

REPORT ON THE WORKING OF THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION FOR THE YEAR ENDED 31ST MARCH 2003

In terms of Section 32(1) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the Board of Directors present herewith the 41st Annual Report of the Corporation for the year ended 31st March 2003.

DEPOSIT INSURANCE

1.1 General

The ceiling amount of insurance cover for deposits with an insured bank, viz., Rs.1,00,000 per depositor per bank **in the same right and capacity** and the insurance premium @ 5 paise per Rs.100 per annum, have remained unchanged during the year. During the year 10 new banks were registered, while 36 insured banks were de-registered. The total number of insured banks was 2629 as on 31st March 2003. Fully protected deposit accounts as at the end of June 2002 numbering **5782 lakh** constituted **96.3** per cent of the total deposit accounts of **6002 lakh**. The insured deposits at **Rs.828885** crore formed **68.3** per cent of the total assessable deposits of **Rs.1213163** crore. As at the end of June 2001, the fully protected deposit accounts constituted **96.4** per cent of the total deposit accounts and the insured deposits formed **69.6** per cent of the total assessable deposits. The details are furnished in **Annexures III and IV**. The insurance premium received during the year amounted to **Rs.706.82** crore as against **Rs.634.57** crore received during the previous year. During the year, the Corporation settled claims received from 1 commercial Bank and 22 co-operative banks for an aggregate amount of **Rs.186.43** crore and has made a provision of **Rs.517.37** crore towards contingent liability of claims in respect of 1 commercial bank and 67 co-operative banks. The aggregate amount of claims paid and provided for in respect of 27 commercial banks and 75 co-operative banks, since the inception of the Scheme amounted to **Rs.863.06** crore and repayment received out of the recoveries etc., amounted to

Rs.79.54 crore. The recoveries accounted for 9.21 per cent of the total claims paid.

1.2 Registration/De-registration of Insured Banks

During the year 10 co-operative banks were registered as insured banks and 2 commercial banks, 4 foreign banks and 30 co-operative banks were de-registered, the details of which are furnished in **Annexure II-A**. 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 I-A**.

1.3 Extension of Scheme

A. 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 24 States and 2 Union Territories (**Annexure -II**), the position of their coverage in the 4 States viz., **Meghalaya, Mizoram, Nagaland and Arunachal Pradesh**, 4 Union Territories viz., **Lakshadweep, Chandigarh, Andaman & Nicobar Islands and Dadra & Nagar Haveli** and the newly formed state of **Chhattisgarh**, is as under:

The matter regarding the extension of the Scheme to the co-operative banks in the three states viz., **Meghalaya, Mizoram, 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.

Extension of the scheme to the State of **Arunachal Pradesh** and two Union Territories viz., **Chandigarh and Andaman & Nicobar Islands** 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 Territories. The position in this regard is as under:-

- (i) **Arunachal Pradesh :** Reserve Bank of India has advised the Registrar of Co-operative Societies, Government of Arunachal Pradesh to forward a copy of the modified corrigendum (to certain errors in the notification dated June 20, 2000 published in the Official Gazette of Arunachal Pradesh) together with a copy of the State Co-operative Societies Act. The Registrar has also been advised that if the notification has not been published, necessary steps may be taken to get the same published without any further delay.
- (ii) **Andaman and Nicobar Islands:** The Corporation has completed all the formalities regarding extension of the Scheme. The matter has been referred to the Government of India for publication of the notification in the Gazette of India extending the Scheme to the Union Territory. The Government of India is in the process of publishing the requisite notification. We are pursuing the matter with the Government of India.
- (iii) **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 is being pursued.
- (iv) **Chhattisgarh :** The State Government has adopted the Madhya Pradesh Co-operative Societies Act, 1960 and passed the Chhattisgarh Co-operative Societies (Amendment) Act, 2001. However, in the new Section 16(c) of Chhattisgarh Co-operative Societies Act, 2001, the proviso to Sub-Section (2) of Section 16 of the Madhya Pradesh Co-operative Societies Act, which provides for prior consultation with Reserve

Bank of India in the case of preparation of scheme of amalgamation / reconstruction of co-operative banks has been impliedly done away with. Due to the above-mentioned formulation of Section 16 (c) in the Chhattisgarh Co-operative Societies (Amendment) Act, 2001, the co-operative banks in the State do not meet with the requirements of Section 2(gg) of DICGC Act, 1961 to be "eligible co-operative banks". The Chairman addressed D.O. letters to the Chief Secretary and the Principal Secretary of the State spelling out the consequences if the Co-operative Societies Act was not amended immediately. Subsequently, a delegation led by the Agriculture and Co-operation Minister of the State had discussion on the issue with RBI/DICGC. The delegation assured that necessary amendment to the Chhattisgarh Co-operative Societies Act would be carried out. The State Government had also intimated the RBI and the Corporation that they will carry out the necessary amendments to their Co-operative Societies Act. They had also cancelled the registration of the 9 newly created DCCBs. The Chairman subsequently addressed a D.O. letter to the Chief Secretary of the State requesting him to advise a definite time limit within which the necessary amendment to the Act will be carried out. The matter was also pursued through the Regional Director, (RD) RBI, Bhopal who was informed by the State Government authorities that necessary amendments to the above Act would be placed before the State Assembly in the current session. As this did not materialise, the RD, RBI Bhopal has taken up the issue with the Chief Secretary of the State. The matter would be further pursued to ensure early resolution.

B. Extension of Deposit Insurance to the newly formed states of Uttaranchal & Jharkhand: Uttaranchal Government have advised that till the new Co-operative Societies Act for their state is enacted the provisions of U.P. State Co-operative Societies Act adopted by them will continue to be in force in the state. Similarly, the Registrar of Co-

operative Societies, Jharkhand has advised that the State has adopted the Bihar State Co-operative Societies Act, 1935 with effect from 27th January 2001. Since the Uttar Pradesh and Bihar State Co-operative Societies Acts adopted by the State Governments of Uttaranchal and Jharkhand respectively contain necessary provisions to meet the requirements of Section 2(gg) of DICGC Act, 1961, the existing co-operative banks in both the states, which are registered with the Corporation as insured banks before bifurcation of Uttar Pradesh and Bihar as well as the new co-operative banks in these two new states, are eligible for insurance cover of the Corporation.

C. Co-operative Banks registered under the Multi-State Co-operative Societies Act 2002; Karnataka Souhadra Sahakari Act 1997 and similar state enactments: The banks which have opted to register as 'Co-operative societies' under the Karnataka Souharda Sahakari Act, 1997 (KSS Act) can not be termed as co-operative societies as defined under Section 2(l) of the NABARD Act, 1981 and would therefore be outside the purview of (Section 56) of BR Act, 1949. As a further consequence, these banks will automatically go out of the purview of the DICGC Act, 1961 (vide Section 2(dd), 2 (r) and 13A ibid). Moreover, the KSS Act applicable to co-operative banks does not contain some of the provisions necessary for such banks to be otherwise eligible for deposit insurance cover from DICGC. Some of the other state governments have also enacted laws like the Karnataka Souharda Sahakari Act 1997. Further, as per provisions of the Multi State Cooperative Societies Act, 2002, the Central Registrar does not have any authority to supersede the Board of Directors of the cooperative banks. Thus these Acts do not fulfill the essential condition prescribed under the DICGC Act for deposit insurance cover and hence the cooperative banks registered under the above mentioned Acts are not "eligible banks" under the DICGC Act 1961. RBI has therefore taken up the matter with the concerned State Governments and Central Government to make necessary amendments to the new enactments so as to bring them in alignment with the DICGC Act.

The concerned regulatory departments of RBI i.e., the Urban Banks Department (UBD) and the Rural Planning and Credit Department (RPCD) have been requested to advise us the complete list of all such co-operative banks functioning in all the states. As per the information furnished by UBD so far, 19 Urban co-operative banks are registered under the KSS Act, 1997, 32 urban co-operative banks are registered under the Multi State Co-operative Societies Act, 2002, and 2 urban co-operative banks are registered under the Bihar Self Supporting Co-operative Societies Act, 1996.

1.4 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 June 2001 and June 2002 are furnished in Table 1.

Table 1 : Insured Deposits

Particulars (Accounts in lakhs & amounts in Rs. crore)	June	
	2001	2002
1. Total no. of accounts	4817	6002
2. Fully protected accounts	4645	5782
3. Percentage of 2 to 1	96.4	96.3
4. Assessable deposits	9,68,752	12,13,163
5. Insured deposits	6,74,051	8,28,885
6. Percentage of 5 to 4	69.6	68.3

The year-wise details for last ten years are furnished in **Annexure III**.

1.5 Receipt of Deposit Insurance Premium

The category-wise break-up of premium (including interest on overdue premium) collected from insured banks during 2001-2002 and 2002-2003 are furnished in Table 2.

Table 2 : Premium received

Year	(Rupees in Crores)		
	Commercial Banks including LABs & RRBs	Co-operative Banks	Total
2001-02	555.99	78.58	634.57
2002-03	622.70	84.12	706.82

1.6 Settlement of deposit insurance claims

During the year 2002-2003, the Corporation settled aggregate claims for Rs.186.43 crore in respect of 1 commercial bank and 22 co-operative banks as detailed in Table 3.

Table 3 : Claims settled

(Rupees in crore)			
Sr. No.	Name of the Bank	No. of Depositors	Amount of Claims (Rs. in crore)
COMMERCIAL BANK			
1	Benares State Bank Ltd.	558999	99.99
CO-OPERATIVE BANKS			
1.	Madhavpura Mercantile Co-op. Bank Ltd., Gujarat	@196994	15.94
2.	Krushi Co-op. Urban Bank Ltd., Andhra Pradesh	@8273	2.87
3.	Jabalpur Nagrik Sahakari Bank Ltd., MP	15578	1.93
4.	Shree Laxmi Co-op. Bank Ltd., Gujarat	32016	13.87
5.	Indira Sahakari Bank Ltd., Aurangabad, Maharashtra	1	0.007
6.	Maratha Market People's Co-op. Bank Ltd., Maharashtra	12619	3.80
7.	The Latur People's Co-op. Bank Ltd., Maharashtra.	6314	0.31
8.	Shri Laxmi Mahila Co-op. Urban Bank Ltd., Andhra Pradesh	1177	0.78
9.	The Friends Co-op. Bank Ltd., Maharashtra	18708	4.84
10.	Bhagyanagar Co-op. Urban Bank Ltd., Andhra Pradesh	3806	0.97
11.	Aska Co-op. Urban Bank Ltd., Orissa	2334	0.70
12.	The Veraval Ratnakar Nagrik Sahakari Bank Ltd., Gujarat	9608	2.66
13.	Shree Veraval Vibhagiya Nagrik Sahakari Bank Ltd., Gujarat	4167	2.59
14.	Shravya Urban Co-op. Bank Ltd., Andhra Pradesh	3730	7.44
15.	Majoor Sahakari Bank Ltd., Gujarat	6967	1.48

16.	Mira Bhayander Co-op. Bank Ltd., Maharashtra	2183	2.24
17.	Shri Labh Co-op. Bank Ltd., Maharashtra	4557	4.74
18.	Khed Urban Co-op. Bank Ltd., Maharashtra	21627	4.64
19.	Janata Sahakari Bank Ltd., Dewas, Madhya Pradesh	20223	7.17
20.	The Nizamabad Co-op. Town Bank Ltd., Andhra Pradesh	7798	1.13
21.	Megacity Co-op. Urban Bank Ltd., Andhra Pradesh	2252	1.61
22.	Kurnool Urban Co-op. Bank Ltd., Andhra Pradesh	7723	4.74

TOTAL 186.43

@ The number represents the total number of depositors as per the claim list submitted to the Corporation and claim has not been fully settled pending receipt of further information.

Further, a provision of Rs.517.37 crore has been made towards the likely claim liabilities in respect of depositors of 68 banks which are under amalgamation/ liquidation or their licence / application for licence to carry on banking business has been cancelled / rejected by Reserve Bank of India.

1.7 Position of Claims settled/Repayments received

As on 31st March 2003, 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 31st March 2003 aggregated Rs.76.78 crore (including Rs. 2.35 crore received during the year). The total amount of claims paid/provided for in respect of 75 co-operative banks, since the inception of the Scheme till 31st March 2003 (including Rs. 86.44 crore paid during the year) was Rs. 572.88 crore. Repayments received from the liquidators/ amalgamated banks upto 31st March 2003 aggregated Rs.2.75 crore (including Rs.0.50 crore received during the year). The particulars of banks in respect of which claims have been paid, written off, provided for and repayments received till 31st March 2003 are furnished in **Annexure V**.

1.8 Deposit Insurance Reforms

As a sequel to the Finance Minister's Budget speech for the financial year 2002-2003 announcing that DICGC will be converted into Bank Deposits Insurance Corporation (BDIC) to make it an effective instrument for dealing with depositor's risk and for dealing with distressed banks, a High Level Team of Senior Executives from Government of India, Reserve Bank of India and DICGC visited FDIC to study its working in June 2002 and held discussions with FDIC and US Banking Regulatory & Supervisory agencies. The study team submitted its report to the Ministry of Finance (MoF) on 14th January 2003. As desired by the MoF, the recommendations of the Study team were examined by DICGC in consultation with RBI. Based on this exercise, an outline of the BDIC Bill, which is intended to replace the DICGC Act, 1961 has been forwarded to the MoF on 28th February 2003 for further action.

CREDIT GUARANTEE

Credit Guarantee Schemes

2.1 As on 31st March 2003, no bank was participating under the Small Loans Guarantee Scheme 1971. Similarly none of the urban co-operative banks is continuing under the Small Loans (Co-operative Banks) Guarantee Scheme, 1984. Consequent upon opting out by the remaining

participants from the Small Loans Guarantee Scheme, 1971 and Small Loans (Co-operative Banks) Guarantee Scheme, 1984, the Corporation is not operating the above Credit Guarantee Schemes for small borrowers. As regards the Small Loans (SSI) Guarantee Scheme, 1981, only one bank (viz. Dhulia District Central Co-operative Bank Ltd.) was participating as on 31st March 2003.

2.2 The guaranteed advances under the Corporation's Credit Guarantee Schemes in operation had come down from Rs.1.11 crore as at the end of March 2001 to Rs.0.52 crore as at the end of March 2002. Sector-wise distribution of guaranteed advances under the credit guarantee schemes since the year 1991-92 has been given in **ANNEXURE VI**.

2.3 During the year 2002-2003, 1647 claims for Rs.0.26 crore were received as against 1164 claims for Rs.1.25 crore in the previous year showing an increase 41.5% in terms of number but decline of 79 percent in terms of amount as compared to the previous year. In 2002-2003 the Corporation settled 1741 claims for Rs.0.61 crore as against 3674 claims settled during the previous year for Rs.5.06 crore. The decline in the claims settled during the year in terms of number and amount was 52.6% and 87.9% respectively compared to the previous year (Table-4).

Table 4 : Claims received / settled

(Amount in Rs. Crores)

	During 2001-2002		During 2002-2003		Percentage increase (+) decrease (-)	
	Number	Amount	Number	Amount	Number	Amount
I) Claims received						
i) Small Borrowers	—	—	—	—	—	—
ii) SSIs	1164	1.25	1647	0.26	(+) 41.5	(-) 79.0
Total :	1164	1.25	1647	0.26	(+) 41.5	(-) 79.0
II) Claims settled :						
i) Small Borrowers	—	—	—	—	—	—
ii) SSIs	3674	5.06	1741	0.61	(-) 52.6	(-) 87.9
Total :	3674	5.06	1741	0.61	(-) 52.6	(-) 87.9

2.4 The guarantee fees receipt during the year is Rs.21.30 lakh, out of which, Rs.0.77 lakh is the guarantee fee from the only participating bank under the Small Loans (SSI) Guarantee Scheme 1981. The balance amount of Rs.20.53 lakh represents the net receipt of guarantee fee in respect of earlier years under various schemes including penal interest on overdue guarantee fee due to the Corporation from the Credit Institutions which have already opted out of these schemes. The details of guarantee fee received, guarantee claims received and claims paid during the period 1991-92 to 2002-2003 are as under:

Table 5 : Guarantee fees / Claims received and claims paid

(Amount in Rs. Crores)					
Year	Guarantee fee receipts	Guarantee claims receipts	Claims paid	Gap (2)-(3)	Gap (2)-(4)
1	2	3	4	5	6
1991-92	565.87	627.23	462.29	(-) 61.34	(+) 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
1999-2000	21.99	245.49	403.13	(-) 223.50	(-) 381.14
2000-2001	0.07	36.06	47.34	(-) 35.99	(-) 47.27
2001-2002	0.02	1.24	1.33	(-) 1.22	(-) 1.31
2002-2003	0.21	0.26	0.14	(-) 0.05	(+) 0.07

The scheme-wise break-up of guarantee fee received since 1991-92 is given in **ANNEXURE X**. The amount of claims exceeds the guarantee fees received during the year by Rs.0.05 crore.

2.5 Small Borrowers' Credit Guarantee Schemes

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

SLGS, 1971 provides for guarantee cover for advances granted for agriculture and allied activities, transport, retail trade, small business etc., by commercial banks including Regional Rural Banks. With effect from 1st April 2001 no

bank was participating under the Scheme and as such, subsequent to the year ended March 2002, no bank was eligible to lodge any claims with the Corporation. As a result of stoppage of operations under the Scheme, there were no advances guaranteed by the Corporation under the Scheme.

The SLCBGS, 1984 covers priority sector advances granted by primary urban co-operative banks for non-agricultural purposes. None of the urban co-operative banks is continuing under the scheme.

Upto the year ended March 2002, the Corporation had settled 37423627 claims for Rs.10,043.06 crore. 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 VII**.

The sector-wise breakup of claims received under the Schemes for the small borrowers upto 31st March 2002 is given in **Annexure VIII**.

Recoveries received under the Schemes during the year by virtue of Corporation's subrogation rights aggregated Rs.31.68 crore as against Rs.50.00 crore received during the previous year. The cumulative amount of recoveries received since the inception of the Schemes aggregated to Rs.1,971.69 crore forming 28.42 per cent of claims paid at Rs.6,938.84 crore.

2.6 Small Loans (SSI) Guarantee Scheme, 1981

As on 31st March 2003, only one co-op. bank was participating under the scheme.

The Corporation received 1647 claims for Rs.0.26 crore during the year as against 1164 claims for Rs.1.25 crore during the previous year. 1741 claims for Rs.0.61 crore were disposed off as against 3674 claims for Rs.5.06 crore during the year 2001-02. The details of claims received and disposed of year-wise, from 1st April 1981 onwards are given in **Annexure IX**. As on 31st March 2003, no claims were pending.

Recoveries made under the Scheme during the year by virtue of the Corporation's right of subrogation amounted to Rs.4.91 crore as compared to Rs.13.90 crore recovered during the previous year. Cumulative recoveries since 1981 aggregated Rs.260.46 crore as on 31st March 2003 forming 26.02 per cent of the total amount of claims paid at Rs.1,001.13 crore under the Credit Guarantee Scheme for Small Scale Industries.

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

The Corporation continues 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.10.96 lakh representing the recoveries received in claim paid accounts during the year ended 31st March 2003 under the Scheme, the Corporation remitted a sum of Rs.9.87 lakh to the Government after retaining an amount of Rs.1.09 lakh towards administrative expenditure incurred by it.

ACCOUNTS

Balance Sheet and Revenue Account

3.1 Revenue Accounts for the year ended 31st March 2003 and Balance Sheet as at 31st March 2003 showing the position of the Corporation's three funds viz., Deposit Insurance Fund (DIF), Credit Guarantee Fund (CGF) and General Fund (GF), together with the Auditor's Report are attached.

3.2 The Revenue Accounts have been prepared after making provisions for the incremental liabilities as per the actuarial valuation in respect of DIF (there are no incremental liabilities in CGF) and for other outstanding liabilities to the satisfaction of the statutory auditors. The revenue surpluses in DIF, CGF and GF during the year 2002-03 before taxation were of Rs. 1575.72 crore, Rs. 208.38 crore and Rs. 3.41 crore as against previous year's surpluses in DIF, CGF & GF of Rs.749.93 crores, Rs.199.43 crores & Rs.3.82 crores respectively. The General Fund has shown a surplus for the second consecutive year mainly on account of reduction in the establishment expenses consequent upon conversion of DICGC regional offices at Kolkata, Chennai, Nagpur and New Delhi into cells leading to substantial reduction in staff including at Head Office. While the regional offices at Kolkata, Chennai and Nagpur had been converted into cells earlier; the regional office at New Delhi was converted into a cell with effect from 18.11.2002. After making adequate provision for Income Tax liability, the accumulated surpluses in DIF, CGF and GF as on 31st March 2003 are arrived at Rs.4683.46 crore, Rs.1393.51 crore and Rs.22.29 crore respectively.

BUDGETARY CONTROL

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

INVESTMENTS

5. In accordance with the provisions of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, the amounts which were not required for the time being were invested in Central Government Securities, including Treasury Bills. The investments in terms of book value, as on 31st March 2003 stood at Rs. 8,800.46 lakhs, Rs. 5,99,944.88 lakhs and Rs. 1,47,925.34 lakhs respectively in the case of General Fund, Deposit Insurance Fund and Credit Guarantee Fund. The details of investments as on

31st March 2003 are furnished in Annexure XI. The depreciation in the investments of the three funds has been fully provided for, to the satisfaction of the Auditors.

GENERAL

Auditors

6. In terms of Section 29(1) of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, M/s Jain Chowdhary & Co., Chartered Accountants, Mumbai were reappointed, (with the approval of the Reserve Bank of India), as auditors of the Corporation for the year ended 31st March 2003.

PROGRESSIVE USE OF HINDI

7. The Corporation ensures compliance of Section 3(3) of the Official Languages Implementation Act. The Head Office of the Corporation has been notified under Rule 10(4) of the Official Languages Rules, 1976. The Corporation prepares quarterly progress reports of use of Hindi. The Official Languages Implementation Committee meets regularly once a quarter to monitor as well as to promote the use of Hindi in the day-to-day functioning of the Corporation.

TRAINING AND DEPUTATION

8. As recommended by the working group constituted by RBI to equip officers/ employees with base level computer proficiency in the first phase, necessary training was imparted to 48 employees (22 officers & 26 Class III staff). Accordingly, now all officers and Class III staff have the base level computer proficiency. Besides the above, 32 employees including 11 officers were deputed for various training programmes conducted by the training colleges of the RBI during the year. Deposit Insurance being a niche area of specialization that is gaining importance the world over has resulted in the need for knowledge and experience sharing. The Corporation has therefore requested Human Resources Development Department, RBI to consider training needs of the officers whenever such programmes are conducted by other institutions in India and abroad. The Corporation has

specifically requested for allotment of seats in the training establishments of RBI whenever training programme is held in areas like Banking Regulation and Supervision, Human Resource Development, General Management, Portfolio Management, Investment transactions in Government Securities and T- Bills market, Dealing Room operations, Treasury Management, Computers & Information technology and such related areas.

INSPECTION AND FINANCIAL AUDIT BY RBI

9. The Regional Audit Cell of Reserve Bank of India carried out internal audit of the Corporation's Head Office and New Delhi branch for the half-years ended 30th March 2002 and 30th September 2002. The audit of the erstwhile New Delhi office was carried out for the half-year ended 31st March 2002.

COMPUTERISATION

10. A database of insured banks has been created and necessary software packages for premium and claims processing in the Deposit Insurance Department have been developed to help in speedy processing of data and generating various outputs including list of defaulting banks, category wise debit/credit advices to banks, generation of vouchers simultaneously with the processing of returns etc. Further refinements are being carried out. Reserve Bank is extending the INFINET connectivity and e-mail facility to the Corporation's Offices at Marshall Building Annexe and Belapur Office. The Corporation is in the process of purchasing PCs & Printers and replacing outdated ones. The Corporation launched its own web-site www.dicgc.org.in during the year. For better visibility, link to this website has been provided from RBIs website.

MANAGEMENT

11. Shri Vepa Kamesam was appointed as Chairman of the Corporation with effect from 11th June 2003, under section 6(1)(a) in place of Shri G.P. Muniappan who retired from the Bank's service as at the close of business on May 31, 2003.

Shri N.H. Siddiqui, Regional Director, RBI Bhubaneshwar was posted to the Corporation with effect from 12th June 2003 and designated as Executive Director.

Shri K.L. Khetarpaul, Executive Director, RBI was appointed as RBI's Nominee Director on the Board of the Corporation in place of Shri S.L. Parmar who retired from the Bank's service as at the close of business on January 31, 2003. Shri K.L. Khetarpaul also retired from banks service as at the close of business on 10th June 2003. Smt. Shyamala Gopinath, Executive Director RBI was appointed as RBI's Nominee director in the Board of the Corporation from 7th July 2003.

Shri P.C. Ghosh, Chairman, General Insurance Corporation of India, Mumbai was nominated as director by the Central Government under Section 6(1)(d) of the DICGC Act, 1961 w.e.f. 28th March 2003 in place of Shri D. Sengupta, Chairman, General Insurance Corporation of India,

Mumbai who was the director upto 30.6.2002.

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 31st March 2003, four meetings of the Board were held.

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

	For and on behalf of the Board of Directors
DEPOSIT INSURANCE & CREDIT GUARANTEE CORPORATION MUMBAI - 400 001.	
Dated: 26th June 2003	(Vepa Kamesam) Chairman