15	Dacor Mahila NSBL, Dacor	1865	63.75
16	Diamond Jubilee CBL, Surat	1	0.60
17	General CBL, Ahmedabad	1	0.09
18	Pragati CBL, Ahmedabad	2	0.88
19	Sabarmati CUBL, Ahmedabad	274	139.96
20	Shree Janta SBL, Radhanpur	8841	475.18
21	Shree Patni CBL, Baroda	1	0.15
22	Sindh Mercantile CBL, Ahmedabad	7	1.35
23	Karamsad CBL, Surat	59	17.28
24	Suryapur CBL, Surat	889	132.07
25	Talod Janta SBL, Talod	5711	236.21
26	Janta CBL, Nadiad	183	24.39
27	Matar Nagrik Sah. Bank Ltd., Matar	19	7.92
28	Metro CBL, Surat	47	3.39
29	Nadiad Mercantile CBL, Nadiad	6	3.81
30	Visnagar Nagrik SBL, Visnagar	90	45.24
31	The Vikas CBL, Ahmedabad	11	8.63
32	Rajkot Mahila Nagrik SBL, Rajkot	1	0.09
33	Shri Swaminarayan CBL, Vadodara	38	8.29
34	Navsari Peoples CBL, Navsari	161	17.39
35	Shri Vitrag CBL, Surat	1	0.63
36	The Petlad Commercial CBL, Petlad	185	9.84
37	The Royale CBL, Surat	1	0.01
38	Natpur CBL, Nadiad	11	5.45
39	Sarvodaya Nagrik SB, Visnagar	8	4.41
	<b>Sub Total</b>	<b>31913</b>	<b>2546.33</b>
	<b>Karnataka (11)</b>		
40	Basavkalyan Pattana SB Niyamitha, Basavkalyan	1787	26.73
41	Challakere UCBL, Challkhere	5691	325.55

Sr. No.	Name of the Bank	No. of Depositors	Amount of Claims (Rs. In lakh)
42	Harugeri UCBL, Harugeri	5605	361.86
43	Onake Obava Mahila CBL, Chitradurga	2	0.58
44	Karnataka Contractors Sahakara Bank, Niyamita	192	4.28
45	Kittur Rani Chamanna Mahila Pattana SB Niyamita, Hubli	6498	227.67
46	Laxmeshwar UCBL, Gadak	8512	676.60
47	Maratha CBL, Hubli	30481	1854.00
48	Shree Kalmeshwar UCBL, Hole Alur	3256	252.88
49	Urban CBL, Ssiddapur	19069	1117.16
50	Varada CBL, Karajagi	2613	252.42
	<b>Sub Total</b>	<b>83706</b>	<b>5099.73</b>
	<b>Maharashtra (16)</b>		
51	Chetak Urban CBL, Parbhani	7240	74.43
52	Friends CBL, Mumbai	1	0.36
53	Ichalkaranji Jiveshwar SBL, Ichalkarenji	2601	240.67
54	Jai Hind CBL Mumbai	1	1.00
55	Parivartan CBL, Mumbai	11348	1834.48
56	Priadarshini Mahila SBL, Latur	11129	657.93
57	Raghuvanshi CBL, Mumbai.	2	1.00
58	Ravi CBL, Kolhapur	25577	1680.49
59	Samast Nagar CBL, Mumbai	7	4.52
60	Shri B.J.khatal Janta SBL, Sangamner	11525	786.00
61	Shri Balasaheb Satbhai Merchants CBL, Kopergaon	16723	2682.54
62	Shriram SBL, Nashik	628	201.50
63	Solapur DICBL, Solapur	4	0.88
64	Purna Nagri SBL, Purna	4	0.26
65	Western CBL, Mumbai	28	18.13
66	Lord Balaji CBL, Sangli	20	28.75
	<b>Sub Total</b>	<b>86838</b>	<b>8212.94</b>
	<b>Uttar Pradesh (4)</b>		
67	District Central CBL, Gonda	67098	4543.68
68	Firozabad UCBL, Firizabad	514	40.15
69	Indian Coop Development Bank Ltd., Meerut	10415	374.45
70	Urban CBL, Allahabad	3111	91.71
	<b>Sub Total</b>	<b>81138</b>	<b>5049.99</b>
	<b>Madhya Pradesh (3)</b>		
71	Sarvodaya Mahila CBL, Bhanpur	4117	83.91
72	Mitra Mandal Sahakari Bank Ltd., Indore.	336	23.72
73	Maharashtra Brahmin SBL, Indore	100	55.62
	<b>Sub Total</b>	<b>4553</b>	<b>163.25</b>
	<b>Tamil Nadu (2)</b>		
74	Kotagiri UCBL, Kotagiri	54	5.53
75	Madurai Urban Cooperative Urban Bank Ltd., Madurai	795	71.62
	<b>Sub Total</b>	<b>849</b>	<b>77.15</b>
	<b>Grand Total</b>	<b>339920</b>	<b>22843.13</b>

State-wise number of failed banks along with the amount of claims settled for the year 2008-09 is furnished at Chart 3.

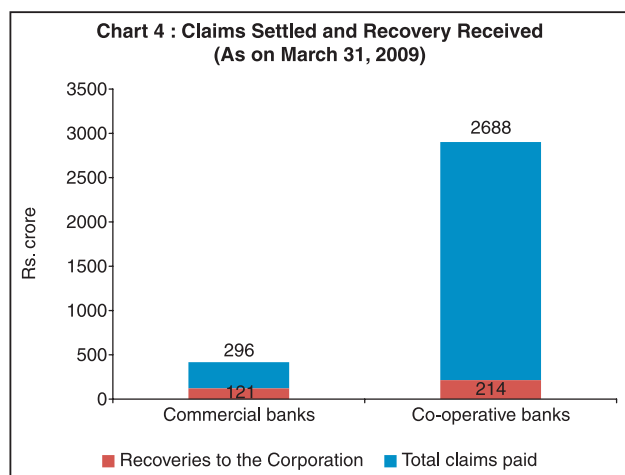
A provision of Rs.1167.95 crore was held towards the estimated claim liability in respect of depositors of 148 banks which are under



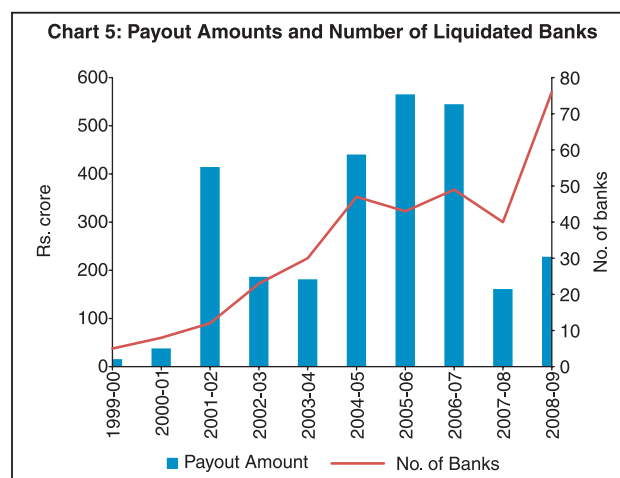
amalgamation/ liquidation and whose licence / application for licence to carry on banking business has been cancelled / rejected by Reserve Bank of India.

### 1.6 TOTAL CLAIMS SETTLED / REPAYMENTS RECEIVED

Up to 31<sup>st</sup> March 2009, an aggregate amount (cumulative) of Rs.295.84 crore was paid and provided for towards claims, in respect of 27 Commercial Banks since the inception of the Scheme (Chart 4). Repayment received from



liquidators / amalgamated banks up to 31<sup>st</sup> March 2009 aggregated Rs.121.06 crore (including Rs. 10.86 crore received during the year). The total amount of claims paid / provided for in respect of 228 Co-operative Banks, since the inception of the Scheme till 31<sup>st</sup> March 2009 (including Rs. 228.42 crore paid during the year) amounted to Rs. 2687.95 crore. Repayments received from the liquidators / amalgamated banks up to 31<sup>st</sup> March 2009 aggregated Rs.214.04 crore (including Rs.92.54 crore received during the year). The particulars of banks in respect of which claims have been paid / provided for and repayments received/ written off till 31<sup>st</sup> March 2009 are furnished in **Annexure VI**. Number of liquidated banks along with amount of claims settled during 1999-2009 is shown at Chart 5.



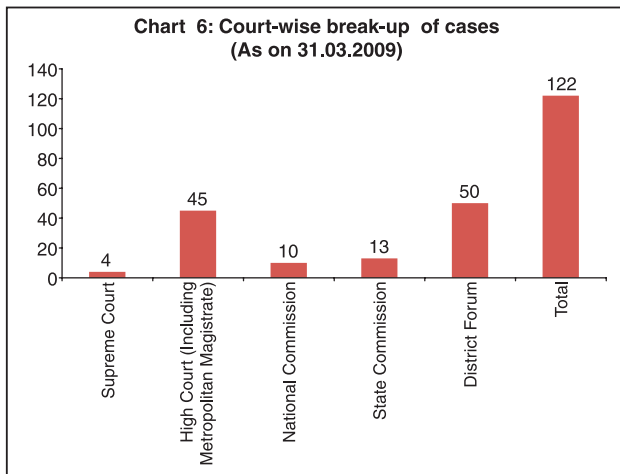
### 1.7 COURT CASES

(i) As on March 31, 2009, the number of court cases relating to deposit insurance activity of the Corporation, pending in various courts stood at 122 against 124 as on March 31, 2008. Out of 122 cases, 25 were filed by the Corporation and 97 were filed against the Corporation. Court-wise break-up of cases is depicted in Table 4 and Chart 6.

**Table 4 : Court-wise Break-up of Cases (As on 31.03.09)**

Supreme Court	High Court	Metropolitan Magistrate	National Commission	State Commission	District Forum	Total
4	44	1	10	13	50	122





(ii) There has been substantial increase in number of court cases since the year 2001-02. The number of such cases has gone up from 10 as on 31-3-2002 to 122 as on March 31, 2009 (Table 5). This has been on account of a large number of banks placed under directions by the RBI under Section 35 A of the Banking Regulation Act, 1949 (AACs) or taken into liquidation, 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. The issues raised in the cases mainly relate to payment of amounts in excess of maximum permissible limit or those inadmissible under DICGC Act, 1961, dispute over Corporation's preferential right of repayment in terms of Section 21 of DICGC Act 1961 read with Regulation 22 of DICGC General Regulations 1961, payment of claims when a bank is placed under direction, etc.

(iii) 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 a spurt in cases, not only filed against the Corporation but also filed by the Corporation. The cases filed by the Corporation relate mainly to interpretation of Section 21 of DICGC Act 1961 read with Regulation 22 of DICGC General Regulations, 1961 on its claim of preferential right of repayment of claim amount and intervention applications in accordance with Corporation's policy on expeditious settlement of claims, where liquidation order is challenged and claim submitted by the liquidator settled by the Corporation during pendency of court case.

## 1.8 CREDIT GUARANTEE SCHEMES

As on March 31, 2009, no credit institution was participating under any of the Credit Guarantee Schemes of the Corporation and no claim was received during the year 2008-09 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 2008-09 are given in Table 6.

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

The Corporation had settled 3,74,23,627 claims for Rs.10,043.06 crore up to the year ended March 2009 under (i) Small Loans Guarantee Scheme, 1971 (SLGS 1971), and (ii) Small Loans (Co-operative Banks) Guarantee Scheme, 1984 (SLCBGS 1984). The year-wise details of receipt and disposal of claims are given in **Annexure VIII**.

**Table 5: Position of Court-cases (Since 2001-02)**

As on	31.3.2002	31.3.2003	31.3.2004	31.3.2005	31.3.2006	31.3.2007	31.3.2008	31.3.2009
No. of cases	10	66	89	126	126	128	124	122

**Table 6: 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	—	—	—	—	—
2008-09	—	—	—	—	—

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

Recoveries received under the Schemes during 2008-09 by virtue of Corporation's subrogation rights aggregated Rs.1.85 crore as against Rs.2.83 crore received during the previous year. The cumulative amount of recoveries received since the inception of the Schemes aggregated Rs.2023.74 crore forming 29.17 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 of, from 1st April 1981 onwards are given in **Annexure IX**. Recoveries made under the Scheme during 2008-09 by virtue of Corporation's right of subrogation amounted to Rs. 0.41 crore as compared to Rs.0.47 crore received during the previous year. Cumulative recoveries since 1981 aggregated Rs.266.82 crore as on March 31, 2009 forming 26.65 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. An amount of Rs.3069.00 was received towards recoveries under Government of India's Credit Guarantee Scheme for SSI (since cancelled) during the year 2008-09. The recoveries were required to be shared between Government of India and DICGC in the ratio of 90:10. Accordingly the Corporation had remitted Rs.2762.10 to GOI, New Delhi and transferred Rs.306.90 to the Corporation's General Fund towards establishment expenditure out of recoveries effected under Government of India's Credit Guarantee Scheme for SSI (since cancelled) on 20.10.2008.

## PART II: RECENT POLICY INITIATIVES

### 2.1 EXPEDITIOUS SETTLEMENT OF DEPOSIT INSURANCE CLAIMS

The Corporation has been meticulously adhering to the statutory requirement of settling deposit insurance claims within two months of submission of claim list by liquidators. However, many-a-time, it has been observed that the liquidators have not been able to submit the claim list within three months, as required under Section 17(1) of DICGC Act, 1961, on account of various reasons despite our vigorous follow-up with the liquidators concerned / RCS / RBI.

#### Causes for delay in settlement of deposit insurance claims

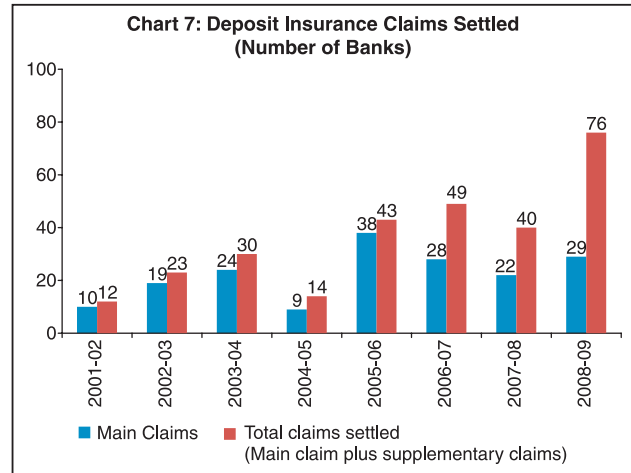
The delay in settlement of claims of depositors can be attributed to various reasons, as discussed below:

- Books of accounts of the banks were not audited for one or more years.
- Liquidation could not be effected due to cases pending before various appellate authorities challenging cancellation of licence of the bank;
- The books and records of the bank were seized by investigating authorities / police and the claim list could not be compiled.
- Lack of co-ordination between liquidator, bank's statutory auditor, RCS and the bank's staff.

The age-wise analysis of banks which have not submitted claim list to the Corporation as on March 31, 2009 is given in **Annexure X**. It may be observed therefrom that submission of claim list is pending for less than 1 year from 26 banks, between 1 and 5 years from 8 banks, between 5 and 10 years from 15 banks and for more than 10 years from 3 banks.

With a view to reducing hardship to small depositors of failed banks, the Corporation has been taking various steps to ensure settlement of deposit insurance claims of banks which have not submitted the claim list for a long time. As a result of the pro-

active steps being taken, the number of banks for which claims have been settled has been steadily increasing over the years as could be seen from the Chart 7.



During the FY 2008-09, the Corporation had settled aggregate claims for Rs.228.43 crore in respect of 76 banks (29 original claims and 47 supplementary claims). During the year, out of 29 main claims settled, 3 claims were more than 3 years old and 4 claims were more than 5 years old as on the date of settlement of claim. The average period for settlement of claims has been reducing gradually, as shown below (Table 7), indicating the increased sensitivity of the Corporation towards reducing the hardship to the depositors of failed banks.

**Table 7: Average period for settlement of claims**

Financial Year	Average Number of days for claim settlement
2006-07	60
2007-08	53
2008-09	43

The Corporation has demonstrated the ability to process, scrutinize, audit, settle and disburse the claims within a period of 2 days in respect of one bank. While 7 claims were settled within a period of thirty days during the FY-2008-09, the remaining claims were settled within the statutory time limit of sixty days.

It is observed that apart from hardship caused to depositors of failed banks on account of delay in submission of claim list, they are also debarred from operating their deposit accounts when a bank is placed under directions by the RBI in terms of Section 35A of the BR Act, 1949 (AACS). The main objective of the RBI for placing a bank under direction is to explore the possibility of making it viable over a period of time by restructuring it or arranging for its non-disruptive exit by means of amalgamation with a strong bank, and if neither of the two options are possible, cancellation of its licence for its eventual liquidation. It may be seen that the above options may have to be worked out over a period of time, which in certain cases delays the process of ultimate payment to depositors. Recently, an attempt has been made by RBI to effectively plug such delays through a change in policy requiring, inter alia, a final decision to be taken in respect of banks under direction within a maximum period of six months. Keeping in view this major change in policy adopted by RBI in respect of banks under directions, Corporation is also formulating a proposal to synchronize the efforts of RBI, RCS and DICGC in such a way that the depositors' database and other documents required for settlement of claims is simultaneously prepared within this period of six months. At the end of this period, if the RBI decides on restructuring / merger of the bank with DICGC subvention or its ultimate liquidation, the claim list could be submitted immediately and paid by the Corporation. The proposal is aimed at reducing the time required for settlement of claims within the ambit of extant provisions of BR Act, 1949 (AACS) and DICGC Act, 1961 through joint action by RBI, RCS and DICGC.

## **2.2 SCHEME FOR AMALGAMATION OF UCBS WITH DICGC SUBVENTION**

With a view to ensuring consolidation of urban co-operative banks and non-disruptive exist of weakest amongst them, RBI has issued guidelines dated January 30, 2009 for merger of such banks with stronger banks. As per the guidelines, in legacy cases pertaining to UCBS having negative net worth as on 31 March 2007,

RBI may consider scheme of amalgamation that provides for payment to depositors under Section 16(2) of DICGC Act, 1961, financial contribution by transferee bank and sacrificed by large depositors. The guidelines also cover valuation of assets and liabilities of transferor bank.

## **2.3 INTEGRATED CLAIMS MANAGEMENT SYSTEM**

Keeping the depositors' interest in view, the Corporation has undertaken an ambitious project of Integrated Claims Management System (ICMS) with the following objectives:

- Minimise the time required to process the claim-list
- Minimise, to the extent possible, the need for visual checking / reconciliation
- Extend technical support to the liquidated banks to prepare error-free claim list – either by data entry / validation process or directly from their computer systems with on-line / off-line uploading.
- Put in place a system for maintaining a life-cycle history of depositor-wise claim for future reference / re-processing with amendments (retrospectively) *etc.*

The ICMS will have the capability:

- to make payments directly to large number of depositors through physical or electronic mode such as ECS / NEFT *etc.*, with payment history / audit trails for each transaction
- of off-site uploading of claim list
- of using depositor database of a functioning bank for simulating the size of the insured deposits, likely liability of the Corporation on a particular date and other data useful for policy formulation

ICMS will drastically reduce the claim process cycle by coalescing the two stages of preparation of claim list (by liquidator) and processing thereof (by DICGC), as also ensuring data integrity from the source.

## 2.4 PAYMENT SYSTEMS

The Corporation became an active member of Real Time Gross Settlement System (RTGS) and National Electronic Funds Transfer (NEFT) systems during the year under review. This has *inter alia*, facilitated payment of premium by insured banks through RTGS directly to the Corporation's Account and disbursement of deposit insurance claims directly to the Liquidator's account.

## PART III: STATEMENTS OF ACCOUNTS\*

### 3.1 INSURANCE LIABILITIES

- (a) During the year 2008-09, an amount of Rs.228.43 crore (Rs. 161.03 crore) was paid towards insurance claims connoting about 42 per cent increase. The ascertained liabilities towards deposit insurance claims outstanding as on 31st March 2009 have been estimated at Rs.1074.91 crore (Rs. 487.60 crore) which represent about 120 per cent increase 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.1,816.89 crore (Rs.1,553.17 crore) as per valuation by approved Actuaries M/s. K.A Pandit & Co.
- (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 2008-09 increased by Rs.229.84 crore from Rs. 3,742.72 crore to Rs.3,972.56 crore (*i.e.*, by about 6 per cent). This increase was principally brought about by increase in premium receipt by Rs.608.69 crore; increase in investment incomes by Rs.410.73 crore; increase in recoveries by Rs.4.68 crore; increase in other income by Rs.3.98 crore; decrease in net actuarial liabilities by Rs.78.15 crore

set off by increase in net claims by Rs.876.38 crore.

- (b) The pre-tax **revenue surplus in the CGF** during 2008-09 increased by Rs.13.75 crore (*i.e.*, by more than 49 per cent) over the previous year from Rs.27.92 crore to Rs.41.67 crore. This increase is mainly due to increase in investment income by Rs.11.69 crore, increase in other income by Rs.1.83 crore and increase in recoveries by Rs.0.22 crore.
- (c) The **General Fund** registered a pre-tax **revenue surplus** of Rs.10.60 crore during 2008-09 as against a deficit of Rs.5.99 crore during the previous year. This increase of Rs.16.59 crore is brought about mainly by increase in investment income by Rs.17.67 crore and set off by increase in expenditures by Rs.1.06 crore.

### 3.3 ACCUMULATED SURPLUS

As on 31<sup>st</sup> March 2009, the accumulated surpluses / reserves (post tax) in the DIF, CGF and GF stood at Rs.14,338.59 crore (Rs.11,809.23 crore), Rs.385.18 crore (Rs.367.48 crore) and Rs.168.26 crore (Rs.163.53 crore) respectively.

### 3.4 INVESTMENTS

The book value (at cost) of investments of the three Funds, *viz.*, DIF, CGF and GF stood at Rs.17,267.92 crore (Rs.14,398.69 crore), Rs.590.66 crore (Rs.458.38 crore) and Rs.215.22 crore (Rs.213.60 crore) respectively as at the end of year. The accumulated depreciation in the value of dated securities in the above three Funds at Rs.334.35 crore (Rs.614.30 crore); Rs.30.07 crore (Rs.29.62 crore); Rs.8.19 crore (Rs.13.24 crore) respectively on that date have been fully provided for under Investment Reserve.

### 3.5 TAXATION

During the year, the Corporation paid a total amount of Rs. 1,910.77 crore (Rs. 1,634.81 crore) towards advance tax for the current year and Rs. 124.87 crore (Rs. 660.58 crore) for the past

\* Figures in brackets pertain to the previous year.

assessment years. The Corporation also received income tax refunds amounting to Rs.531.93 crore (Rs.644.51 crore) during the year. Further, the Corporation provided for Rs.1,355.35 crore (Rs. 1,397.84 crore) towards current year's income tax liability and wrote back Rs.33.37 crore (additional provisions of Rs. 748.20 crore) for earlier years. The Corporation has also paid Fringe Benefit tax (FBT) amounting to Rs.0.07 crore (Rs.0.07 crore) during the year.

During the year, the matter relating to demand by the Service Tax authorities for payment of service tax by the Corporation on deposit insurance premium since May 2006 was settled with clarification issued by Ministry of Finance that the charges collected by DICGC are not taxable under the taxable service of 'General Insurance Service'.

## **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. During the year ended March 31, 2009 four meetings of the Board were held.

**4.1.2** Shri Anand Sinha, Executive Director of Reserve Bank of India has been nominated as a Director on the Board of the Corporation under Section 6(1)(b) of DICGC Act with effect from December 19, 2008.

### **4.1.3 RETIREMENT OF DIRECTORS**

The following three Directors nominated on October 7, 2005 under Section 6(1) (e) of DICGC Act, 1961 retired from the Board of the Corporation after completion of their term of appointment on October 6, 2008:

Dr. Atul Agarwal (Also member of ACB)  
 Prof. Prakash G. Apte ,,  
 Dr. Dilip Nachane

## **4.2 RECONSTITUTION OF THE AUDIT COMMITTEE OF THE BOARD**

Consequent upon retirement of three Directors, two of whom were also in the Audit Committee, with effect from October 7, 2008, the Board of the Corporation decided to reconstitute the ACB by inducting two directors of the Board namely, Shri Ashwini Kakkar and Shri Umesh Chandra Sarangi as members of the ACB and nominated Shri. M. Ramadoss as the Chairman of the ACB. Accordingly, the reconstituted ACB with effect from December 5, 2008 is as follows:

1. Shri. M. Ramadoss, Chairman
2. Dr. Shashank Saksena, GOI nominee Director
3. Shri Ashwini Kakkar, Member
4. Shri Umesh Chandra Sarangi, Member
5. Shri H.N.Prasad, Member, Secretary

During the year ended March 31, 2009 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 since November 22, 2007.

## **4.4 INTERNAL CONTROLS**

### **4.4.1 BUDGETARY CONTROL**

The Corporation has devised a system of exercising control over revenue and expenditure under its three Funds viz., Deposit Insurance Fund, Credit Guarantee Fund and General Fund. The

yearly budget for the expenditure under Deposit Insurance Fund and General Fund, based on various parameters, viz., cancellation of licence/ liquidation of insured banks, staff and establishment related payments, is prepared and approved by the Board before commencement of each accounting year. Similarly receipts under the three funds, viz., premium receipts, recoveries and investment income are also estimated. The budgeted expenditure and receipts vis-a-vis actual expenditure/receipt is reviewed at quarterly interval.

#### 4.4.2 MANAGEMENT AUDIT AND SYSTEMS INSPECTION BY RBI

Management Audit and Systems Inspection, 2008 was conducted by Inspection Department of Reserve Bank of India in the month of July 2008.

#### 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 AND SELF ASSESSMENT AUDITS (CSAA)

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

## 4.5 TRAINING AND SKILL ENHANCEMENT

In order to upgrade the skills of its human resources, the Corporation deputed its staff to various training programme conducted by various training establishments of RBI and external training institutes, conferences, seminar and workshops, both in India and abroad. During 2008-09, 48 employees comprising 27 officers, 16 class III staff and 5 class IV staff were deputed to RBI training establishments and external training institutes in India, 4 officers were deputed for IADI sponsored training / conference organized by other Deposit Insurance Corporations and one officer was deputed for collaborative Management Development programme of IIM, Lucknow arranged by RBI. Besides, one officer of the Corporation was associated in a Study conducted by NABARD on “Deposit protection mechanism for Primary Agricultural Credit Societies” in Germany and Hungary.

During the period under review, two officials of Da Afghanistan Bank (Central Bank), which is in the process of implementing Deposit Insurance System in its country, attended a familiarization programme on the deposit insurance operations in India.

## 4.6 STAFF STRENGTH

The entire staff of the Corporation is on deputation from Reserve Bank of India. The Staff strength of the Corporation as on March 31 2009 was 99 as compared to 105 a year ago. Category wise position of staff is furnished in Table 8.

**Table 8: Category-wise Position of Staff**

Category	Number	of which		Percentage	
		SC	ST	SC	ST
(1)	(2)	(3)	(4)	(5)	(6)
Class I	47	5	6	10.6	12.8
Class III	28	5	3	17.9	10.7
Class IV	24	4	4	16.7	16.7
<b>Total</b>	<b>99</b>	<b>14</b>	<b>13</b>	<b>14.1</b>	<b>13.1</b>

**SC:** Scheduled Castes      **ST:** Scheduled Tribes

Of the total staff, 47.5 per cent were in Class I, 28.3 per cent in Class III and the remaining 24.2 per cent in Class IV. Of the total staff, 14.1 per cent belonged to Scheduled Castes and 13.1 per cent belonged to Scheduled Tribes as on March 31, 2009.

#### **4.7 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 2008-09, a total of 74 requests were resolved including 13 cases under Appellate Authority and 2 cases under Central Information Commission (CIC), Delhi.

#### **4.8 PROGRESSIVE USE OF HINDI**

During the year 2008-09, the Corporation continued with its efforts to promote the use of Hindi in its working. The Corporation ensures compliance with 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 on use of Hindi. The Corporation also organizes 'Hindi Fortnight' in the month of September every year. Many programmes including competitions were conducted at the time of Hindi fortnight observed in the last week of September 2008. 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.

#### **4.9 CUSTOMER CARE CELL IN THE CORPORATION**

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

#### **4.10 AUDITORS**

In terms of Section 29(1) of the DICGC Act, 1961, M/s. K.S Aiyer & Co., Chartered Accountants, Mumbai were appointed as Auditors of the Corporation for the year 2008-09 with approval of the Reserve Bank.

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

For and on behalf of Board of Directors

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



(Usha Thorat)  
Chairperson

Dated 25<sup>th</sup> June 2009



**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
2008-09	2356	13	33	29	62	2307

**ANNEXURE - II**

**CATEGORY - WISE BREAK-UP OF INSURED BANKS**

Year	No. of insured banks				
	Commercial Banks	RRBs	LABs	Co-operative Banks	Total
2006-07	83	96	4	2209	2392
2007-08	80	92	4	2180	2356
2008-09	80	86	4	2137*	2307

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

State / Union Territory	Apex	Central	Primary	Total
1. Andhra Pradesh	1	22	115	138
2. Assam	1	0	9	10
3. Arunachal Pradesh	1	0	0	1
4. Bihar	1	21	3	25
5. Chhattisgarh	1	6	12	19
6. Delhi	1	0	15	16
7. Goa	1	0	6	7
8. Gujarat	1	18	265	284
9. Haryana	1	19	7	27
10. Himachal Pradesh	1	2	5	8
11. Jammu & Kashmir	1	3	4	8
12. Jharkhand	0	8	2	10
13. Karnataka	1	21	280	302
14. Kerala	1	14	60	75
15. Madhya Pradesh	1	39	58	98
16. Maharashtra	1	31	582	614
17. Manipur	1	0	2	3
18. Mizoram	1	-	-	1
19. Nagaland	1	-	-	1
20. Orissa	1	17	13	31
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	69	120
27. Uttarakhand	1	10	7	18
28. West Bengal	1	17	48	66
<b>Union Territories</b>				
1. Andaman & Nicobar Islands	1	0	0	1
2. Daman & Diu	0	0	0	0
3. Pondicherry	1	0	1	2
<b>TOTAL</b>	<b>29</b>	<b>370</b>	<b>1738</b>	<b>2137</b>

**ANNEXURE - III**

**BANKS REGISTERED AND DE-REGISTERED DURING THE YEAR 2008-09**

<b>Bank Type / State</b>	<b>Sr. No.</b>	<b>Name of the Bank</b>
<b>A. REGISTERED (13)</b>		
<b>Commercial Banks (3)</b>	(1)	JSC VTB Bank, New Delhi
	(2)	American Express Banking Corporation, Gurgaon.
	(3)	UBSAG Commercial Bank, Mumbai.
<b>Co-operative Banks (4)</b>		
Karnataka (1)	(1)	Shree Murugharajendra Co-op Bank Ltd
Maharashtra (1)	(1)	Shidheshwar Urban Co-op. Bank Ltd.
Orissa (2)	(1)	Bhadrak Urban Co-op. Bank Ltd.
	(2)	Dhenkanal Urban Co-op. Bank Ltd.
<b>Regional Rural Banks (6)</b>	(1)	Maharashtra Godavari Gramin Bank
	(2)	Satpura Narmada Ksh. Gramin Bank
	(3)	Baroda Uttar Pradesh Gramin Bank
	(4)	Paduvai Bharathiar Grama Bank
	(5)	Uttar Bihar Gramin Bank
	(6)	Wainganga Krishna Gramin Bank
<b>B. DE-REGISTERED (62)</b>		
<b>Commercial Banks (3)</b>	(1)	Centurian Bank of Punjab Ltd.
	(2)	American Express Bank Ltd.
	(3)	State Bank of Saurashtra
<b>Co-operative Banks (47)</b>		
Andhra Pradesh (1)	(1)	Netha Co-op Urban Bank Ltd. (Merged with Navprabhat Co-op. Urban Bank Ltd.)
Gujarat (8)	(1)	Shreyas Co-op Bank Ltd. (Merged with Nutan Nagarik Sahakari Bank Ltd.)
	(2)	Shree Vardhman Co-op. Bank Ltd.
	(3)	Nutan Sahakari Bank Ltd.
	(4)	The Ankleshwar Nagarik Sahakari Bank Ltd
	(5)	The Siddhpur Commercial Co-op Bank Ltd.
	(6)	Bhavnagar Mercantile Co-op Bank Ltd.
	(7)	The National Co-op Bank Ltd (Merged with Cosmos Co-op Bank Ltd.)
	(8)	Union Commercial Co-op. Bank Ltd.
Karnataka (3)	(1)	Anubhav Co-op. Bank Ltd.
	(2)	The Primary Teachers Co-op. Bank Ltd.

**ANNEXURE - III (Contd.)**

Bank Type / State	Sr. No.	Name of the Bank
Maharashtra (30)	(3)	Bangalore Central Co-op. Bank Ltd. (Merged with Shamrao Vithal Co-op Bank Ltd)
	(1)	Simhagad Urban Co-op. Bank Ltd. (Merged with Vaidyanath Urban Co-op. Bank Ltd.)
	(2)	Shri B.J. Khatal Co-op Bank Ltd.
	(3)	Priyadarshini Mahila Sahakari Bank Ltd.
	(4)	Miraj Urban Co-op. Bank Ltd.
	(5)	South Indian Co-op. Bank Ltd. (Merged with Saraswat Co-op. Bank Ltd.)
	(6)	Dnyanopasak Urban Co-op. Bank Ltd.
	(7)	Sant Janabai Nagari Sahakari Bank Ltd.
	(8)	Rohe Ashtami Sahakari Bank Ltd.
	(9)	Shri S.K. Patil Co-op. Bank Ltd.
	(10)	The Care Co-op Bank Ltd. (Merged with Apna Sahakari Bank Ltd)
	(11)	Mandvi Co-op. Bank Ltd (Merged with Saraswat Co-op Bank Ltd)
	(12)	Achalpur Urban Co-op. Bank Ltd.
	(13)	Koregaon Co-op. Peoples Bank Ltd (Merged with Janaseva Sah. Bank Ltd)
	(14)	Shree Siddhi Venkatesh Sahakari Bank Ltd
	(15)	Chalisgaon Peoples Co-op. Bank Ltd.
	(16)	Annasaheb Karale Janata Sahakari Bank Ltd (Merged with Saraswat Co-op Bank Ltd)
	(17)	Murgharajendra Sahakari Bank Ltd. (Merged with Saraswat Co-op Bank Ltd)
	(18)	Goregaon Co-op Urban Bank Ltd.
	(19)	Faizpur Janata Sahakari Bank Ltd.
	(20)	Nasik Peoples Co-op. Bank Ltd. (Merged with Saraswat Co-op Bank Ltd.)
	(21)	Shri P.K. Anna Patil Janata Sahakari Bank Ltd.
	(22)	Vasantdada Shetkari Sahakari Bank Ltd.
	(23)	Navjeevan Nagari Sahakari Bank Ltd. (Merged with Thane Janata Sahakari Bank Ltd)
	(24)	Shree Sadguru Jangli Maharaj Sah. Bank Ltd. (Merged with Thane Janata Sahakari Bank Ltd.)
	(25)	Kolhapur Janata sahakari Bank Ltd. (Merged with Punjab & Maharashtra Co-op Bank Ltd)
	(26)	Ajit Co-op. Bank Ltd.
	(27)	Suvarna Nagari Sahakari Bank Ltd.
(28)	Sadhna Co-op Bank Ltd.	

**ANNEXURE - III (Concl.d.)**

<b>Bank Type / State</b>	<b>Sr. No.</b>	<b>Name of the Bank</b>
	(29)	Loha Urban Co-op Bank Ltd (Merged with Shankar Nagari Sahakari Bank Ltd)
	(30)	Indira Sahakari Bank Ltd.
Madhya Pradesh (2)	(1)	Nagarik Sah. Bank Maryadit, Pandhurana.
	(2)	Hindu Nagarik Sahakari Bank Ltd (Merged with Nagpur Nagrik Sah. Bank Ltd)
Orissa (1)	(1)	Bhadrak Urban Co-op Bank Ltd
Uttar Pradesh (1)	(1)	Doon Valley Urban SC/ST Co-op Bank Ltd
West Bengal (1)	(1)	State Bank Of India Staff Association Co-op Bank Ltd, Calcutta.
<b>Regional Rural Banks (12)</b>	(1)	Aurangabad Jalna Gramin Bank (Amalgamated with Maharashtra Godavari Gramin Bank)
	(2)	Thane Gramin Bank (Amalgamated with Maharashtra Godavari Gramin Bank)
	(3)	Satpura Ksh. Gramin Bank. (Amalgamated with Satpura Narmada Ksh. Gramin Bank)
	(4)	Chambal Gwalior Ksh. Gramin Bank (Amalgamated with Satpura Narmada Ksh. Gramin Bank)
	(5)	Ratlam Mandsaur Ksh. Gramin Bank. (Amalgamated with Satpura Narmada Ksh. Gramin Bank)
	(6)	Baroda western Uttar Pradesh Gramin Bank (Amalgamated with Baroda Uttar Pradesh Gramin Bank)
	(7)	Baroda Eastern Uttar Pradesh Gramin Bank (Amalgamated with Baroda Uttar Pradesh Gramin Bank)
	(8)	Uttar Bihar Ksh. Gramin Bank. (Amalgamated with Uttar Bihar Gramin Bank)
	(9)	Kosi Ksh. Gramin Bank. (Amalgamated with Uttar Bihar Gramin Bank)
	(10)	Ratnagiri Sindhudurg Gramin Bank. (Amalgamated with Wainganga Krishna Gramin Bank)
	(11)	Solapur Gramin Bank. (Amalgamated with Wainganga Krishna Gramin Bank)
	(12)	Wainganga Ksh. Gramin Bank. (Amalgamated with Wainganga Krishna 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 2009)**

<b>Year</b>	<b>No. of fully protected accounts (in lakhs)*</b>	<b>Total No. of accounts (in lakhs)</b>	<b>Percentage of (2 to 3)</b>	<b>Insured deposits* (Rs. crore)</b>	<b>Total assessable deposits (Rs. crore)</b>	<b>Percentage of (5 to 6)</b>
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
2008-09	12040.00	13489.36	89.26	1908950.99	3398565.08	56.17

\* 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 2005-06, 2006-07, 2007-08, 2008-09**

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
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
	<b>Total</b>	<b>90</b>	<b>76</b>	<b>890908.17</b>	<b>1582104.86</b>	<b>55.52</b>
	II. Regional Rural Banks	196@	141	39637.68	43529.09	91.14
	III. Co-operative Banks	2245	1676	122442.28	165284.91	74.08
	<b>Total I+II+III</b>	<b>2531</b>	<b>1893</b>	<b>1052988.13</b>	<b>1790918.86</b>	<b>58.80</b>
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
	<b>Total</b>	<b>87</b>	<b>87</b>	<b>1170102.68</b>	<b>2075738.51</b>	<b>56.37</b>
	II. RRBs	96	86	56309.34	61190.19	92.02
	III. Co-operative Banks	2209	2035	146184.95	207422.51	70.48
	<b>Total I+II+III</b>	<b>2392</b>	<b>2208</b>	<b>1372596.97</b>	<b>2344351.21</b>	<b>58.55</b>
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
	<b>Total</b>	<b>84</b>	<b>84</b>	<b>1582583.84</b>	<b>2672814.51</b>	<b>59.21</b>
	II. RRBs	92	80	63732.54	69221.84	92.07
	III. Co-operative Banks	2180	1968	158764.45	242763.46	65.40
	<b>Total I+II+III</b>	<b>2356</b>	<b>2132</b>	<b>1805080.83</b>	<b>2984799.81</b>	<b>60.48</b>
2008-09	I. Commercial Banks					
	i) SBI Group	7	7	514454.65	756084.61	68.04
	ii) Public Sector	18	18	972063.57	1485883.53	65.42
	iii) Foreign Banks	31	30	27092.36	161808.08	16.74
	iv) Private Banks	24	21	149922.58	655180.38	22.88
	v) Local Area Banks	4	4	311.80	582.07	53.57
	<b>Total</b>	<b>84</b>	<b>80</b>	<b>1663844.96</b>	<b>3059538.67</b>	<b>54.38</b>
	II. RRBs	86	72	83026.32	98045.99	84.68
	III. Co-operative Banks	2137	1953	162079.70	240980.42	67.26
	<b>Total I+II+III</b>	<b>2307</b>	<b>2105</b>	<b>1908950.99</b>	<b>3398565.08</b>	<b>56.17</b>

**ANNEXURE - VI**

**INSURANCE CLAIMS SETTLED AND REPAYMENT RECEIVED - ALL BANKS LIQUIDATED / AMALGAMATED/ RECONSTRUCTED UP TO 31ST MARCH 2009**

(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
<b>I COMMERCIAL BANKS</b>				
i) Full repayment 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	—
<b>Total 'A'</b>		<b>3911.40</b>	<b>3911.40</b>	<b>—</b>
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)	17.25	16.78 (0.48)	—
* 15)	National Bank of Pakistan, Kolkata (1966)	0.99	0.88 (0.11)	—
<b>Total 'B'</b>		<b>38.46</b>	<b>27.81</b> <b>(10.65)</b>	<b>—</b>
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	705.78	457.00



**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
* 18)	Lakshmi Commercial Bank Ltd Bangalore	3340.62	913.58	2427.04
* 19)	Hindustan Commercial Bank Ltd; Delhi(1988)	2191.67	1053.75	1137.92
* 20)	United Industrial Bank Ltd; Kolkata (1990)	3501.58	326.32	3175.26
* 21)	Traders Bank Ltd;New Delhi (1990)	306.34	134.82	171.52
* 22)	Bank of Thanjavur Ltd; ThanjavurT.N. (1990)	1078.36	857.36	221.00
* 23)	Bank of Tamilnad Ltd.. Tirunelveli 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)	1727.24	–	1727.24
* 27)	Benares State Bank Ltd.U.P.(2002)	10564.42	3086.32	7478.10
<b>Total 'C'</b>		<b>25633.89</b>	<b>8166.42</b>	<b>17467.47</b>
<b>Total (A + B+ C)</b>		<b>29583.75</b>	<b>12105.63</b> <b>(10.65)</b>	<b>17467.47</b>
<b>II. CO-OPERATIVE BANKS</b>				
i) Full repayment 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	–
<b>Total 'D'</b>		<b>171.37</b>	<b>171.37</b>	<b>–</b>
ii) Repayments received in part and balance due written off				
9)	Ghatkopar Janata Sahakari Bank Ltd., Mumbai (1977)	<b>2.76</b>	– (2.76)	–
10)	Bhadravathi 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)	–
<b>Total 'E'</b>		<b>3.62</b>	<b>–</b> <b>(3.62)</b>	<b>–</b>

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
	iii) Part repayment 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
*	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	0.66	2.08
*	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	13.16	9.69
	21) Manihal 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., Gurezala A.P. (1991)	3.89	0.49	3.40
	25) Kundara Urban Co-op. Bank Ltd. Kundara Kerala (1991)	17.37	9.05	8.32
	26) Manoli Shri Panchlingeshwar Urban Co-op. Bank Ltd., Karnataka (1991)	17.44	11.40	6.04
	27) Sardar Nagrik Sahakari Bank Ltd., Baroda Gujarat (1991)	74.86	18.00	56.86
*	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	1.02	18.82
	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

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
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
36)	Dharwad Industrial Co-op. Bank Ltd. Hubli Karnataka (1998)	9.16	9.16	0.00
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	30.00	432.40
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 BankLtd., Anakapalle, A.P. (2000)	24.47	1.38	23.09
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 BankLtd., Sami, Gujarat (2000)	20.17	—	20.17
49)	Ahilyadevi Mahila Nagari 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)	Ichalkaranji Kamgar Nagrik Sahakari Bank Ltd., Ichalkaranji, Mah.(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	7.50	292.03

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
& 56)	Madhavpura Mercantile Co-op. Bank Ltd., Ahmedabad, Gujarat (2001)	40094.00	—	40094.00
57)	Krushni Co-op. Urban Bank Ltd., Secunderabad, A.P. (2001)	2293.98	255.00	2038.98
58)	Jabalpur Nagrik Sahakari Bank Ltd., Jabalapur, M.P.(2002)	194.86	150.72	44.14
59)	Shree Laxmi Co-op. Bank Ltd., Ahmedabad, Gujarat (2002)	1387.39	173.80	1213.59
60)	Maratha Market Peoples Co-op. Bank Ltd., Mumbai (2002)	379.60	100.00	279.60
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)	484.28	0.92	483.36
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)	Shree Veraval Vibhagiya Nagrik Saha. Bank Ltd., Veraval, Gujarat (2002)	258.66	—	258.66
68)	Sravya Co-op. Urban Bank Ltd., A.P. (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)	475.07	3.41	471.66
72)	Khed Urban Co-op. Bank Ltd.,Mhaharashtra (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	6342.04	7981.40
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	36.00	304.33
82)	Aryan Co-op. Urban Bank Ltd., AP(2003)	467.81	436.32	31.49

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
83)	The First City Co-op. Urban Bank Ltd., AP (2003)	128.73	112.44	16.29
84)	Kalwa Belapur Sahakari Bank Ltd., Maharashtra (2003)	488.80	0.25	488.55
85)	Ahmedabad Mahila Sahakari Bank Ltd., Gujarat (2003)	333.24	9.50	323.74
86)	Theni Co-op. Urban Bank Ltd., TN (2003)	331.78	0.07	331.71
87)	Mandasaur Commercial Co-op. Bank Ltd., M.P.(2003)	1411.40	1107.98	303.42
88)	Mother Theresa Co-op. Urban Bank Ltd.,AP (2003)	572.46	14.00	558.46
89)	Dhana Co-op. Urban Bank Ltd., AP (2003)	238.55	–	238.55
90)	Ahmedabad Urban Co-op. BankLtd.,Gujarat ( 2003)	373.44	17.04	356.40
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	173.00	43.78
95)	Bhavnagar Welfare Co-op. Bank Ltd., Gujarat (2003)	355.08	–	355.08
96)	Navodaya Sahakara Bank Ltd., Karnataka (2003)	30.38	25.22	5.16
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	46.33	383.38
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 Coop. Bank Ltd., Gujarat (2004)	255.31	–	255.31
102)	General Coop. Bank Ltd., Gujarat (2004)	7025.66	100.09	6925.57
103)	Western Co-op. Bank Ltd. Mumbai (2004)	440.86	0.57	440.29
104)	Charotar Nagrik Sahakari Bank Ltd. Gujarat (2004)	20246.47	632.38	19614.09
105)	Pratibha Mahila Sahakari Bank Ltd., Jalgaon, Maharashtra (2004)	341.92	–	341.92
106)	Visnagar Nagrik Sahakari Bank Ltd.Gujarat (2004)	37805.78	45.24	37760.54
107)	Narsaraopet Co-op. Bank Ltd., Andhra Pradesh (2004)	17.94	1.30	16.64
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	9.00	126.10

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
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
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	20.00	53.87
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	4.50	129.02
120)	Partur Peoples CBL Maharashtra	158.37	–	158.37
121)	Solapur Distt. Industrial CBL Maharashtra (2005)	1072..95	0.88	1072.07
122)	Baroda Peoples Coop. Bank, Baroda Gujarat (2005)	5678.69	58.85	5619.84
123)	The Coop. Bank of Umreth Gujarat (2005)	480.14	–	480.14
124)	Shree Patni Coop. Urban Bank Ltd. Gujarat (2005)	839.41	0.15	839.26
125)	The Classic Co-op. Bank Ltd. Surat Gujarat (2005)	57.26	5.00	52.26
126)	Sabarmati CUBL, Gujarat (2005)	3151.90	289.96	2861.94
127)	Matar Nagrik Sah. Bank Ltd. Gujarat (2005)	303.18	11.57	291.61
128)	Diamond Jubilee CBL, Gujarat (2005)	6064.03	0.60	6063.43
129)	Petlad Commercial CBL, Gujarat (2005)	717.23	34.84	682.39
130)	Nadiad Mercantile Co-operative Bank Ltd, Gujarat (2005)	2921.44	3.82	2917.62
131)	Shree Vikas Co-operative Bank Ltd,Gujarat (2005)	2129.12	–	2129.12
132)	Textile Processors CBL, Gujarat (2005)	536.99	24.55	512.44
133)	Pragati Co-op Bank Ltd. Gujarat (2005)	1278.16	25.94	1252.22
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)	30.32	–	30.32
137)	The Citizen Co-operative Bank Ltd. M.P. (2005)	85.01	–	85.01
138)	The Darbhanga Central co-operatve 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	8.50	788.80
141)	Suryapur CBL Surat Gujarat (2005)	5603.21	132.07	5471.14
142)	Shri Sarvodaya CBL Ahmedabad (2005)	108.99	–	108.99
143)	Petlad Nagrik Sahakari BL Gujarat (2005)	233.63	10.63	223.00
144)	Raghuvanshi CBL Mumbai (2005)	1206.60	1.00	1205.60

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
145)	Solapur Merchants CBL Solapur Maharashtra (2005)	306.97	–	306.97
146)	Aurangabad Peoples CBL Maharashtra (2005)	293.22	53.22	240.00
147)	Urban Co-operative Bank Ltd. Tehri Uttranchal (2005)	145.65	–	145.65
148)	Shreenathji Co-operative Bank Ltd , Gujarat (2005)	407.40	–	407.40
149)	Century Co-operative Urban Bank Ltd.Surat, Gujarat (2006)	656.81	53.40	603.41
150)	Jilla Sahakari Kendriya Bank Maryadit, Raigarh, Chattisgarh (2006)	1816.37	–	1816.37
151)	Madhepura Supaul Central Coop. Bank Ltd., Madhepura, Bihar (2006)	650.54	–	650.54
152)	Navsari Peoples Co-operative Bank Ltd. Navsari, Gujarat (2006)	2751.44	17.39	2734.05
153)	Seth B B Shroff Bulsar Peoples Co-operative Bank Ltd., Valsad, Gujarat (2006)	2320.10	181.94	2138.16
154)	Maharashtra Brahmin Sahakari Bank Ltd. Indore M.P. (2006)	2922.38	80.62	2841.76
155)	Mitra Mandal Sahakari Bank Ltd. Indore M.P. (2006)	1456.02	248.72	1207.30
156)	Chapra Distt. Central Co-operative Bank Ltd. Chapra Bihar (2006)	825.30	–	825.30
157)	Shri Vitrag Co-operative Bank Ltd. Surat Gujarat (2006)	913.05	0.63	912.42
158)	Shree Swaminarayan Co-operative Bank Ltd. Vadodara Gujarat (2006)	4135.23	8.29	4126.94
159)	Janta Co-operative Bank Ltd. Nadiad Gujarat (2006)	3206.83	54.39	3152.44
160)	The Natpur Co-operative Bank Ltd. Nadiad Gujarat (2006)	5425.95	30.45	5395.50
161)	Metro Co-operative Bank Ltd. Surat Gujarat (2006)	1168.95	–	1168.95
162)	The Royale Co-operative Bank Ltd. Surat, Gujarat (2006)	883.07	–	883.07
163)	Jaihind Co-operative Urban Bank Ltd. Mumbai, Maharashtra (2006)	1179.98	326.00	853.98
164)	Madurai Urban Co-operative Bank Ltd. Madurai T.N. (2006)	2576.57	346.62	2229.95
165)	Karnataka Contractors Sahakari Bank Niyamitha, Bangalore, Karnataka (2006)	297.58	4.27	293.31
166)	Anand Peoples Co-operative Bank Ltd Anand, Gujarat (2006)	3588.28	144.30	3443.98
167)	Kotagiri Urban Co-operative Bank Ltd Kotagiri, T.N. (2006)	245.94	5.53	240.41

**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
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)	128.25	6.12	122.13
171)	Dabhoi Nagrik Sahakari Bank Ltd, Dabhoi, Gujarat (2006)	1612.92	–	1612.92
172)	Dhansura Peoples CBL Dhansura Gujarat (2006)	587.98	6.50	581.48
173)	Samastnagar CBL Mumbai Maharashtra (2006)	1130.80	4.52	1126.28
174)	Prudential CBL Secunderabad A.P. (2007)	7559.59	4559.59	3000.00
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)	1035.94	10.00	1025.94
178)	Shriram Sahakari BL Nashik Maharashtra (2007)	3182.03	201.50	2980.53
179)	Parbhani Peoples CBL Parbhani Maharashtra (2007)	3677.87	–	3677.87
180)	Purna Nagri Sahakari BL Purna Maharashtra (2007)	475.76	0.26	475.50
181)	Yashwant Sahakari BL Mumbai Maharashtra (2007)	59.39	–	59.39
182)	Kanyaka Parmeshwari Mutually Aided CUBL, Kukatpally, A.P. (2007)	296.49	5.66	290.83
183)	Mahila Nagrik SBL Khargaone ,M.P. (2007)	42.68	4.01	38.67
184)	Karamsad CBL Anand ,Gujarat (2007)	1246.12	17.28	1228.84
185)	Bharat Mercantile UCBL Hyderabad. A.P.(2007)	312.32	2.77	309.55
186)	Lord Balaji CBL Sangli Maharashtra (2007)	271.88	–	271.88
187)	Vasundhara Mahila CBL Warangal, A.P.(2007)	23.04	–	23.04
188)	Begusarai UrbanDevelopmentCo-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)	1600.30	4.41	1595.89
193)	Shree Co-operative Bank Limited Indore M.P. (2007)	24.77	–	24.77
194)	Onake Obava Mahila Co-operative Bank Limited , Chitradurga, Karnataka (2007)	548.47	0.58	547.89
195)	The Vikas Co-operative Bank Limited, Ahmedabad, Gujarat (2007)	94.45	3.44	91.01



**ANNEXURE - VI (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
196)	Shree Jamnagar Nagrik SBL Gujarat (2007)	112.38	–	112.38
197)	Anand Urban Co-operative Bank Limited, Anand , Gujarat (2008)	1845.09	1.55	1843.54
198)	Rajkot Mahila Nagrik Sahakari Bank Limited Rajkot, Gujarat (2008)	682.18	0.09	682.09
199)	Sevalal UCBL Mandrup Maharashtra (2008)	6.66	–	6.66
200)	Nagaon Urban Co-operative bank Ltd. Nagaon, Assam (2008)	61.31	–	61.31
201)	Sarvodaya Mahila Co-operative Bank Ltd. Burhanpur M.P. (2008)	83.91	–	83.91
202)	Chetak Urban co-operative bank Ltd. Parbhani, Maharashtra (2008)	74.43	5.88	68.55
203)	Basavakalyan Pattana Sahakari Bank Niyamitha Basaganj, Karnataka (2008)	26.73	1.77	24.96
204)	Indian Co-operative Development Bank Ltd. Meerut U.P. (2008)	374.45	1.87	372.58
205)	Talod Janta Sahakari Bank Limited Talod, Gujarat (2008)	236.21	1.35	234.86
206)	The Challakere Urban Co-operative BankLtd, Challakere, Karnataka (2008)	325.55	0.38	325.17
207)	The Dakor Mahila Nagrik Sahakari Bank Ltd. Gujarat (2008)	63.75	10.88	52.87
208)	District Co-operative Bank Ltd.,Gonda U.P. (2008)	4543.68	2.56	4541.12
209)	The Maratha Co-operative Bank Ltd., Hubli Karnataka (2008)	1854.00	79.27	1774.73
210)	Shree Janta Sahakari Bank Ltd., Radhanpur Gujarat (2008)	475.18	10.95	464.23
211)	Parivartan Co-operative Bank Ltd., Mumbai Maharashtra (2008)	1834.48	158.65	1675.83
212)	Indira Priyadarshini Mahila Nagarik Sahakari Bank Ltd., Raipur Chhattisgarh (2008)	1507.24	130.19	1377.05
213)	Ichalkaranji Jiveshwar Sahakari Bank Ltd., Ichalkaranji. Maharashtra (2008)	240.67	142.45	98.22
214)	Kittur Rani Channamma Mahila Pattana Sahakari Bank Ltd., Hubli, Karnataka (2008)	227.67	2.27	225.40
215)	Bharuch Nagarik Sahakari Bank Ltd., Bharuch, Gujarat (2008)	991.59	276.47	715.12

**ANNEXURE - VI (Concl.)**

<b>Sr. No.</b>	<b>Name of the bank (the year original claims were settled)</b>	<b>Claims Settled</b>	<b>Repayments received (Written Off)</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
216)	The Harugeri Urban Co-op. Bank Ltd., Harugeri, Karnataka (2009)	361.86	44.36	317.50
217)	Varada Co-op. Bank Ltd., Karjagi, Dist, Haveri Karnataka (2009)	252.42	12.78	239.64
218)	Ravi Co-op. Bank Ltd., Kolhapur, Maharashtra (2008)	1680.49	57.29	1623.20
219)	Shri Balasaheb Satbhai Merchants CBL Kopergaon, Maharashtra (2008)	2682.54	388.76	2293.78
220)	Jailakshmi CBL Delhi (2008)	12.42	12.42	–
221)	Urban Co-op. Bank Ltd., Siddapur Karnataka (2009)	1117.16	331.31	785.85
222)	Shri B. J. Khatal Janta Sahakari Bank Ltd. Sangamner Maharashtra (2009)	786.00	107.71	678.29
223)	Shri Kalmeshwar Urban Co-operative Bank Ltd., Hole-Alur, Karnataka (2009)	252.88	–	252.88
224)	Shri Laxmeshwar Urban Co-operative Bank Ltd., Laxmeshwar, Karnataka (2009)	676.60	–	676.60
225)	Priyadarshini Mahila Nagri Sahakari Bank Ltd., Latur, Maharashtra (2009)	657.93	202.02	455.91
226)	Sree Swami Gnananand Yogeswar Mahila Co-op. Urban Bank Ltd., Puttur A.P. (2009)	36.26	–	36.26
227)	Urban Co-op. Bank Ltd., Allahabad U.P. (2009)	91.71	21.03	70.68
228)	Firozabad Urban Co-op. Bank Ltd., Firozabad U.P.(2009)	40.15	–	40.15
<b>Total 'F'</b>		<b>268620.48</b>	<b>21232.71</b>	<b>247387.77</b>
<b>Total (D+E+F)</b>		<b>268795.47</b>	<b>21404.08</b> <b>(3.62)</b>	<b>247387.77</b>
<b>Total (A+B+C+D+E+F)</b>		<b>298379.22</b>	<b>33509.71</b> <b>(14.27)</b>	<b>264855.24</b>

(Figures in brackets under repayment columns indicate amount written off up to 31st March 2009)

\* 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 2008-09**

(Amount in Rs. crore)

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	2004-09
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	-
<b>Total</b>	<b>565.87</b>	<b>702.78</b>	<b>846.09</b>	<b>829.13</b>	<b>704.64</b>	<b>564.02</b>	<b>164.91</b>	<b>123.23</b>	<b>21.99</b>	<b>0.07</b>	<b>0.02</b>	<b>0.21</b>	<b>*0.02</b>	<b>-</b>

\$ 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. crore)

Period	Claims received		Claims disposed off		Of the claims disposed off (vide Columns 4 & 5)							
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11		
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 2004-2009	-	-	-	-	-	-	-	-	-	-		
Tapes returned to credit institutions	-	-	3295993 \$	1009.03 \$	-	-	3295993 \$	1009.03 \$	-	-		
<b>Total</b>	<b>37423627</b>	<b>10043.03</b>	<b>37423627</b>	<b>10043.03</b>	<b>27347209</b>	<b>6938.84</b>	<b>5524584</b>	<b>1857.49</b>	<b>4551834</b>	<b>1246.73</b>		

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

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

**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. crore)

Period	Claims received		Claims disposed off		Of the claims disposed off						Claims pending as at the end of the year	
	No.	Amount	No.	Amount	Claims paid	Claims withdrawn/ returned		Claims rejected		No.	Amount	
						No.	Amount	No.	Amount			No.
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. 2009	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1332931</b>	<b>3422.81</b>	<b>1332931</b>	<b>3422.82</b>	<b>875615</b>	<b>1001.13</b>	<b>332819</b>	<b>1450.21</b>	<b>124497</b>	<b>971.48</b>	<b>-</b>	<b>-</b>

**ANNEXURE - X**

**PROVISION FOR DEPOSIT INSURANCE CLAIMS - AGE-WISE ANALYSIS (As on March 31, 2009)**

<b>Sr. No.</b>	<b>Date of De-registration/ Liquidation of The Bank</b>	<b>Name of The Bank</b>	<b>Amount (In Rupees crore)</b>
<b>A More Than 10 Years Old</b>			
1	05-10-1993	Bellatti Urban Co-op. Credit Bank Ltd.,	0.01
2	25-03-1994	Sri Chamaraja Co-operative Bank Ltd. (Degrđ)	0.10
3	25-03-1996	Srirampura Co-operative Bank Ltd.,	0.35
<b>Total (A) (3 Banks)</b>			<b>0.46</b>
<b>B Between 5 And 10 Years Old</b>			
1	03-08-1999	Jhargram Peoples Co-op. Society Ltd.,	2.92
2	04-12-1999	Hubli Dharwar Urban Co-op. Credit Bank	1.80
3	07-02-2002	Urban Industrial Co-operative Bank Ltd.,	1.06
4	27-05-2002	Madhepura Urban Development Co-op Bank	0.05
5	22-07-2002	Nalanda Urban Co-op. Bank Ltd	0.69
6	06-08-2002	Pranabananda Co-op Bank Ltd, (Dergđ)	22.57
7	23-09-2002	Manipur Industrial Co-operative Bank Ltd	1.81
8	28-09-2002	Federal Co-operative Bank Ltd. (Dergđ)	1.37
9	29-09-2002	Jyotirlings Sahakari Bank Niyamita,	2.42
10	16-12-2002	Silchar Co-operative Urban Bank Ltd.,	1.81
11	15-02-2003	Oudh Sahakari Bank Ltd., (Dergđ)	2.92
12	03-06-2003	Lamka Urban Co-operative Bank Ltd.,	0.03
13	19-06-2003	Sibsagar District Central Co-op. Bank Ltd	18.87
14	05-08-2003	Sri Mauneshwar Co-operative Bank Ltd.	0.72
15	16-03-2004	Asansol Peoples Co-operative Bank Ltd., (Drgđ)	3.50
<b>Total (B) (15 Banks)</b>			<b>62.54</b>
<b>C Between 1 And 5 Years Old</b>			
1	14-07-2004	Raibag Urban Co-operative Bank Ltd.,	1.75
2	18-07-2005	Daltonganj Central Co-op. Bank Ltd.,	13.43
3	07-03-2006	Hyderabad Co-op. Urban Bank Ltd.	0.65
4	20-07-2006	Bangalore Merchantile Sahakari Bank Niya.	1.72
5	16-08-2006	Sri Sampige Siddeswara Urban Co-op Bank	5.25
6	29-12-2006	Guwahati Co-operative Town Bank Ltd.,	8.24
7	10-04-2007	Rohuta Union Co-operative Bank Ltd.,	14.57
8	30-01-2008	Hirekerur Urban Co-operative Bank Ltd.,	17.26
<b>Total [C] (8 Banks)</b>			<b>62.87</b>

**ANNEXURE - X**

**PROVISION FOR DEPOSIT INSURANCE CLAIMS - AGE-WISE ANALYSIS (As on March 31, 2009) (Concl'd.)**

<b>Number of Banks</b>	<b>Date of De-registration/ Liquidation of The Bank</b>	<b>Name of The Bank</b>	<b>Amount (In Rupees crore)</b>
<b>D</b>	<b>Less Than 1 Year Old</b>		
1	06-06-2008	Anubhav Co-op Bank Ltd.	0.81
2	14-08-2008	Dnyanopasak Urban Co-op Bank Ltd.,	1.99
3	22-08-2008	Miraj Urban Co-operative Bank Ltd.,	56.47
4	01-09-2008	South Indian Co-operative Bank Ltd.,	80.86
5	06-09-2008	Sant Janabai Nagri Sahakari Bank Ltd	11.66
6	10-09-2008	Rohe Ashtami Sahakari Urban Bank Ltd.	54.77
7	25-10-2008	Shri S. K. Patil Co-op Bank Ltd,	21.40
8	06-11-2008	Nutan Sahakari Bank Ltd., Baroda,	3.30
9	18-11-2008	Ankleshwar Nagric Sahakari Bank Ltd.,	28.57
10	26-11-2008	Shree Vardhman Co-op. Bank Ltd., Bhavnagar	6.56
11	03-12-2008	Faizpur Janata Sahakari Bank Ltd.	5.11
12	10-12-2008	Chalisgaon People Co-operative Bank Ltd.	39.76
13	10-12-2008	Shree Siddhi Venkatesh Sahkari Bank,	3.70
14	10-12-2008	Goregaon Co-operative Urban Bank Ltd.,	62.28
15	12-12-2008	Achelpur Urban Co-op Bank Ltd.	10.00
16	15-12-2008	Bhavnagar Mercantile Co-op. Bank Ltd.,	38.48
17	16-12-2008	Siddhpur Commercial Co-op. Bank Ltd.,	3.65
18	24-12-2008	Primary Teachers Co-op Credit Bank Ltd.	7.92
19	03-01-2009	Shri P. K. Anna Patil Janata Sah. Bank Ltd	84.59
20	27-01-2009	Sadhana Co-op. Bank Ltd.	2.70
21	30-01-2009	Ajit Co-operative Bank Ltd.	52.98
22	16-02-2009	Vasantdada Shetkari Saha. Bank Ltd., (Sangli)	326.11
23	21-02-2009	Indira Sahakari Bank Ltd., (Dhulia),	24.47
24	21-02-2009	Suvarna Nagrik Sahakari Bank Ltd.	2.44
25	05-03-2009	Deendayal Nagrik Sahakari Bank Maryadit	13.64
26	17-03-2009	The Haliyal Urban Coop Bank Ltd	4.82
	<b>Total (D)</b>	<b>(26 Banks)</b>	<b>949.04</b>
	<b>Grand Total</b>	<b>(A+B+C+D)</b>	<b>1074.91 1074.91</b>

## AUDITORS' REPORT

**K. S. Aiyar & 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**, (The Corporation), as at 31<sup>st</sup> March, 2009 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, 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:

- i) We have obtained all information and explanations, which to the best of our information and belief were necessary for the purpose of the audit and found to be satisfactory.
- ii) 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.
- iii) The said Balance Sheets and the Revenue Accounts of the Corporation comply with the applicable mandatory Accounting Standards.
- iv) 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.
  - a) In the case of the said Balance Sheets, which are full and fair, of the state of affairs of the Corporation as on 31<sup>st</sup> March, 2009;
  - b) 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
  - c) In the case of Cash Flow Statements of the cash flows for the year ended on that date.

Place : MUMBAI  
Dated: 25<sup>th</sup> June, 2009



For **K. S. Aiyar & Company**  
Chartered Accountants

*Raghuvir M. Aiyar*  
(**Raghuvir M. Aiyar**),  
Partner

Membership No. 38128





**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>		<b>LIABILITIES</b>	<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>
1,55,317.00	-	<b>1. Fund</b> (Balance at the end of the year as per Actuarial Valuation)		1,81,689.00		
		<b>2. Surplus as per Revenue Account:</b>				
9,76,751.97 (10,000.00)	34,904.65	Balance at the beginning of year	11,80,923.27		36,747.85	
		Add: Transferred (to) / from other Fund/s	0.00			
<u>2,14,171.30</u>	<u>1,843.20</u>	Add: Transferred from Revenue Account	<u>2,52,935.88</u>		<u>1,769.81</u>	
11,80,923.27	36,747.85	Balance at the end of year		14,33,859.15		38,517.66
		<b>3. (a) Investment Reserve</b>				
62,702.30 (1,272.44)	2,243.76 718.25	Balance at the beginning of year	61,429.86		2,962.01	
		Add: Transferred from Revenue Account	<u>(27,994.51)</u>		<u>45.47</u>	
61,429.86	2,962.01	Balance at the end of the year		33,435.35		3,007.48
		<b>(b) Investment Fluctuation Reserve</b>				
32,670.53	2,789.89	Balance at the beginning of year	43,568.07		2,789.89	
<u>10,897.54</u>	<u>-</u>	Transferred from Revenue Account	<u>15,934.67</u>		<u>0.00</u>	
43,568.07	2,789.89	Balance at the end of the year		59,502.74		2,789.89
0.00	-	<b>4. Claims Intimated and Admitted But Not paid</b>		9,303.23		-
44,943.15	-	<b>5. Estimated liability in respect of claims intimated but not admitted</b>		1,03,192.12		-
3,817.27	-	<b>6. Insured Deposits in respect of Banks De-registered</b>		4,299.37		-
4,801.44	-	<b>7. Insured Deposits remaining unclaimed</b>		4,901.55		-
		<b>8. Other Liabilities</b>				
1,303.44	0.00	(i) Sundry Creditors	3,658.63		0.00	
5,89,170.47	1,01,854.04	(ii) Provision for Income Tax	7,17,652.75		1,04,593.10	
-	0.00	(iii) Sundry Deposits	<u>26.17</u>		<u>0.00</u>	
<u>20,85,273.97</u>	<u>1,44,353.79</u>	<b>Total</b>		<u>7,21,337.55</u>		<u>1,04,593.10</u>
				<b>25,51,520.06</b>		<b>1,48,908.13</b>

As per our report of date.

For M/s. K.S. Aiyar & Co.  
Chartered Accountants

  
Raghuvir M. Aiyar  
Partner



  
Usha Thorat  
Chairperson

  
Shashank Saksena  
Director

  
U. C. Sarangi  
Director

Mumbai  
25<sup>th</sup> June 2009.

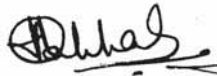
**CREDIT GUARANTEE CORPORATION  
and Credit Guarantee Corporation Act, 1961)  
Form 'A')  
of business on the 31<sup>st</sup> March 2009  
AND CREDIT GUARANTEE FUND (CGF)**

(Rupees in lakh)

<i>Previous Year</i>		<b>ASSETS</b>	<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>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
46.97	9.81	<b>1. Balance with the Reserve Bank of India</b>		12.11		19.82
-		<b>2. Cash in Transit</b>		-		
		<b>3. Investments in Central Government Securities (at cost)</b>				
6,624.73	0.00	Treasury Bills	1,459.59		0.00	
14,33,244.63	45,837.54	Dated Securities	17,25,332.44		59,065.95	
14,39,869.36	45,837.54			17,26,792.03		59,065.95
13,68,366.83	43,190.40	Face Value	16,62,576.40		56,646.83	
13,89,213.56	42,877.99	Market Value	17,39,665.41		56,190.00	
34,803.60	1,458.07	<b>4. Interest accrued on investments</b>		39,544.29		1,615.12
		<b>5. Other Assets</b>				
0.00	0.00	(i) Sundry Debtors	14,419.45		580.34	
6,10,554.04	97,048.37	(ii) Advance Income Tax / TDS	770,752.18		87,626.90	
				785,171.63		88,207.24
<b>20,85,273.97</b>	<b>1,44,353.79</b>	<b>Total</b>		<b>25,51,520.06</b>		<b>1,48,908.13</b>



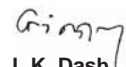
**M. Ramadoss**  
Director



**Ashwini Kakkar**  
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>		<b>EXPENDITURE</b>		
<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>
		<b>1. To Claims:</b>		
16,102.82	-	(a) Paid during the year	22,843.13	-
0.00	-	(b) Admitted but Not paid	9,303.23	-
		(c) Estimated liability in respect of claims intimated but not admitted		
44,943.15	-	At the end of the year	1,03,192.12	-
59,157.76	-	Less: at the end of the previous year	44,943.15	-
		(d) Insured Deposits in respect of Banks De-registered		
3,817.27	-	At the end of the year	4,299.37	-
2,466.43	-	Less: at the end of the previous year	3,817.27	-
3,239.05	0.00	<b>Net Claims</b>	Total	0.00
1,55,317.00	-	<b>2. To Balance of Fund at the end of the year (as per Actuarial Valuation)</b>	1,81,689.00	-
(1,272.44)	718.25	<b>3. To Provision for diminution in the value of investments credited to Investment Reserves</b>	(27,994.51)	45.47
3,74,272.45	2,792.31	<b>To Net Surplus Carried Down</b>	3,97,256.17	4,167.05
<b>5,31,556.06</b>	<b>3,510.56</b>	<b>TOTAL</b>	<b>6,41,828.09</b>	<b>4,212.52</b>
		<b>To Provision for Taxation</b>		
1,38,835.37	949.11	Current Year	1,33,750.00	1,420.00
10,368.24	0.00	Earlier Years - Short (Excess)	(5,267.72)	1,319.06
10,897.54	0.00	To Investment Fluctuation Reserve (IFR)	15,934.67	0.00
2,14,171.30	1,843.20	<b>To Balance Carried to Balance Sheet</b>	2,52,935.88	1,769.81
<b>3,74,272.45</b>	<b>2,792.31</b>		<b>3,97,352.83</b>	<b>4,508.87</b>

As per our report of date.

For M/s. K.S. Aiyar & Co.  
Chartered Accountants

Raghuvir M. Aiyar  
Partner



Usha Thorat  
Chairperson

Shashank Saksena  
Director

U. C. Sarangi  
Director

Mumbai  
25<sup>th</sup> June 2009.


**CREDIT GUARANTEE CORPORATION**  
**‘B’)**  
**year ended 31<sup>st</sup> March 2009**  
**AND CREDIT GUARANTEE FUND (CGF)**

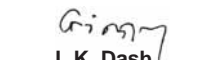
(Rupees in lakh)

<i>Previous Year</i>		<b>INCOME</b>	<i>Deposit</i>	<i>Credit</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>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
1,21,130.00	–	<b>1. By Balance of Fund at the beginning of the year</b>	1,55,317.00	–
2,84,439.18	–	<b>2. By Deposit Insurance Premium (including interest on overdue premium)</b>	3,45,308.31	–
–	–	<b>3. By Guarantee Fees (including interest on overdue guarantee fees)</b>	–	–
9,871.87	330.52	<b>4. By recoveries in respect of claims paid / settled (including interest on overdue repayment)</b>	10,339.51	353.30
		<b>5. By income from Investments</b>		
1,19,917.62	3,635.65	(a) Interest on Investments	1,36,992.74	4,025.64
(5,409.53)	(455.61)	(b) Profit (Loss) on sale / redemption of securities (Net)	(8,134.20)	(349.47)
		<b>6. Other Incomes</b>		
1,606.92	0.00	Interest on Refund of Income Tax	2,004.73	183.05
<b>5,31,556.06</b>	<b>3,510.56</b>	<b>TOTAL</b>	<b>6,41,828.09</b>	<b>4,212.52</b>
3,74,272.45	2,792.31	By Net Surplus Brought Down	3,97,256.17	4,167.05
		By Income Tax Refunds for Earlier Years	96.66	341.82
<b>3,74,272.45</b>	<b>2,792.31</b>		<b>3,97,352.83</b>	<b>4,508.87</b>

  
**M. Ramadoss**  
 Director

  
**Ashwini Kakkar**  
 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**

Previous Year Amount	LIABILITIES	Amount	Amount
5,000.00	<b>1. Capital : Provided by Reserve Bank of India (RBI) as per Section 4 of the DICGC Act, 1961 (A wholly owned subsidiary of RBI)</b>		5,000.00
	<b>2. Reserves</b>		
	<b>A) General Reserve</b>		
6,957.93	Balance at the beginning of the year	16,353.22	
10,000.00	Transferred from Deposit Insurance Fund	0.00	
(604.71)	Surplus /(Deficit) transferred from Revenue Account	472.57	
16,353.22		16,825.79	16,825.79
	<b>B) Investment Reserve</b>		
736.29	Balance at the beginning of the year	1,324.30	
588.01	Transferred from Revenue account	(505.55)	
		818.75	818.75
	<b>(C) Investment Fluctuation Reserve</b>		
1,636.33	Balance at the beginning of the year	1,636.33	
	Transferred from Revenue Surplus	0.00	
		1,636.33	1,636.33
	<b>3. Current Liabilities and Provisions</b>		
141.55	Outstanding Employees' Cost	171.86	
114.77	Outstanding Expenses	157.30	
100.73	Sundry Creditors	16.03	
1,035.49	Provision for Income Tax	1,616.04	
38.00	Provision for Fringe Benefit Tax(FBT)	45.00	
		2,006.23	2,006.23
<b>25,744.39</b>	<b>Total</b>		<b>26,287.10</b>

As per our report of date.

For M/s. K.S. Aiyar & Co.  
Chartered Accountants

  
Raghuvir M. Aiyar  
Partner



  
Usha Thorat  
Chairperson

  
Shashank Saksena  
Director

  
U. C. Sarangi  
Director

Mumbai  
25<sup>th</sup> June 2009.


**CREDIT GUARANTEE CORPORATION**  
**and Credit Guarantee Corporation Act, 1961)**  
**Form 'A'**  
**of business on the 31<sup>st</sup> March 2009**  
**FUND (GF)**

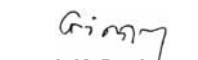
(Rupees in lakh)

<i>Previous Year Amount</i>	<b>ASSETS</b>	<i>Amount</i>	<i>Amount</i>
	<b>1. CASH</b>		
0.07	(i) In hand	0.01	
2.66	(ii) With Reserve Bank of India	7.55	
			7.56
	<b>2. Investments in Central Government Securities (At Cost)</b>		
0.00	Treasury Bills		
16,731.36	Dated Securities	11,650.35	
4,628.94	Dated Securities deposited with CCIL (Face Value 9000.00)	9,871.56	
			21,521.91
20,159.05	Face Value : 19960.45		
20,103.97	Market Value : 20786.49		
579.39	<b>3. Interest accrued on Investments</b>		462.82
	<b>4. Other Assets</b>		
135.70	Furniture, Fixtures & Equipment (less depreciation)	71.22	
0.85	Stock of Stationery / Lounge Coupons	1.88	
1.01	Pre-paid Expenses	0.00	
104.23	Staff Advances	106.41	
21.68	Interest Accrued on Staff Advances	23.34	
2.07	Sundry Debtors	16.69	
500.00	Margin Deposit with CCIL	1,000.00	
2,998.03	Advance Income Tax / TDS	3,030.14	
38.40	Advance Fringe Benefit Tax (FBT)	45.13	
			4,294.81
<b>25,744.39</b>	<b>Total</b>		<b>26,287.10</b>

  
**M. Ramadoss**  
*Director*

  
**Ashwini Kakkar**  
*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 31<sup>st</sup> March 2009**  
**II — GENERAL FUND (GF)**


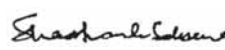
(Rupees in lakh)

Previous Year	EXPENDITURE	Amount	Previous Year Amount	INCOME	Amount	Amount
489.16	To Payment / Reimbursement of staff cost	546.67		<b>By Income from Investments</b>		
0.70	To Directors' and Committee Memebrs' Fees	0.70	1,101.63	(a) Interest on Investments	1,675.01	
6.05	To Directors' / Committee Members' Travelling & other allowances / expenses	3.33	(173.82)	(b) Profit (Loss) on sale / redemption of investments	(73.42)	1,601.59
97.85	To Rents, Taxes, Insurance, Lightings etc.	98.12				
112.97	To Establishment, Travelling and Halting Allowances	164.14		<b>By Miscellaneous Receipt</b>		
11.09	To Printing, Stationery and Computer Consumables	9.11		Interest on advances to staff	5.21	
20.44	To Postage, telegrams and Telephones	22.54		Profit / Loss on sale of dead stocks (Net)	0.00	
2.76	To Auditors' Fees	3.87	5.19	Other Misc. Receipts	0.30	
34.34	To Legal Charges	26.50	0.02			
22.42	To Advertisements	8.07	2.63			
588.01	To Provision for diminuation in the value of investments credited to Investment Reserve	(505.55)				5.51
	<b>To Miscellaneous Expenses</b>					
12.58	Professional Charges	17.45				
10.31	Service Contract / Maintenance	20.10				
2.56	Books, News Papers, Periodicals	3.29				
2.28	Book Grants	2.15				
0.61	Repair of Office Property-Dead Stock	0.00				
12.27	Transaction Charges-CCIL	16.74				
30.40	Others	37.08				
71.01		96.81				
77.56	Depreciation	72.67				
0.00	To Balance being excess of income over expenditure for the year carried down	- 1,060.12	598.71	By Balance being excess of Expenditure over Income for the year carried down	-	0.00
<b>1,534.36</b>	<b>Total</b>	<b>1,607.10</b>	<b>1,534.36</b>	<b>Total</b>		<b>1,607.10</b>
598.71	To balance being excess of Expenditure over Income - Carried Down	0.00	0.00	By balance being excess of income over expenditure for the year carried down		1,060.12
	<b>To Provision for Income Tax</b>					
	Current Year	- 365.00				
	Earlier Years - Short (Excess)	- 215.55				
6.00	To Provision for Fringe Benefit Tax (FBT)	7.00				
	To General Reserve Account	472.57	604.71	<b>By General Reserve A/C</b>		0.00
<b>604.71</b>	<b>Total</b>	<b>1,060.12</b>	<b>604.71</b>	<b>Total</b>		<b>1,060.12</b>

As per our report of date.

For M/s. K.S. Aiyar & Co.  
Chartered Accountants

  
Raghuvir M. Aiyar  
Partner


Usha Thorat  
Chairperson

Shashank Saksena  
Director

  
Ashwini Kakkar  
Director

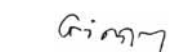


U. C. Sarangi  
Director

  
H. N. Prasad  
Chief Executive Officer



M. Ramadoss  
Director

  
J. K. Dash  
Dy. Gen. Manager



Mumbai  
25<sup>th</sup> June 2009.



**Deposit Insurance and Credit Guarantee Corporation**  
**Deposit Insurance Fund & Credit Guarantee Fund**  
**Cash Flow Statement for the year ended March 31, 2009**

(Rupees in lakh)

Previous Year (March 31, 2008)			DIF		CGF		
			Amount		Amount		
Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
3,74,272.45	2,792.31	<b>Cash Flow from Operating Activities</b>					
		Excess of Income over Expenditure		3,97,256.17		4,167.05	
		<b>Adjustments to reconcile excess of Income over expenditure to net cash from operations :</b>					
(1,19,917.62)	(3,635.65)	Interest on Investments		(1,36,992.74)		(4,025.64)	
5,409.53	455.61	Profit/(Loss) on Sale/Redemption of Securities		8,134.20		349.47	
34,187.00	0.00	Increase in Fund balance (Actuarial Valuation)		26,372.00		0.00	
(1,272.44)	718.25	Transfer to Investment Reserve		(27,994.51)		45.47	
		<b>Changes in Operating Assets and Liabilities :</b>					
		<b>ASSETS :</b>					
		<b>Decrease (Increase) in</b>					
(1,61,456.93)	(1,499.99)	Increase in Advance Income Tax TDS		(1,60,101.48)		9,763.29	
0.00	0.00	Sundry Debtors		(14,419.45)		(580.34)	
19.67	0.00	Other Assets					
		<b>LIABILITIES :</b>		0.00		0.00	
		<b>(Decrease) Increase in</b>					
(12,863.77)		Increase in Estimated Liability in respect of claims intimated but not admitted		68,034.30		0.00	
503.26		Increase in Unclaimed Deposits		100.11		0.00	
		<b>Other Liabilities</b>					
(395.53)	0.00	Sundry Creditors		2,355.19		0.00	
(1.77)	0.00	Sundry Deposit Accounts		26.17		0.00	
<b>1,18,483.85</b>	<b>(1,169.47)</b>	<b>Net Cash Flow from Operating Activities</b>		<b>(A) 1,62,769.96</b>		<b>9,719.30</b>	
		<b>Cash Flow from Investing Activities</b>					
1,17,332.67	3,761.89	Interest on Investments Received		1,32,252.05		3,868.59	
(5,409.53)	(455.61)	Profit/(Loss) on Sale/Redemption of Securities		(8,134.20)		(349.47)	
		<b>Decrease (Increase) in</b>					
(2,30,429.85)	(2140.19)	Increase in Investments in Central Government Securities		(2,86,922.67)		(13,228.41)	
<b>(1,18,506.71)</b>	<b>1,166.09</b>	<b>Net Cash Flow from Investing Activities</b>		<b>(B) (1,62,804.82)</b>		<b>(9,709.29)</b>	
0.00	0.00	<b>Cash Flow from Financing Activities</b>		<b>(C) 0.00</b>		<b>0.00</b>	
<b>(22.86)</b>	<b>(3.38)</b>	<b>Net Increase in Cash</b>		<b>(A+B+C) (34.86)</b>		<b>10.01</b>	
69.83	13.19	Cash Balance at Beginning of Year		46.97		9.81	
<b>46.97</b>	<b>9.81</b>	<b>Cash Balance At End of Year</b>		<b>12.11</b>		<b>19.82</b>	

Note : Cash Equivalent Investments are not segregatable, hence not included in Cash Balance

For M/s. K.S.Aiyar & Co.  
Chartered Accountants

*Raghuvir M. Aiyar*  
**Raghuvir M. Aiyar**  
Partner  
M.No. 38128



*H. N. Prasad*  
**H. N. Prasad**  
Chief Executive Officer

*J. K. Dash*  
**J. K. Dash**  
Dy. General Manager

Mumbai  
25<sup>th</sup> June 2009





**Deposit Insurance And Credit Guarantee Corporation  
General Fund  
Cash Flow Statement for the year ended March 31, 2009**

(Rupees in lakh)

Previous Year (March 31, 2008)					
Amount		Amount		Amount	
Rs.	P.	Rs.	P.	Rs.	P.
(598.71)		<b>Cash Flow from Operating Activities</b>			
		Excess of Income over Expenditure		1,060.12	
		Adjustments to reconcile excess of Income over expenditure to net cash from operations :			
77.56		Depreciation		72.67	
(1,101.63)		Interest on Investments		(1,675.01)	
173.82		Profit/(Loss) on Sale/Redemption of Securities		73.42	
588.01		Transfer to Investment Reserve		(505.55)	
0.00		Excess Provision written back		0.00	
(5.19)		Interest on Advances to Staff		(5.21)	
(0.02)		Profit on Sale of Dead Stock		0.00	
(2.63)		Others- Misc. Receipts		(0.30)	
		<b>Changes in Operating Assets and Liabilities :</b>			
		<b>ASSETS :</b>			
		<b>Decrease (Increase) in</b>			
0.92		Stock of Stationery		(1.03)	
0.94		Prepaid Expenses		1.01	
(9.45)		Advances for Staff Expenses/allowances receivable from RBI etc.		(2.18)	
(2,131.00)		Advance Income Tax & TDS		(32.11)	
(300.00)		Margin Deposit with CCIL		(500.00)	
(4.17)		Interest accrued on Staff Advances		(1.66)	
(6.50)		Advance Fringe Benefit Tax		(6.73)	
0.93		Sundry Debtors		(14.62)	
		<b>LIABILITIES :</b>			
		<b>Increase ( Decrease) in</b>			
4.76		Outstanding Employees' Cost		30.31	
42.99		Outstanding Expenses		42.53	
99.57		Sundry Creditors		(84.70)	
0.00		Other Deposits		0.00	
(3169.80)		<b>Net Cash Flow from Operating Activities</b>		(A)	(1,549.04)
		<b>Cash Flow from Investing Activities</b>			
938.79		Interest on Investments Received		1,791.58	
(173.82)		Profit/(Loss) on Sale/Redemption of Securities		(73.42)	
5.19		Interest on Advances to Staff		5.21	
10,000.00		Funds received from Deposit Insurance Fund		0.00	
2.63		Others		0.30	
(168.30)		<b>Decrease( Increase) in</b>			
		Fixed Assets		(8.19)	
		Investments in Central Government Securities :			
80.08		Treasury Bills		0.00	
(4,776.04)		Dated Securities		5,081.01	
(2,762.97)		Dated Securities deposited with CCIL		(5,242.62)	
3145.56		<b>Net Cash Flow from Investing Activities</b>		(B)	1,553.87
0.00		<b>Cash Flow from Financing Activities</b>		(C)	0.00
(24.24)		<b>Net Increase in Cash</b>		(A+B+C)	4.83
		Cash Balance at Beginning of Year			
0.02		In Hand			0.07
26.95		With RBI			2.66
2.73		<b>Cash Balance at End of Year</b>			7.56

For M/s. K.S.Aiyar & Co.  
Chartered Accountants

*Raghuvir M. Aiyar*  
**Raghuvir M. Aiyar**  
Partner  
M.No. 38128



*H. N. Prasad*  
**H. N. Prasad**  
Chief Executive Officer

*J. K. Dash*  
**J. K. Dash**  
Dy. General Manager

Mumbai  
25<sup>th</sup> June 2009

## SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of Accounting

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. Revenue Recognition

- i) Items of income and expenditure are accounted for on accrual basis, unless otherwise stated.
  - ii) Premium / Credit Guarantee Fees:
    - (a) Deposit insurance premia and guarantee fees and penal interest for delay in payment thereof are appropriated as revenue on the receipt of relevant statement of deposits and guaranteed advances for the relevant period and in cases where such statements are not received till the finalization of accounts, income is recognized provisionally on the basis of the previous statement / return, provided that the previous defaults in premium payment, if any, do not exceed two consecutive periods.
    - (b) Premium Payment is considered to be in default in respect of a particular period, if, as at the end of second month of that period or on the date of review later, there exists any shortfall in payment of premium / interest on delayed payment of premium by an insured bank based on the corresponding DI-01 Return for that period. In case the DI-01 Return for the period has not been submitted by the insured bank, the extent of default is considered on the basis of an estimate of its premium due as per the last available DI-01 Return / other information.
    - (c) Remittances from insured banks are appropriated in the chronological order of premium / interest on premium due from the bank in respect of different half-years.
    - (d) 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 of the claims.
  - (e) The claims for refund of insurance premium / guarantee fees and of reimbursements against claims settled are accounted for on such refund claims being received and admitted by the Corporation.
  - (f) Unadjusted Premiums (payable) in respect of de-registered banks are held under Sundry Creditors pending payment to the bank or adjustment under recovery towards claims paid / provided for in respect of the bank.
- (iii) Deposit Insurance / Credit Guarantee Claims
    - (a) 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.
    - (b) In respect of liquidated banks where the Corporation is liable for claim settlement in terms of Section 16 of the DICGC Act, 1961, the provisions for deposit insurance claim liabilities are made and held till the actual claim is fully discharged by the Corporation in terms of Section 19 of the DICGC Act, 1961 or the end of liquidation process, whichever is earlier.
    - (c) Separate provisions held in terms of Section 20 of the DICGC Act, 1961 towards depositors not found or not readily traceable, are held till the claim is paid or end of the liquidation process, whichever is earlier.
    - (d) Adequate provision for the liability towards fund balances as at the end of the year is made on the basis of Actuarial Valuation.
  - (iv) Repayments
    - (a) 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 confirmed by the liquidators / credit institutions / other authorities who are required to effect the repayment. Also, recoveries in respect of claims settled and subsequently found not eligible are accounted for when realized/ adjusted.
    - (b) The Corporation maintains memorandum accounts of the deposit insurance claims paid / provided for under Sections 17 or 18 of the DICGC Act, 1961 in order to monitor

repayments receivable by it in terms of Section 21(2) of the Act.

- (c) Such subrogated claims on the Liquidators or Insured Banks or Transferee Banks, net of repayments received, are written off at the completion of the liquidation / restructuring process.
- (v) Interest on investments is accounted for on accrual basis.
- (vi) Interest on Income Tax Refund is accounted for on accrual basis on receipt of relevant assessment order allowing interest on such refund.
- (vii) 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 scrip-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) 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 diminution 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.
- (v) The repo / reverse repo transactions are accounted for in accordance with the guidelines issued by RBI in the matter.

### 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/discharged off during the year.

### 5. Leases

Assets acquired under leases where the significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases and lease rentals are charged to the profit and loss account on accrual basis.

### 6. Employees' Benefits / Cost

- (i) Employees' cost such as salaries, allowances, contribution to Provident Fund 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) Actuarial provisions towards gratuity and leave encashment in respect of employees posted to the Corporation are held by Reserve Bank of India.
- (iii) Claims for reimbursement from RBI against certain establishment expenses, such as salaries and allowances are accounted on receipt of the claims.
- (iv) The operations of the DICGC cells located at Nagpur and Ahmedabad are under the control of Reserve Bank of India at the respective centres. The employees' cost has been provided in the General Fund on estimate basis, pending receipt of claims from respective RBI offices.

### 7. 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.

## 8. Taxation on Income

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.

## 9. 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

### 1. Contingent Liabilities not provided for:

Income tax liability disputed in appeals by the Income Tax Department against the Corporation for Assessment Years 1999-2000 to 2005-06 Rs.62,882.90 lakh (Previous Year Rs. 3,656.20 lakh.)

2. The Corporation has changed its accounting policy in respect of Deposit Insurance Fund relating to recognition of premium income to "Accrual Basis". As a result of this change, an amount of Rs. 280.94 lakh has been booked as premium income with corresponding impact on excess of income over expenditure.
3. The earlier practice of arriving at Net Claims in respect of Deposit Insurance Fund / Credit Guarantee Fund by adding up the 'excess provisions written back' as a contra item to income has been discontinued in order to conform to the prescribed format of revenue account. Such contra item amounted to Rs. 3,588.68 lakh for the year (previous year Rs.14803.18 lakh). This does not have any impact on excess of income over expenditure.
4. Share in recoveries by way of subrogation right in respect of a re-structured bank amounting to

Rs.274.02 lakh (Previous year Rs. 463.88 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.

### 5. Details of movement in provisions

(Rs. in lakh)

Particulars	Opening balance as on 01-04 -2008	Provision made during the year	Provision written back	Provisions reversed / adjusted	Closing balance as on 31-3-2009
Provision for expenses	20.00	Nil	Nil	20.00	Nil

### 6. Repo transactions (As per RBI prescribed format)

(Rs. in crore)

	Minimum Outstanding During the Year	Maximum Outstanding During the Year	Daily Average Outstanding during the year	As on March 31, 2009
Securities Sold Under Repos	Nil	Nil	Nil	Nil
Securities Purchased under Reverse Repo	1.00	602.12	73.47	Nil

7. Deferred Tax Assets, not being material, are not recognised.

### 8. Related Party Disclosure :

#### (a) Key Management Personnel:

Mr. H N Prasad, Chief Executive Officer

Mr. M.P.Kothari, Chief General Manager (up to October 31, 2008)

#### (b) Transactions with related parties:

Remuneration (Including Gratuity and Perquisites)	Rs.23.29 lakh (Previous year Rs.15.10 lakh)
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9. 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](http://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