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## About Us

### Establishment

The Deposit Insurance and Credit Guarantee Corporation (DICGC) was established on January 1, 1962 in accordance with the provisions of [The Deposit Insurance and Credit Guarantee Corporation Act, 1961](#).

The DICGC is a wholly owned subsidiary of the Reserve Bank of India (RBI). The authorised capital of the Corporation, entirely subscribed to by RBI, is ₹50 crore (₹500 million).

The Head Office of DICGC is at Mumbai.

## Preamble

The preamble of the DICGC Act, 1961 states that it is an Act to provide for the establishment of a Corporation for the purpose of insurance of deposits and guaranteeing of credit facilities and for other matters connected therewith or incidental thereto.

## Legal Framework

The functions of DICGC are governed by the [DICGC Act, 1961 and the DICGC General Regulations, 1961](#) as amended from time to time.'

## Main Functions

The two principal public policy objectives of the deposit insurance system are to protect depositors and contribute to financial stability. The main functions of DICGC are to formulate, implement and monitor the deposit insurance policy.

**Mission:** To contribute to financial stability by securing public confidence in the banking system through provision of deposit insurance, particularly for the benefit of the small depositors.

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

## Key Features of Deposit Insurance System in India

### Mandate and Powers

The Corporation is authorised to reimburse depositors in case of winding up of an insured bank and in case a scheme of compromise or arrangement or of reconstruction or amalgamation in respect of an insured bank is sanctioned and if the Scheme so demands.

The Corporation's mandate was strengthened in August 2021 with amendments to DICGC Act, 1961. This amendment, viz., insertion of Section 18A, provided for pay-out within a stipulated timeline to depositors of banks placed under directions by the banking supervisor, i.e., the Reserve Bank of India (RBI), when such directions provide for restrictions on depositors of such bank from accessing their deposits.

## Membership

The Deposit Insurance Scheme was initially extended to commercial banks including branches of foreign banks operating in India. Since 1968, the scheme was extended to cooperative banks. The insured commercial banks include Small Finance Banks (SFBs), Payment Banks (PBs), Regional Rural Banks (RRBs), and Local Area Banks (LABs). Co-operative banks covered under the Deposit Insurance Scheme include State Cooperative Banks (StCBs), District Central Cooperative Banks (DCCBs) and Primary Cooperative Banks/Urban Cooperative Banks (UCBs). Land development banks and NBFCs are not covered under DICGC insurance cover mandated under DICGC Act, 1961.

## Coverage

**Scope:** The Corporation insures all bank deposits except (i) deposits of Union/State Governments; (ii) deposits of foreign governments; (iii) inter-bank deposits; (iv) deposits received outside India, and (v) deposits specifically exempted by the Corporation with the prior approval of RBI.

**Coverage Limit:** The current deposit insurance coverage limit with effect from February 4, 2020 is ₹5,00,000/- (approx. USD 6,000) per depositor for deposits held in “the same capacity and in the same right” at all the branches of a bank taken together. DICGC Act empowers the Corporation to raise this limit with the prior approval of the Central Government. Accordingly, the limit has been revised from time to time as shown in the Table below.

**Table: Deposit Insurance Coverage**

Effective from	Insurance Cover (up to)
January 1, 1962	₹1,500/-
January 1, 1968	₹5,000/-
April 1, 1970	₹10,000/-
January 1, 1976	₹20,000/-
July 1, 1980	₹30,000/-
May 1, 1993	₹1,00,000/-
February 4, 2020	₹5,00,000/-

## Premium

The Corporation currently charges premium at a flat rate of 12 paise (₹ 0.12) for ₹100 assessable deposit per annum with effect from April 1, 2020.

The Corporation collects insurance premia from insured banks for administration of the deposit insurance system. The premia to be paid by the insured banks are computed based on their assessable deposits. The premium which was previously collected quarterly from the insured banks was made payable half yearly from 1979.

Insured banks pay advance insurance premia to the Corporation semi-annually within two months from the start of each financial half year, based on their deposits at the end of previous half year. That is, the advance premium for the half year April-September (and October-March) is based on the assessable/eligible deposits at the end of March (end-September) and has to be paid by end-May (end-November). The rate of premium has been revised from time to time (Table).

**Table: Insurance Premium Rates (As per cent of deposit of ₹100)**

Date from	Premium (in ₹)
January 1, 1962	0.05
October 1, 1971	0.04
July 1, 1993	0.05
April 1, 2004	0.08
April 1, 2005	0.10
April 1, 2020	0.12

## Reimbursing Depositors

DICGC makes payments to insured depositors under the following circumstances:

- If a bank is reconstructed/amalgamated/merged with another bank, DICGC pays the bank concerned, the difference between the full amount of deposit or the limit of insurance cover in force at the time, whichever is less and the amount received by him under the reconstruction/amalgamation scheme within two months from the date of receipt of claim list from the transferee bank/Chief Executive Officer of the insured bank/transferee bank as the case may be.
- In cases where RBI imposes directions on insured banks and such directions restrict depositors from accessing their deposits, then DICGC becomes liable to pay each depositor an amount of up to Rs. five lakh in respect of the deposits

held in the same capacity and in the same right within 90 days. This is subject to submission of a list, within 45 days, showing the outstanding deposits of each depositor as on the date of effect of the directions by the insured bank and certified to be correct by the chief executive officer. DICGC makes payment in next 45 days.

- When an order of liquidation/winding up of a bank is made by the competent authority, DICGC becomes liable to pay an amount of up to Rs. five lakh to each depositor in lieu of his or her deposits with the insured bank held in the same capacity and in the same right. Such reimbursement is to be made within two months of receipt of the claim list in the prescribed form from the liquidator. The liquidator has to disburse the claim amount to each insured depositor corresponding to their claim amount.

All payment to insured depositors is made through an agency arrangement with a public sector bank.

### Recovery of Settled Claims

Upon receiving information regarding the amount paid by the Corporation to the depositors under the provisions of the DICGC Act,

- In the case of a scheme of the compromise/arrangement/reconstruction/amalgamation in respect of an insured bank, the bank shall repay to the Corporation within the timeframe and manner as prescribed by the Corporation.
- In the case of an insured bank placed under AID, the bank shall repay the amount to the Corporation in five equal annual instalments, beginning the following year.
- In the case of liquidation of a bank, whose license has been cancelled and subsequently de-registered by the Corporation, the liquidator shall repay this amount to the Corporation from time to time out of the amounts realised from the assets of the failed bank and other amounts in hand after netting off the expenses incurred.

### Communication Strategy and Public Awareness

- **Communication Policy:** Communication is a key element in the functioning of modern deposit insurers, who are placing greater emphasis on transparency and accountability. The Corporation has framed a Board approved

Communication Policy in line with the IADI Core Principle 10. The policy follows the guiding principles of relevance, transparency, clarity, comprehensiveness and timeliness. A Technical Advisory Committee (TAC) has also been constituted with members from RBI DICGC and external communication specialists with the objective of guiding the communication strategy for the Corporation keeping in view the diverse (geographical, economic, social and age) background. As part of this strategy, the Corporation disseminates information about the deposit insurance scheme to the public on its website and through insured banks.

- **Printing of brochures, posters and Advertisements:** From time-to-time DICGC has been publicising information on deposit insurance through printing of brochures and posters in English, Hindi and the main regional languages in the offices/branches of the insured banks.
- **Chapter on deposit insurance and DICGC in RBI's FAME booklet:** The Corporation is actively engaged with RBI for incorporation of information about deposit insurance and DICGC in its public awareness campaigns. RBI's Financial Awareness Messages (FAME) booklet for February 2024 has now a specific chapter on deposit insurance and DICGC.
- **Use of a local messaging App:** During 2022- 23, the Corporation initiated the use of a local messaging app for depositors' awareness on deposit insurance, including in areas where banks have been placed under AID of the RBI or licences have been cancelled for availing claims from DICGC. These messages on deposit insurance are also displayed in regional languages to maximise public outreach.
- **Display of DICGC logo and QR Code on Banks' website:** Effective from September 1, 2023, all insured banks have been advised to display the DICGC logo and QR Code prominently on their web page for focussed dissemination of information related to deposit insurance.
- **Electronic messages via mobile phones** are being sent to depositors of liquidated banks and banks under AID at each stage of claim settlement process i.e., on receipt of claim and on sanction of claim. This enables real time sharing of information of claim settlement.
- **Claim Status Tracker:** Public can also check status of their claim via claim status tracker viz., 'Daava Soochak' available on DICGC web site. Presently

the facility is available for banks under AID of RBI w.e.f, April 1, 2024 and will be shortly extended to liquidated banks.

- **RBI Press Release:** As soon as a bank is placed under directions by RBI, with restrictions on withdrawal of deposits, the press release by RBI incorporates information regarding DICGC pay-out under section 18A of DICGC Act 1961 to create awareness among the banks/public.
- **DICGC Press release:** As soon as RBI cancel bank license or places a bank under AID, requiring payment by DICGC under Section 16 or Section 18A of DICGC Act 1961, as the case may be, details of claim pay out date, willingness form submission details, and contact details of the liquidator/AID banks is made available on DICGC web site.
- **DICGC Newsletter:** In addition to publication of its Annual Report, DICGC also publishes bi-annual newsletter “**Safety Net**” (w.e.f April 1, 2024) covering important developments related to deposit insurance in India and world, for information of all its stakeholders. Both the Annual Report and Newsletter is prominently available on DICGC web site.

## Organisation and Functions

### Organisation Structure

The general superintendence, direction and management of the affairs of the Corporation vest in a Board of Directors as provided in Section 5 of DICGC Act, 1961.

In terms of Section 6 of DICGC Act, 1961:

- (1) The Board of directors of the Corporation shall consist of the following, namely:-
- (a) the Governor, for the time being, of the Reserve Bank or, if the Reserve Bank, in pursuance of the decision of the committee of the Central Board of Directors of that Bank, nominates any Deputy Governor for the purpose, the Deputy Governor so nominated, who shall be the Chairman of the Board;
  - (b) a Deputy Governor or any other officer of the Reserve Bank nominated by that bank;
  - (c) an officer of the Central Government nominated by that Government;
  - (d) five directors nominated by the Central Government in consultation with the Reserve Bank, three of whom shall be persons having special knowledge of commercial banking, insurance, commerce, industry or finance and two of whom shall

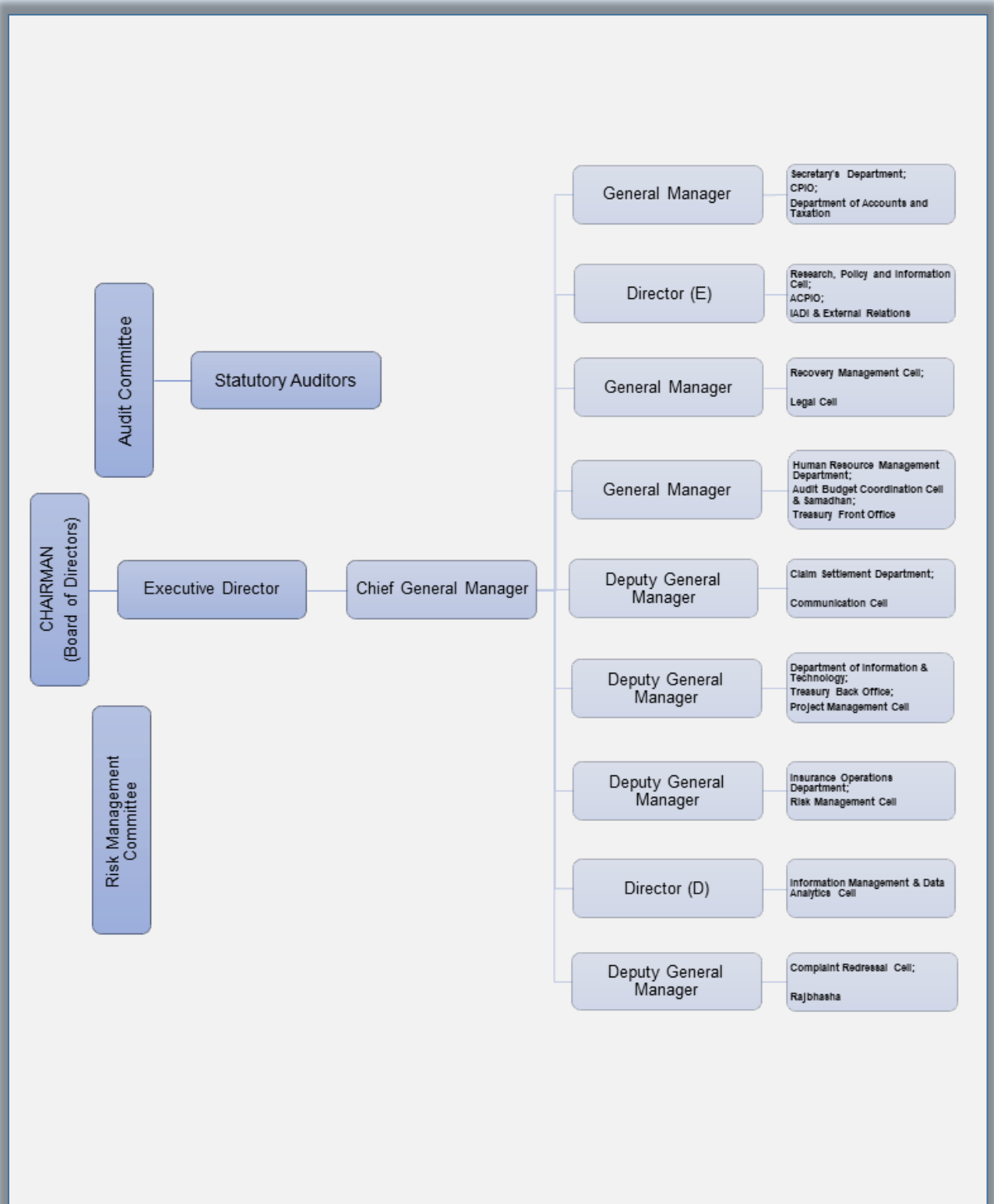
be persons having special knowledge of, or experience in, co- operative banking or cooperative movement, and none of directors shall be an officer of Government or of the Reserve Bank or an officer or other employee of the Corporation or a director, an officer or other employee of a banking company or a co-operative bank or otherwise actively connected with a banking company or a co-operative bank.

(e) four directors, nominated by the Central Government in consultation with the Reserve Bank, having special knowledge or practical experience in respect of accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law or small scale industry or any other matter, the special knowledge of, and practical experience in which, is likely in the opinion of the Central Government, to be useful to the Corporation.

Deposit Insurance and Credit Guarantee Corporation



# Organogram

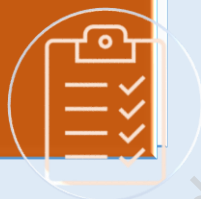


## Departments

DICGC presently has six Departments and twelve Divisions/Cells.

- Claims Settlement Department (CSD)
- Department of Accounts and Taxation (DAT)
- Department of Information Technology (DIT)
- Human Resources Management Department (HRMD)
- Insurance Operations Department (IOD)
- Secretary's Department (SD)

Departments



- Audit Budget Coordination Cell (ABCC)
- Communication Cell
- Complaints Redressal Cell (CRC)
- IADI and External Relations Cell
- Information Management and Data Analytics Cell (IMDAC)
- Legal Cell
- Official Language/Rajbhasha Cell
- Project Management Cell
- Recovery Management Cell (RMC)
- Research, Policy, Information Cell (RPIC)
- Risk Management Cell
- Treasury (Front, Mid and Back) Offices

Divisions/Cell



## Publications of DICGC

- Annual Report
- Committee Reports
- 'SAFETY NET' (Half Yearly Newsletter, w.e.f April 1, 2024)

## History

The concept of insuring deposits kept with banks received attention for the first time in the year 1948 after the banking crises in Bengal. The question came up for reconsideration in the year 1949, but it was decided to hold it in abeyance till the Reserve Bank of India ensured adequate arrangements for inspection of banks. Subsequently, in the year 1950, the Rural Banking Enquiry Committee also supported the concept. Serious thought to the concept was, however, given by the Reserve Bank of India and the Central Government after the crash of the Palai Central Bank Ltd., and the Laxmi Bank Ltd. in 1960. The Deposit Insurance Corporation (DIC) Bill was introduced in the Parliament on August 21, 1961. After it was passed by the Parliament, the Bill got the assent of the President on December 7, 1961, and the Deposit Insurance Act, 1961 came into force on January 1, 1962.

The Deposit Insurance Scheme was initially extended to functioning commercial banks only. This included the State Bank of India and its subsidiaries, other commercial banks and the branches of the foreign banks operating in India.

Since 1968, with the enactment of the Deposit Insurance Corporation (Amendment) Act, 1968, the Corporation was required to register the 'eligible co-operative banks' as insured banks under the provisions of Section 13 A of the Act. An eligible co-operative bank means a co-operative bank (whether it is a State co-operative bank, a Central co-operative bank or a Primary co-operative bank) in a State which has passed the enabling legislation amending its Co-operative Societies Act, requiring the State Government to vest power in the Reserve Bank to order the Registrar of Co-operative Societies of a State to wind up a co-operative bank or to supersede its Committee of Management and to require the Registrar not to take any action for winding up, amalgamation or reconstruction of a co-operative bank without prior sanction in writing from the Reserve Bank of India.

Further, the Government of India, in consultation with the Reserve Bank of India, introduced a Credit Guarantee Scheme in July 1960. The Reserve Bank of India was entrusted with the administration of the Scheme, as an agent of the Central Government, under Section 17 (11 A)(a) of the Reserve Bank of India Act, 1934 and was designated as the Credit Guarantee Organization (CGO) for guaranteeing the advances granted by banks and other Credit Institutions to small scale industries. The Reserve Bank of India operated the scheme up to March 31, 1981.

The Reserve Bank of India promoted a public limited company on January 14, 1971, named the Credit Guarantee Corporation of India Ltd. (CGCI). The main thrust of the Credit Guarantee Schemes, introduced by the Credit Guarantee Corporation of India Ltd., was aimed at encouraging the commercial banks to cater to the credit needs of the hitherto neglected sectors, particularly the weaker sections of the society engaged in non-industrial activities, by providing guarantee cover to the loans and advances granted by the credit institutions to small and needy borrowers covered under the priority sector.

With a view to integrating the functions of deposit insurance and credit guarantee, the above two organizations (DIC & CGCI) were merged and the present Deposit Insurance and Credit Guarantee Corporation (DICGC) came into existence on July 15, 1978. Consequently, the title of Deposit Insurance Act, 1961 was changed to 'The Deposit Insurance and Credit Guarantee Corporation Act, 1961'.

Effective from April 1, 1981, the Corporation extended its guarantee support to credit granted to small scale industries also, after the cancellation of the Government of India's credit guarantee scheme. With effect from April 1, 1989, guarantee cover was extended to the entire priority sector advances, as per the definition of the Reserve Bank of India. However, effective from April 1, 1995, all housing loans were excluded from the purview of guarantee cover by the Corporation. The Credit Guarantee Scheme was discontinued in April 2003 as no credit institution was participating in any of the credit guarantee scheme administered by the Corporation.

Currently, Deposit insurance remains the principal function of the Corporation.

Deposit Insurance and Credit Guarantee Corporation