

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>
353,05.00	547,87.00	1. Fund : Balance at the end of the year		433,55.00		48,21.00
1772,89.79	—	2. Surplus : Balance at the beginning of the year	2754,07.75		209,74.18	
—	—	Less : Refund to RBI	—		28,00.00	
981,17.96	209,74.18	Add : Transferred from Revenue Account	121,79.75	2875,87.50	958,13.51	1139,87.69
260,72.62	103,91.62	3. (a) Investment Reserve : Balance at the beginning of the year	260,72.62		103,91.62	
		Less: Transferred to Investment Fluctuation Reserve	190,52.02	70,20.60	99,44.48	4,47.14
		(b) Investment Fluctuation Reserve		190,52.02		99,44.48
—	128,68.65	4. Claims intimated & claims admitted but not paid		—		25,13.18
24,84.25	1066,16.00	5. Estimated liability in respect of claims intimated but not admitted		639,29.42		126,66.00
2,20.25	—	6. Insured deposits remaining unclaimed		2,86.79		
2.24	15,22.44	7. Other liabilities :				
		i) Sundry Creditors	112,97.44		10,47.19	
—	—	ii) Amount payable to Deposit Insurance & General Funds on account of refund of Income Tax	—		67,11.58	
4,85.36	—	iii) General Fund Account	—		3,48.56	
598,00.43	1090,59.85	iv) Provision for Income Tax	674,25.16		1690,40.67	
103,32.52	2.84	v) Sundry Deposits Account	—		—	
				787,22.60		1771,48.00
4101,10.42	3162,22.58	TOTAL		4999,53.93		3215,27.49

As per our report of even date.

For M/s. Jain Chowdhary & Co.
Chartered Accountants

Jagdish Kapoor
Chairman

G. P. Muniappan
Director

(S. C. Jain)
Partner

Mumbai
Dated 29 June 2000

CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A')
of business on 31 March 2000
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>
17.12	1,33.23	1. Balance with Reserve Bank of India	10.41		92.22	
—	21.57	2. Cheques in hand	nil	10.41	136,19.07	137,11.29
		3. Investment in Central Government Securities (at cost)				
			<i>D.I. Fund</i>	<i>C.G. Fund</i>		
40,36.17	26,90.51	Treasury bills	101,65.44	13,67.02		
3315,00.69	1651,78.04	Dated Securities :	4068,94.43	1025,15.20	4170,59.87	1038,82.22
(3318,53.51)	(1626,84.32)	Face Value	4051,06.21	1004,20.32		
(3202,80.96)	(1669,70.84)	Market Value	4142,87.89	1053,67.90		
118,90.55	45,56.62	4. Interest accrued on Investment		141,47.88		32,00.53
		5. Other Assets				
		i) Amount paid towards claims remaining undischarged with the liquidator of bank		0.06		
0.06	—					
		ii) Amount receivable from Credit Guarantee Fund on account of refund of Income Tax	64,61.18		—	
39.83	13.04	iii) Sundry Debtors	1,61.40		5.15	
		iv) Advance Income Tax & Tax deducted at source pending final assessment	621,13.13	687,35.77	2007,28.30	2007,33.45
4101,10.42	3162,22.58	TOTAL	4999,53.93		3215,27.49	

P. Bolina
Director

A. Chandramouliswaran
Executive Director

S. S. Karmarkar
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>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>
		To Claims –		
13,26.62	229,32.69	a) Paid during the year (net of recoveries against excess payment in earlier years)	15,48.06	269,34.79
–	128,68.65	b) Admitted but not paid	–	25,13.18
		<i>Add:</i>		
24,84.25	1066,16.00	Estimated liability in respect of claims intimated but not admitted at the end of the year	639,29.42	126,66.00
38,10.87	1424,17.34		654,77.48	421,13.97
		<i>Less:</i>		
22,24.30	1922,30.61	Estimated liability in respect of claims intimated but not admitted at the end of the previous year	24,84.25	1066,16.00
		<i>Add:</i>		
8,54.37	498,13.27	Excess provision written back (as per contra)	5,05.51	645,02.03
24,40.94	–	Net Claims	634,98.74	–
–	7.94	To Provisions & Contingencies	–	97.93
–	12.26	To Loss on sale/redemption on investment	–	–
353,05.00	547,87.00	To Balance of Fund at the end of the year (as per Actuarial Valuation)	433,55.00	48,21.00
622,49.62	1214,56.71	To Net surplus carried down	198,04.48	1561,42.89
999,95.56	1762,63.91	TOTAL	1266,58.22	1610,61.82
216,18.98	425,09.85	To Provision for taxation	76,24.73	599,80.82
–	579,72.68	To Transfer to Deposit Insurance Fund Revenue Account	–	–
4,85.36	–	To Transfer to General fund	–	3,48.56
981,17.96	209,74.18	To Balance carried to Balance Sheet	121,79.75	958,13.51
1202,22.30	1214,56.71	TOTAL	198,04.48	1561,42.89

As per our report of even date.

For M/s. Jain Chowdhary & Co.
Chartered Accountants

Jagdish Capoor
Chairman

G. P. Muniappan
Director

(S. C. Jain)
Partner

Mumbai
Dated 29 June 2000

CREDIT GUARANTEE CORPORATION
‘B’)
year ended 31 March 2000
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>
248,85.00	679,13.00	By Balance of Fund at the beginning of the year	353,05.00	547,87.00
370,68.77	—	By Deposit Insurance premium (including interest on overdue premium)	471,92.00	—
—	117,94.20	By Guarantee Fees (including interest on overdue Guarantee fees)	—	13,38.92
81.57	147,29.74	By Recoveries in respect of Deposit Insurance claims settled/guarantee claims paid (including interest on overdue repayment)	1,21.65	205,62.61
8,54.37	498,13.27	By Excess provision for claims written back (per contra)	5,05.51	645,02.03
359,68.65	303,68.59	By Income from Investment	418,23.75	180,42.81
11,37.20	16,45.11	By Interest received on Refund of Income Tax	17,10.31	18,28.45
999,95.56	1762,63.91	TOTAL	1266,58.22	1610,61.82
622,49.62	1214,56.71	By Net Surplus brought down	198,04.48	1561,42.89
579,72.68	—	By Transfer from Credit Guarantee Fund (per Contra)	—	—
1202,22.30	1214,56.71	TOTAL	198,04.48	1561,42.89

P. Bolina
Director

A. Chandramouliswaran
Executive Director

S. S. Karmarkar
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 Amount</i>	LIABILITIES	<i>Amount</i>	<i>Amount</i>
	1. CAPITAL :		
50,00.00	Provided by the Reserve Bank of India Section 4 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961		50,00.00
	2. RESERVE :		
	A) General Reserve		
16,66.79	Balance at the beginning of the year		16,66.79
	B) (i) Investment Reserve		
16,38.47	Balance at the beginning of the year	16,38.47	
–	Less : Transferred to Investment Fluctuation Reserve	16,34.93	3.54
–	(ii) Investment Fluctuation Reserve		16,34.93
	C) Other Reserve		
22.51	Capital Reserve		22.51
	3. CURRENT LIABILITIES & PROVISIONS		
3,22.78	Provision for Staff Gratuity	3,42.51	
3,89.86	Outstanding Expenses	4,25.78	
2.06	Sundry Creditors	1.29	
2,23.00	Provision for Income Tax	2,23.00	
–	Other Deposits	1.47	9,94.05
92,65.47	TOTAL		93,21.82

As per our report of even date.

For M/s. Jain Chowdhary & Co.
Chartered Accountants

Jagdish Capoor
Chairman

G. P. Muniappan
Director

(S. C. Jain)
Partner

Mumbai
Dated 29 June 2000

CREDIT GUARANTEE CORPORATION
and Credit Guarantee Corporation Act, 1961)
Form 'A'
of business on 31st March 2000
FUND

(Rupees in lakh)

<i>Previous Year Amount</i>	ASSETS	<i>Amount</i>	<i>Amount</i>
	1. CASH :		
0.23	i) In hand	0.18	
5.21	ii) With Reserve Bank of India	4.31	4.49
	2. Investment in Central Government Securities (At cost)		
2,70.74	Treasury bills	79.18	
74,02.94	Dated securities	80,53.33	81,32.51
(73,57.42)	(Face Value : 79,90.97)		
(74,23.22)	(Market Value : 85,26.76)		
2,06.54	3. Interest accrued on investment		1,95.47
—	4. Advances to Deposit Insurance Fund/ Credit Guarantee Fund, if any (vide Section 27 of the DICGC Act, 1961)		—
	5. Other Assets		
23.37	Furniture, Fixture & Equipment (Less depreciation)	39.69	
4.01	Stock of Stationery	4.73	
2.58	Pre-paid expenses	1.27	
—	Amount receivable from Credit Guarantee Fund on account of refund of Income Tax	2,50.40	
—	Sundry Debtors	15.20	
85.81	Advances for staff expenses/allowances receivable from Reserve Bank of India, etc. - other deposits	91.25	
7,78.68	Advance Income Tax paid	2,38.25	
4,85.36	Deposit Insurance Fund Account	—	
—	Credit Guarantee Fund Account	3,48.56	9,89.35
92,65.47	TOTAL		93,21.82

P. Bolina
Director

A. Chandramouliswaran
Executive Director

S. S. Karmarkar
Deputy General Manager

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(Form 'B')

Revenue Account for the year ended 31 March 2000

II — GENERAL FUND

(Rupees in lakh)

Previous Year Amount	EXPENDITURE	Previous Year Amount	Previous Year Amount	INCOME	Amount
	To Salaries & Allowances and contribution to staff		9,57.22	By Income from Investment	9,81.31
11,27.91	Provident Fund	10,22.09			
96.29	Contribution to Staff Pension & Gratuity Fund	77.33	—	" Interest on Advance to Deposit Insurance Fund/Credit Guarantee Fund	—
0.05	" Directors & Committee members fees	0.01		" Miscellaneous Receipts	
0.20	" Directors & Committee members Travelling & Others Allces.	—		— Share of recoveries under GOI - Credit Guarantee Scheme-SSI	9.71
80.74	" Rent, Taxes, Insurance, Lighting etc.	91.34	6.10	— Interest on Advances to Staff	2.20
1,04.56	" Establishment, travelling & halting allowances	1,71.79	1.32	— Interest on Refund of Income Tax	83.18
6.36	" Printing, Stationery & Computer consumables	10.74	49.81		95.09
6.14	" Postage, telegrams & telephones	11.16			
0.56	" Auditors' Fees	0.56			
2.61	" Legal Charges	4.63			
	" Miscellaneous Expenses				
5.41	- Service Contract	6.87			
4.06	- Newspaper, Periodicals	3.90			
1.42	- Book Grant	4.12			
1.23	- Offices Guards	—			
0.24	- Expenses for the Board Meeting	0.44			
42.04	- Others	5.69	21.02		
19.99	" Depreciation	14.29		By Balance being excess of expenditure over income for the year carried down	3,48.56
—	" Advertisement	—			
			4,85.36		
14,99.81	TOTAL	14,24.96	14,99.81	TOTAL	14,24.96
4,85.36	To Balance being excess of Expenditure over income b/d	3,48.56	4,85.36	By Transfer to DIF	—
			—	By Transfer from CGF	3,48.56
4,85.36	TOTAL	3,48.56	4,85.36	TOTAL	3,48.56

Note : Previous years figures have been re-grouped for better presentation of accounts.

As per our report of even date.

For M/s. Jain Chowdhary & Co.
Chartered Accountants

Jagdish Capoor
Chairman

G. P. Munlappan
Director

P. Bollna
Director

A. Chandramoullswaran
Executive Director

S. S. Karmarkar
Deputy General Manager

(S. C. Jain)
Partner

Mumbai
Dated 29 June 2000

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 & 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 indicative 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.
- 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 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 per cent on furniture and fixtures and 32 per cent on electronic, electrical equipments/apparatus and on computers.

NOTES TO ACCOUNTS

1. The Computerised records of all the insured banks in respect of Deposit Insurance Fund have not been updated and are pending for reconciliation. An aggregate amount of Rs. 38,06,639.18 taken as income in current year, is subject to reconciliation and till necessary adjustment on the subsidiary records being updated.
2. The outstanding liability towards claims intimated and admitted representing claims admitted but not paid amounting to Rs. 2309.50 lakh under SLGS, 1971 and Rs. 203.68 lakh 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 lakh relating to Deposit Insurance Fund, Rs. 7534.22 lakh 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 lakh 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 and during this year excess balance is shown under Investment Fluctuation Reserve.
5. Sundry creditors include Rs. 33.01 lakh in the Credit Guarantee Fund are subject to adjustment on receipt of information, compilation and/or reconciliation of subsidiary records.

6. 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.

7. 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.

8. 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.
9. The deficit in General Fund was not adjusted to General Reserve but appropriated against the surplus in Credit Guarantee Fund by virtue of powers vested under Section 23(2)(a) of the DICGC Act, 1961 with the Board.

