

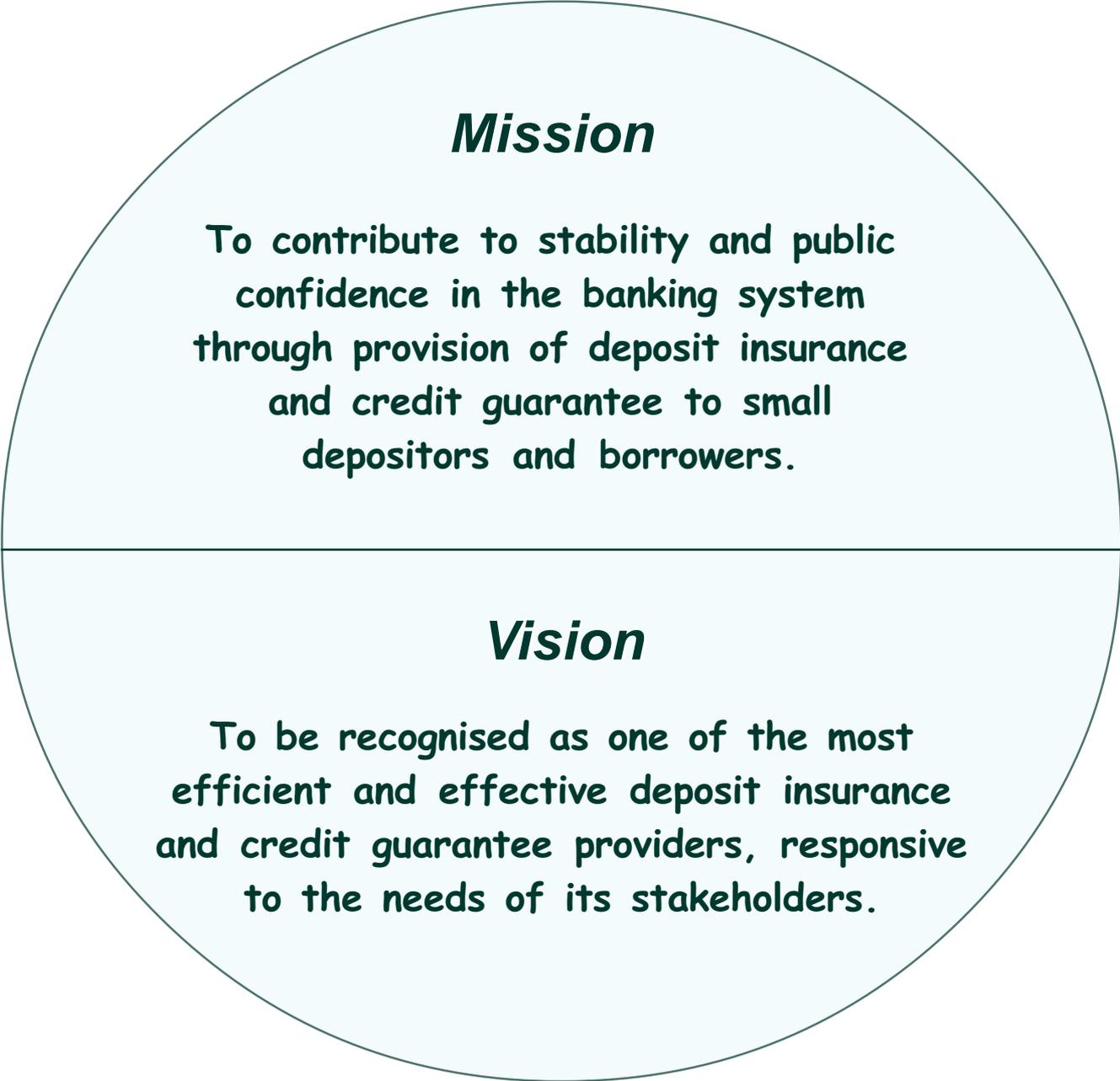
DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(Established by an Act of Parliament)

**Head Office : Reserve Bank of India Building,
2nd Floor, Opp. Mumbai Central Railway Station,
Byculla, Mumbai – 400 008. INDIA
www.dicgc.org.in**



**45^h Annual Report of the Board of Directors,
Balance Sheet and Accounts
for the year ended
31st March 2007**



Mission

To contribute to stability and public confidence in the banking system through provision of deposit insurance and credit guarantee to small depositors and borrowers.

Vision

To be recognised as one of the most efficient and effective deposit insurance and credit guarantee providers, responsive to the needs of its stakeholders.

Contents

	Page No.
1. Letters of Transmittal	iv-v
2. Board of Directors	vi
3. Organisation Chart.....	vii
4. Office of the Corporation	viii
5. Principal Officers of the Corporation.....	ix
6. Abbreviations	x
7. Highlights - Deposit Insurance Progress at a glance	xi-xiii
8. An overview of DICGC	1-5
9. Management's Discussion and Analysis.....	6-9
10. Directors' Report	10-18
11. Annexures to Directors' Report	19-44
12. Auditors' Report	45
13. Balance Sheet and Accounts	46-57

LETTER OF TRANSMITTAL
(To the Reserve Bank of India)

DEPOSIT INSURANCE AND CREDIT
GUARANTEE CORPORATION

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

DICGC/59/ 06.02.16 / 2007-2008

26 June 2007
05 Aashadha 1929 (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 31st March 2007**

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 2007 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 2007.

Yours faithfully,

Sd/-

(A. B. Balwatkar)
General Manager

LETTER OF TRANSMITTAL
(To the Government of India)

DEPOSIT INSURANCE AND CREDIT
GUARANTEE CORPORATION

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

DICGC / 58 / 06.02.16 / 2007-2008

26 June 2007
05 Aashadha 1929 (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 31st March 2007**

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 2007 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 2007.
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/-

(A. B. Balwatkar)
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.

DIRECTORS

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 30.09.2005)[®]

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.

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

Prof. PRAKASH G. APTE (from 07.10.2005)

Director, Indian Institute of Management, Bangalore

Prof. DIILIP M. NACHANE (from 07.10.2005)

Sr. Professor, Indira Gandhi Institute of Development and Research, Mumbai.

Dr. ATUL AGARWAL (from 07.10.2005)

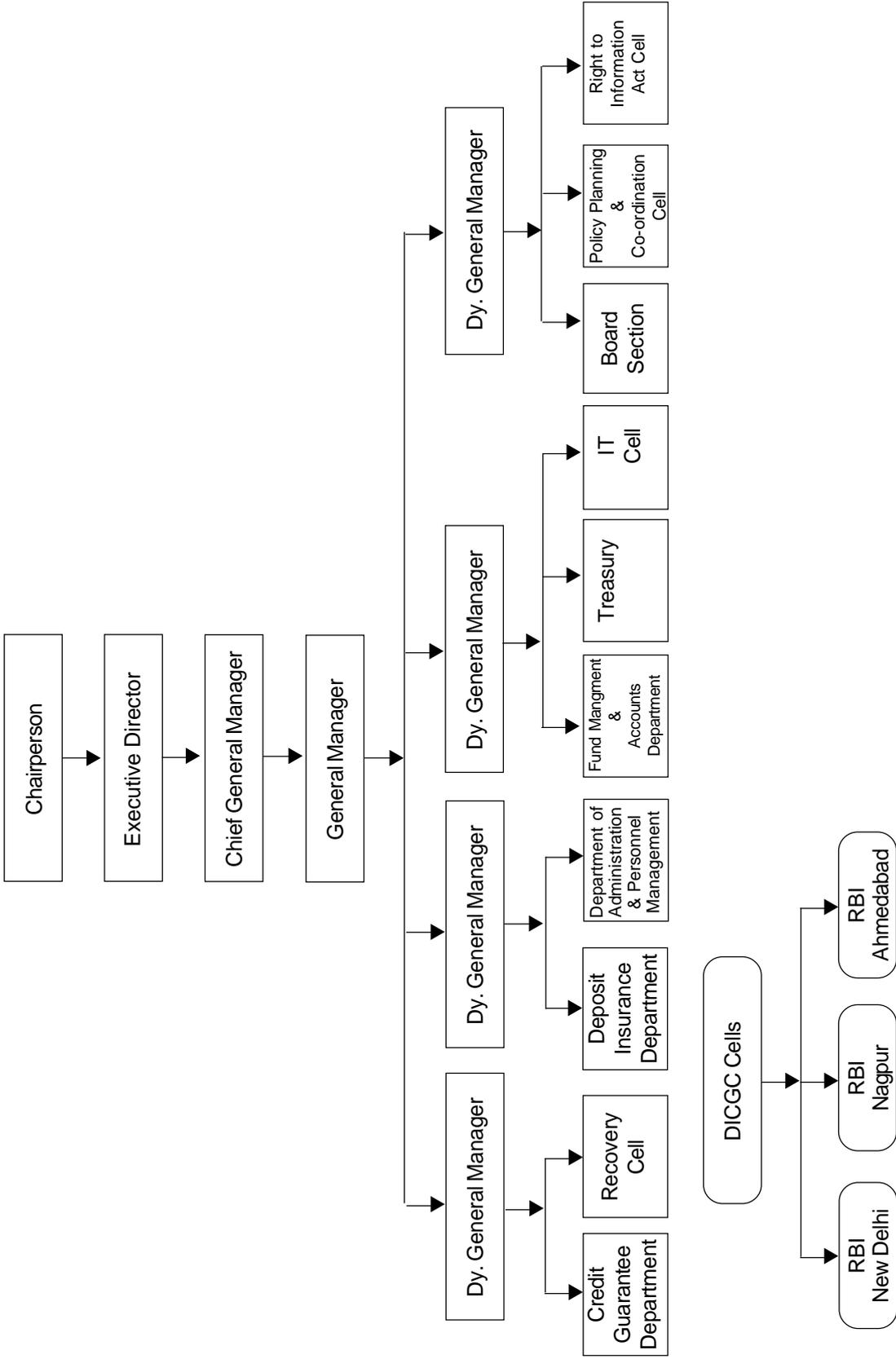
Chartered Accountant, Kanpur

SHRI ASHIWINI KAKKAR (from 16.01.2007)

CEO and Managing Director, Mercury Travels (India) Ltd.

[®]Retired w.e.f. 30-04-2007

ORGANISATION CHART



OFFICE OF THE CORPORATION

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

Telegram CREDITGUARD

Tel.Nos.

022-2308 4121	General
022-2302 1158	Premium
022-2302 1150	Claims
022 -2301 1991	RTI Act

HEAD OFFICE

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

(i) Chief General Manager	022-2301 9675
(ii) General Manager	022-2301 9645
(iii) Deputy General Manager	022-2302 1149
(iv) Deputy General Manager	022-2301 9792
(v) Deputy General Manager	022-2301 9570
(vi) Deputy General Manager	022-2302 1146

Email - dicgc@rbi.org.in

Website : 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

SECRETARY

Smt. R. Kausaliya

Deputy General Manager

BANKERS

RESERVE BANK OF INDIA

TAX CONSULTANT

M/s. Habib & Co.
Chartered Accountants
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

CDIC	:	Canada Deposit Insurance Corporation
CEO	:	Chief Executive Officer
CGCI	:	Credit Guarantee Corporation of India Ltd.
CGF	:	Credit Guarantee Fund
CGO	:	Credit Guarantee Organization
CRAR	:	Capital to Risk-Weighted Assets Ratio
CSAA	:	Control Self Assessment Audit
DIC	:	Deposit Insurance Corporation
DICGC	:	Deposit Insurance and Credit Guarantee Corporation
DIF	:	Deposit Insurance Fund
DIS	:	Deposit Insurance System
DRR	:	Designated Reserve Ratio
FBT	:	Fringe Benefit tax
FDIC	:	Federal Deposit Insurance Corporation (USA)
GF	:	General Fund
LABs	:	Local Area Banks
IADI	:	International Association of Deposit Insurers
MIS	:	Management Information System
MoU	:	Memorandum of Understanding
NPA	:	Non-performing Assets
PDIC	:	Philippines Deposit Insurance Corporation
RBI	:	Reserve Bank of India
RCS	:	Registrar of Co-operative Societies
RRBs	:	Regional Rural Banks
SCBs	:	State Co-operative Banks
SSI	:	Small Scale Industries
TAFUCB	:	Task Force on Co-operative Urban Banks
UCBs	:	Urban Co-operative Banks
UK	:	United Kingdom
USA	:	United States of America
ZTC	:	Zonal Training Centre

HIGHLIGHTS - I - DEPOSIT INSURANCE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1992-93	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
1 CAPITAL**	1	1.5	15	50	50	50	50	50	50	50	50	50	50	50	50	50	50
2 DEPOSIT INSURANCE																	
(i) Deposit Insurance Fund (Rs.)*	1	25	154	312 @	171 @	205 @	299 @	2022 @	3107	3310	3706	4250	5514	5908	7818	9103	10979
(ii) Insured Banks (Nos)	276	476	1683	1931	2025	2122	2296	2438	2583	2676	2728	2715	2629	2595	2547	2531	2392
(iii) Assessable Deposits (Rs.)	1895	7458	42360	244375	364058	392072	450674	492380	609962	704068	806260	968752	1213163	1318268	1619815	1790919	2344351
(iv) Insured Deposits (Rs.)	448	4656	31774	164527	266747	295575	337671	370531	439609	498558	572434	674051	828885	870940	991365	1052988	1372597
(v) Total number of Accounts (in lakh)	77	341	1598	3543	4994	4868	4351	4109	4642	4417	4462	4817	6002	5440	6495	5373	7169
(vi) Number of Fully Protected Accounts (in lakh)	60	328	1581	3395	4956	4819	4273	3713	4544	4302	4325	4645	5782	5189	6195	5055	6829
(vii) Claims paid (Rs.) since inception	-	1	3	178	181	190	194	196	209	225	262	677	863	1044	1485	2050	2594

** General Fund of the Corporation

* Includes both actuarial Fund and fund surplus

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

HIGHLIGHTS -II- CREDIT GUARANTEE PROGRESS AT A GLANCE

(Rupees in crore)

At year-end	1962	1972	1982	1992-93	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
3. CREDIT GUARANTEE																	
(i) Credit Guarantee Fund (Rs.)**	—	—	89	907	1793	1775	2926	679	758	1188	1133	1262	1393	1511	250	345	349
(ii) Guaranteed Advances																	
a) Small Borrowers (Rs.)	—	208	4840	26348	18910	17261	3939	3241	278	NA							
b) Small Scale Industries (Rs.)	—	—	3822	15503	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	883	1348	1841	1842	184	218	219	22	—	—	—	—	—	—
b) Small Scale Industries (Rs.)	—	—	30	260	379	524	270	120	34	26	14	1	0.26	—	—	—	—
iv) Claims Disposed off (for the year)																	
a) Small Borrowers (Rs.)	—	—	15	566	1100	1031	403	401	1188	1195	171	—	—	—	—	—	—
b) Small Scale Industries (Rs.)	—	—	27	243	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

** Includes both actuarial and fund surplus

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

OPERATIONAL HIGHLIGHTS - III - (Deposit Insurance)

(Rs. in Crore)

PARTICULARS	2006-07	2005-06	2004-05	2003-04	2002-03
REVENUE STATEMENTS					
Premium Income	2320.92	1973.61	1354.78	770.63	706.82
Investment Income	1078.70	878.94	698.22	701.24	655.65
Net Claims	322.58	293.58	1000.90	938.46	163.32
Revenue Surplus Before Tax	3047.01	2583.18	883.73	566.52	1580.19
Revenue Surplus After Tax	1690.58	1184.42	560.28	353.96	996.64
BALANCE SHEET					
Fund Balance (Actuarial)	1211.30	1025.96	875.00	871.00	831.00
Fund Surplus	9767.52	8076.94	6942.51	5037.42	4683.46
Liability for Claims	616.24	1260.45	1788.52	1236.25	517.37
PERFORMANCE METRICS					
1. Business Per Employee (Rs. lakh)	4,277	3,419	2,599	1,403	-
2. No. of Insured Banks per Employee	24	25	25	20	-
3. No. of Depositors paid per employee	6,815	10,140	5,632	2,039	-
4. Average No. of days between receipt of a claim and claim settlement	60	67	257	38	-
5. Average No. of days between de-registration of a bank and claim settlement.	625*	120	376	285	-
6. Operating Costs as percentage of total business	0.37 %	0.33 %	0.23 %	0.38 %	-
(Employee Costs as percentage of total business)	(0.11 %)	(0.16 %)	(0.11%)	(0.21 %)	-

* Due to submission of supplementary claims by liquidators of old liquidated banks.