

FAQ on Deposit Insurance with DICGC

1. Which banks are insured by the DICGC?

a) Commercial Banks : All commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by the DICGC.

b) Cooperative Banks : All State, Central and Primary cooperative banks, also called urban cooperative banks, functioning in States / Union Territories which have amended the local Cooperative Societies Act empowering the Reserve Bank of India (RBI) to order the Registrar of Cooperative Societies of the State / Union Territory to wind up a cooperative bank or to supersede its committee of management and requiring the Registrar not to take any action regarding winding up, amalgamation or reconstruction of a co-operative bank without prior sanction in writing from the RBI are covered under the Deposit Insurance Scheme. At present all co-operative banks are covered by the DICGC.

c) Primary cooperative societies are not insured by the DICGC.

2. What does the DICGC insure?

- The DICGC insures all deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits.
- Deposits of foreign Governments.
- Deposits of Central/State Governments;
- Inter-bank deposits;
- Any amount due on account of any deposit received outside India
- Any amount, which has been specifically exempted by the corporation with the previous approval of Reserve Bank of India

3. What is the maximum deposit amount insured by the DICGC?

Each depositor in a bank is insured upto a maximum of ₹ 5,00,000 (Rupees Five Lakhs) for both principal and interest amount held by him in the same right and same capacity as on the date of liquidation/cancellation of bank's license or the date on which the scheme of amalgamation/merger/reconstruction comes into force/imposition of "All Inclusive Directions" on the bank by the Reserve Bank of India, with restrictions on withdrawal of deposits.

4. How will you know whether your bank is insured by the DICGC or not?

The DICGC while registering the banks as insured banks furnishes them with printed leaflets for display giving information relating to the protection afforded by the Corporation to the depositors of the insured banks. In case of doubt, depositor should make specific enquiry from the branch official in this regard.

5. What is the ceiling on amount of Insured deposits kept by one person in different branches of a bank?

The deposits kept in different branches of a bank are aggregated for the purpose of insurance cover and a maximum amount of upto Rupees five lakhs is paid.

6. Does the DICGC insure just the principal on an account or both principal and accrued interest?

The DICGC insures principal and interest upto a maximum amount of ₹ 5 lakh.

For example, if an individual had an account with a principal amount of ₹ 4,95,000 plus accrued interest of ₹ 4,000, the total amount insured by the DICGC would be ₹4,99,000. If, however, the principal amount in that account was ₹ 5 lakh, the accrued interest would not be insured, not because it was interest but because that was the amount over the insurance limit.

7. Can deposit insurance be increased by depositing funds into several different accounts all at the same bank?

All funds held in the same type of ownership at the same bank are added together before deposit insurance is determined. If the funds are in different types of ownership or are deposited into separate banks they would then be separately insured.

8. Are deposits in different banks separately insured?

Yes. If you have deposits with more than one bank, deposit insurance coverage limit is applied separately to the deposits in each bank.

9. If I have my funds on deposit at two different banks, and those two banks are closed on the same day, are my funds added together, or insured separately?

Your funds from each bank would be insured separately, regardless of the date of closure.

10. What is the meaning of deposits held in the same capacity and same right; and deposits held in different capacity and different right?

If an individual opens more than one deposit account in one or more branches of a bank for example, Shri S.K. Pandit opens one or more savings/current account and one or more fixed/recurring deposit accounts etc., all these are considered as accounts held in the same capacity and in the same right. Therefore, the balances in all these accounts are aggregated and insurance cover is available up to Rupees Five Lakhs in maximum.

If Shri S.K. Pandit also opens other deposit accounts in his capacity as a partner of a firm or guardian of a minor or director of a company or trustee of a trust or a joint account, say with his wife Smt. K. A. Pandit, in one or more branches of the bank then such accounts are considered as held in different capacity and different right. Accordingly, such deposits accounts will also enjoy the insurance cover up to Rupees Five Lakhs separately.

It is further clarified that the deposit held in the name of the proprietary concern where a depositor is the sole proprietor and the amount of Deposit held in his individual capacity are aggregated and insurance cover is available up to Rupees Five Lakhs in maximum.

Deposits held in joint accounts (revised w.e.f. April 26, 2007): If more than one deposit accounts (Savings, Current, Recurring or Fixed deposit) are jointly held by individuals in one or more branch of a bank say three individuals A, B & C hold more than one joint deposit accounts in which their names appear in the same order then all these accounts are considered as held in the same capacity and in the same right. Accordingly, balances held in all these accounts will be aggregated for the purpose of determining the insured amount within the limit of Rupees Five Lakhs.

However, if individuals open more than one joint accounts in which their names are not in the same order for example, A, B and C; C, B and A; C, A and B; A, C and B; or group of persons are different say A, B and C and A, B and D etc. then, the deposits held in these joint accounts are considered as held in the different capacity and different right. Accordingly, insurance cover will be available separately up to Rupees Five Lakhs to every such joint account where the names appearing in different order or names are different.

11. Can the bank deduct the amount of dues payable by the depositor?

Yes. Banks have the right to set off their dues from the amount of deposits as on cut-off date. The deposit insurance is available after netting of such dues.

12. Who pays the cost of deposits insurance?

Deposit insurance premium is borne entirely by the insured bank.

13. When is DICGC liable to pay?

If a bank goes into liquidation, DICGC is liable to pay to the liquidator the claim amount of each depositor up to Rupees five lakhs within two months from the date of receipt of claim list from the liquidator. The liquidator has to disburse the claim amount to each insured depositor corresponding to their claim amount."

If a bank is reconstructed or amalgamated / merged with another bank: The 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."

If a bank is placed under directions by RBI and such directions prevent depositors from accessing their deposits in the bank, then DICGC becomes liable to pay an amount payable under section 16.

14. Does the DICGC directly deal with the depositors of liquidated banks?

No. In the event of a bank's liquidation, the liquidator prepares depositor wise claim list and sends it to the DICGC for scrutiny and payment. The DICGC pays the money to the liquidator who is liable to pay to the depositors. In the case of amalgamation / merger of banks, the amount due to each depositor is paid to the transferee bank.

15. Can any insured bank withdraw from the DICGC coverage?

No. The deposit insurance scheme is compulsory and no bank can withdraw from it.

16. Can the DICGC withdraw deposit insurance coverage from any bank?

The Corporation may cancel the registration of an insured bank if it fails to pay the premium for three consecutive periods. In the event of the DICGC withdrawing its coverage from any bank for default in the payment of premium the public will be notified through newspapers.

Registration of an insured bank stands cancelled:

- a) If the bank is prohibited from receiving fresh deposits;
- b) or its licence is cancelled or a licence is refused to it by the RBI;
- c) or it is wound up either voluntarily or compulsorily;
- d) or it ceases to be a banking company or a co-operative bank within the meaning of Section 36A(2) of the Banking Regulation Act, 1949;
- e) or it has transferred all its deposit liabilities to any other institution;
- f) or it is amalgamated with any other bank or a scheme of compromise or arrangement or of reconstruction has been sanctioned by a competent authority and the said scheme does not permit acceptance of fresh deposits.

In the event of the cancellation of registration of a bank, deposits of the bank remain covered by the insurance till the date of the cancellation.

17. What will be the Corporation's liability to the banks on de-registration?

The Corporation has deposit insurance liability on liquidation etc. of "Insured banks" i.e. banks which have been de-registered:

- (a) on account of prohibition on receiving fresh deposits
- (b) or on cancellation of license or it is found that license cannot be granted.

The liability of the Corporation in these cases is limited to the extent of deposits as on the date of cancellation of registration of bank as an insured bank.

On liquidation etc. of other de-registered banks i.e. banks which have been de-registered on other grounds such as non-payment of premium or their ceasing to be eligible co-operative banks under section 2(gg) of the DICGC Act, 1961, the Corporation will have no liability.

18. What will be the Corporation's liability to the banks placed under All-Inclusive Directions?

In terms of Section 18A (with effect from September 01, 2021) read with Section 16 of the DICGC Act, 1961, the Corporation is liable to settle deposit insurance claims of insured banks placed under All-Inclusive Directions (AID) within 90 days, subject to submission of a list showing outstanding deposits of each depositor by the insured bank within the statutory timeline of 45 days of imposition of AID by RBI.

19. What are depositors required to do when a bank is placed under AID?

Depositors are required to approach the CEO / administrator of such bank, as the case may be, and furnish the duly signed willingness form (available with the bank) accompanied by duly attested copies of officially valid documents (OVDs) ascertaining the identity of the depositor.

20. Whether DICGC can deny settlement of claims under Section 18A?

In terms of Section 18A (2) of the DICGC Act, 1961, insured banks placed under AID are mandated to furnish, in the format prescribed by DICGC, a list showing the outstanding deposits of each depositor as on the date of imposition of AID within 45 days from the date of imposition of AID. Delayed or non-submission of the required data by the banks within 45 days shall constrain the corporation from the settlement of claims under section 18A in respect of such banks.

21. Is there any cut-off date for submission of willingness forms by depositors?

No, depositors can submit the willingness forms to the bank at any time for onward submission of claims to DICGC, provided the bank is under AID at the time of submission of willingness form by the depositors.

22. How long does DICGC take to settle the claims of banks placed under AID?

Under Section 18A of the DICGC Act, 1961, banks are required to furnish the depositors' list within 45 days from the date of imposition of AID. DICGC shall verify the authenticity and genuineness of the claims made by the bank within 30 days from its receipt and make payment to depositors within 15 days from the completion of such verification, provided the total time from the date of imposition of AID and the date of payment shall not exceed 90 days.

*Source: [FAQ | DICGC](#) & [Frequently Asked Questions - Reserve Bank of India](#)