

# Are my deposits in banks safe?

Yes, up to the limit insured the deposits are safe. Thanks to strong regulation and supervision by Reserve Bank of India and system of internal control of banks, they are well capitalized, well managed and effectively regulated.

**Oh, you must be referring to the public sector banks!**

Commercial banks viz. Private Sector banks, Public Sector Banks, Foreign Banks in India, Local Area Banks, Small Finance Banks, Payment Banks, Regional Rural Banks and cooperative banks viz. State Cooperative Banks, District Central Cooperative Banks and Urban Cooperative Banks, which are registered with DICGC are insured. Obtaining deposit insurance cover is mandatory for all banks licensed by RBI.

**But occasionally there is news about some bank or the other being closed down by RBI. What about my deposits there? I am small depositor.**

Bank resolution is an activity that is carried out by the concerned authorities in the best interest of the depositors. Your deposits up to a particular limit (presently ₹ 5 lakh per depositor) are insured and paid back to you in the event of liquidation of your bank/ bank being placed under “All Inclusive Directions” by the Reserve Bank of India with restrictions on withdrawal of deposits. Your deposits to the above extent are insured, possibly even without your knowledge.

### **But who insures my deposits?**

Your deposits are insured by Deposit Insurance and Credit Guarantee Corporation (DICGC), the second oldest deposit insurer of the world, quietly taking care of the interest of depositors, particularly small depositors.

It is a wholly owned subsidiary of the RBI, created by an Act of Parliament.

### **That is ok, but how much premium does the Corporation charge?**

You do not have to pay any premium. However, the DICGC charges a nominal premium from the banks. Probably you never come to know because, unlike other bank fees, this premium is not charged to you.

### **If our banking system is robust, why do we need deposit insurance?**

Despite a robust banking system in India, there are different layers of safety net for protecting depositors' interest and constantly reinforcing their trust and confidence in the banking system. While most of the countries realised the importance of this safety net in recent years, India had established the deposit insurance system way back in 1961.

### **Please tell me briefly about your insurance scheme.**

It insures all types of deposits (e.g., Savings, Fixed, Recurring, etc.) with an insured bank but does not include deposits received from a foreign Government, the Central Government, a State Government, or another bank or any deposit received outside India.

The balance of principal together with interest accrued to each depositor as on the date of liquidation of/ cancellation of license of/

imposition of “All Inclusive Directions” on the bank by the Reserve Bank of India, with restrictions on withdrawal of deposits, is fully settled by the Corporation up to a maximum ceiling amount of Rs.5 lakh.

For the purpose of the above ceiling, all the deposit accounts of a depositor in the “same right and the same capacity” maintained across all branches of the concerned bank are clubbed.

However, loans availed in the same capacity along with interest is set off against the deposits and thereafter the claim is settled. Further, deposits maintained with different banks and in different rights/capacities are not clubbed. For example, an account maintained by Mr. 'A' in his personal capacity and another as the partner of a firm, in the same bank are treated as two different accounts for the purpose of deposit insurance and each account is eligible for a separate insurance cover to the extent of Rs.5 lakh. Similarly, if Mr. 'A' and Mr. 'B' jointly hold two accounts with Mr. 'A' as first holder in one account and Mr.'B' as the first holder in the second account, these two accounts (i.e., A+B and B+ A) will be treated as separate accounts for the purpose of deposit insurance.

**Do I have to make a claim within a specified period like in any other insurance claim?**

**(i) Liquidated banks:**

No, the depositor need not make any claim in the unlikely event of a bank liquidation, the official liquidator would make a claim on your behalf within 3 months of his/her assuming charge as liquidator and DICGC is bound to pay the valid insurance claims as soon as possible and in any case within 2 months from receipt of claim from the liquidator.

**(ii) Banks placed under “All Inclusive Directions” by the Reserve Bank of India, with restrictions on withdrawal of deposits:**

The depositors of such banks are advised to contact the respective bank officials, submit the form on willingness including alternate bank details and other necessary documents immediately, to enable the banks concerned to submit to the DICGC the list of depositors' claims, up to the insured amount of ₹ 5 lakh before the cut-off date given to the bank by DICGC, to discharge liability in terms of Section 18A of the DICGC Act, 1961 (as amended).

**Anything else that I should know?**

As a depositor of a bank, you must know how safe is your hard earned money so that you manage your risks. You could check whether the bank you are putting your money in is appearing in the list of banks insured by DICGC. You must also comply with all the KYC requirements for account opening and furnish complete information to the deposit taking bank so that claim settlement by DICGC, if at all required, is done without delay.

**How do I know more about deposit insurance?**

You can find more details at DICGC website [www.dicgc.org.in](http://www.dicgc.org.in) or email your specific queries at [dicgc@rbi.org.in](mailto:dicgc@rbi.org.in) or address your queries to:



**DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION**  
(भारतीय रिज़र्व बैंक की संपूर्ण स्वामित्ववाली सहयोगी Wholly Owned subsidiary of the Reserve Bank of India)

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