

# DICGC Notice



### Deposits held in joint accounts (revised w.e.f. April 26, 2007)

If more than one deposit account (Savings, Current, Recurring or Fixed deposit) are jointly held by individuals in one or more branches of a bank say three individuals A, B & C hold more than one joint deposit account 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 Rs.5lakh.

However, if individuals open more than one joint account in which their names are not in the same order for example, A, Band C; C, Band A; C, A and B; A, C and B; or group of persons are different say A, Band C and A, Band 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 upto rupees five lakh to every such joint account where the names appear in different order or names are different.

### If a bank goes into liquidation.

The Corporation pays to each depositor, directly or through the liquidator, amount of his deposit upto Rs.5 lakh

### If a bank is reconstructed or amalgamated with another bank.

The Corporation pays if the scheme of reconstruction/amalgamation provides for payments to depositors by the DICGC. Such payment by DICGC to the depositor is limited to maximum amount of Rs. 5 Lakh. The admissible

amount of claim for each depositor is determined after taking into account the amount already credited to the depositor's account as per the scheme. If amount already credited is Rs. 5 Lakh or more, no amount is payable to such a depositor by DICGC.

### Do depositors pay for insurance cover?

Depositors don't have to pay anything for the insurance cover provided in respect of deposits kept in banks. The cost is borne entirely by the insured banks which pay to the Corporation a premium at twelve paise per annum per Rs. 100 of deposits.

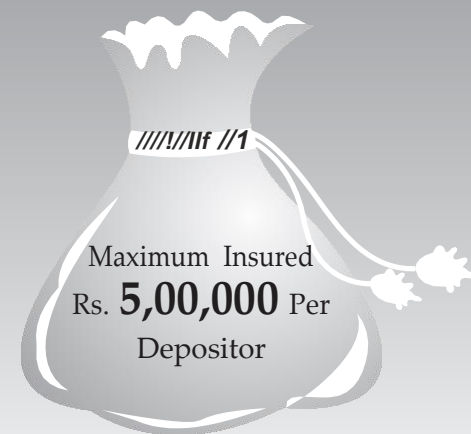
### How much amount of deposits (per cent) is covered by insurance?

The Deposit Insurance Scheme has considerably strengthened public confidence in the banking system . As at the end of March 2007 around 6829 lakh deposit accounts (over 95%) in insured banks are fully protected, and around Rs. 1372597 crore (nearly 59% of total deposits) enjoy insurance cover.

### Notice:

The information is of non-technical nature and is not intended to be a legal interpretation of the deposit insurance scheme.

## Guide on Deposit Insurance System in India



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DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION  
Wholly owned subsidiary of the Reserve Bank of India

Deposit Insurance and Credit Guarantee Corporation; RBI (2nd Floor);  
Opp. to Mumbai Central Rly. Station; Mumbai- 400008

DICGC Tel. No (022) 2308-4121;  
website : [www.dicgc.org.in](http://www.dicgc.org.in)

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### **Which banks are insured by the DICGC?**

1. All commercial banks including branches of foreign banks functioning in India, local area banks and regional rural banks are insured by the DICGC.
2. All eligible co-operative banks other than those from the State of Meghalaya and the Union Territories of Chandigarh, Lakshadweep and Dadra and Nagar Haveli are covered under the deposit insurance system of DICGC.
3. Primary cooperative societies, Non-banking Financials Companies (NBFCs), Mutual Funds etc . are not insured by the DICGC.

### **What does the DICGC insure?**

In the event of a bank failure, DICGC protects bank deposits that are payable in India. The DICGC insures all deposits such as savings, fixed, current, recurring, etc. except the following types of deposits

- (i) Deposits of foreign Governments;
- (ii) Deposits of Central/State Governments;
- (iii) Inter-bank deposits;
- (iv) Deposits of the State Land Development Banks with the State co-operative bank;
- (v) Any amount due on account of any deposit received outside India
- (vi) Any amount, which has been specifically exempted by the Corporation with the previous approval of Reserve Bank of India .

### **What is the maximum deposit amount insured by the DICGC?**

Each depositor in a bank is insured upto a maximum of Rs. 5, 00,000 (Rupees Five Lakh) for both principal and interest amount held by him in the same capacity and same right as on the date of liquidation/cancellation of bank's licence or the date on which the scheme of amalgamation/merger/reconstruction comes into force.

### **How will I know whether my 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.

### **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 .

### **Does the DICGC directly deal with the depositors of failed banks?**

No. In the event of a bank's liquidation, the liquidator prepared depositor wise claim list and sends it to the DICGC. After scrutiny the DICGC pays the money to the liquidator who is liable to pay to the d e p o s i t o r s . In the case of amalgamation/merger of banks, the amount due to each depositor is paid to the transferee bank.

### **Can any insured bank withdraw from the DICGC coverage?**

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

### **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 half year periods or its license is

cancelled etc. 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.

### **What is the meaning of deposit 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 e.g., 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 maximum insurance cover is available upto rupees five lakh.

If Shri S. K. Pandit holds 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 upto rupees five lakh 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 deposit held in his individual capacity are aggregated and insurance cover is available upto rupees five lakh in maximum.