

ANNEXURE - XIII

**AUDITED ACCOUNTS OF THE AUTHORITY FOR THE
FINANCIAL YEAR 2001-02**

SEPARATE AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FOR 2001-02

1. Introduction

The Insurance Regulatory and Development Authority was established on 19th April, 2000 under Insurance Regulatory and Development Authority Act, 1999 with its headquarter at New Delhi. The Authority has changed its headquarters to Hyderabad in December 2001. The Audit of the accounts of the Authority has been entrusted under Section 19 (2) of the Comptroller & Auditor General (Duties, Power & Conditions of Service) Act, 1971. The Authority was to consist of a Chairman, five full time Members and four Part-time Members. As on date the Authority has one chairman, two full time and four part time members. There is an Insurance Advisory Committee, which helps the Authority in making its Rules and Regulations for proper discharge of its activities. The main powers and functions of the Authority are as under:

- Protect the interest of and secure fair treatment to policyholders;
- Bring about speedy and orderly growth of the insurance industry (including annuity and superannuation payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy;
- Set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates;
- Ensure that insurance customers receive precise, clear and correct information about products and services and make them aware of their responsibilities and duties in this regard;
- Ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery;
- Promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players;
- Take action where such standards are inadequate or ineffectively enforced;
- Bring about optimum amount of self-regulations in day to day working of the industry consistent with the requirements of prudential regulation.

2. Sources of Receipts

During 2001-02, the Authority's receipts were Rs.42.17 crores as against its expenditure of Rs.5.89 crores. The receipts mainly consisted of fees received from various Insurance companies operating in India on account of their Registration and Renewal charges.

3. Funds

The funds of the Authority are being retained by itself despite directions of the Ministry to house the funds in Public Account of India as non-interest bearing funds. As on 31st March 2002, the Authority continues to house its funds amounting to Rs. 57.42 crore in interest bearing deposits of banks and other financial institutions.

4. Comments on Accounts

4.1 Under statement of Current Assets, Loan and Advances Current Assets, Loan and Advances: Rs. 20,031,959.

This does not include a sum of Rs. 20,00,000/- which was paid as advances to M/s Andhra Pradesh Industrial Development Corporation Ltd. (APIDC) vide cheque no. 308126 dt. 08/03/2002 (HDFC A/c -New 435). The amount was given for the renovation work at IRDA office at Hyderabad. Since this amount represented advance in the nature of amount recoverable in cash or kind, the same was required to be shown in the Balance Sheet. The Authority has charged this amount to Income and



Expenditure Account by showing it as Establishment Expenses - Repair and Maintenance of Buildings and Premises. Thus both Income and Current Assets of the Authority have been understated by Rs. 20,00,000/-. The Authority in its reply stated that the sum of Rs. 20 Lakhs was, released as running payments against the renovation work, which is construed as an advance payment. Authority's reply is not acceptable as all notes and correspondence of the Authority clearly stipulate the payment as advance. (Reference to the completion certificate showed that it has been issued by APIDC without recording measurement of the works.)

4.2 Under statement of Current Liabilities & Provisions Current liabilities and provisions: Rs. 12,92,305.

(1) This does not include provisions for salary amounting to Rs. 23.6 lakhs which was demanded by the Life Insurance Corporation vide its letters dt. 12/02/2002, 13/09/2002, 23/09/2002 & 5/11/2002 for payment to LIC staff working for IRDA on working arrangement basis. Apparently the amount pertains to the period 2001-2002 for which no provision has been made in the accounts of the Authority. Hence, both Expenditure as well as Liabilities remained understated to that extent.

The Authority in its reply stated that it would make provisions for payment of salary and other benefits from the date of joining if their previous employer make a demand for the period they were with the Authority on working arrangement.

(2) No provision was made in the accounts for the value of PCs amounting to Rs. 2.93 lakhs purchased by LIC on behalf of IRDA, the payment for which was released to LIC on 25th July 2002. Hence Current Liabilities and provisions remained understated to that extent.

4.3 Incorrect depiction of investment to the tune of Rs. 37.40 lakhs and excess accounting of interest of Rs. 2.25 lakhs on investments.

As on 31st March, 2001, an investment of Rs. 5742.28 Lakhs has been made as fixed deposit with the Indian Overseas Bank and HDFC Bank by Insurance Regulatory and Development Authority. Scrutiny of Certificate of Fixed Deposit and consolidated statement of Investment revealed that the maturity amount of Investment has been taken as Rs. 6644.99 lakhs instead of Rs. 6607.59 lakhs resulting in a difference of Rs. 37.40 lakhs between the two. Similarly interest accrued has been taken into account as Rs. 191.00 lakhs instead of Rs. 188.75 lakhs. Thus, an excess interest of Rs. 2.25 lakhs was depicted in the Balance Sheet resulting in overstatement of income to the extent of Rs. 2.25 lakhs. The details of Investment and Interest is enclosed as 'Annexure I'

The Authority accepted the audit observation and stated that necessary rectification would be carried in the accounts of 2002-2003. Interest accrued/actual on investment may be reconciled and necessary rectification/adjustment be made into account under intimation to audit.

4.4 Difference between Assets Register and Balance Sheet

Scrutiny of Assets Register and Balance Sheet as on 31st March, 2002 revealed that there was a difference of Rs. 1.48 lakhs between the two which was not reconciled.

The Authority in its reply stated that it was presumed that consumable and the perishable items had been taken into account in the dead stock register. The details of such items with regard to their cost will be extracted from the records of the previous years and these items will be removed from the dead stock register to correct the difference.



4.5 Non-verification of Assets

The Authority had fixed assets valued at Rs. 28,33,511.06 as per Balance Sheet as on 31st March, 2002 details of which were shown in Annexure-I. In this connection, the following comments are offered:

1. The progressive totals of value of all assets entered in the Fixed Assets Register were not carried out in accordance with the rule 151 (4)(a) of General Financial Rule.
2. Consumables like buckets, boxes purchased for shifting records, wall clocks, crockery, gas stove etc. were also included in the assets register. The Authority did not maintain inventories of such articles in the prescribed form.

Assets register may be recast in the light of the above observation under intimation to audit.

Place: New Delhi
Date: 18-07-2003

Sd/-
Director General of Audit
Central Revenues



AUDIT CERTIFICATE

I have examined the Receipts and Payments Account, Income and Expenditure Account for the year ended 31st March 2002 and Balance Sheet as on 31st March 2002 of Insurance Regulatory and Development Authority, Hyderabad. I have obtained all the information and explanations that I have required and subject to the observations in the appended Audit Report, I certify as a result of my audit that in my opinion, these accounts and Balance Sheet are properly drawn-up so as to exhibit a true and fair view of Insurance Regulatory and Development Authority, Hyderabad, according to the best of information and explanations given to me and as shown to me by the books of Organisation.

Place: New Delhi
Dated: 18-07-2003

Sd/-
Director General of Audit
Central Revenues



FORM A

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2002

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
GENERAL FUND			FIXED ASSETS [See Note 1]		
	i) IRDA Fund [See Note 4]		2,269,754.68	-Gross Block	4,642,112.68
	-At beginning of the year	893,243.68	697,331.62	-Less: Depreciation	1,808,601.62
893,243.68	-Receipts in the year	-	1,572,423.06	-Net Block	2,833,511.06
893,243.68	-Balance at end of the year	893,243.68	-	-Capital Work-in-Progress	-
	ii) Capital Fund			INVESTMENTS [See Note 2]	
-	-Capital Grants	-		(Method of Valuation - at Cost)	
-	-Balance at the beginning of the year	-		- i) Securities of Central and State Government	-
-	Add: Value of Fixed Assets received as grants during the year	-		- ii) Units	-
	iii) Surplus and Funds			- iii) Fixed Deposits with banks	
	-Balance as per last Balance Sheet	12,478,206.44	204,766,622.00	(Including moneys belonging to the Employees Provident Fund Trust to be formed)	574,227,907.78
12,478,206.44	Add: Excess of Income Over Expenditure as per Income and Expenditure Account - Annexed	336,916,567.87		iv) Others	-
-	Less: Excess of Expenditure Over Income as per Income and Expenditure Account - Annexed	-		CURRENT ASSETS, LOANS AND ADVANCES	
12,478,206.44	-Balance at the end of the year	349,394,774.31		[See Note 3]	
-	iv) Gift and Donations	-	31,500.00	i) Deposits with Agencies	57,840.00
-	v) Other Balances	-	266,192.88	ii) Loans & Advances to Staff	2,021,953.88
	LOANS		6,321,977.50	iii) Amount Due from Insurance Companies & Others	573,298.00
-	i) Secured (stating the security offered for the purpose)	-	1,335,759.50	iv) Other Current Assets	20,031,959.00
-	ii) Unsecured	-	15,000.00	v) Cash & Bank Balances	
-	iii) Loan from Government of India	-	12,190,515.18	a) Cash in Hand	18,998.00
-	iv) Other Loans	-		b) Bank Balances	5,558,629.27

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THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2002

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	CURRENT LIABILITIES AND PROVISIONS [See Note 5]				
	i) SUNDRY CREDITORS:				
-	-for Capital Items	-			
18,962,541.00	-for Other Items-[Includes amount refundable Rs. 89,641,595 for reduction in renewal fees]	98,205,957.00			
	ii) PROVISIONS:				
-	-Provision for doubtful debts and advances	229,485.00			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
-	1. Unspent Grants	-			
-	2. Interest payable to Government/ Other Loans	-			
-	3. Provident, Retirement & Other Welfare Funds:				
91,062.00	(a) Provident Fund	764,552.00			
-	(b) Other Welfare Funds	-			
-	(c) Retirement Benefit Fund and Staff Benefit Fund:	-			
4,987,536.00	4. Others (Specify)	1,292,305.00			
189,087,401.00	-other Liabilities (TDS)	154,543,780.00			
	-Registration Renewal fee received in Advance	154,543,780.00			
226,499,990.12		605,324,096.99	226,499,990.12		605,324,096.99

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

- Notes:**
1. The information relating to Fixed Assets is given in Annexure I.
 2. The information relating to Investments is given in Annexure II.
 3. The information relating to Current Assets, Loans and Advances is given in Annexure III.
 4. Details of IRDA Fund is given in Annexure IV (Fund includes grants received from Central Government, other organisations and bodies in terms of Section 16 of the Act).
 5. Details of Contingent Liabilities is given in Annexure V.
 6. All information relating to significant accounting policies and notes forming part of accounts is given in Annexure IX.
 7. All annexes to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

-Sd-
R.K. Sharma
Chief Accounts Officer

-Sd-
N. Rangachary
Chairman

-Sd-
R. C. Sharma
Member

-Sd-
H.O. Sonig
Member



FORM B

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2002

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
1,388,813.00	Payment to Chairperson and Members	2,359,356.00	15,001,000.00	Grants in Aid Received	-
728,402.90	Payment to and Provision for members of Staff [See Note 1]	6,036,219.00		Receivable	-
13,326,883.90	Establishment Expenses [See Note 2]	21,601,397.77		Less: Transferred to Capital Fund	-
24,300,031.60	Rent	8,673,118.00	33,743,663.00	Registration Fees	110,756,681.50
	Research & Consultation Fees	-		Agents	-
	Seminars, Conference, Publications, etc. [See Contra]	-		Surveyors and Insurance intermediaries	-
	Interest [See Note 3]	-	650,000.00	TPA	520,000.00
				Insurance Companies	300,000.00
697,331.62	Depreciation	1,111,270.00		Renewal Fees	-
-	Capital Assets Written Off	-	552,565.00	Insurance Companies	234,561,500.00
-	Loss on Write Off of Asset	-		Surveyors and Insurance intermediaries	717,487.00
-	Provision for doubtful debts and advances	229,485.00		TPA	420,000.00
-	Development Expenditure	-		Others	-
-	Promotional Expenditure	-		Penalties, Fines etc.	-
-	Other Expenses	40,390.00	2,959,252.00	Seminar, Conferences and Publications etc.	-
12,478,206.44	Excess of Income Over Expenditure carried to Balance Sheet	336,916,567.87		Income on Investments - Interest on deposits with Scheduled Banks	29,452,612.14
				Interest on Deposits	-
				Interest on advances	-
				i) granted to members of staff for housing purposes	16,578.00
				ii) granted to members of staff for other purposes	2,562.00
				iii) Others	-
			13,189.46	Miscellaneous Income	220,383.00
				Excess of Expenditure over income carried to Balance Sheet	-
52,919,669.46		376,967,803.64	52,919,669.46		376,967,803.64

Significant Accounting Policies and Notes Forming Part of Accounts - Annexure IX

- Notes:
- The information relating to payment to and provision for employees is to be given in Annexure VI.
 - The information relating to establishment expenses is to be given in Annexure VII.
 - The information relating to interest amount is to be given in Annexure VIII.
 - All annexures to Income and Expenditure account and notes/information relating to significant accounting policies form part of accounts.

-Sd-
R.K. Sharma
Chief Accounts Officer

-Sd-
N. Rangachary
Chairman

-Sd-
R. C. Sharma
Member

-Sd-
H.O. Sonig
Member



ANNEXURE - 1

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002
FIXED ASSETS SCHEDULE**

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1.04.2001	Additions During the Year	Sold/Disposed Off During the Year	As on 31.03.2002	As on 1.04.2001	For the Year	Adjustments	Up to 31.03.2002	As at 31.03.2002	As on 31.03.2001
Office Premises										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Residential Flats										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Vehicles	194,343.68	-	-	194,343.68	50,315.58	37,289.00	-	87,604.58	106,739.10	144,028.10
Equipments	710,081.05	709,212.00	-	1,419,293.05	216,345.59	105,190.84	-	321,536.43	1,097,756.62	493,735.46
Furniture and Fixtures	340,782.95	11,129.00	-	351,911.95	97,439.40	54,324.58	-	151,763.98	200,147.97	243,343.55
Computers	1,024,547.00	1,652,017.00	-	2,676,564.00	333,231.05	914,465.58	-	1,247,696.63	1,428,867.37	691,315.95
Total	2,269,754.68	2,372,358.00	-	4,642,112.68	697,331.62	1,111,270.00	-	1,808,601.62	2,833,511.06	1,572,423.06



ANNEXURE - II

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002
INVESTMENTS**

S.No.	PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.			
1	Fixed Deposits with Scheduled Banks	574,227,907.98	204766622.00			
Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Accrued
Indian Overseas Bank	7-Dec-01	300,000	8.25%	1096	7-Dec-04	8654
	26-Dec-01	50,000,000	8.50%	1096	26-Dec-04	1243924
	27-Dec-01	44,000,000	8.50%	1096	27-Dec-04	1083130
	1-Jan-02	50,000,000	8.50%	1096	1-Jan-05	1165360
	1-Jan-02	50,000	8.25%	1096	1-Jan-05	1127
	1-Jan-02	3,968,102	8.25%	1096	1-Jan-05	89450
	29-Dec-01	42,357,557	8.50%	1096	29-Dec-04	1020514
	9-Jan-02	326,807	8.25%	1096	9-Jan-05	6705
	24-Jan-02	325,260	8.25%	1096	24-Jan-05	230654
		191,327,726				4,849,518
	3-Oct-01	193,252,278	8.50%	365	3-Oct-02	8316144
	2-Oct-01	10,100,274	8.50%	365	2-Oct-02	437069
	2-Oct-01	10,100,274	8.50%	365	2-Oct-02	437069
	2-Oct-01	10,100,274	8.50%	365	2-Oct-02	437069
	12-Oct-01	4,485,596	8.00%	365	12-Oct-02	172216
	28-Dec-01	48,821,875	8.00%	365	28-Dec-02	1025417
		276,860,571				10,824,984
HDFC	1-Mar-02	1,235,347.50	8.00%	185	2-Sep-02	8,206
	2-Nov-01	350,000.00	8.00%	182	3-May-02	11,545
	25-Oct-01	11,300,000.00	8.00%	183	26-Apr-02	1,285,469
	7-Nov-01	50,000.00	8.00%	182	8-May-02	1,594
	7-Nov-01	500,000.00	8.00%	183	9-May-02	15,853
	13-Nov-01	5,350,000.00	8.00%	182	14-May-02	163,450
	27-Nov-01	50,000.00	8.00%	182	28-May-02	1,373
	4-Dec-01	800,000.00	8.00%	183	5-Jun-02	20,723
	29-Nov-01	5,000,000.00	8.00%	182	30-May-02	135,061
	14-Dec-01	500,000.00	8.00%	183	15-Jun-02	11,845
	15-Dec-01	5,000,000.00	8.00%	183	16-Jun-02	117,342
	19-Dec-01	300,000.00	8.00%	183	20-Jun-02	6,775
	26-Dec-01	50,000.00	8.00%	183	27-Jun-02	1,052
	12-Jan-02	400,000.00	8.00%	182	13-Jul-02	6,907
	15-Jan-02	500,000.00	8.00%	182	16-Jul-02	8,302
	16-Jan-02	5,000,000.00	8.00%	182	17-Jul-02	81,914
	24-Jan-02	125,000.00	8.00%	182	25-Jul-02	1,826
	30-Jan-01	5,000,000.00	8.00%	182	31-Jul-02	66,416
	6-Feb-02	250,000.00	8.00%	182	7-Aug-02	2,933
	8-Feb-02	300,000.00	8.00%	182	9-Aug-02	3,387
14-Feb-02	250,000.00	8.00%	182	15-Aug-02	2,491	

S.No.	PARTICULARS	Figures for the				
		Current Year	Previous Year			
		Rs.	Rs.			
Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Accrued
	18-Feb-02	5,000,000.00	8.00%	182	19-Aug-02	46,817
	1-Mar-02	5,000,000.00	8.00%	185	2-Sep-02	33,214
	28-Feb-02	200,000.00	8.00%	185	1-Sep-02	1,373
	13-Mar-02	5,000,000.00	8.00%	185	14-Sep-02	19,928
	11-Mar-02	550,000.00	8.00%	185	12-Sep-02	2,436
		63,404,735.05				2,093,373
	19-Nov-01	25,169,680.11	8.00%	395	19-Dec-02	753,212
	1-Nov-01	4,099,210.21	8.00%	395	1-Dec-02	139,398.00
	11-Nov-01	1,537,203.82	8.00%	395	11-Dec-02	48,789.00
	16-Nov-01	1,024,802.54	8.00%	395	16-Dec-02	31,365.00
	30-Nov-01	1,024,802.54	8.00%	396	31-Dec-02	28,115.00
	20-Oct-01	1,012,116.43	8.00%	396	20-Nov-02	37,176.00
	20-Oct-01	1,012,116.43	8.00%	396	20-Nov-02	37,176.00
	30-Oct-01	1,012,116.43	8.00%	396	30-Nov-02	34,881.00
	31-Oct-01	1,012,116.43	8.00%	395	30-Nov-02	34,648.00
	3-Nov-01	1,012,116.43	8.00%	395	3-Dec-02	33,959.00
	5-Nov-01	1,012,116.43	8.00%	395	5-Dec-02	33,500.00
	8-Nov-01	1,012,116.43	8.00%	395	8-Dec-02	32,812.00
	10-Nov-01	1,012,116.43	8.00%	395	10-Dec-02	32,353.00
	22-Nov-01	1,012,116.43	8.00%	395	22-Dec-02	29,600.00
		41,964,747				1,306,984
		573,557,779.14				19,074,859

Fixed Deposit for PF Trust

IOB	6-Dec-00	11,128	7.00%	6 Months	6-Jun-2002	749
IOB	5-Jan-01	16,822	7.00%	6 Months	5-Jul-2002	1022
IOB	5-Feb-01	21,567	7.50%	6 Months	5-Aug-2002	1159
IOB	9-Mar-01	21,984	7.00%	6 Months	9-Sep-2002	1008
IOB	31-Mar-01	21,984	7.00%	3 years	30-Sep-2004	1049
IOB	2-May-01	26,836	7.00%	3.51	2-Nov-2004	2336
IOB	31-May-01	28,144	8.00%	12 Months	31-May-2002	1,932
IOB	7-Jun-01	19,954	8.00%	12 Months	7-Jun-2002	1,343
IOB	19-Jul-01	32,294	8.00%	12 Months	3-Jul-2002	1,977
IOB	31-Jul-01	42,750	8.00%	12 Months	31-Jul-2002	2,346
IOB	12-Sep-01	38,464	8.00%	12 Months	12-Sep-2002	1,738
IOB	11-Oct-01	40,346	8.00%	12 Months	11-Oct-2002	1,558
IOB	5-Nov-01	58,118	8.00%	12 Months	5-Nov-2002	1,916
IOB	28-Nov-01	66,926	8.00%	12 Months	28-Nov-2002	1,859
IOB	1-Jan-02	69,144	7.50%	12 Months	1-Jan-2003	1,768
IOB	29-Jan-02	65,022	7.50%	12 Months	29-Jan-2003	1,264
IOB	27-Feb-02	67,202	7.50%	12 Months	27-Feb-2003	454
IOB	18-Mar-02	21,443	7.50%	12 Months	18-Mar-2003	59
		670,128				25540

2 Others

- (a) Quoted- Cost and Market Value
b) Unquoted

Nil

Nil



ANNEXURE - III

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002
CURRENT ASSETS, LOANS AND ADVANCES**

PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
DEPOSITS		
- For Premises	22,500.00	-
- With Others- MTNL	35,340.00	31,500.00
	57,840.00	31,500.00
LOANS & ADVANCES TO STAFF		
- Housing Loan to Staff	1,209,600.00	-
- Loans to Staff for other purposes	756,092.88	215,325.88
- Other Advances - Festival	56,261.00	-
- Others - Advance for Travel	-	50,867.00
	2,021,953.88	266,192.88
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
- Insurance Companies'-[Indicates the amount due from State Insurance Companies]	229,485.00	1,061,099.00
- Agents-[Indicates the amount of expired cheques in hand received from agents earlier]	343,813.00	5,260,878.50
	573,298.00	6,321,977.50
OTHER CURRENT ASSETS		
- Expense Recoverable	425.00	-
- Prepaid Expenses	346,195.00	233,890.50
- Interest Accrued but not due - Bank deposits (Includes Rs.25,540 on Fixed Deposit held on behalf of PF Trust to be formed)	19,100,399.00	1,101,869.00
- Interest Accrued but not due - Staff Loans	19,140.00	-
- Advances on Capital Account-[For software development]	565,800.00	-
	20,031,959.00	1,335,759.50
CASH AND BANK BALANCES		
- Cash in hand	18,998.00	15,000.00
- Cheques in hand	-	-
- Cash/ Cheque in transit	-	-
- Balances with Scheduled Banks		
(a) In Current Account	5,558,629.27	12,190,515.18
(b) on Deposit Account	-	-
	5,577,627.27	12,205,515.18
- Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
	TOTAL	TOTAL

ANNEXURE - IV

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002**

PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Grant from Government of India	-	893234.68

ANNEXURE - V

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002
CONTINGENT LIABILITIES**

PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
	-	-

ANNEXURE - VI

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2002
PAYMENT TO AND PROVISION FOR EMPLOYEES**

PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
i) Salaries, Allowances, Wages and Bonus	4,975,533.00	670,489.90
ii) Bonus	-	-
iii) Contribution to Provident Fund, etc.	298,737.00	45,913.00
iv) Gratuity	210,148.00	2,183.00
v) Staff Welfare Expenses	-	-
vi) Others		
-Book Grant	-	3,805.00
-Leave Travel Concession	14,045.00	-
-Insurance	-	1,693.00
-Canteen Expenses	-	3,903.00
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	21,770.00	-
-Reimbursement of expenses incurred by Staff	169,426.00	-
-Leave Salary	346,560.00	416.00
TOTAL	6,036,219.00	728,402.90



ANNEXURE - VII

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2002
ESTABLISHMENT EXPENSES**

PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Repairs & Maintenance of Buildings & Premises	2,267,704.00	787,324.00
House Keeping - Office Maintenance	825,542.00	159,179.00
Repairs & Maintenance of Equipments	-	44,425.00
Repairs and Maintenance - Others	23,075.00	1,356,290.00
Electricity (Payable to LIC)	803,258.00	200,000.00
Insurance - Vehicle	15,300.00	6,524.00
Rates and Taxes	-	-
Printing and Stationery	690,481.00	2,050,100.00
Books/Journals etc.	63,628.00	91,186.00
Postage, Telegraphs, Telephones, etc.	1,210,860.27	792,370.00
Travelling and Conveyance Inland (Includes Payable to LIC Rs.711755/-)	4,945,309.00	4,394,750.40
Travel - Foreign	5,367,184.00	147,093.00
Legal and Professional charges	1,440,279.00	285,716.00
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	99,520.00	-
Software	-	150,000.00
Publicity & Advertisement	2,062,541.00	572,574.00
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Other meeting expenses including daily allowances paid to the members of the Committee	-	-
	195,685.00	767,758.00
Membership and Subscription	415,835.50	244,664.50
Security Services	225,879.00	167,369.00
Web Portal Development Expenses (Rs.33215 payable to Maruthi IT.Com)	564,300.00	900,000.00
Canteen Expenses	143,523.00	-
Car Repair and Maintenance Expenses	52,560.00	29,269.00
Other Expenses	188,934.00	180,292.00
TOTAL	21,601,397.77	13,326,883.90

ANNEXURE - VIII

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2002**

INTEREST

PARTICULARS	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Government	-	-
Banks	-	-
Others	-	-
TOTAL	<u>-</u>	<u>-</u>



ANNEXURE - IX

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT

NOTES TO THE FINANCIAL STATEMENTS

[Unless otherwise specified, all amounts are in rupees]

1. BACKGROUND

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (The Authority) was established by an Act of Parliament-Insurance Regulatory & Development Authority Act, 1999 (ACT)- and was constituted on April 19, 2000 by a notification issued in the Gazette of India. The Authority was established with a view to protect the interests of the holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto. The Authority, in terms of section 13 of Insurance Regulatory and Development Authority Act, 1999 [Act], has been vested with the assets and liabilities of the Interim Insurance Regulatory Authority as are available on the appointed day i.e. April 19, 2000. In terms of section 16 of the Act a fund shall be constituted namely "The Insurance Regulatory and Development Authority Fund" [Fund]. The Fund shall constitute of all Government grants, fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government and the percentage of prescribed premium income received from the insurer. The Fund shall be applied for meeting the salaries, allowances and other remuneration of the members, officers and other employees of the Authority and the other expenses of the Authority in connection with discharge of its functions and for the purpose of the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting save for revenue recognition on cash basis as explained hereunder, and in accordance with the applicable standards on accounting issued by the Institute of Chartered Accountants of India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets is provided pro-rata to the period of use on reducing balance method using rates determined based on the rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs. 5,000 have been depreciated 100% in the year of purchase.

(b) Investments

Investments of the nature of fixed deposits with banks are stated at cost.

(c) Revenues

(i) Registration Fees

(a) Received from insurer seeking for the first time, registration to carrying on any class of insurance business in India, are treated income of the year of receipt.

(b) Received in advance from existing insurers for renewal of registration already granted are treated as income of the year to which they relate.



(ii) *License Fees*

License fees received from insurance agents, surveyors and other insurance intermediaries are treated as income of the year in which it is received. Licenses issued to insurance agents, surveyors and other insurance intermediaries are current for those years from date of issue and subject to renewal at the end of their currency. It is not practicable to distribute the License fees over the years to which they relate.

(iii) *Grant from Ministry of Finance, Govt. of India*

Initial Grant received has been treated as income of the year in which it is received.

(d) **Foreign currency transactions**

Non-monetary foreign currency transactions are recorded at rates of exchange prevailing on the dates of the transactions. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of foreign currency liabilities related to the acquisition of fixed assets are adjusted in the carrying value of fixed assets. Other translation differences are reflected in the Income and Expenditure Account.

(e) **Web Portal Development and Maintenance**

Expenses incurred on Web Portal Development and Maintenance is charged to the Income and Expenditure Account in the year of incurrence.

(f) **Retirement benefits**

Retirement benefits to employees comprise contribution to provident fund, gratuity and leave encashment, which are provided in accordance with the Regulations made under the Act.

Leave encashment is provided for at the current encashable salary for the entire unavailed leave balances.

The Authority has established a IRDA Employees Provident Fund Trust for the benefit of its officers and other employees subsequent to the close of the year. Pending establishment, the contribution made by the Authority and of the employees has been earmarked and deposited in fixed deposits with a scheduled bank.

The liability for gratuity is determined based on actuarial valuation, in accordance with gratuity scheme framed by the Authority.

3. **INCOME-TAX**

No income tax provision has been made in view of income of the Authority being exempt under section 10 (23BBE) of Income-tax Act,1961 effective assessment year 2001-2002.

4. The renewal fees from State Insurance agencies have not been accounted for in the absence of information of gross insurance premium.
5. The Authority has received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002 directing the Authority to deposit the moneys so far collected by the Authority in the Public Account of India as non-interest bearing account and allowing the Authority to withdraw a specified amount in the beginning of each year from the said Public Account for meeting its expenditure. The Authority, based on legal opinion obtained, is seeking review of the direction received as the Authority is of the view of that the funds raised by it from the insurers and the intermediaries do



not have the character of Government Revenue and cannot form part of the Public Fund of India, which position is in accord with the legal opinion obtained by the Authority. The Authority has taken up the issue with the Government of India.

6. In the absence of agent wise accounting of license fee, the amount deposited in excess of the recoverable license fee (based on licenses issued during the year) has been treated as license fee income.

7. **PRIOR YEAR COMPARATIVES**

Previous period represents the period April 19, 2000 (the date of constitution of IRDA) till March 31, 2001. Previous year figures have been regrouped wherever considered necessary to make them comparable with the current year's figures.

