



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

(Rupees in lakh)

<i>Previous Year</i>		LIABILITIES	<i>Deposit Insurance Fund</i>		<i>Credit Guarantee Fund</i>	
<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
248,85.00	679,13.00	1. Fund : Balance at the end of the year		353,05.00		547,87.00
1772,89.79	–	2. Surplus : Balance (as per Revenue Account)		2754,07.75		209,74.18
260,72.62	103,91.62	3. Investment Reserve : Balance at the beginning of the year	260,72.62		103,91.62	
		<i>Add:</i> Amount provided for during the year	<u>–</u>	260,72.62	<u>–</u>	103,91.62
–	371,44.12	4. Claims intimated and claims admitted but not paid		–		128,68.65
22,24.30	1922,30.61	5. Estimated liability in respect of claims intimated but not admitted		24,84.25		1066,16.00
131.135	–	6. Insured deposits remaining unclaimed		2,20.25		–
–	11,88.20	7. Other liabilities				
579,72.68	–	i) Sundry Creditors	2,24		15,22.44	
381,81.45	665,50.00	ii) General Fund / CGF	4,85.36		–	
80,91.20	–	iii) Provision for Income Tax	598.00.43		1090,59.85	
		iv) Sundry Deposit A/c	<u>103,32.52</u>	706,20.55	<u>2.84</u>	1105,85.13
<u>3348,48.39</u>	<u>3754,17.55</u>	TOTAL		<u>4101,10.42</u>		<u>3162,22.58</u>

As per our report of even date.

For **M/s. Habib & Co.**
Chartered Accountants

Jagdish Capoor
Chairman

B.S. Sharma
Director

P. Bolina
Director

(S. M. Shakir)
Partner

Mumbai
Dated 28 June 1999



CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A')
of business on 31 March 1999
AND CREDIT GUARANTEE FUND

(Rupees in lakh)

<i>Previous Year</i>		ASSETS	<i>Deposit Insurance Fund</i>		<i>Credit Guarantee Fund</i>	
<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>		<i>Amount</i>		<i>Amount</i>	
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>	<i>Amount</i>	<i>Amount</i>
5.49	1,36.58	1. Balance				
		a. with RBI		17.12		1,33.23
		b. Cheques in hand		—		21.57
		2. Investments in Central Government Securities (at cost) Dated Securities	3315,00.69		1651,78.04	
2953,08.50	2866,33.55	Treasury Bills	40,36.17	3355,36.86	26,90.51	1678,68.55
		<u>Dated Securities</u>				
		Face Value	3318,53.51	1626,84.32		
		Market Value	3202,08.96	1669,70.84		
133,73.41	100,79.71	3. Interest accrued on investment		118,90.55		45,56.62
		4. Other Assets				
		i) Outstanding premium, Guarantee fee and excess claims paid due from Bank /Credit Institutions	39.83		3.04	
37.50	5.47					
—	—	ii) Outstanding interest on overdue premium and guarantee fee	—		—	
		iii) Amount paid towards claims remaining un-disbursed with the liquidator of bank	0.06		—	
0.06	—					
—	10.00	iv) Sundry Debtors			10.00	
—	579,72.68	Deposit Insurance Fund		—		
		v) Advance I. Tax & Tax Deducted at source	626,26.00	626,65.89	1436,29.57	1436,42.61
261,23.43	205,80.10					
3348,48.39	3754,17.55	TOTAL	4101,10.42		3162,22.58	

Rashid Jilani
Director

A. Chandramouliswaran
Executive Director

L.N. Ramaswamy
Deputy General Manager



DEPOSIT INSURANCE AND (Form Revenue Account for the I — DEPOSIT INSURANCE FUND

(Rupees in lakh)

<i>Previous Year</i>		EXPENDITURE	<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
		<i>To Claims –</i>		
2,26.04	57,48.16	a) Paid during the year (net of recoveries against excess payment in earlier years)	13,26.62	229,32.69
–	371,44.12	b) Admitted but not paid	–	128,68.65
		<i>Add:</i>		
		Estimated liability in respect of claims intimated but not admitted at the end of the year	24,84.25	1066,16.00
22,24.30	1922,30.61		38,10.87	1424,17.34
24,50.34	2351,22.89			
		<i>Less:</i>		
		Estimated liability in respect of claims intimated but not admitted at the end of the previous year	22,24.30	1922,30.61
45,27.39	2705,28.83			
		<i>Add:</i>		
		Excess provision written back (as per contra)	8,54.37	498,13.27
42,51.42	354,05.94	Net Claims	24,40.94	–
21,74.37	–	To Provision for depreciation in the value of investment	–	–
–	–	To provision and contingencies (Ref. Note I)	–	7.94
–	1.01	To Provision for taxation	216, 18.98	425,09.85
261,00.00	665,50.00	To Loss on sale/Red. of investment	–	12.26
97.23	–	To Balance of Fund at the end of the year (as per actuarial valuation)	353,05.00	547,87.00
248,85.00	679,13.00	To Net surplus carried down	406,30.64	789,46.86
438,70.74	2646,13.66	Total	999,95.56	1762,63.91
971,27.34	3990,77.67			
		To Balance brought down from last year	–	–
–	1311,94.61	To Transfer to DIF (per contra)	–	579,72.68
–	13334,19.05	To Transfer to General Fund	4,85.36	–
–	–	To Balance carried to Balance Sheet	2754,07.75	209,74.18
1772,89.79	–			
1772,8979	2646,13.66	Total	2758,93.11	789,46.86

Note : 1. Represents provision for doubtful dues.

As per our report of even date.

For **M/s. Habib & Co.**
Chartered Accountants

Jagdish Capoor
Chairman

B.S. Sharma
Director

P. Bolina
Director

(**S.M. Shakir**)
Partner

Mumbai
Dated 28 June 1999



CREDIT GUARANTEE CORPORATION
‘B’)
year ended 31 March 1999
AND CREDIT GUARANTEE FUND

(Rupees in lakh)

<i>Previous Year</i>		INCOME	<i>Deposit Insurance Fund</i>	<i>Credit Guarantee Fund</i>
<i>Amount</i>	<i>Amount</i>		<i>Amount</i>	<i>Amount</i>
298,51.00	2925,93.00	By Balance of Fund at the beginning	248,85.00	679,13.00
319,27.39	–	By Deposit insurance premia (including interest on overdue premia)	370,68.77	–
–	164,91.20	By Guarantee Fees (including interest on overdue guarantee fees)	–	117,94.20
2,87.12	213,94.96	By Recoveries in respect of deposit insurance claims settled/guarantee claims paid including interest on over due repayments	81.57	147,29.74
42,51.42	354,05.94	By Excess provision for claims written back (per contra)	8,54.37	498,13.27
308,10.41	331,86.74	By Income from Investment (Gross)	358,45.61	294.54.98
–	5.83	By Profit on Sale / Redemption of securities	1,23.04	9,13.61
–	–	By Interest on Advance Tax / TDS	11,37.20	16,45.11
971,27.34	3990.77.67	Total	999,95.56	1762,63.91
–	–	By Balance brought forward from last year	1772,89.79	–
438,70.74	2646,13.66	By Net surplus brought down	406,30.64	789,46.86
1334,19.05	–	By Transfer from Credit Guarantee Fund (per contra)	579,72.68	–
–	–	By Balance carried down to Balance Sheet	–	–
1772,89.79	2646,13.66	Total	2758,93.11	789,46.86

Rashid Jilani
Director

A. Chandramouliswaran
Executive Director

L.N. Ramaswamy
Deputy General 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</i>			
<i>Amount</i>	LIABILITIES	<i>Amount</i>	<i>Amount</i>
	1. CAPITAL :		
	Provided by the Reserve Bank of India under		
	Section 4 of the Deposit Insurance and		
50,00.00	Credit Guarantee Corporation Act, 1961		50,00.00
	2. RESERVE :		
	A) General Reserve		
15,32.88	Balance at the beginning of the year	16,66.79	
7,00.00	Add : Financial Assistance received from	—	20,14.08
	RBI	16,66.79	
5,66.09	Less : Deficit transferred from Revenue Account	—	
16,66.79	Balance at the end of the year		16,66.79
	B) Investment Reserve		
16,38.47	Balance at the beginning of the year		16,38.47
	C) Capital Reserve		
22.51	Balance at the beginning of the year		22.51
	3. CURRENT LIABILITIES & PROVISIONS		
7,13.34	Outstanding Expenses	3,89.86	
1.99	Sundry Creditors	2.06	
2,23.00	Provision for Income Tax	2,23.00	
—	Provision for Gratuity	3,22.78	
9,38.33			9,37.70
92,66.10	Total		92,65.47

As per our report of even date.

For **M/s. Habib & Co.**
Chartered Accountants

Jagdish Capoor
Chairman

B.S. Sharma
Director

P. Bolina
Director

(S.M. Shakir)
Partner

Mumbai
Dated : 28 June 1999



CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A'
of business on 31st March 1999
FUND

(Rupees in lakh)

<i>Previous Year</i>			
<i>Amount</i>	ASSETS	<i>Amount</i>	<i>Amount</i>
	1. CASH		
0.17	i) In hand	0.23	
<u>10.79</u>	ii) With RBI	<u>5.21</u>	5.44
	2. INVESTMENT IN CENTRAL GOVERNMENT SECURITIES (AT COST)		
1,22.46	Treasury Bills	2,70.74	
<u>78,25.78</u>	Dated Securities	<u>74,02.94</u>	76,73.68
79,48.24			
77,80.73	(Face Value : 73,57.42)		
77,31.98	(Market Value : 74,23.21)		
2,08.07	3. INTEREST ACCRUED ON INVESTMENT		2,06.54
	4. OTHER ASSETS		
33.06	a) Furniture, fixture & equipment (less depreciation)	23.37	
5.67	b) Stock of stationery	4.01	
0.94	c) Pre-paid expenses	2.58	
	d) Advances for staff expenses, staff allowances receivable		
76.04	from RBI etc. and other deposits	85.81	
9,83.12	e) Advance Income Tax & tax deducted at source	<u>7,78.68</u>	
—	f) Amount due from Deposit Insurance Fund	4,85.36	13,79.81
<u>92,66.10</u>	Total		<u>92,65.47</u>

Rashid Jilani
Director

A. Chandramouliswaran
Executive Director

L.N. Ramaswamy
Dy. General Manager



DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION
Form 'B'

Revenue Account for the year ended 31 March 1999
II — GENERAL FUND

(Rupees in lakh)

Previous Year		Amount	Previous Year		Amount
EXPENDITURE			INCOME		
	To			By	
	Salaries & Allowances and contribution to staff provident fund		8,83.76	Income from Investment (Gross)	9,57.45
10,29.82		11,89.57			
98.00	" Contribution to staff pension and gratuity fund	96.30			
0.03	" Directors' and Committee Members' fees	0.05		Share of Recoveries in claims paid account in Government of India's Credit Guarantee Schemes for	
			26.09	" Small Scale Industries (Old)	6.10
0.63	" Directors' and Committee Members' travelling and other allowances	0.20	1.93	" Miscellaneous Receipts	1.35
214.37	" Rent, taxes, insurance, lighting etc.	80.75		Interest on Advance Tax / Tax deducted at source	49.81
26.89	" Establishment, travelling and halting allowances	26.15	2.39		
3.19	" Computer consumables	2.05	566.09	" Balance being excess of expenditure over Income for the year carried down	4,85.36
4.04	" Printing and stationery	4.30			
6.16	" Postage, telegrams & telephones	6.13			
0.56	" [Refer Note 1 (b)]	0.56			
2.60	" Auditors' fees	2.62			
	" Legal charges				
72.62	" Miscellaneous expenses	70.41			
21.18	" [Refer Note 1 (a)]	20.65			
	" Depreciation				
0.02	" Loss on redemption of Securities	0.23			
0.15	" Amount written off	0.10			
<u>14,80.26</u>	TOTAL	<u>15,00.07</u>	<u>14,80.26</u>	TOTAL	<u>15,00.07</u>
	Balance being excess of Expenditure over Income		5,66.09	" Balance transferred to DIF	4,85.36
5,66.09	" brought down	4,85.36			
<u>5,66.09</u>	TOTAL	<u>4,85.36</u>	<u>5,66.09</u>	TOTAL	<u>4,85.36</u>

Note : Includes prior period adjustments 1(a) – Rs. 32,201/- debit, 1(b) – Rs. 4,500 credit.

As per our report of even date.

For **M/s. Habib & Co.**
Chartered Accountants

Jagdish Capoor
Chairman

B.S. Sharma
Director

P.Bolina
Director

Rashid Jilani
Director

A. Chandramouliswaran
Executive Director

(S.M. Shakir)
Partner

L. N. Ramaswamy
Dy. General Manager

Mumbai

Dated : 28 June 1999



SIGNIFICANT ACCOUNTING POLICIES

1. General

The financial statements are prepared by following going concern concept and on the historical cost basis and conform to the statutory provisions and practices prevailing in the country.

2. Recognition of Income and Expenditure

- i) Items of income and expenditure are generally accounted for on accrual basis unless otherwise stated.
- 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 recognised as income, unless the relevant statements are received from the participating credit institutions.
- v) Penal interest for delay in payment of guarantee fee and insurance premia is accounted as income upto the date of last such payment by the credit institutions and interest on outstanding amount of premia/guarantee fee 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 investment is accounted on accrual basis.
- viii) Provision for year end liability in respect of claims intimated but not admitted pertaining to Credit Guarantee Fund is made on prudential basis taking into consideration the past trends.
- ix) In conformity with the Accounting Standard AS-4 issued by the Institute of Chartered Accountants of India adequate provision is made towards the liability estimated to devolve under the Deposit Insurance Scheme on the events like liquidation/ amalgamation of weak banks occurring between the date of balance sheet and the date of finalisation of balance sheet.
- x) Adequate provision is made on the basis of actuarial valuation of the liability towards fund balances as at the end of the year in respect of Credit Guarantee Fund and Deposit Insurance Fund.
- xi) 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.
- xii) Claims for reimbursement from RBI against certain establishment expenses, such as, salaries and allowances are accounted on realisation basis.

3. Investments

- i) All investments are current investments and held as stock-in-trade. The same are valued scrip-wise at cost or market value whichever is lower. For the purpose of valuation RBI rates/NSE quotations, where available, are taken as market rate and where the recent rates are not available the



securities are valued at indicating market rates on the basis of yield to maturity method, as per the guidelines of RBI as applicable to banks/financial institutions. Since the investments are held as current investments the difference, if any, between the acquisition price and the redemption price is not amortised.

- 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 difference between acquisition cost and redemption value of zero coupon bonds is recognised as income on accrual basis proportionately in each financial year over the term of bonds and the interest so recognised is added to the carrying value of such bonds.
- iii) 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 asset is provided in the following manner :
 - a) Computer & Computer accessories, electronic communication equipments and electrical office equipments - 32 per cent on Straight Line method.
 - b) Furniture & fixtures and other office equipments - 20 per cent on Straight Line method.
- iii) Depreciation on addition to the assets is provided for the full year and no depreciation is provided on assets sold/ disposed of during the year.
- iv) In the case of assets provided to officers under "Furnishing of Officers' Residence" Scheme, depreciation as per the procedure prescribed by RBI is provided each year in the month of June on the value of the assets acquired under the said scheme till the end of preceding year. Depreciation on the said assets is provided on written down value at 20 on furniture & fixtures and 32

per cent on electronic, electrical equipments/apparatus and on computers.

NOTES TO ACCOUNTS

1. The subsidiary records of the insured banks particularly those in the Co-operative Sector not having been updated due to the time-lag in the processing of data consequent to the backlog of the work arising due to the failure of the system in the earlier year, the amounts of sundry deposits and claims from the insured banks amounting to Rs. 10332.52 lakhs (previous year Rs. 8091.20 lakhs) and Rs. 39.83 lakhs (previous year Rs. 37.49 lakhs) respectively as shown in the accounts are subject to reconciliation and necessary adjustment on the subsidiary record being updated.
2. The outstanding liability towards claims intimated and admitted representing claims admitted but not paid amounting to Rs. 12812.43 lakhs under SLGS, 1971 and Rs. 56.22 lakhs under SLGS 1981, the payment thereof is withheld for varied reasons and is subject to such adjustment, as may be necessary on the matter being resolved.
3. Of the advance tax payments and tax deducted at source of Rs. 12798.90 lakhs relating to Deposit Insurance Fund, Rs. 7534.22 lakhs relating to Credit Guarantee Fund and Rs. 594.26 lakh relating to General Fund have been adjusted by the Income Tax authorities against assessed tax for the assessment years 1990-91 to 1995-96, which are disputed in appeals against such provision of Rs. 12081.25 lakh and Rs. 223.00 lakhs is held in the Deposit Insurance Fund and General Fund respectively.
4. Unless additional provision for shortfall in the value of investments is required, the balances as carried in investment reserve account is not being adjusted each year.
5. Sundry creditors include Rs. 1.56 lakhs in the case of General Fund and Rs. 404.04 lakhs (including income tax refund of Rs. 371.03 lakhs) in the case of Credit Guarantee Fund are subject to adjustment on receipt of information, compilation and/or reconciliation of subsidiary records.
6. The liability of Rs. 6.71 lakhs towards collection on account of Government of India Credit Guarantee Scheme for Small Scale Industries



(Old) and the corresponding balances held in a separate account with Reserve Bank of India as at the end of the year pending remittance is not reflected in the accounts.

7. Government of India's Credit Guarantee Scheme for Small Scale Industries (Old)

As per arrangements arrived at with the Government, from time to time part of recoveries effected towards subrogation rights in respect of claims paid under the Government of India's Credit Guarantee Scheme for SSI (Old) is being accounted for as Revenue Account of General Fund under Section 24 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, towards cost of establishment expenditure for managing the residual work of the said scheme.

8. Employees' Cost

Employees' cost such as salaries, allowances, contribution to Provident Fund and Gratuity Fund is being incurred as per the arrangement with

Reserve Bank of India, since all the staff of the Corporation is on deputation from the Reserve Bank of India.

9. Prior Period Income/Expenditure

- i) Income and expenditure over Rs. 25,000/- in each case pertaining to prior period items arising in current period on account of errors and omissions are considered as prior period credits/debits.
 - ii) Prepaid expenses are not recognised unless the amount involved exceeds Rs. 1,000/- in each case.
10. Hitherto deficit in General fund was adjusted to General Reserve. However, during the year this practice has been abandoned and the Board as per powers vested in it u/s. 23(2) (a) of the DICGC Act, 1961 has met the deficit out of surplus in Deposit Insurance Fund.