

# **DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION**

(Established by an Act of Parliament)

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

**44<sup>th</sup> Annual Report of the Board of Directors,  
Balance Sheet and Accounts  
for the year ended  
31<sup>st</sup> March 2006**

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## LETTER OF TRANSMITTAL

( To the Reserve Bank of India )

DEPOSIT INSURANCE AND CREDIT  
GUARANTEE CORPORATION

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

DICGC / 108 / 06.02.16 / 2006-2007

29 June 2006

08 Aashadha 1928 ( SAKA )

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

Dear Sir/Madam,

### **Balance Sheet, Accounts and Report on the Working of the Corporation for the year ended 31<sup>st</sup> March 2006**

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 2006 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 2006.

Yours faithfully,

Sd/-

(R. Kausaliya)  
Deputy General Manager

**LETTER OF TRANSMITTAL**  
**( To the Government of India )**

DEPOSIT INSURANCE AND CREDIT  
GUARANTEE CORPORATION

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

DICGC / 107 / 06.02.16 / 2006-2007

29 June 2006  
08 Aashadha 1928 ( SAKA )

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

Dear Sir,

**Balance Sheet, Accounts and Report on the Working of  
the Corporation for the year ended 31<sup>st</sup> March 2006**

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

1. (i) the Balance Sheet and Accounts of the Corporation for the year ended 31 March 2006 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 2006.
2. Copies of the material mentioned as at serial no. (i) and (ii) above (i.e. Balance-sheets, Accounts and Report on the Working of the Corporation) have been furnished to the Reserve Bank of India. Three extra copies thereof are also sent herewith.
3. We may kindly be advised of the date/s on which the above documents are placed before each House of Parliament (viz., the Lok Sabha and Rajya Sabha) under Section 32(2) of the Act *ibid*.

Yours faithfully,

Sd/-

(R. Kausaliya)  
Deputy General Manager

## BOARD OF DIRECTORS

### CHAIRPERSON

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

Smt. USHA THORAT (from 24.11.2005)  
Deputy Governor, Reserve Bank of India, Mumbai.

Shri. V. LEELADHAR (from 28.10.2005 to 23.11.2005)  
Deputy Governor, Reserve Bank of India, Mumbai.

Smt. K. J. UDESHI (from 09.01.2004 to 12.10.2005)  
Deputy Governor, Reserve Bank of India, Mumbai.

### DIRECTORS

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

Shri. A. V. SARDESAI (from 11.11.2004 to 30.9.2005)  
Executive Director, Reserve Bank of India, Mumbai.

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

Shri. SUDESH KUMAR (from 27.08.2002)  
Director, Ministry of Finance, Department of Economic Affairs  
(Banking Division), Government of India, New Delhi.

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

Shri R. K. JOSHI (from 30.9.2005)  
Chairman, General Insurance Corporation of India, Mumbai.

Dr. Y. S. P. THORAT (from 23.5.2006)  
Chairman, National Bank for Agriculture and Rural Development, Mumbai.

Smt. RANJANA KUMAR (from 28.03.2003 to 30.11.2005)  
Chairperson, National Bank for Agriculture and Rural Development, Mumbai.

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

Prof. PRAKASH G. APTE (from 07.10.2005)  
Director, Indian Institute of Management, Bangalore

Prof. DILIP NACHANE (from 07.10.2005)  
Sr. Professor, Indira Gandhi Institute of Development and Research, Mumbai.

Dr. ATUL AGARWAL (from 07.10.2005)  
Chartered Accountant, Kanpur.

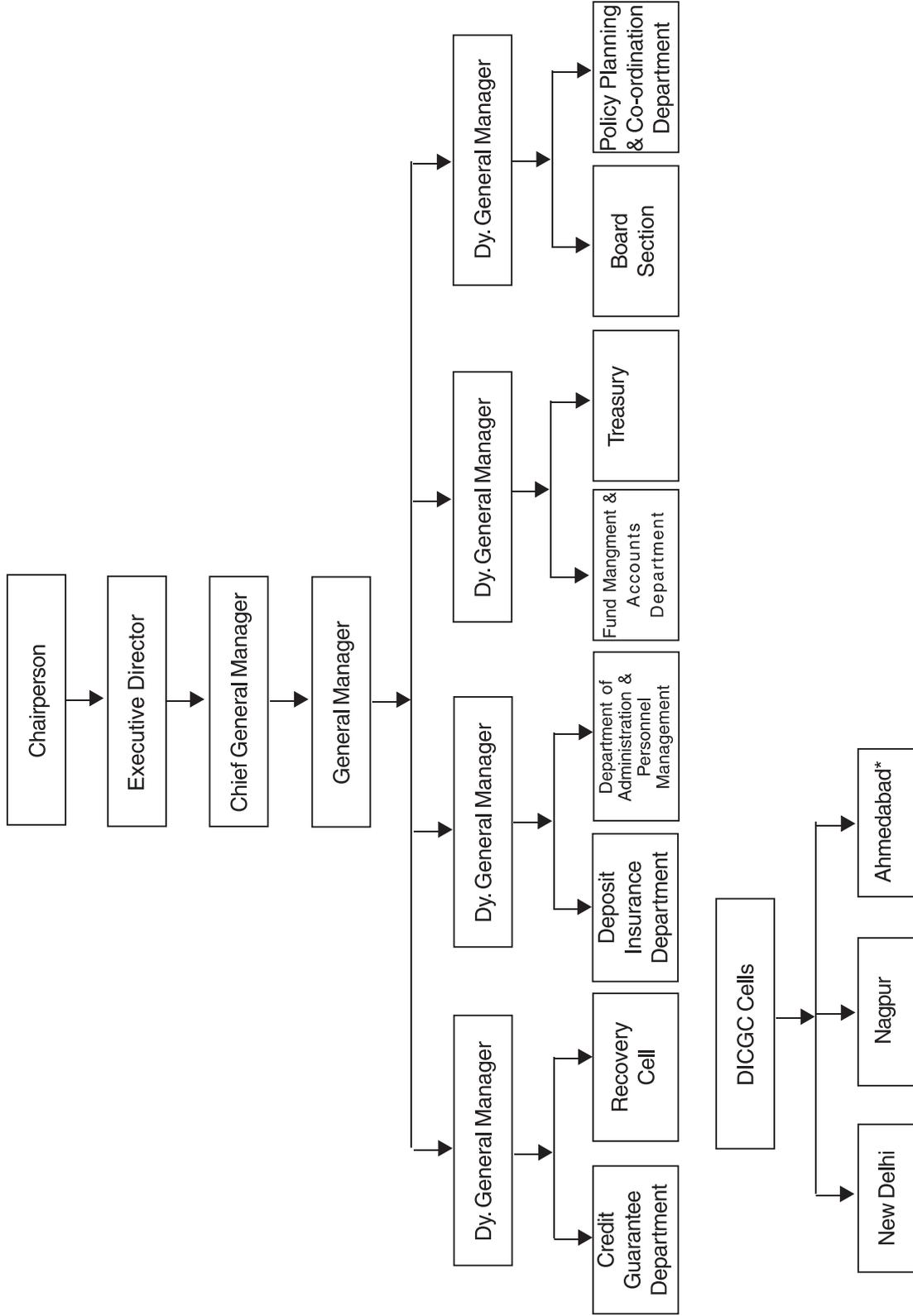
Shri. S. DORESWAMY (from 29.05.2001 to 06.10.2005)  
Former Chairman & Managing Director, Central Bank of India and  
Dena Bank, Mumbai.

Shri. MUKUND M. CHITALE (from 29.05.2001 to 06.10.2005)  
Former President of the Institute of Chartered Accountants of India, Mumbai.

Prof. AJAY SHAH (from 29.05.2001 to 06.10.2005)  
Consultant, Department of Economic Affairs, Ministry of Finance,  
Government of India, New Delhi.  
Assoc. Professor, Indira Gandhi Institute of Development and Research, Mumbai.

Shri. M. G. BHIDE (from 29.05.2001 to 06.10.2005)  
Former Chairman & Managing Director, Bank of India, Mumbai.

# ORGANISATION CHART



\* From April 2006

## OFFICES OF THE CORPORATION

**Fax No. 2301 5662 &  
2301 8165**

**Tel.Nos. Telegram**

### HEAD OFFICE

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

2308 4121

CREDITGUARD

Chief General Manager

2301 9675

Cellular No. 9820314183

(i) General Manager

2301 9645

(ii) Deputy General Manager

2301 9792

(iii) Deputy General Manager

2301 9570

(iv) Deputy General Manager

2302 1149

(v) Deputy General Manager

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 GENERAL MANAGER**

Shri M. P. Kothari

### **GENERAL MANAGER**

Shri A. B. Balwatkar

### **DEPUTY GENERAL MANAGERS**

Shri R. K. Acharya

Shri J. K. Dash

Smt R. Kausaliya

Shri H. N. Iyer

### **MANAGER AND SECRETARY**

Shri S. K. Chattopadhyay

### **BANKERS**

RESERVE BANK OF INDIA

### **TAX CONSULTANT**

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

### **AUDITORS**

M/s. Chhajed & Doshi  
Chartered Accountants  
Mumbai - 400 025

### **ACTUARIES**

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

## ABBREVIATIONS

<b>CGCI</b>	:	Credit Guarantee Corporation of India Ltd.
<b>CGF</b>	:	Credit Guarantee Fund
<b>CGO</b>	:	Credit Guarantee Organization
<b>CRAR</b>	:	Capital to Risk-Weighted Assets Ratio
<b>DIC</b>	:	Deposit Insurance Corporation
<b>DICGC</b>	:	Deposit Insurance and Credit Guarantee Corporation
<b>DIF</b>	:	Deposit Insurance Fund
<b>DRR</b>	:	Designated Reserve Ratio
<b>FBT</b>	:	Fringe Benefit Tax
<b>FDIC</b>	:	Federal Deposit Insurance Corporation
<b>GF</b>	:	General Fund
<b>IADI</b>	:	International Association of Deposit Insurers
<b>IMF</b>	:	International Monetary Fund
<b>MASI</b>	:	Management Audit and Systems Inspection (MASI)
<b>MIS</b>	:	Management Information System
<b>NPA</b>	:	Non-performing assets
<b>RBP</b>	:	Risk Based Premium System
<b>RR</b>	:	Reserve Ratio
<b>SARFAESI Act</b>	:	The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act.
<b>SLCBGS</b>	:	Small Loans (Co-operative Banks) Guarantee Scheme
<b>SLGS</b>	:	Small Loans Guarantee Scheme
<b>SSI</b>	:	Small-Scale Industries
<b>ZTC</b>	:	Zonal Training Centre

## HIGHLIGHTS - DEPOSIT INSURANCE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1984	1988-89	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b>1 CAPITAL</b>	1	1.5	15	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50
<b>2 DEPOSIT INSURANCE</b>																			
i) Deposit Insurance Fund (Including Actuarial Valuation)	1	25	154	219	72@	312@	205@	171@	205@	299@	2022@	3107	3310	3706	4250	5514	5908	7818	9103
ii) Insured Banks	276	476	1683	1805	1903	1931	1990	2025	2122	2296	2438	2583	2676	2728	2715	2629	2595	2547	2531
iii) Assessable Deposits (Rs.)	1895	7458	42360	61880	126864	244375	249034	364058	392072	450674	492380	609962	704068	806260	968752	1213163	1318268	1619815	1790918.86
iv) Insured Deposits (Rs.)	448	4656	31774	46340	90192	164527	168405	266747	295575	337671	370531	439609	498558	572434	674051	828885	870940	991365	1052988
v) Total number of Accounts (in lakh)	77	341	1598	2026	2781	3543	3529	4994	4868	4351	4109	4642	4417	4462	4817	6002	5440	6495	5373
vi) Number of Fully Protected Accounts (in lakh)	60	328	1581	2000	2705	3395	3497	4956	4819	4273	3713	4544	4302	4325	4645	5782	5189	6195	5055
vii) Claims paid (Rs.) since inception	—	1	3	3	69	178	179	181	190	194	196	209	225	262	677	863	1044	1485	2050

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

## HIGHLIGHTS — CREDIT GUARANTEE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1984	1988-89	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	
1. CAPITAL (Rs.)	1	1.5	15	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	
<b>CREDIT GUARANTEE</b>																				
i) Credit Guarantee Fund (Rs.)	—	—	89	118	@	@	@	@	@	@	@	210	48	\$	*	Nil	Nil	Nil	Nil	
ii) Guaranteed Advances																				
a) Small Borrowers (Rs.)	—	208	4840	7104	14291	26348	25484	18910	17261	3939	3241	278	NA	NA						
b) Small Scale Industries (Rs.)	—	—	3822	4891	10465	15503	14177	13847	11271	3376	2813	39	5	1	0.52	NA	NA	NA	NA	NA
iii) Claims Received (for the year)																				
a) Small Borrowers (Rs.)	—	—	25	62	364	883	1168	1348	1841	1842	184	218	219	22	—	—	—	—	—	—
b) Small Scale Industries (Rs.)	—	—	30	71	241	260	323	379	524	270	120	34	26	14	1	0.26	—	—	—	—
iv) Claims Disposed of (for the year)																				
a) Small Borrowers (Rs.)	—	—	15	32	281	566	1026	1100	1031	403	401	1188	1195	171	—	—	—	—	—	—
b) Small Scale Industries (Rs.)	—	—	27	47	177	243	288	409	308	291	221	225	139	54	5	0.61	—	—	—	—

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

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

\$ 0.07 crore of Rupees

\* 0.02 crore of Rupees

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

## DICGC AT A GLANCE

### PROFILE

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 of India in exercise of the powers conferred by sub-section (3) of Section 50 of the said Act.

#### (2) History

The concept of insuring deposits kept with banks received attention for the first time in the year 1948 after the banking crises in Bengal. The issue came up for reconsideration in the year 1949, but was held in abeyance till the Reserve Bank ensured 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 crash 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 functioning commercial banks only. 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, the

Corporation was required to register 'eligible co-operative banks' as insured banks under the provisions of Section 13 A of the 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 above two organizations (DIC & CGCI) were merged and the present Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence on July 15, 1978. Consequently, the title of Deposit Insurance Act, 1961 was changed to 'The Deposit Insurance and Credit Guarantee Corporation Act, 1961'.

Effective 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.

As no credit institution is participating in any of the credit guarantee schemes administered by the Corporation, the Corporation is not operating any of the schemes presently.

### **(3) Institutional Coverage**

**(I) All commercial banks** including the branches of foreign banks functioning in India, Local Area Banks and Regional Rural Banks are covered under the Deposit Insurance Scheme.

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

### **(4) Registration of new banks as insured banks**

(i) In terms of Section 11 of the DICGC Act, 1961, all new commercial banks are required to be

registered with the Corporation soon after they are granted licence by the Reserve Bank under Section 22 of the Banking Regulation Act, 1949. Following the enactment of the Regional Rural Banks Act, 1976 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 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.

### **(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/her in the "same right and in the same capacity" at

all the branches of the 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:

Rs.5,000/- with effect from January 1, 1968

Rs.10,000/- with effect from April 1, 1970

Rs. 20,000/- with effect from January 1, 1976

Rs. 30,000/- with effect from July 1, 1980

Rs.1,00,000/- with effect from May 1, 1993.

#### **(6) Types of Deposits Covered**

The Corporation insures all bank deposits, such as savings, fixed, current, recurring, etc. except the following types of deposits.

- (i) Deposits of foreign governments;
- (ii) Deposits of Central/State Governments;
- (iii) Inter-bank deposits;
- (iv) Deposits of the State Land Development Banks with the State co-operative banks;
- (v) Any amount due on account of deposits received outside India;
- (vi) Any amount which has been 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 the administration of the deposit insurance scheme. The premia to be paid by the insured banks are computed on the basis of their assessable deposits. Banks covered by the system are obliged to pay insurance premia to the Corporation every half year within two months from the beginning of each half year.

The rate of insurance premium was initially fixed at 5 paise per Rs. 100 of assessable deposits (or 1/20th of 1 per cent) per annum. It was reduced to 4 paise per Rs 100 (or 1/25th of 1 per cent) per annum with effect from October 1, 1971. However, it was

raised to 5 paise per Rs. 100 (or 1/20th of 1 per cent) per annum with effect from July 1, 1993.

Since 2001 the Corporation had to settle claims for large amounts due to series of failure of banks, particularly in the co-operative sector causing a drain on the Deposit Insurance Fund (DIF). It is, therefore, necessary to build up a healthy DIF in the long term to protect the interests of the small depositors. With this objective the Corporation decided to enhance the deposit insurance premium from 5 paise per Rs. 100 of assessable deposits per annum to 10 paise per Rs.100 of assessable deposits per annum in a phased manner over a period of two years. In the first phase, the premium was raised to 8 paise per Rs.100 of assessable deposits from the financial year 2004-05 and later to 10 paise per Rs.100 of assessable deposits from the financial year 2005-06.

The premium paid by the insured banks to the Corporation is required to be absorbed by the banks themselves and is not passed on to the depositors.

#### **(8) Interest on Delayed Payment of Premium**

The Corporation monitors the receipt of premia and reviews the position of defaulters at regular intervals. An insured bank as on date is required to remit premium not later than the last day of May and November each year. For delay in payment of premium, it 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 half-year till the date of payment.

#### **(9) 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 of the bank, if the concerned bank makes a request and pays all the amounts due by way of premium from the date of default together with interest and after the

Corporation is satisfied that the bank is 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 and 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, deposits of the bank as on the date of cancellation remain covered by the insurance.

#### **(10) Supervision and Inspection of Insured Banks**

The Corporation is empowered (vide Section 35 of the DICGC Act) 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.

#### **(11) Settlement of claims**

(i) In the event of the winding up or liquidation of an insured bank, every depositor of the bank is entitled to payment of an amount equal to the deposits held by him in the same right and in the same capacity at all the branches of that bank put together, 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) and (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 or the limit of insurance cover in force at the time, whichever is less, and the amount actually received by the depositor under the scheme. In these cases also the amount payable to a depositor is determined in respect of all his deposits held in the same right and in the same capacity 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 set off, in such a manner as may be specified by the Corporation and certified to be correct by the liquidator, within three months (Chart IV).
- (iv) In the case of a bank in respect of which a scheme of amalgamation/ reconstruction, etc. has been sanctioned, 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 Act in respect of the deposits of each depositor within two months from the date of receipt of such lists.
- (vi) The claim lists are to be prepared in accordance with the guidelines issued by the

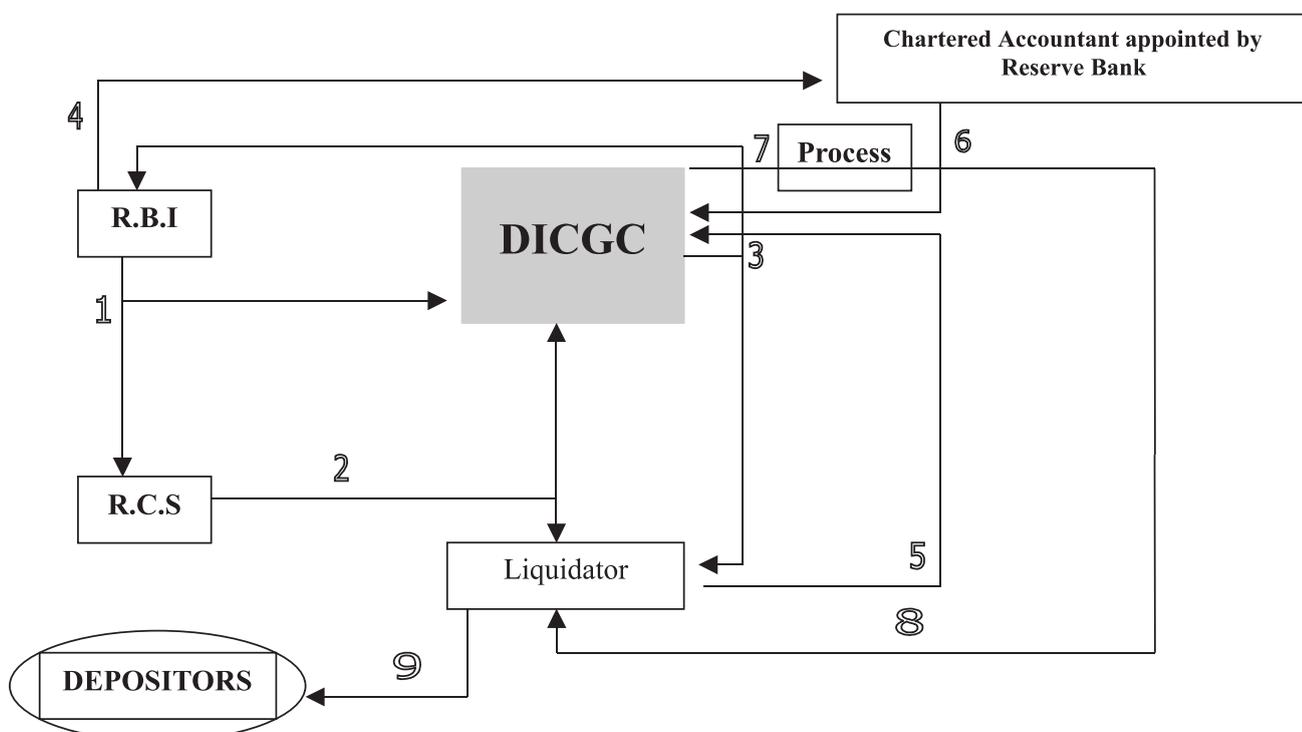
Corporation and duly certified by the Chartered Accountants appointed for the purpose.

- (vii) The Corporation generally makes payment of the eligible 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 the liquidator/Chief Executive Officer is in a position to furnish all the requisite particulars.

## (12) Recovery from 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, as soon as such amounts are sufficient to pay to each depositor one paisa or more in a Rupee.

**Chart IV: Mechanism of Settlement of Claims for Urban Co-operative Banks in India**



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 Society (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.s to check the claim list.
5. The Liquidator submits the claim list for payment to the depositors (both hard and soft forms to DICGC).
6. The external on-site 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.

### (13) Funds and Accounts

The Corporation maintains the following three distinct Funds:

- (i) Deposit Insurance Fund (DIF)
- (ii) Credit Guarantee Fund (CGF)
- (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 generally follows mercantile system of accounting and it adopted the system of actuarial valuations of its liabilities from the year 1987. The Corporation has been paying income tax since the financial year 1987-88.

### (14) Summary of Activities - FY 2005-06

During the year three new banks were registered as insured banks, while 19 insured banks were de-registered. The total number of insured banks was 2531 as on March 31, 2006. Fully protected deposit accounts as at the end of September 2005 numbering **5055 lakh** constituted 94.07 per cent of the total deposit accounts of **5374 lakh**. The insured deposits at **Rs. 1052988** crore formed 58.80 per cent of the total assessable deposits of **Rs. 1790919** crore. The insurance premium received during the year amounted to **Rs.1973.61** crore as against **Rs.1354.78** crore during the previous year. During the year, the Corporation settled claims received from 43 co-operative banks for an aggregate amount of **Rs. 565.16** crore and held a provision of **Rs. 1260.45** crore towards likely liability on account of claims in respect of 117 co-operative banks. The aggregate amount of claims paid and provided for in respect of 27 commercial banks and 147 co-operative banks, since the inception of the scheme amounted to **Rs.2049.73** crore and repayment received out of the recoveries etc., amounted to **Rs. 112.95** crore. The total recoveries accounted for 5.51 per cent of the total claims paid.

**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 2006 SUBMITTED IN TERMS OF SECTION 32(1) OF THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION ACT, 1961.**

**OPERATIONAL HIGHLIGHTS OF FY 2005-06**

**PART I – BANKING SECTOR SCENARIO**

The commercial banks have witnessed a significant achievement in respect of profitability and asset quality under the robust macroeconomic environment of the economy. Banks were able to maintain capital to risk-weighted assets ratio (CRAR) more or less at the previous year's level, although there was a sharp rise in risk-weighted assets. A decline in net NPA was observed across commercial banks due to factors like improved risk management practices, greater recovery efforts under SARFAESI Act and Corporate Debt Restructuring mechanism. On the other hand, the asset quality of the urban co-operative banks did not show any significant change.

**PART II: DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION – SOME CONCEPTUAL ISSUES**

**2.1 Scope and Coverage of Deposit Insurance**

The scope and coverage of deposit insurance should strike a balance between the financial stability objective (viz. broad scope and high coverage limits) and the objective of protecting small savers (viz., retail deposits and low coverage limits). Deposit insurance systems (DIS) in most countries insure core demand and saving deposits upto a particular limit, which covers 80 per cent to 90 per cent of the number of deposit accounts. In India, the deposit insurance system is compulsory and there are no entry barriers for getting coverage under the deposit insurance scheme of the Corporation. Initially the insurance cover was

limited to Rs.1,500 only per depositor for deposits held by him in the “same right and same capacity” in a bank. This insurance limit has been enhanced from time to time as discussed earlier and is presently Rs.1,00,000 (since May 1, 1993).

Fully protected deposit accounts as at the end of September 2005 constituted 94.07 per cent of the total deposit accounts and insured deposits formed 58.80 per cent of the total assessable deposits as against the IMF's recommended levels of 80-90 per cent and 20 per cent, respectively. The scope of deposit insurance in India is, therefore, considered broad and coverage reasonable.

**2.2 Fund Management**

Internationally, fund is provided for deposit insurance systems in many ways such as, through government appropriations, levies, premia assessed against member banks, government / market borrowings or a combination thereof. A majority of systems charge ex-ante premia as a way to build-up a fund but retain the authority to charge levies on their members, if required by the circumstances of bank failures. Other DIS prefer to rely on ex-post levies i.e. collecting levies from surviving banks to pay the depositors of failed banks, after the incidence of failure. In a large number of cases the deposit insurer is provided with the ability to secure funding for liquidity purposes from the government or from members. The deposit insurance fund (DIF) of the Corporation is built up by collection of premia from insured banks (ex-ante)

and after meeting the claim and tax liabilities, the surplus fund is invested only in Central Government securities.

### 2.3 Pricing of Deposit Insurance Premium

There is a choice between adopting a flat rate premium system or a differential premium system based on individual bank's risk profiles. The advantage of flat rate premium system is the relative ease in administering and calculating the assessments. However, such a system involves substantial cross subsidization of deposit insurance from low risk banks to high risk banks which can be viewed as the price paid by the low risk banks for ensuring a more stable banking system. The system, however, can heighten moral hazard i.e. encourage excessive risk taking by banks.

In India, premium is charged on a flat rate basis, which has remained more or less uniform since inception despite increase in the coverage from time to time.

The rate of premium fixed by the Corporation from 1962 onwards is given below:

Period	Annual Premium per Rs.100 of assessable deposit
Upto September 30, 1971	Re. 0.05
Upto June 30, 1993	Re. 0.04
From July 1, 1993	Re. 0.05
From April 1, 2004	Re. 0.08
From April 1, 2005	Re. 0.10

The Corporation at present levies a flat rate premium of 10 paise per Rs.100/- of assessable deposits per annum on all insured banks irrespective of the risk posed by them to the DIF. At present there is a statutory ceiling on premium of 15 paise per Rs.100 of assessable deposits although the Act permits the Corporation to charge different premia for different categories of banks. Steps have been initiated for charging risk-adjusted premium in place of uniform rate across the board. There is an increasing move towards Risk Based Premium System (RBP) across the globe and considerable work is in progress for developing methodologies for this purpose (Box 1).

#### Box 1: Differential Premium System – The International Scenario

Policymakers have a choice between adopting a flat-rate premium system or a premium system that is differentiated on the basis of risk profiles of individual-bank. The primary advantage of a flat-rate premium system is the relative ease with which assessments can be calculated and administered. As flat-rate premiums do not reflect the level of risk that a bank poses to the deposit insurance system, it may be perceived as encouraging excessive risk taking by some banks. Risk-adjusted differential premium systems can mitigate such criticisms and may encourage more prudent risk-management practices by member banks. Many countries considering the adoption of or an enhancement to their existing deposit insurance systems have expressed interest in eventually transitioning to differential premium systems.

One of the greatest challenge to developing a differential premium system is finding appropriate methods for differentiating the risk profiles of banks. As per the guidelines of International Association of Deposit Insurers, a number of approaches are available for moving towards differential premium system. However, the approach should combine both quantitative and qualitative factors. Most countries employing differential premium system use such an approach. Quantitative criteria approaches generally try to use measures that are factual or data driven to categorize banks for premium assessment purposes. For example, Argentina, Canada, France, Taiwan and the United States utilize this approach in their differential premium system methodologies.

**Table 1.1: Differential Premium System Adopting Qualitative and Quantitative Approach**

Country	Methodology
USA	3x3 matrix based on capital adequacy and supervisory ratings with equal weightage
Canada	A score card incorporating 14 individual quantitative and qualitative measures with 60 per cent weightage to quantitative indicators and slots banks into 4 premium categories

Argentina	All institutions contribute a basic premium to the deposit insurer with additional Premia determined by a combined qualitative/quantitative differential premium system.
France	A combination of prudential and financial risk analysis ratios which are applied to the amount of deposits with each member bank.
Taiwan	3x3 matrix based on capital adequacy and an examination data rating composite score which incorporates the CAMEL(S) framework.
Turkey	Based on various measures of capital adequacy, foreign exchange positions, asset quality and provisioning.

An important consideration in systems which combine both quantitative and qualitative factors is the relative weightage given to these factors. Qualitative criteria approaches generally rely on a number of qualitative factors to categorise banks into different categories for premium assessment purposes such as regulatory and supervisory judgement or rating system and information, such as adherence to guidelines, standard, compliance measures or other supervisory or deposit insurance requirements. In some systems (e.g. the FDIC) quantitative criteria receive an equal weight to more subjective criteria such as examination ratings. In other countries, such as Canada, qualitative criteria are weighted less than quantitative criteria. The tendency among the systems studied seems to be to assign more weight to quantitative elements than qualitative factors.

Most newly established systems initially adopt a flat-rate system given the difficulties associated with designing and implementing a risk-adjusted differential premium system. It is difficult to find appropriate and acceptable methods of differentiating risk; obtain reliable resources to administer the system; ensure consistent and timely flow of information and ensure that the rating criteria are transparent. Therefore, before establishing a differential premium system it is important to review the state of the economy, structure of the banking system, public attitudes and expectations, the strength of prudential regulation and supervision, the legal framework and the soundness of accounting and disclosure regimes.

A well-managed transition process should inter alia include - a clear plan setting out the transitioning objectives, responsibilities, resource requirements, time table and deliverables; communication of the transition plan to all interested parties; provision for a consultative process to accompany changes to the policy or legislative framework affecting the scheme etc.,. Canada introduced a transitional mechanism for the first two years of its scheme - in the first year the total quantitative score of each bank was adjusted upward by 20 per cent and in the second year further adjusted upward by 10 per cent.

In India, the issue of risk based premium system was first taken up by the Narasimhan Committee in its report on the second phase of the financial sector reforms in India. The Narasimhan Committee Report observed that deposit insurance and the aversion to bank failures could create moral hazard that distorts the incentives for banks and creates competitive inequalities. It specifically recommended the need to shift from the 'flat' rate premia to 'risk based' or 'variable rate' premia. The Committee argued that while there can be minimum flat rate which will have to be paid by all banks on all their customer deposits, institutions which have riskier portfolios or which have lower rating should pay higher premium. It had also suggested that CAMELS ratings being awarded to banks by the Reserve Bank could be the basis for charging the deposit insurance premium. This view was also reiterated by the Capoor Committee on 'Reforms in Deposit Insurance in India' set up by Reserve Bank in 1999.

The extent of public disclosure and confidentiality of risk grades needs to be addressed as it can have a major impact on the system's effectiveness. Public disclosure of banks' differential premium category rating can enhance discipline and provide additional incentives for banks to improve their performance; however, it can also have negative consequences such as those associated with disclosure of bank-specific information to the public. Some systems have sought a balance with a policy of partial transparency (e.g. Taiwan, the United States and Canada). That is, at a minimum the basic framework of the system and the factor criteria used are disclosed to the public but the actual ratings or premium categories are only disclosed to the Board of Directors and management of the bank. In such cases, banks are prohibited from disclosing their premium category and any rating (or rating component) on which that classification is based. At present, no deposit insurance system in existence publishes these ratings.

As no differential premium system is ever perfect and experience gained from operating the system provide opportunities for improvement and fine-tuning, there should be continuous and regular review of operational experiences.

#### Reference:

1. Financial Stability Forum, Guidance for Developing Effective Deposit Insurance Systems, Final Report of the Working Group on Deposit Insurance, Bank for International Settlements, Basel, 2001.
2. Garcia, G., Deposit Insurance : A Survey of Actual and Best Practices, IMF Working Paper, April 1999.
3. International Association of Deposit Insurers (IADI), General Guidance for Developing Differential Premium Systems, Basel, Switzerland, February 2005.
4. Reserve Bank of India, Report on Reforms in Deposit Insurance in India (Chairman : Shri Jagdish Capoor), October 1999.

## 2.4 Solvency of DIF and Reserve Ratio

Generally, a DIS sets the optimum size of fund based on the loss history in terms of a Designated Reserve Ratio (DRR), which is the percentage of the funds available for settling claims to total insured deposits<sup>1</sup>. The adequacy of the Reserve Ratio (RR) is crucial for ensuring solvency of the fund and for maintaining public confidence in the DIS.

The total surplus available with DIF as on March 31, 2006 is approximately Rs.9103 crore for settling future claims, excluding the estimated liability of Rs.1260 crore. There has been a spurt in claim settlements from the year 2000-01 onwards. The aggregate amount (cumulative) of claims settled since the inception of the scheme in 1962 till the year 2000-01 was Rs. 262 crore and thereafter, claims for Rs. 1787.73 crore have been settled in the next five years (2001-02 to 2005-06).

Although premium receipts have increased by over 45 per cent during the year 2005-06 over the previous year on account of increase in premium rate, it may be observed from the following table that the fresh liabilities during the last three years are outstripping the internal generation of surplus. This implies that the gap between generation of surplus and growth in liability is widening.

**Table 1: Internal Generation of Surplus in DIF and Claim Liabilities** (Rs. Crore)

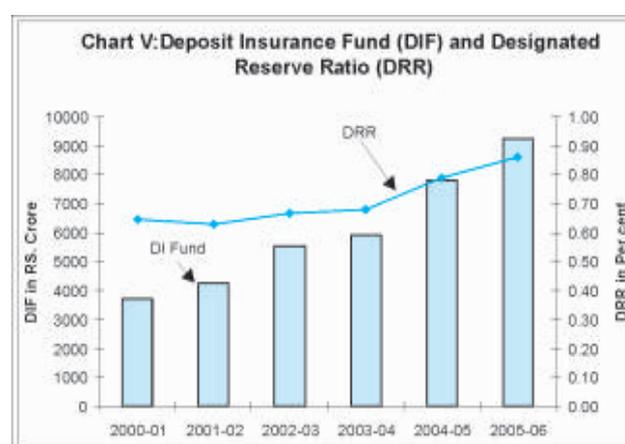
As on 31-03-2006 (Cumulative)	Surplus Generation*	Growth in Liability**	Percentage of excess liability over surplus
(1)	(2)	(3)	(4)
During the period 2005-06 (one year)	1285.39	1825.61	42.03
During the period 2004-05 to 2005-06 (two year)	1849.67	2265.06	22.46
During the period 2003-04 to 2005-06 (three year)	2243.63	2447.11	9.06

\* Increase in surplus + provision for Actuarial liabilities from the revenues of DIF.

\*\* Actual claims paid during the period + claims provided for at the end of the period.

<sup>1</sup> DRR = Deposit Insurance Fund / Total Insured Deposits

In India, the estimation of future liabilities (i.e. in addition to known liabilities) is not based on the financial health of and supervisory inputs on banks. As there is no settled methodology for measuring the adequacy of DIF, FDIC method of basing the DRR on historical experience was examined by the Capoor Committee which recommended a ratio of 2 per cent but which was modified to 1.5 per cent by a Study Team of the Corporation. As on March 31, 2004 the RR was at 0.68 per cent. As on March 31, 2006 the RR stood at 0.86 per cent (Chart V).



## PART III: THE WORKING AND OPERATIONS OF DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION DURING 2005-06

### 3.1 Registration/De-registration of Insured Banks

During the year 2005-06, three co-operative banks were registered as insured banks and two foreign banks and 17 co-operative banks were de-registered, the details of which are furnished in Annexure IV. Year-wise and category-wise particulars showing the number of banks registered by the Corporation since inception of the scheme in 1962 are furnished in Annexures I and II.

### 3.2 Extension of Scheme

The deposit insurance scheme at present covers commercial banks including local area banks and

regional rural banks in all the States & Union Territories. While the deposit insurance scheme also covers co-operative banks in 26 States and three Union Territories (Annexure -III), the position of their coverage in three States viz., Meghalaya, Mizoram, and Nagaland and three Union Territories of Lakshadweep, Chandigarh, and Dadra & Nagar Haveli is as follows:

Extension of the Scheme to the States of Meghalaya and Mizoram, and one Union Territory viz., Chandigarh is under active consideration of the Corporation as necessary amendments to the Co-operative Societies Act have been enacted by the respective State Government / Union Territory. The position in this regard is as under:-

- (i) Mizoram and Meghalaya: As the amendments made to the respective state Co-operative Societies Acts were not in conformity with Section 2 (gg) of the DICGC Act 1961, Reserve Bank, Guwhati has been advised to take up the matter with the concerned State Government.
- (ii) Chandigarh: Government of India, Legislative Department, Chandigarh Administration have been advised to confirm that a notification has been issued by the Central Government giving effect to Section 2 of Punjab Co-op. Societies (Amendment) Act, 1981 & 1994 validly adopting the said Act for the Union Territory of Chandigarh. The reply from the Government is awaited.

The matter regarding the extension of the Scheme to the co-operative banks in the state of Nagaland and two Union Territories viz., Lakshadweep and Dadra & Nagar Haveli continues to be pending with the concerned Governments for carrying out the necessary amendments to their Co-operative Societies Acts.

### 3.3 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 September 2004 and September 2005 are furnished in Table 2.

**Table 2: Insured Deposits**

(Accounts in lakhs and amounts in Rs.in crore)

Particulars	As at end of	
	September 2004	September 2005
1 Total No of Accounts.	6495	5373.94
2 Fully protected accounts	6195	5055.35
3 Percentage of 2 to 1	95.38	94.07
4 Assessable deposits	1619815	1790918.86
5 Insured deposits	991365	1052988.13
6 Percentage of 5 to 4	61.20	58.80

The year-wise details are furnished in Annexure V and VI.

### 3.4 Receipt of Deposit Insurance Premium

The category-wise break-up of premium (including interest on overdue premium) collected from insured banks during 2004-2005 and 2005-06 are furnished in Table 3.

**Table 3 : Premium Collection**

(Rupees in Crore)

Year	Commercial Banks including LABs & RRBs	Co-operative Banks	Total
2004-05	1211.84	142.94	1354.78
2005-06	1784.02	189.59	1973.61

### 3.5 Settlement of deposit insurance claim

During the year 2005-06, the Corporation has settled aggregate claims for Rs. 565.16 crore in respect of 43 co-operative banks and nil for the commercial banks as detailed in Table 4.

**Table 4 - Claims settled**

Sr.No.	Name of the bank	No. of Depositors	Amount of claim (In Rs. lakh)
<b>I</b>	<b>Commercial Bank</b>		
	NIL		
<b>II</b>	<b>Co-operative Bank</b>		
1	Mother Theresa Co-operative Bank Ltd. A.P.	2	1.28
2	Neelagiri Co-operative Urban Bank Ltd. A.P.	2907	25.27
3	Kalyan Co-operative Urban Bank Ltd. A.P.	1369	135.10
4	Trinity Co-operative Urban Bank Ltd. A.P.	3771	176.99
5	Gulberga Co-operative Bank Ltd. Karnataka	2614	233.77
6	Vijaya Co-operative Bank Ltd. A.P.	3138	122.25
7	Shri Satyasai Co-operative Bank Ltd. A.P.	1405	73.87
8	Sriganganagar CUBL Rajasthan	3093	47.87
9	Vasundhara CUBL A.P.	1774	6.30
10	Sitara CUBL Hyderabad A.P.	411	37.41
11	Mahalaxami CUBL Hyderabad A.P.	3135	343.81
12	Ma Sharda Mahila Nagrik Sahakari BL Akola Maharashtra	4450	133.52
13	Partur Peoples CBL Maharashtra	6794	158.37
14	Solapur Distt. Industrial CBL Maharashtra	25990	610.40
15	Baroda Peoples Coop. Bank, Gujarat	55359	5619.85
16	The Coop. Bank of Umreth Gujarat	4933	480.13
17	Shree Patni Coop. Urban Bank Ltd.Gujarat	17424	839.26
18	The Classic Co-op. Bank Ltd.Surat Gujarat	1472	57.26
19	Sabarmati CUBL, Gujarat	31765	2345.63
20	Matar Nagrik Sah. Bank Ltd. Gujarat	4439	145.33
21	Diamond Jubilee CBL, Gujarat	52789	6063.44
22	Petlad Commercial CBL, Gujarat	16218	676.24
23	Nadiad Mercantile Co-operative Bank Ltd, Gujarat	27191	2598.41
24	Shreenathji Co-operative Bank Ltd , Gujarat	7450	356.89
25	Shree Vikas Co-operative Bank Ltd, Gujarat	14627	2129.12
26	Textile Processors CBL, Gujarat	11266	535.56
27	Pragati Co-op Bank Ltd. Gujarat	15661	1277.29
28	Ujwar Co-operative Bank Ltd Gujarat	1379	157.06
29	Sunav Nagrik Sahkari Bank Ltd Gujarat	3037	171.70
30	Visnagar Nagrik Sahkari Bank Ltd Gujarat	227956	20231.68
31	Sanskardhani Mahila Nagrik Sahakari Bank Ltd. M.P.	634	27.16
32	The Citizen Co-operative Bank Ltd. M.P.	4938	85.01
33	The Darbhanga Central co-operative Bank Ltd. Bihar	85057	190.00
34	Bellampalli Co-operative Urban Bank Ltd. A.P.	3091	75.03
35	Shree Vithal CBL Gujarat	11629	797.30
36	Suryapur CBL Surat Gujarat	342691	5471.14
37	Shri Sarvodaya CBL Gujarat	4408	10.43
38	Petlad Nagrik Sahakari BL Gujarat	7292	162.60
39	The Charminar Coop.Bank A.P.		2007.78
40	Raghuvanshi CBL Maharashtra	16082	1205.60
41	Solapur Merchants CBL, Maharashtra.	12608	254.09
42	Aurangabad Peoples CBL Maharashtra	9942	293.22
43	Urban Co-operative Bank Tehri Uttranchal	2378	145.65
	<b>Total</b>	<b>1054569</b>	<b>56516.06</b>

Note : 1 million = 10 lakh

Further, a provision of Rs.1260.45 crore was held towards the likely claim liabilities in respect of depositors of 117 banks which are under liquidation or whose licence / application for licence to carry on banking business has been cancelled / rejected by Reserve Bank.

### 3.6 Position of Claims settled/Repayments received

As on March 31, 2006, the aggregate amount (cumulative) of claims paid and provided for since the inception of the Scheme, in respect of 27 commercial banks was Rs. 290.18 crore. Repayment received from liquidators/amalgamated banks upto March 31, 2006 aggregated Rs. 85.04 crore (including Rs.0.66 crore received during the year). The total amount of claims paid/provided for in respect of 147 co-operative banks, since the inception of the Scheme till March 31, 2006 was

Rs. 1759.55 crore (including Rs. 565.16 crore paid during the year). Repayments received from the liquidators/ amalgamated banks upto March 31, 2006 aggregated Rs. 27.91 crore (including Rs. 8.48 crore received during the year). The particulars of banks in respect of which claims have been paid, written off, provided for and repayments received till March 31, 2006 are furnished in Annexure VII.

### 4.1 Credit Guarantee Schemes

As on March 31, 2006 no credit institution was participating in any of the credit guarantee schemes of the Corporation and no claim was received during the year 2005-06 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 2005-06 are given in Table 5 :

**Table 5: Guarantee fees / Claims received and claims paid**

Year	Guarantee fee receipts	Guarantee claims receipts	Claims paid	(Amount in Rupees Crore)	
				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	—	—	—	—	—

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

The scheme-wise break-up of guarantee fee received since 1991-92 is given in Annexure VIII.

#### **4.2 Small Borrowers' Credit Guarantee Schemes**

- (i) Small Loans Guarantee Scheme, 1971 (SLGS 1971)
- (ii) Small Loans (Co-operative Banks) Guarantee Scheme, 1984 (SLCBGS 1984)

Upto the year ended March 31, 2006, the Corporation had settled 3,74,23,627 claims for Rs.10,043.06 crore under the schemes. The year-wise details of receipt and disposal of claims under the Corporation's credit guarantee schemes relating to small borrowers are given in Annexure IX.

Recoveries received under the schemes during 2005-06 by virtue of Corporation's subrogation rights aggregated Rs.8.37 crore as against Rs.14.04 crore during the previous year. The cumulative amount of recoveries received since the inception of the schemes aggregated Rs.2012.95 crore forming 29 per cent of the total claims paid at Rs.6938.84 crore.

#### **4.3 Small Loans (SSI) Guarantee Scheme, 1981**

The details of claims received and disposed off, year-wise, from April 1, 1981 onwards are given in Annexure X.

Recoveries made under the scheme during 2005-06 by virtue of the Corporation's right of subrogation amounted to Rs. 1.03 crore as compared to Rs 1.61 crore received during the previous year. Cumulative recoveries since 1981 aggregated Rs.265.26 crore as on March 31, 2006 forming 26.49 per cent of the total claims paid at Rs.1001.13 crore under the credit guarantee scheme for small scale industries.

#### **4.4 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. Out of the total amount of Rs. 5.15 lakh representing the recoveries received in claim paid accounts during the year ended

March 31, 2006 under the scheme, the Corporation remitted a sum of Rs.4.64 lakh to the Government after retaining an amount of Rs. 0.51 lakh towards administrative expenditure incurred by it.

### **ORGANISATIONAL MATTERS**

#### **5.1 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 may exercise all powers and does all acts and things which may be exercised or done by the Corporation.

5.1.1 During the year, there were following changes in the Board of Directors of the Corporation.

- (i) Smt Usha Thorat, Deputy Governor, Reserve Bank of India was nominated under Section 6(1)(a) of the DICGC Act, 1961 as Chairperson of the Corporation on November 24, 2005 vice Shri V.Leeladhar, Deputy Governor, who had earlier succeeded Smt. K.J.Udeshi, Deputy Governor, on her retirement on October 12, 2005.
- (ii) Shri A.V.Sardesai, Director nominated by Reserve Bank under Section 6(1)(b) ceased to be on the Board following his retirement from Reserve Bank's service on September 30, 2005
- (iii) There was also a change in the two Directors nominated under Section 6(1)(d) from General Insurance Corporation of India and National Bank for Agriculture and Rural Development, following change in incumbency in the chairman's post in these two institutions. Further, three new Directors were nominated under Section 6(1)(e) against four directors, who had ceased to be on the Board on expiry of their terms during the year.

5.1.2 In terms of Regulation 6 of the DICGC General Regulations, 1961, the Board of Directors of the Corporation is required to meet ordinarily once in a quarter each year. During the year ended March 31, 2006 four meetings of the Board were held.

#### **5.2 Audit Committee of the Board**

Consequent upon the formation of the new

Board of Directors, the new members of the Audit Committee of the Board are as follows:

Dr. Atul Agarwal	Chairman
Shri Sudesh Kumar	Member (Government Nominee Director)
Prof. Prakash G. Apte	Member
Shri R.K.Joshi	Member

During the year ended March 31, 2006 four meetings of the Audit Committee of the Board were held.

### **5.3 Management**

While Smt. Usha Thorat, Deputy Governor, Reserve Bank of India was nominated as Chairperson with effect from November 24, 2005, Shri P.K.Biswas, Executive Director, Reserve Bank of India was allocated the portfolio of Deposit Insurance and Credit Guarantee Corporation with effect from October 13, 2005. Shri M.P.Kothari, took over as the Chief General Manager of the Corporation with effect from December 1, 2005 vice Shri S.S.Gangopadhyay, Chief General Manager, who retired voluntarily from the service of the Corporation on November 30, 2005.

### **5.4 Budgetary Control**

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

### **5.5 Inspection and Management Audit by Reserve Bank**

The Inspection Department of Reserve Bank conducted a Management Audit and Systems Inspection (MASI) during the months of February / March 2006. Snap Audit was also conducted by Inspection Department of Reserve Bank in the month of January 2006. While the compliance level of snap audit was 100 per cent the compliance level in respect of MASI is 89 per cent.

### **5.6 Training and Skill Enhancement**

During the year, 65 employees including 21 officers, 31 Class III and 13 Class IV staff were deputed for various training programmes conducted by Reserve Bank at various training Colleges and Zonal Training Centre (ZTC). Apart from these trainings, an in-house

training in the use of official language was arranged in collaboration with the Department of Official Language, Home Ministry, Government of India. Five officers and 19 class III employees participated in the training.

### **5.7 Foreign Training / Visits**

During 2005-06, four officers were deputed by the Corporation to participate in training programmes, seminars and conferences organised by, Kazakhstan Deposit Insurance Fund at Almaty, Kazakhstan, International Association of Deposit Insurers(IADI) Annual Conference organised by Central Deposit Insurance Corporation, Taiwan at Taipei, Taiwan, Open House organised by Deposit Insurance Corporation of Japan at Tokyo and International Conference organised by Philippines Deposit Insurance Corporation (PDIC) in Manila. Areas of training included, inter alia, building confidence in financial system safety nets, the role of deposit insurance in maintaining confidence, effective governance and interrelationships, minimizing the cost of bank failures through sound regulatory arrangements, the role of deposit insurance in dealing with bank failures, the role of safety nets in resolving large bank failure, developing an effective deposit insurance etc.

### **5.8 Progressive use of Hindi**

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 Official Languages Implementation Committee meets quarterly to monitor as well as to promote the use of Hindi in the day-to-day functioning of the Corporation.

### **5.9 Auditors**

In terms of Section 29(1) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, M/s Chajjed & Doshi, Chartered Accountants, Mumbai were re-appointed, (with the approval of the Reserve Bank), as auditors of the Corporation for the year ended March 31, 2006.

## **6. Annual Accounts for 2005-06**

### **6.1 Insurance Liabilities**

- (a) The liabilities towards deposit insurance claims for the year ended March 31, 2006, have been estimated at Rs.1,260.45 crore as against Rs.1,788.52 crore as at the end of previous year (i.e about 30 per cent decline) 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.1,025.96 crore (as per assessment by approved Actuaries M/s. K.A Pandit & Co.) as against Rs.875.00 crore during the previous year (i.e. 17 per cent increase).

## 6.2 Revenues during the year

- (a) The pre-tax revenue surplus in the DIF during the year 2005-06 increased by Rs.1,699.45 crore (i.e by more than 192 per cent) compared to the previous year, from Rs.883.73 crore to Rs.2,583.18 crore. This increase was principally brought about by reduction in 'net claims' by Rs.707.32 crore; increase in premium receipt by Rs.618.83 crore; increase in investment incomes by Rs.180.71 crore and reduction in depreciation in the investment portfolio by Rs.92.79 crore.
- (b) The pre-tax revenue surplus in the CGF during 2005-06 declined by Rs.86.99 crore (i.e by more than 65 per cent) over the previous year from Rs.132.72 crore to Rs.45.73 crore. This decline mainly owes it to decrease in investment income by Rs.104.10 crore offset by decrease in depreciation in investment portfolio by Rs.23.39 crore (due to shrinking of investments consequent to transfer of Rs.1344.81 crore on March 31, 2005 to DIF); lower recovery by Rs.6.29 crore.
- (c) The GF registered a pre-tax revenue deficit of Rs.2.64 crore during 2005-06 as against a surplus of Rs.2.66 crore during the previous year, thus registering a fall of more than 199 per cent. This was mainly due to increase in staff cost (by Rs.2.64 crore) due to revision of pay and payment of arrears; increase in expenditure on professional charges (by Rs.1.09 crore); drop in income from investments (by Rs.1.03 crore); increase in

establishment cost (by Rs.0.46 crore) and legal charges (by Rs.0.11 crore).

## 6.3 Accumulated Surplus

As at the end of the financial year 2005-06 the accumulated surpluses / reserves in the DIF, CGF and GF were Rs. 8,076.94 crore (Rs. 6,942.51 crore as in previous year), Rs.344.72 crore (Rs.250.00 crore ) and Rs.73.85 crore (Rs. 25.77 crore), respectively. There was a transfer of surplus of Rs.50 crore from DIF to GF during the year under review.

## 6.4 Investments

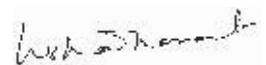
The book value (at cost) of investment in the three Funds viz. DIF, CGF and GF increased to Rs.10,283.81 crore (Rs.9,363.18 crore in the previous year), Rs.393.53 crore (Rs.433.46 crore) and Rs.139.59 crore (Rs.93.35 crore), respectively, as on March 31, 2006. The total investments at book value (cost) of Rs.10,816.93 crore as on March 31, 2006 compared to the previous year registered an increase of Rs.927.05 crore (i.e 9.37 per cent). The market value of the investments (ignoring appreciation) as on the date was Rs.10, 848.10 crore and the depreciation has been fully provided for.

## 6.5 Income Tax

During the year, the Corporation paid a total amount of Rs. 990.28 crore towards advance tax for the current year and Rs. 395.08 crore for the assessment year 2003-04. Further, the Corporation provided for Rs.884.90 crore towards current year's income tax liability and Rs.463.99 crore for earlier years. The Corporation has also paid Fringe Benefit Tax (FBT) amounting to Rs.0.09 crore during the year.

For and on behalf of the  
Board of Directors

**DEPOSIT INSURANCE  
AND CREDIT GUARANTEE  
CORPORATION  
MUMBAI**



(Usha Thorat)  
Chairperson

Dated: June 26, 2006

**ANNEXURE - I**

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

Year/Period	No. of registered banks at the commencement of the year/period	No. of banks registered during the year/period	No. of banks de-registered where Corporation's Liability			Total No. of registered banks 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 1965	276	1	7	161	168	109
1966 to 1970	109	1	5	22	27	83
1971to1975	83	544	0	16	16	611
1976 to 1980	611	995	9	15	24	1582
1981 to 1985	1582	280	8	17	25	1837
1986 to 1989-90	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
1999-2000	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

\* This figure has been arrived at by reducing 60 banks from the total as these banks had been deregistered in the previous years but not included in column 4 or 5.

**ANNEXURE-II**

**CATEGORY - WISE BREAK-UP OF INSURED BANKS AT THE END OF LAST THREE YEARS**

Year	No of insured banks				
	Commercial Banks	RRBs	LABs	Co-operative Banks	Total
2003-04	90	196	5	2304	2595
2004-05	88	196	4	2259	2547
2005-06	86	196 <sup>@</sup>	4	2245	2531

@ As on August 2006 the number of insured RRBs stood at 143.

### ANNEXURE III

#### SUMMARY OF INSURED BANKS (As on 31st March 2006)

i)	Commercial Bank	86
ii)	Local Area Bank	04
iii)	Regional Rural Banks	196 <sup>@</sup>
iv)	Co-operative Banks	2245
<b>Total ...</b>		<b>2531</b>

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

	State/ Union Territory State	Apex	Central	Primary	Total
1	Andhra Pradesh	1	22	127	150
2	Assam	1	1	8	10
3	Bihar	1	20	3	24
4.	Jharkhand	0	8	2	10
5	Delhi	1	0	15	16
6	Goa	1	0	7	8
7	Gujarat	1	18	298	317
8	Haryana	1	17	9	27
9	Himachal Pradesh	1	2	5	8
10	Jammu & Kashmir	1	3	4	8
11	Karnataka	1	19	298	318
12	Kerala	1	14	61	76
13	Madhya Pradesh*	2	45	74	121
14	Maharashtra	1	31	626	658
15	Manipur	1	0	2	3
16	Orissa	1	17	12	30
17	Punjab	1	18	5	24
18	Rajasthan	1	26	39	66
19	Sikkim	1	0	1	2
20	Tamil Nadu	1	24	131	156
21	Tripura	1	0	1	2
22	Uttar Pradesh	1	50	70	121
23	Uttaranchal	1	10	7	18
24	West Bangal	1	17	50	68
25	Arunachal Pradesh	1			1
<b>Union Territory</b>					
1	Pondicherry	1	0	1	2
2	Daman & Diu	0	0	0	0
3	Andaman and Nicobar Islanmds	1	0	0	1
<b>TOTAL</b>		<b>27</b>	<b>362</b>	<b>1856</b>	<b>2245</b>

\* The co-operative banks in the State of Chhattisgarh are included in the State of Madhya Pradesh.

@ Please see Annexure-II.

## ANNEXURE-IV

### BANKS REGISTERED AND DEREGISTERED DURING THE YEAR 2005-06

#### A. REGISTERED.

##### Commercial Bank :

##### Sr. No Name of the Bank.

- Nil -

##### Co-operative Banks (3)

Uttaranchal	(1)	(1)	The Udham Singh Nagar Dist. Central Co-op Bank Ltd.
Chhattisgarh	(1)	(2)	The State Co-op Bank Ltd., Chhattisgarh
Arunachal Pradesh	(1)	(3)	The Arunachal Pradesh State Co-op Bank Ltd, Arunachal Pradesh.

#### B. DEREGISTERED

##### (1) Commercial Banks

##### Including Foreign Banks (2)

(1)	ING Bank
(2)	UFJ Bank Ltd.

##### (2) Co-operative Banks (17)

Andhra Pradesh	(1)	(1)	Greater Telangana Co-op Urban Bank Ltd.,
Madhya Pradesh	(3)	(2)	Nagarik Sahakari Bank Ltd., Dhamtari. .,
		(3)	Nagarik Sahakari Bank Ltd., Ratlam.
		(4)	Sarvodaya Mahila Co-op Bank Ltd.,
		(5)	Aurangabad People's Co-op Bank Ltd.,
Maharashtra	(2)	(6)	Raghuvanshi Co-op Bank Ltd.,
		(7)	The Century Co-op Bank Ltd
Gujarat	(10)	(8)	Shree Swami Narayana Co-op Bank Ltd.,
		(9)	The Royale Co-op Bank Ltd.,
		(10)	Shri Vitrag Co-op Bank Ltd.,
		(11)	Metro Co-op Bank Ltd.,
		(12)	The Natpur Co-op Bank Ltd.,
		(13)	The Anand People's Co- op Bank Ltd.,
		(14)	Janta Co-op Bank Ltd.,
		(15)	Dhansura People's Co-op Bank Ltd.,
		(16)	Dabhoi Nagarik Sahakari Bank Ltd.,
		Tamil Nadu	(1)

**ANNEXURE -V**

**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 to September 2005)**

<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>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
1961	55.42	70.58	78.5	392.32	1693.74	23.1
1990-91	2982.52	3089.12	96.5	109315.52	156891.90	69.7
1991-92	3169.18	3287.00	96.4	127924.91	186307.39	68.7
1992-93	3395.03	3543.02	95.8	164526.57	244375.38	67.3
1993-94	3497.10	3529.03	99.1	168404.82	249033.83	67.6
1994-95	4956.05	4993.99	99.2	266746.65	364057.60	73.3
1995-96	4818.63	4868.07	99.0	295574.97	392071.69	75.4
1996-97	4273.23	4351.26	98.2	337671.00	450674.17	74.9
1997-98	3713.02	4108.73	90.4	370531.21	492279.86	75.2
1998-99	4544.33	4641.93	97.9	439609.10	609962.08	72.1
1999-2000	4302.11	4417.30	97.4	498558.33	704068.36	70.8
2000-01	4324.59	4461.84	96.9	572434.09	806259.84	71.0
2001-02	4644.52	4816.73	96.4	674050.88	968751.63	69.6
2002-03	5782.31	6001.61	96.3	828884.65	1213163.45	68.3
2003-04	5189.44.	5439.66	95.4	870940.32	1318267.87	66.07
2004-05	6195.30	6495.40	95.4	991365.09	1619814.64	61.20
2005-06	5055.35	5373.94	94.07	1052988.13	1790918.86	58.80

\* 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. 1,000,00 from 1993-94 onwards.

**ANNEXURE VI**

**STATEMENT SHOWING THE EXTENT OF PROTECTION AFFORDED  
TO THE DEPOSITORS OF INSURED BANKS (CATEGORY WISE)  
FOR THE YEARS 2003-04, 2004-05, 2005-06**

Year	Category of Banks	Total No of Insured banks	No of reporting banks	insured deposits (Rs, in crores)	Total assessable deposits (Rs. in crores)	Percentage of insured deposits to assessable deposits
1	2	3	4	5	6	7
2003-04	I. Commercial Banks					
	i) SBI Group	8	5	196241.97	273806.37	71.67
	ii) Public Sector	19	18	434240.54	612863.05	70.85
	iii) Foreign Banks	33	29	10323.41	60448.41	17.08
	iv) Private Banks	30	28	72784.24	180684.57	40.28
	v) Local Area Banks	5	4	83.80	118.12	70.94
	<b>Total</b>	<b>95</b>	<b>84</b>	<b>713673.96</b>	<b>1127920.52</b>	<b>63.27</b>
II. Regional Rural Banks	196	165	43071.89	45338.16	95.00	
III. Co-operative Banks	2304	1796	114194.48	145009.19	78.75	
<b>Total I+II+III</b>	<b>2595</b>	<b>2045</b>	<b>870940.33</b>	<b>1318267.87</b>	<b>66.07</b>	
2004-05	Commercial, Banks					
	i) SBI Group	8	7	250624.87	369982.75	67.74
	ii) Public Sector	19	18	476661.09	745692.02	63.92
	iii) Foreign Banks	31	30	13327.97	67814.28	19.65
	iv) Private Banks	30	28	78899.12	230851.74	34.18
	v) Local Area Banks	4	3	75.67	109.14	69.33
	<b>Total</b>	<b>92</b>	<b>86</b>	<b>819588.72</b>	<b>1414449.93</b>	<b>57.94</b>
II. Regional Rural Banks	196	170	47697.75	50270.25	94.88	
III. Co-operative Banks	2259	1886	124078.62	155094.46	80.00	
<b>Total I+II+III</b>	<b>2547</b>	<b>2142</b>	<b>991365.09</b>	<b>1619814.64</b>	<b>61.20</b>	
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>	

*@ Please see Annexure-II.*

**ANNEXURE VII**

**Deposit Insurance claims paid/provided for and repayment recovered as on 31st March 2006**

(Rupees in lakh)

Sr. No.	Name of the bank(Figures in Brackets indicate the year in which the claims were met)	Total insured deposits paid and provided for	Repayments received by Corporation	Balance (3)-(4)
1	2	3	4	5
<b>I</b>	<b>COMMERCIAL BANKS</b>			
	i) Particulars relating to banks in respect of which the corporation has been reimbursed in full			
\$	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) Particulars relating to banks in respect of which the Corporation has been paid in part and balance due has been written off			
*	8) Unity Bank Ltd., Chennai(1963)	2.53	1.37 (1.16)	-
*	9) Unnao Commercial Bank Ltd, Unnao (1964)	1.08	0.31 (0.77)	-
*	10) Chawla Bank Ltd; Dehradun (1969)	0.18	0.14 (0.04)	-
*	11) Metropolitan Bank Ltd; Kolkata(1964)	8.80	4.42 (4.38)	-
*	12 Southern Bank Ltd; Kolkata (1964)	7.34	3.73 (3.61)	-
*	13 Bank of Algapuri Ltd; Algapuri (1963)	0.28	0.18 (0.10)	-
*	14) Habib Bank Ltd; Mumbai (1966)	17.26	16.78 (0.48)	-
*	15) National Bank of Pakistan, Kolkata (1966)	0.99	0.88 (0.11)	-
	<b>Total 'B'</b>	<b>38.46</b>	<b>27.81 (10.65)</b>	<b>-</b>
	<b>figures in brackets indicate the amount written off</b>			

(Contd.)

**ANNEXURE VII (Contd.)**

Sr. No.	Name of the bank(Figures in Brackets indicate the year in which the claims were met)	Total insured deposits paid and provided for	Repayments received by Corporation	Balance (3)-(4)
1	2	3	4	5
iii)	Particulars relating to banks in respect of which the corporation has not been reimbursed in full			
*	16) National Bank of Lahore Ltd; Delhi (1970)	9.69	-	9.69
*	17) Bank of Cochin Ltd; Cochin (1986)	1162.78	705.79	456.99
*	18) Lakshmi Commercial Bank Ltd Bangalore	3340.62	913.58	2427.04
*	19) Hindustan Commercial Bank Ltd; Delhi(1988)	2191.67	667.05	1524.62
*	20) United Industrial Bank Ltd; Kolkata (1990)	3501.58	252.35	3249.23
*	21) Traders Bank Ltd;New Delhi (1990)	306.34	134.82	171.52
*	22) Bank of Thanjavur Ltd; ThanjavurT.N. (1990)	1078.36	802.72	275.64
*	23) Bank of Tamilnad Ltd.. Tirunelveri T.N. (1990)	764.50	758.97	5.53
*	24) Parur Central Bank Ltd.,North Parur Maharashtra(1990)	260.92	231.92	29.00
*	25) Purbanchal Bank Ltd., Guwahati (1990)	725.77	97.60	628.17
*	26) Sikkim Bank Ltd., Gangtok (2000)	1726.69	—	1726.69
*	27) Benares State Bank Ltd.,(BOB Mumbai)	9999.13	—	9999.13
	<b>Total 'C'</b>	<b>25068.05</b>	<b>4564.80</b>	<b>20503.25</b>
	<b>Total A + B+ C</b>	<b>29017.91</b>	<b>8504.01</b>	<b>20503.35</b>
	Remarks – Amount written off till 31st March 2004 Rs.10.65			
<b>II.</b>	<b>CO-OPERATIVE BANKS</b>			
i)	Particulars relating to banks in respect of which the Corporation has been reimbursed in full			
\$\$	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 (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., (1996)	1.22	1.22	—
	8) Vasundhara CUBL A.P (2005)	<b>6.30</b>	<b>6.30</b>	<b>-</b>
	<b>Total 'D'</b>	<b>171.37</b>	<b>171.37</b>	<b>—</b>
ii)	Particulars relating to banks in respect of which the Corporation has been paid in part and balance due has been written off			
@	8) Ghatkopar Janata Sahakari Bank Ltd., Mumbai (1977)	<b>2.76</b>	—	—
			<b>(2.76)</b>	—
@	9) Bhadravathi Town Co-op. Bank Ltd.,Bhadravathi (1994)	0.26	—	—
			(0.26)	—
@	10) Aarey Milk Colony Co-op. Bank Ltd., Mumbai (1978)	0.60	0.60	—
			(0.60)	—
	<b>Total 'E'</b>		—	—
			<b>(3.62)</b>	<b>—</b>
	<b>(figures in bracket indicate amount written off)</b>			

(Contd.)

**ANNEXURE VII (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank (Figures in Brackets indicate the year in which the claims were met)</b>	<b>Total insured deposits paid and provided for</b>	<b>Repayments received by Corporation</b>	<b>Balance (3)-(4)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
iii)	Particulars relating to banks in respect of which the Corporation has not been reimbursed in full			
*	11) Ratnagiri Urban Co-op. Bank Ltd., Ratnagiri Maharashtra(1978)	46.43	12.54	33.89
*	12) Vishwakarma Co-op. Bank Ltd., Mumbai Maharashtra (1979)	11.57	5.60	5.97
*	13) Prabhadevi Janata Sahakari Bank Ltd. Mumbai Maharashtra (1979)	7.02	3.06	3.96
*	14) Kalavihar Co-op. Bank Ltd., Mumbai (1979)	13.17	3.36	9.81
*	15) Vysya Co-op. Bank Ltd., Bangalore Karnataka (1982)	91.31	12.95	78.36
@	16) Kollur Parvathi Co-op. Bank Ltd., Kollur A.P.(1985)	13.96	0.70	13.26
@	17) Adarsh Co-op. Bank Ltd., Mysore Karnataka (1985)	2.74	0.65	2.09
*	18) Kurduwadi Merchants Urban Co-op. Bank Ltd. Kurduwadi (1986)	4.85	4.01	0.84
@	19) Gadag Urban Co-op. Bank Ltd., Gadag Karnataka (1986)	22.85	12.66	10.19
@	20) Manihaal Urban Co-op. Credit Bank Ltd., Manihal Karnataka (1987)	9.62	2.28	7.34
@	21) Hind Urban Co-op. Credit Bank Ltd.,Lucknow U.P.(1988)	10.95	—	10.95
@	22) Yellamchili Co-op. Bank Ltd. Yellamchili A.P. (1990)	4.36	0.52	3.84
@	23) Vasavi Co-op. Urban Bank Ltd., Gurzala A.P. (1991)	3.89	0.49	3.40
@	24) Kundara Urban Co-op. Bank Ltd. Kundara Kerala (1991)	17.37	8.73	8.64
@	25) Manoli Shri Panchlingeshwar Urban Co-op. Bank Ltd., Karnataka (1991)	17.44	10.39	7.05
@	26) Sardar Nagrik Sahakari Bank Ltd., Baroda Gujarat (1991)	74.85	18.00	56.85
*	27) Belgaum Muslim Co-op. Bank Ltd., Belgaum Karnataka (1992)	37.11	2.74	34.37
@	28) Bhiloda Nagrik Sahakari Bank Ltd., Bhiloda Gujarat (1994)	19.84	1.03	18.81
@	29) Citizen's Urban Co-op. Bank Ltd., Indore M.P.(1994)	220.21	—	220.21
@	30) Chetana Co-op.Bank Ltd., Mumbai (1995)	875.49	7.58	867.91
@	31) Bijapur Industrial Co-op. Bank Ltd., Hubli Karnataka (1996)	24.13	—	24.13
@	32) The Peoples Co-op. Bank Ltd., Ichalkaranji Maharashtra (1996)	365.46	—	365.46
@	33) The Swastik Janata Sahakari Bank Ltd., Mumbai (1998)	226.63	—	226.63
@	34) Kolhapur Zilla Janata Sahakari Bank Ltd., Mumbai (1998)	801.17	—	801.17
@	35) Dharwad Industrial Co-op. Bank Ltd. Hubli Karnataka (1998)	9.16	—	9.16
@	36) Dadar Janata Sahakari Bank Ltd., Mumbai (1999)	518.03	5.00	513.03
@	37) Vinkar Sahakari Bank Ltd., Mumbai (1999)	180.68	—	180.68
@	38) Trimooriti Saha Bk Ltd.,Pune Maha (1999)	285.56	—	285.56
@	39) Awami Mercantile Co-op. Bank Ltd., Mumbai (2000)	462.40	—	462.40
@	40) Ravikiran Urban Co-op. Bank Ltd., Mumbai (2000)	618.97	—	618.97
@	41) Gudur Co-op. Urban Bank Ltd., Gudur A.P.(2000)	67.37	—	67.37
@	42) Anakapalle Co-op. Urban Bank Ltd., Anakapalle A.P. (2000)	24.47	1.37	23.10
@	43) Indira Sahakari Bank Ltd., Mumbai (2000)	1570.13	0.84	1569.29
@	44) Nandgaon Merchants Co-op. Bank Ltd., Nandgaon Maharashtra (2000)	22.42	—	22.42
@	45) Siddhartha Sahakari Bank Ltd., Jalgaon Maharashtra (2000)	53.99	11.00	42.99
@	46) Solapur Zilla Mahila Sahakari Bank Ltd., Solapur Maharashtra (2000)	274.95	—	274.95
@	47) The Sami Taluka Nagrik Sahakari Bank Ltd., Sami Gujarat (2000)	20.17	—	20.17

(Contd.)

**ANNEXURE VII (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank(Figures in Brackets indicate the year in which the claims were met)</b>	<b>Total insured deposits paid and provided for</b>	<b>Repayments received by Corporation</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
@ 48)	Ahilyadevi Mahila Nagar Sahakari Bank Ltd., Kalamnuri Maharashtra (2001)	16.96	—	16.96
@ 49)	Nagrik Sahakari Bank Ltd., Sagar M.P. (2001)	70.14	—	70.14
@ 50)	Indira Sahakari Bank Ltd., Aurangabad, Maharashtra (2001)	218.63	4.66	213.97
@ 51)	Nagrik Co-op. Comm. Bank Mydt. Bilaspur,M.P. (2001)	261.36	—	261.36
@ 52)	Ichaalkaranji Kamgar Nagrik Sahakari Bank Ltd., Ichaalkaranji Mah.(2001)	50.68	—	50.68
@ 53)	Parishad Co-op. Bank Ltd., New Delhi (2001)	39.47	37.81	1.66
@ 54)	The Sahyog Co-op. Bank Ltd., Ahmedabad Gujarat (2002)	299.53	—	299.53
& 55)	Madhavpura Mercantile Co-op. Bank Ltd., Ahmedabaad Gujarat (2001)	40094.00	—	40094.00
@ 56)	Krushi Co-op. Urban Bank Ltd., Secunderabad A.P. (2001)	2286.44	25.00	2261.44
@ 57)	Jabalpur Nagrik Sahakari Bank Ltd.,Jabalapur M.P(2002)	194.87	—	194.87
@ 58)	Shree Laxmi Co-op. Bank Ltd., Ahmedabad Gujarat (2002)	1387.39	13.80	1373.59
@ 59)	Maratha Market Peoples Co-op. Bank Ltd.,Mumbai (2002)	379.60	—	379.60
@ 60)	The Latur Peoples Co-op. Bank Ltd., Latur, Maharashtra (2002)	30.49	—	30.49
@ 61)	Shree Laxmi Mahila Co-op. Bank Ltd., AP (2002)	78.21	—	78.21
@ 62)	The Friends Co-op. Bank Ltd., Mumbai (2002)	483.92	—	483.92
@ 63)	The Bhagyanagar Co-op. Urban Bank Ltd.,A.P.(2002)	96.97	5.00	91.97
@ 64)	The Aska Co-op. Urban Bank Ltd., Orissa (2002)	70.33	—	70.33
@ 65)	The Veraval Ratnakar Nagrik Sahakari Bank Ltd., Veraval, Gujarat (2002)	265.54	—	265.54
@ 66)	Veraval Vibhagiya Nagrik Saha. Bank Ltd., Veraval, Gujarat (2002)	258.66	—	258.66
@ 67)	Sravya Co-op. Urban Bank Ltd., A.P. (2002)	743.77	19.21	724.56
@ 68)	Majoor Sahakari Bank Ltd., Ahmedabad Gujarat (2002)	147.79	—	147.79
@ 69)	Mira Bhayander Co-op. Bank Ltd., Maharashtra 2003)	224.48	—	224.48
@ 70)	Shree Labh Co-op. Bank Ltd., Mumbai (2003)	475.00	3.39	471.61
@ 71)	Khed Urban Co-op. Bank Ltd.,Mhaharashtra (2003)	463.68	—	463.68
@ 72)	Janata Sahakari Bank Ltd., Dewas, MP (2003)	717.42	661.41	56.01
@ 73)	Nizamabad Co-op. Urban Bank Ltd., AP (2003)	112.90	—	112.90
@ 74)	Megacity Co-op. Urban Bank Ltd., AP (2003)	161.98	4.00	157.98
@ 75)	The Kurnool Urban Co-op. Bank Ltd.,A.P. (2003)	474.33	465.56	8.77
@ 76)	Yamunanagar Urban Co-op. Bank Ltd., Hariyana (2003)	300.47	8.00	292.47
@ 77)	The Praja Co-op. Urban Bank Ltd., AP (2003)	92.54	6.26	86.28
& 78)	Charminar Co-op. Urban Bank Ltd.,AP (2003)	14323.44	—	14323.44
@ 79)	Rajampet Co-op. Urban Bank Ltd., AP (2003)	163.45	15.00	148.45
@ 80)	Shree Bhagayalaxmi Co-op. Bank Ltd.,Gujarat (2003)	340.33	—	340.33
@ 81)	Aryan Co-op. Urban Bank Ltd., AP (2003)	467.81	250.32	217.49
@ 82)	The First City Co-op. Urban Bank Ltd., AP (2003)	128.73	34.35	94.38
@ 83)	Kalwa Belapur Sahakari Bank Ltd., Maharashtra (2003)	488.80	0.25	488.55
@ 84)	Ahmedabad Mahila Sahakari Bank Ltd., Gujarat (2003)	331.09	—	331.09
@ 85)	Theni Co-op. Urban Bank Ltd., TN (2003)	331.68	—	331.68
@ 86)	Mandasaur Commercial Co-op. Bank Ltd., M.P.(2003)	1411.40	472.98	938.42

(Contd.)

**ANNEXURE VII (Contd.)**

<b>Sr. No.</b>	<b>Name of the bank(Figures in Brackets indicate the year in which the claims were met)</b>	<b>Total insured deposits paid and provided for</b>	<b>Repayments received by Corporation</b>	<b>Balance (3)-(4)</b>
1	2	3	4	5
@ 87)	Mother Theresa Co-op. Urban Bank Ltd.,AP (2003)	505.90	-	505.90
@ 88)	Dhana Co-op. Urban Bank Ltd., AP (2003)	238.55	-	238.55
@ 89)	Ahmedabad Urban Co-op. Bank Ltd.,Gujarat ( 2003)	373.44	-	373.44
@ 90)	The Star Co-op. Bank Ltd., AP (2003)	26.27	-	26.27
@ 91)	Armoor Co-op. Urban Bank Ltd., AP (2003)	7.08	2.16	4.92
@ 92)	The Janata Commercial Co-op. Urban Bank Ltd., Ahmedabad Gujarat (2003)	411.26	-	411.26
@ 93)	Manikanta Co-op. Urban Bank Ltd., AP (2003)	216.78	135.00	81.78
@ 94)	Bhavnagar Welfare Co-op. Bank Ltd., Gujarat (2003)	355.08	-	355.08
@ 95)	Navodaya Sahakara Bank Ltd., Karnataka (2003)	30.38	-	30.38
@ 96)	Pithapuram Co-op. Urban Bank Ltd., AP (2003)	76.98	76.91	0.07
@ 97)	Shri Adinath Sahakari Bank Ltd., Maharashtra ( 2003)	429.71	35.00	394.71
@ 98)	Santram Co-op. Bank Ltd., Gujarat ( 2003)	1155.54	-	1155.54
@ 99)	Palana Co-op. Urban Bank Ltd., Gujarat (2003)	229.52	217.91	11.61
@ 100)	Nayaka Mercantile Coop. Bank Ltd. ,Gujarat (2004)	255.31	-	255.31
@ 101)	General Coop. Bank Ltd Gujarat (2004)	7025.57	-	7025.57
@ 102)	Western Co-op. Bank Ltd. Mumbai (2004)	345.43	-	345.43
@ 103)	Charotar Nagrik Sahakari Bank Ltd. Gujarat (2004)	20039.27	-	20039.27
@ 104)	Pratibha Mahila Sahakari Bank Ltd., Jalgaon Maharashtra (2004)	338.34	-	338.34
@ 105)	Visnagar Nagrik Sahakari Bank Ltd.Gujarat(2004)	33718.36	-	33718.36
@ 106)	Narsaraopet Co-op. Bank Ltd., Andhra Pradesh (2004)	17.94	-	17.94
@ 107)	Bhanjanagar Co-op. Bank Ltd., Orissa (2004)	98.00	-	98.00
@ 108)	Sai Co-op. Bank Ltd. A. P. (20004)	101.70	-	101.70
@ 109)	Neelagiri Co-operative Urban Bank Ltd A.P. (2005)	25.27	-	25.27
@ 110)	Kalyan Co-operative Urban Bank Ltd. A.P.(2005)	135.10	-	135.10
@ 111)	Trinity Co-operative Urban Bank Ltd. A.P.(2005)	176.99	-	176.99
@ 112)	Gulberga Co-operative Bank Ltd. Karnataka(2005)	233.77	-	233.77
@ 113)	Vijaya Co-operative Bank Ltd. A.P(2005)	122.25	-	122.25
@ 114)	Shri Satyasai Co-operative Bank Ltd. A.P.(2005)	73.87	-	73.87
@ 115)	Sriganganagar CUBL Rajasthan(2005)	47.88	-	47.88
@ 116)	Sitara CUBL Hyderabad A.P (2005)	37.41	-	37.41
@ 117)	Mahalaxami CUBL Hyderabad A.P(2005)	343.81	-	343.81
@ 118)	Ma Sharda Mahila Nagrik Sahakari Bank Ltd. Akola Maharashtra (2005)	133.52	-	133.52
@ 119)	Partur Peoples CBL Maharashtra	158.37	-	158.37
@ 120)	Solapur Distt. Industrial CBL Maharashtra (2005)	610.40	-	610.40
@ 121)	Baroda Peoples Coop. Bank, Baroda Gujarat (2005)	5619.85	-	5619.85
@ 122)	The Coop. Bank of Umreth Gujarat (2005)	480.14	-	480.14
@ 123)	Shree Patni Coop. Urban Bank Ltd.Gujarat (2005)	839.26	-	839.26
@ 124)	The Classic Co-op. Bank Ltd.Surat Gujarat (2005)	57.26	-	57.26
@ 125)	Sabarmati CUBL, Gujarat (2005)	2345.63	-	2345.63
@ 126)	Matar Nagrik Sah. Bank Ltd. Gujarat (2005)	145.33	-	145.33
@ 127)	Diamond Jubilee CBL, Gujarat (2005)	6063.44	-	6063.44
@ 128)	Petlad Commercial CBL, Gujarat (2005)	676.24	-	676.24
@ 129)	Nadiad Mercantile Co-operative Bank Ltd, Gujarat (2005)	2598.41	-	2598.41
@ 130)	Shree Vikas Co-operative Bank Ltd, Gujarat (2005)	2129.12	-	2129.12

(Contd.)

**ANNEXURE VII (Concl.)**

Sr. No.	Name of the bank(Figures in Brackets indicate the year in which the claims were met)	Total insured deposits paid and provided for	Repayments received by Corporation	Balance (3)-(4)
1	2	3	4	5
@ 131)	Textile Processors CBL, Gujarat (2005)	535.56	-	535.56
@ 132)	Pragati Co-op Bank Ltd. Gujarat (2005)	1277.29	-	1277.29
@ 133)	Ujwar Co-operative Bank Ltd. Gujarat (2005)	157.06	-	157.06
@ 134)	Sunav Nagrik Sahkari Bank Ltd. Gujarat (2005)	171.70	-	171.70
@ 135)	Sanskardhani Mahila Nagrik Sahakari Bank Ltd. M.P. (2005)	27.16	-	27.16
@ 136)	The Citizen Co-operative Bank Ltd. M.P. (2005)	85.01	-	85.01
@ 137)	The Darbhanga Central co-operatve Bank Ltd. Bihar (2005)	190.00	-	190.00
@ 138)	Bellampalli Co-operative Urban Bank Ltd. A.P. (2005)	75.03	-	75.03
@ 139)	Shree Vithal CBL Gujarat (2005)	797.30	-	797.30
@ 140)	Suryapur CBL Surat Gujarat (2005)	5471.14	-	5471.14
@ 141)	Shri Sarvodaya CBL Ahmedabad (2005)	10.43	-	10.43
@ 142)	Petlad Nagrik Sahakari Bank Ltd. Gujarat (2005)	162.60	-	162.60
@ 143)	Raghuvanshi CBL Mumbai (2005)	1205.60	-	1205.60
@ 144)	Solapur Merchants CBL Solapur Maharashtra (2005)	254.09	-	254.09
@ 145)	Aurangabad Peoples CBL Maharashtra (2005)	293.22	-	293.22
@ 146)	Urban Co-operative Bank Ltd. Tehri Utranchal (2005)	145.65	-	145.65
@ 147)	Shreenathji Co-operative Bank Ltd., Gujarat (2005)	356.89	-	356.89
<b>Total 'F'</b>		<b>175780.46</b>	<b>2619.48</b>	<b>173160.98</b>
<b>Total D+E+F</b>		<b>175955.45</b>	<b>2790.85</b>	<b>173160.98</b>
<b>Total A+B+C+D+E+F</b>		<b>204973.36</b>	<b>11294.86</b>	<b>193664.23</b>

Remarks:

Amount written off as on 31.3.2004

Commercial Bank

Rs.10.65 lakh

Cooperative banks

Rs.3.62 lakh

**Total**

**Rs.14.27 lakh**

\$ Licence to carry on banking business cancelled by Reserve Bank of India.

\$\$ The Bank was revived and voluntarily amalgamated with the Saraswat Co-operative Bank Ltd. in 1984.

\* Scheme of amalgamation

@ Banks taken into liquidation

+ Provision of Rs.0.02 lakh made in respect of untraceable depositors written back.

++ Provision of Rs.2.07 lakh made in respect of untraceable depositors written back.

+++ Provision of Rs.0.14 lakh made in respect of untraceable depositors written back.

++++ Provision of Rs.0.11 lakh made in respect of untraceable depositors written back.

% The bank was voluntarily amalgamated with the Saraswat Co-operative Bank Ltd.,in 1987

\*\* Amount under column 3 includes "on account" payments made to Bank of Karad Ltd.: (Rs. 37 crore), Metropolitan Co-operative Bank Ltd.; ( Rs.1.25 crore), Madhavpura Mercantile Co-op. Bank Ltd. (Rs.400.94 crore), Krushi Co-op. Urban Bank Ltd. (Rs.22.73 crore) and Charminar Co-op Urban Bank Ltd. (Rs.100 crore).

& Scheme of reconstruction.

**Note** The figures of claims given above are after effecting adjustments.

**ANNEXURE – VIII**

**STATEMENT INDICATING SCHEME-WISE BREAK-UP OF GUARANTEE FEE RECEIVED DURING THE YEARS 1991-92 TO 2005-06**

(Amount in Rs. crores)

Sr. Scheme No.	(Amount in Rs. crores)															
	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	2004-05	2005-06	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1	351.44	431.74	665.36	631.64	496.90	396.43	112.70	81.03	11.02	-	-	-	-	-	-	
	Small Loans Guarantee Scheme, 1971															
2	0.20	0.21	0.12	0.14	0.03	0.01	\$	\$	\$	-	-	-	-	-	-	
	Small Loans (Co-op. Banks) Guarantee Scheme, 1984															
3	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	-	-	
	Small Loans (Small Scale Industries) Guarantee Scheme, 1981															
<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>	<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 – IX**

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

(Amount in Rs. crores)

Period	Claims received			Claims disposed of			Of the claims disposed of (vide Columns 4 & 5)				
	No.	Amount		No.	Amount		Claims paid	Claims withdrawn/returned	Claims rejected		
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 2004-2005	-	-	-	-	-	-	-	-	-	-	
During 2005-06	-	-	-	-	-	-	-	-	-	-	
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>	

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

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

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

**ANNEXURE - X**

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

(Amount in Rs. crores)

Period	Claims received		Claims disposed of		Of the claims disposed of						Claims pending as at the end of the year	
	No. Amount	No. Amount	No. Amount	No. Amount	Claims paid	Claims withdrawn/ returned	Claims rejected	Claims pending as at the end of the year	No. Amount	No. Amount	No. Amount	No. Amount
	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. 2005	-	-	-	-	-	-	-	-	-	-	-	-
1 Apr. 2005 to 31 Mar. 2006	-	-	-	-	-	-	-	-	-	-	-	-
<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>

## AUDITORS' REPORT

**Chhajed & Doshi**  
Chartered Accountants

1. We have audited the attached Balance Sheets of Deposit Insurance Fund, Credit Guarantee Fund and General Fund of the **Deposit Insurance & Credit Guarantee Corporation** as at 31st March 2006 and annexed Revenue Accounts and also Cash Flow Statements of the said three Funds of the Corporation for the year ended on that date.
2. 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.
3. We conducted our audit in accordance with 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 and supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used, significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. 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 audit and found them 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 and 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 correct view in conformity with the accounting principles generally accepted in India:
    - (a) in case of the said Balance Sheets, which are full and fair, of the state of affairs of the Corporation as at 31st March 2006;
    - (b) in 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.

For **CHHAJED & DOSHI**  
Chartered Accountants

sd/-

Dated: June 26, 2006  
Place : MUMBAI

**(D.P. Thakkar)**, Partner  
Membership No. 7070

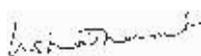
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(Regulation 18 –  
Balance Sheet as at the close  
I - DEPOSIT INSURANCE FUND**

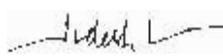
(Rupees in lakh)

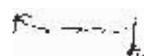
<i>Previous Year</i>		<b>LIABILITIES</b>	<i>Deposit Insurance Fund</i>		<i>Credit Guarantee Fund</i>	
<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>					
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
87,500.00	-	<b>1. Fund</b> _(Balance at the end of the year)	102,596.00			
		<b>2. Surplus:</b>				
503,741.78	151,068.29	Balance at the beginning of year	694,251.29		25,000.00	
134,481.41	(134,481.41)	Transferred to / from other Fund/s	(5,000.00)		-	
<u>56,028.10</u>	<u>8,413.12</u>	Transferred from Revenue Account	118,442.29	807,693.58	9,472.37	34,472.37
694,251.29	25,000.00					
		<b>3. (a) Investment Reserve</b>				
690.69	344.48	Balance at the beginning of year	22,361.35		2.66	
3,284.15	(3,284.15)	Transferred to / from CGF	-		-	
<u>18,386.51</u>	<u>2,942.33</u>	Transferred from Revenue Account	9,107.65	31,469.00	602.75	605.41
22,361.35	2.66					
		<b>(b) Investment Fluctuation Reserve</b>				
25,170.53	10,289.89	Balance at the beginning of year	25,170.53		10,289.89	
-	-	Transferred to / from IFR of DIF / CGF	7,500.00		(7,500.00)	
-	-	Transferred from Revenue Account	-	32,670.53	-	2,789.89
178,852.40	-	<b>4. Estimated Liability in respect of claims intimated but not admitted</b>	126,045.27			
5,391.48	-	<b>5. Insured Deposits remaining unclaimed</b>	4,140.72			
		<b>6. Other Liabilities</b>				
1,729.85	-	(i) Sundry Creditors	1,167.86		0.00	
164,448.56	103,411.45	(ii) Provision for Income Tax	304,324.06		98,512.46	
3.86	34.64	(iii) Sundry Deposit Account	106.35		34.63	
-	78.87	(iv) Provision for Debtors	-	305,598.27	78.87	98,625.96
<u>1,179,709.32</u>	<u>138,817.51</u>		<u>1,410,213.37</u>		<u>136,493.63</u>	

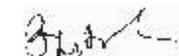
As per our report of even date.

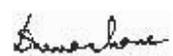
For M/s. Chhajer & Doshi  
Chartered Accountants

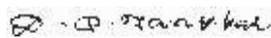
  
Usha Thorat  
Chairperson

  
Sudesh Kumar  
Director

  
R. K. Joshi  
Director

  
Prakash G. Apte  
Director

  
Dilip Nachane  
Director

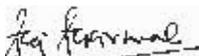
  
D. P. Thakkar  
Partner

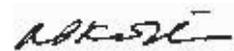
Mumbai  
26th June 2006

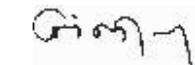
**CREDIT GUARANTEE CORPORATION  
and Credit Guarantee Corporation Act, 1961)  
Form 'A')  
of business on 31<sup>st</sup> March 2006  
AND CREDIT GUARANTEE FUND**

(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>
12.03	11.62	<b>1. Balance with the Reserve Bank of India</b>		81.00		14.20
-	-	<b>2. Cash in Transit</b>		-		
		<b>3. Investments in Central Government Securities (at cost)</b>				
16,977.61	211.07	Treasury Bills	12,336.36	-		
<u>919,340.18</u>	<u>43,135.05</u>	Dated Securities	<u>1,016,044.28</u>	<u>1,028,380.64</u>	<u>39,352.57</u>	<u>39,352.57</u>
936317.79	43346.12	Face Value	945728.10		37055.21	
843205.84	40723.19	Market Value(Dated Sec)	1018159.44		39376.52	
967651.89	46298.01	<b>4. Interest accrued on investments</b>		28,237.50		1,514.96
23,511.95	1,835.50	<b>5. Other Assets</b>				
-	78.87	(i) Sundry Debtors	0.00		78.87	
219,867.50	93,545.40	(ii) Advance Income Tax and TDS pending final assessment	<u>353,514.23</u>	<u>353,514.23</u>	<u>95,533.03</u>	<u>95,611.90</u>
<u>1,179,709.32</u>	<u>138,817.51</u>			<u>1,410,213.37</u>		<u>136,493.63</u>

  
**Atul Agarwal**  
Director

  
**M. P. Kothari**  
Chief General Manager

  
**Dy. Gen. Manager**

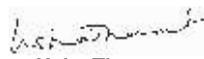
**DEPOSIT INSURANCE AND  
(Form  
Revenue Account for the  
I - DEPOSIT INSURANCE FUND**

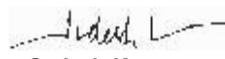
(Rupees in lakh)

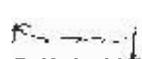
<i>Previous Year</i>		<b>EXPENDITURE</b>	<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>		<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
		<b>1. To Claims:</b>		
44,025.39	-	Paid during the year	56,516.06	-
		Add: Estimated liability in respect of claims at the end of the year	<u>126,045.27</u>	-
<u>178,852.40</u>	-	Less: Estimated Liability in respect of claims at the end of the previous year	<u>(178,852.40)</u>	-
<u>(123,624.79)</u>	-	Add: Excess Provision written back ( <i>per contra</i> )	<u>25,648.96</u>	-
<u>837.26</u>	-	Net Claims	29,357.89	0.00
100,090.26	0.00			
18,386.51	2,942.33	<b>2. To Provision for depreciation in the value of investments credited to Investment Reserves</b>	9,107.65	602.75
87,500.00		<b>3. To Balance of Fund at the end of the year (as per Actuarial Valuation)</b>	102,596.00	
		To Net Surplus Carried Down	258,317.79	4,573.37
<u>88,373.10</u>	<u>13,272.12</u>			
<u>294,349.87</u>	<u>16,214.45</u>	<b>TOTAL</b>	<u>399,379.33</u>	<u>5,176.12</u>
		<b>To Provision for Taxation</b>		
32,345.00	4,859.00	<b>Current Year</b>	86,950.00	1,539.50
0.00	0.00	Earlier Years - Short (Excess)	52,925.50	(6,438.50)
56,028.10	8,413.12	<b>To Balance Carried to Balance Sheet</b>	118,442.29	9,472.37
<u>88,373.10</u>	<u>13,272.12</u>		<u>258,317.79</u>	<u>4,573.37</u>

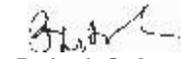
As per our report of even date.

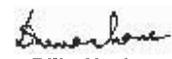
For M/s. Chhajed & Doshi  
Chartered Accountants

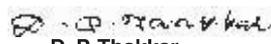
  
Usha Thorat  
Chairperson

  
Sudesh Kumar  
Director

  
R. K. Joshi  
Director

  
Prakash G. Apte  
Director

  
Dilip Nachane  
Director

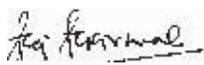
  
D. P. Thakkar  
Partner

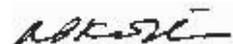
Mumbai  
26th June 2006

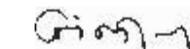
**CREDIT GUARANTEE CORPORATION  
'B')  
year ended 31<sup>st</sup> March 2006  
AND CREDIT GUARANTEE FUND**

(Rupees in lakh)

<i>Previous Year</i>		<b>INCOME</b>	<i>Deposit Insurance Fund</i>		<i>Credit Guarantee Fund</i>	
<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>
87,100.00		<b>1. By Balance of Fund at the beginning of the year</b>	87,500.00		-	-
135,477.54		<b>2. By Deposit Insurance Premium (including interest on overdue premium)</b>	197,360.87		-	-
		<b>3. By Guarantee Fees (including interest on overdue guarantee fees)</b>	-		-	-
1,109.96	1,565.74	<b>4. By recoveries in respect of claims paid / settled (including interest on overdue repayment)</b>	911.64		937.41	
837.26		<b>5. By excess provision of claims written back (per contra)</b>	25,648.96		-	
		<b>6. By income from Investments</b>				
71,331.56	15,888.13	(a) Interest on Investments	94,706.86		4,243.84	
(1,509.44)	(1,239.42)	(b) Profit (Loss) on sale / redemption of securities	(6,813.18)		(5.13)	
		<b>7. Other Income</b>				
-	-	(a) Interest on Refund of Income Tax	-		-	
-	-	(b) Excess Provision Written Back	-		-	
2.99	-	(c) By other Receipts	64.18			
<b>294,349.87</b>	<b>16,214.45</b>	<b>Total</b>	<b>399,379.33</b>		<b>5,176.12</b>	
88,373.10	13,272.12	By Net Surplus Brought Down	258,317.79		4,573.37	
<b>88,373.10</b>	<b>13,272.12</b>		<b>258,317.79</b>		<b>4,573.37</b>	

  
Atul Agarwal  
Director

  
M. P. Kothari  
Chief General Manager

  
J. K. Dash  
Dy. Gen. Manager

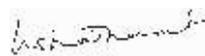
**DEPOSIT INSURANCE AND  
(Established under the Deposit Insurance  
Regulation 18 –  
Balance Sheet as at the close  
II — GENERAL**

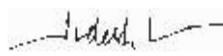
(Rupees in lakh)

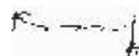
<i>Previous Year Amount</i>	<b>LIABILITIES</b>	<i>Amount</i>	<i>Amount</i>
5,000.00	<b>1. Capital : Provided by Reserve Bank of India as per Section 4 of the DICGC Act, 1961</b>		5,000.00
	<b>2. RESERVES</b>		
	<b>A) General Reserve</b>		
2,408.60	Balance at the beginning of the year	2,577.16	
-	Transferred from Deposit Insurance Fund	5,000.00	
168.56	Surplus / Deficit transferred from Revenue Account	<u>(192.51)</u>	7,384.65
	<b>B) Investment Reserve</b>		
3.73	Balance at the beginning of the year	146.32	
142.59	Transferred from Revenue account	<u>132.18</u>	278.50
	<b>C) Investment Fluctuation Reserve</b>		
1,636.33	Balance at the beginning of the year	1,636.33	
	Transferred from Revenue Surplus	<u>-</u>	1,636.33
	<b>3. CURRENT LIABILITIES AND PROVISIONS</b>		
113.05	Outstanding Employees' Cost	131.89	
207.54	Outstanding Expenses	253.22	
13.14	Sundry Creditors	2.46	
464.01	Provision for Income Tax	375.51	
-	Provision for Fringe Benefit Tax(FBT)	17.50	
3.14	Other Deposits (FRO)	-	780.58
<u>10,160.69</u>			<u>15,080.06</u>

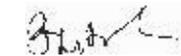
As per our report of even date.

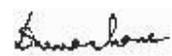
For M/s. Chhajed & Doshi  
Chartered Accountants

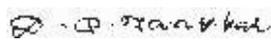
  
Usha Thorat  
Chairperson

  
Sudesh Kumar  
Director

  
R. K. Joshi  
Director

  
Prakash G. Apte  
Director

  
Dilip Nachane  
Director

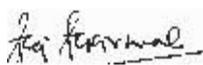
  
D. P. Thakkar  
Partner

Mumbai  
26th June 2006

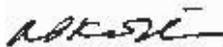
**CREDIT GUARANTEE CORPORATION**  
**and Credit Guarantee Corporation Act, 1961)**  
**Form 'A'**  
**of business on 31<sup>st</sup> March 2006**  
**FUND**

(Rupees in lakh)

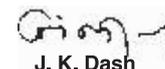
<i>Previous Year Amount</i>	<b>ASSETS</b>	<i>Amount</i>	<i>Amount</i>
	<b>1. CASH</b>		
0.04	(i) In hand	0.01	
6.61	(ii) With Reserve Bank of India	17.85	17.86
	<b>2. Investments in Central Government Securities (At Cost)</b>		
125.60	Treasury Bills	4,927.67	
8,309.06	Dated Securities	7,073.92	
900.00	Dated Securities deposited with CCIL (Face Value 1800.00)	1,957.34	13,958.93
7836.58	Face Value	13491.01	
9534.45	Market Value (Dated Securities)	7863.34	
226.62	<b>3. Interest accrued on Investments</b>		322.61
	<b>4. Other Assets</b>		
32.45	Furniture, Fixtures & Equipment (less depreciation)	38.94	
0.79	Stock of Stationery	1.17	
1.36	Pre-paid Expenses	1.76	
-	Interest accrued on Staff Advances	18.50	
85.40	Advances to Staff/ expenses / allowances etc.receivable from the RBI	99.46	
	Sundry Debtors	2.05	
100.00	Margin Deposit with CCIL	200.00	
372.76	Advance Income Tax and TDS	409.64	
	Advance Fringe Benefit Tax (FBT)	9.14	780.66
<b>10,160.69</b>			<b>15,080.06</b>



**Atul Agarwal**  
Director



**M. P. Kothari**  
Chief General Manager



**J. K. Dash**  
Dy. Gen. Manager

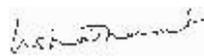
**DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION**  
**(Form 'B')**  
**Revenue Account for the year ended 31<sup>st</sup> March 2006**  
**II — GENERAL FUND**

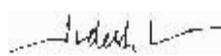
(Rupees in lakh)

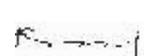
Previous Year Amount	EXPENDITURE	Amount Rs. P.	Amount Rs. P.	Previous Year Amount	INCOME	Amount Rs. P.	Amount Rs. P.
300.60	To Payment / Reimbursement of staff cost		564.79		<b>By Income from Investments</b>		
0.78	To Directors' and Committee Memebrs' Fees		0.90	995.19	(a) Interest on Investments	901.46	
0.86	To Directors' / Committee Members' Travelling & other allowances / expenses		2.76	(5.07)	(b) Profit (Loss) on sale / redemption of investments	(14.13)	
							<u>887.33</u>
117.55	To Rents, Taxes, Insurance, Lightings etc.		97.97		<b>By Miscellaneous Receipt</b>		
44.81	To Establishment, Travelling and Halting Allowances		90.98		Share of Recoveries Under Gol Credit Guarantee Scheme - SSI	0.24	
12.31	To Printing, Stationery and Computer Consumables		10.93	0.13	Interest on advances to staff	24.63	
7.49	To Postage, telegrams and Telephones		13.44		Profit / Loss on sale of dead stocks	0.84	
2.01	To Auditors' Fees		2.45	4.35	Other Misc. Receipts	3.14	
12.35	To Legal Charges		23.22	(0.10)			
142.59	To Provision for depreciation in the value of investments credited to Investment Reserve		132.18	0.06			
	<b>To Miscellaneous Expenses</b>			25.73	Excess provision written back	5.42	34.27
78.19	Professional Charges	187.64					
1.62	Service Contract / Maintenance	8.65					
1.59	Books, News Papers, Periodicals	2.46					
0.58	Book Grants	0.89					
0.15	Repair of Office Property	0.03					
8.22	CCIL Transaction Charges	12.15					
15.20	Other Misc.	21.80					
105.55			233.62				
7.83	Depreciation		11.87				
265.56	To Balance being excess of income over expenditure for the year carried down		-		By Balance being excess of Expenditure over down Income for the year carried down		263.51
<u>1,020.29</u>	<b>Total</b>		<u>1,185.11</u>	<u>1,020.29</u>	<b>Total</b>		<u>1,185.11</u>
	To balance being excess of Expenditure over Income - Carried Down		263.51	265.56	By balance being excess of income over expenditure for the year carried down		0.00
	<b>To Provision for Income Tax</b>				By General Reserve Account		192.51
97.00	Current Year		0.00				
	Earlier Years - Short (Excess)		(88.50)				
	<b>To Provision for Fringe Benefit Tax (FBT)</b>		17.50				
168.56	<b>To General Reserve Account</b>						
<u>265.56</u>	<b>Total</b>		<u>192.51</u>	<u>265.56</u>	<b>Total</b>		<u>192.51</u>

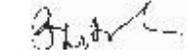
As per our report of even date.

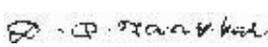
**For M/s. Chhajed & Doshi**  
Chartered Accountants

  
**Usha Thorat**  
Chairperson

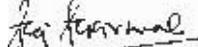
  
**Sudesh Kumar**  
Director

  
**R. K. Joshi**  
Director

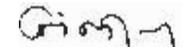
  
**Prakash G. Apte**  
Director

  
**D. P. Thakkar**  
Partner

  
**Dilip Nachane**  
Director

  
**Atul Agarwal**  
Director

  
**M. P. Kothari**  
Chief General Manager

  
**J. K. Dash**  
Dy. Gen. Manager

**Mumbai**  
**26th June 2006**

**Deposit Insurance And Credit Guarantee Corporation**  
**Deposit Insurance Fund & Credit Guarantee Fund**  
**Cash Flow Statement for the year ended March 31, 2006**

(Rupees in lakh)

	Amount		Amount	
	Rs.	P.	Rs.	P.
	<b>DIF</b>		<b>CGF</b>	
<b>Cash Flow from Operating Activities</b>				
Excess of Income over Expenditure	258317.79		4573.37	
<b>Adjustments to reconcile excess of Income over expenditure to net cash from operations :</b>				
Interest on Investments	(94706.86)		(4243.84)	
Profit/(Loss) on Sale/Redemption of Securities	6813.18		5.13	
Increase in Fund balance (Actuarial Valuation)	15096.00			
Transfer to Investment Reserve	9107.65		602.75	
<b>Changes in Operating Assets and Liabilities :</b>				
<b>ASSETS :</b>				
<u>Decrease (Increase) in</u>				
Increase in Advance Income Tax TDS	(133646.68)		(1987.62)	
<b>LIABILITIES :</b>				
<u>(Decrease) Increase in</u>				
Increase in Estimated Liability in respect of claims intimated but not admitted	(52807.13)			
Increase in Unclaimed Deposits	(1250.76)			
<b>Other Liabilities</b>				
Sundry Creditors	(561.99)		0.00	
Sundry Deposit Accounts	102.49		(0.01)	
<b>Net Cash Flow from Operating Activities</b>	<b>(A) 6463.69</b>		<b>(1050.22)</b>	
<b>Cash Flow from Investing Activities</b>				
<u>Decrease (Increase) in</u>				
Increase in Investments in Central Government Securities	(89562.85)		(3506.45)	
Interest on Investments Received	89981.31		4564.38	
Profit/(Loss) on Sale/Redemption of Securities	(6813.18)		(5.13)	
<b>Net Cash Flow from Investing Activities</b>	<b>(B) (6394.72)</b>		<b>1052.80</b>	
<b>Cash Flow from Financing Activities</b>	<b>(C) 0.00</b>		<b>0.00</b>	
<b>Net Increase in Cash</b>	<b>(A+B+C) 68.97</b>		<b>2.58</b>	
Cash Balance at Beginning of Year	12.03		11.62	
Cash Balance At End of Year	<u>81.00</u>		<u>14.20</u>	

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

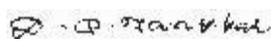
**Transfer of Surplus/Investments and Inv. Res. From one fund to other fund.**  
**Investments in Central Government Securities (DIF)**

	<b>DIF Securities</b>
Less : Closing Balance	1028380.64
Transferred from CGF	<u>7500.00</u>
	1020880.64
Add : Transferred to General Fund	<u>5000.00</u>
	<b>1025880.64</b>
Less : Opening Balance	<u>936317.79</u>
Cash Outflow	<u>89562.85</u>

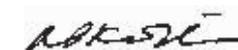
**Investments in Central Government Securities (CGF)**

	<b>CGF Securities</b>
Less : Closing Balance	39352.57
Add : Transferred from DIF	7500.00
	<u>46852.57</u>
Less : Opening Balance	43346.12
Cash Outflow	<u>3506.45</u>

For M/s. Chhajed & Doshi  
Chartered Accountants

  
D. P. Thakkar  
Partner

Mumbai  
26th June 2006

  
M.P. Kothari  
Chief General Manager

  
J.K. Dash  
Dy. General Manager

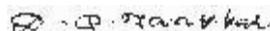
**Deposit Insurance And Credit Guarantee Corporation**  
**General Fund**  
**Cash Flow Statement for the year ended March 31, 2006**

(Rupees in lakh)

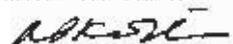
	Amount Rs.	P.	Amount Rs.	P.
<b>Cash Flow from Operating Activities</b>				
Deficit of Income over Expenditure	(263.51)			
Adjustments to reconcile excess of Income over expenditure to net cash from operations :				
Depreciation	11.87			
Interest on Investments	(901.46)			
Profit/(Loss) on Sale/Redemption of Securities	14.13			
Transfer to Investment Reserve	132.18			
Excess Provision written back	(5.42)			
Interest on Advances to Staff	(24.63)			
Profit on Sale of Dead Stock	(0.39)			
Profit on Sale of Others(EMNE)	(0.44)			
<b>Changes in Operating Assets and Liabilities :</b>				
<b>ASSETS :</b>				
<u>Decrease (Increase) in</u>				
Stock of Stationery	(0.38)			
Prepaid Expenses	(0.40)			
Advances for Staff Expenses/allowances receivable from RBI etc.	(16.11)			
Advance Income Tax & TDS	(36.88)			
Margin Deposit with CCIL	(100.00)			
Interest accrued on Staff Advances	(18.50)			
Advance Fringe Benefit Tax	(9.14)			
<b>LIABILITIES :</b>				
<u>Increase ( Decrease) in</u>				
Outstanding Employees' Cost	18.84			
Outstanding Expenses	45.68			
Sundry Creditors	(10.67)			
Other Deposits	(3.14)			
<b>Net Cash Flow from Operating Activities</b>	<b>(A)</b>		<b>(1168.37)</b>	
<b>Cash Flow from Investing Activities</b>				
<u>Decrease( Increase) in</u>				
Fixed Assets	(6.49)			
Investments in Central Government Securities :				
Treasury Bills	(6948.32)			
Dated Securities	3381.39			
Dated Securities deposited with CCIL	(1062.97)			
Interest on Investments Received	805.47			
Profit/(Loss) on Sale/Redemption of Securities	(14.13)			
Interest on Advances to Staff	24.63			
Funds Recd. from Depoist Insurance Fund	5000.00			
<b>Net Cash Flow from Investing Activities</b>	<b>(B)</b>		<b>1179.58</b>	
<b>Cash Flow from Financing Activities</b>	<b>(C)</b>		<b>0.00</b>	
<b>Net Increase in Cash</b>	<b>(A+B+C)</b>		<b>11.21</b>	
Cash Balance at Beginning of Year				
In Hand			0.04	
With RBI			6.61	
Cash Balance At End of Year			<u><b>17.86</b></u>	

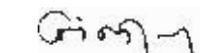
Note : Cash Equivalent Investments are not segregatable, hence not included in Cash Balance

For M/s. Chhajed & Doshi  
Chartered Accountants



**D. P. Thakkar**  
Partner

  
**M.P. Kothari**  
Chief General Manager

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

Mumbai  
26th June 2006

## SIGNIFICANT ACCOUNTING POLICIES

### 1. General

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

### 2. Recognition of Income & Expenditure

- i) (a) Items of income and expenditure are generally accounted for on accrual basis unless otherwise stated.  
(b) Interest on Income Tax Refund is accounted for on accrual basis on receipt of relevant assessment order allowing interest on such refund.
- ii) Receipts towards deposit insurance premia and guarantee fees are generally appropriated as revenue income on receipt of relevant statements of deposits and guaranteed advances and in cases, where such statements are not received till the finalisation of accounts, ad-hoc payments, if any, made by the participating credit institutions are recognised as income, if considered adequate, when compared with the previous years' records. Unadjusted amounts are carried forward under the head 'Sundry Creditors'.
- iii) Pending the assessment of the guarantee fees due from the banks/credit institutions, which have opted out of the Credit Guarantee Schemes in respect of the claims lodged by them after their opting out is accounted on receipt basis.
- iv) Unrealised amount of deposit insurance premia and guarantee fee is not recognized as income, unless the relevant statements are received from insured banks/participating credit institutions.
- v) Penal interest for delay in payment of guarantee fee and insurance premia is accounted as income up to the date of last such payment by the credit institutions/ banks and interest on outstanding

amount of guarantee fee / premia is not recognised as income.

- vi) The recovery (including penal interest) by way of subrogation rights in respect of deposit insurance claims settled/Guarantee Claims paid is accounted in the year in which it is received. Likewise, recoveries in respect of claims settled and subsequently found not eligible are accounted for when realised/ adjusted.
- vii) Interest on investments is accounted on accrual basis.
- viii) Provision for year end liability in respect of claims is made on the basis of events taking place up to the date of Balance Sheet, to the extent of information available till the time of finalization of accounts and retained till the full and final settlement.
- ix) Adequate provision for the liability towards fund balances as at the end of the year is made on the basis of actuarial valuation.
- x) The claims for refund of guarantee fees and of repayments against claims settled are accounted for on such refund claims being admitted by the Corporation. The year end liability towards such refund claims (including cases falling under Agricultural Rural Debt Relief Scheme, 1990) and its impact on the actuarial valuation of fund balances as at the close of the year remain undetermined.
- xi) Claims for reimbursement from RBI against certain establishment expenses, such as, salaries and allowances are accounted on claim receipt basis.

### 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) and Primary Dealer Association of India (PDAI) are taken as market rates as per the guidelines of RBI as applicable to banks/financial institutions.

- ii) Provision for diminution in the value of securities is not deducted from investments in the balance sheet but such provision is retained by way of accumulation to Investment Reserve Account in conformity with the prescribed proforma of statement of accounts.
- (iii) The Investment Fluctuation Reserve (IFR) is maintained to meet the market risk arising on account of the depreciation in the value of portfolio in future. The adequacy of IFR is assessed on the basis of market risk of the investment portfolio, as on the balance sheet date. The IFR in excess of the market risk, if any, is retained and carried forward. Whenever the IFR size falls below the required size, credits to IFR are made as an appropriation of excess of income over expenditure before transfer to Fund Surplus / General Reserve.
- iv) Inter fund transfer of securities is made at cost price.

#### 4. Fixed Assets

- i) Fixed assets are stated at cost less depreciation.
- ii) Depreciation on assets is provided in the following manner :
  - a) Computer & Computer accessories, electronic communication equipment and electrical office equipment - 32 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 if in use over six months and no depreciation is provided on assets sold/disposed off during the year.

#### 5. Employees' Cost

Employees' cost such as salaries, allowances, contribution to PF and Gratuity Fund is being incurred as per the arrangement with Reserve Bank of India, since all the staff of the Corporation is on deputation from the Reserve Bank of India.

#### 6. Segment Reporting

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

#### 7. Taxation

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

#### 8. Prior period income/expenditure

- (i) Income and expenditure over Rs.1,00,000/- 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.5,000/- in each case.

#### NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for: Income tax liability disputed in appeals for Assessment Years 1988-89 to 1994-95 Rs.604.29 lakh (Previous Year Rs. 505.59 lakhs.)
2. The Accounting Policy relating to recognition and accounting of Prior Period Items is changed to increase the existing limit of Rs.25,000 and Rs.1,000 for each case to Rs. 1 lakh and Rs.5,000 respectively. However, there is no impact of the change on the accounts for current year.
3. In accordance with the revised guidelines issued by the Reserve Bank of India as regard to treatment of Articles purchased under Furnishing of Residence of Officers (FRO) Scheme (hitherto carried as Dead stock) , written down value of such assets as at 31<sup>st</sup> March, 2005 aggregating Rs. 6.78 lakhs and acquisition during year aggregating Rs.1.97 lakh are treated as perquisites to the

officers and charged to the Charges Account – Estt. FRO.

4. Share in recoveries by way of subrogation right in respect of a re-constructed bank, has been deposited by way of Securities (at cost) amounting to Rs. 2,912.51 lakhs (Previous year Rs. 2,427.08 lakh) held in joint CSGL A/c and balance of Rs. 165.24 lakhs (Previous year Rs. 20.13 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. As approved by the Board of Directors in accordance with the provisions of Section 25 A (b) of Deposit Insurance and Credit Guarantee Corporation Act, 1961, a sum of Rs. 50 crores was transferred from Surplus of Deposit Insurance Fund to General Fund during the year by transferring investments along with Accrued Interest thereon.
6. As approved by the Board of Directors in accordance with the provisions of Section 25 A (b) of Deposit Insurance and Credit Guarantee Corporation Act, 1961, a sum of Rs. 75 crores standing under Investment Fluctuation Reserve (IFR) in Credit Guarantee Fund was transferred to the Investment Fluctuation Reserve (IFR) under Deposit Insurance Fund during the year by transferring investments along with Accrued Interest thereon.
7. The Corporation used to account for the interest on staff advances only after absorbing the principal amount as per RBI guidelines which have been revised during the current year so as to be in conformity with the Accounting Standard 9 (AS – 9) issued by the Institute of Chartered

Accountants of India (ICAI). Accordingly, the interest on staff advances has been accounted for on accrual basis which has resulted in understatement of loss in General Fund for the year by Rs.18.50 lakh and other assets are overstated to that extent.

#### 8. Details of movement in provisions (AS-29)

(Rs. in lakh)

Provision	Opening balance as on 01-04-2005	Provision made during the year	Provisions reversed / adjusted	Closing balance as on 31-3-2006
Provision for expenses	64.21	31.20	20.06	75.35

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

#### 10. Related Party Disclosure :

- (a) Key Management Personnel:

Mr. S. S. Gangopadhyay, Chief General Manager (up to November 30, 2005)

Mr. M. P. Kothari, Chief General Manager (From December 01, 2005)

- (b) Transactions with related parties:

Remuneration Rs. 6.77 lakhs (Including Gratuity and Perquisites)

11. The figures of Previous Year have been recast / regrouped / rearranged to make them comparable with those of current year.