

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

(ACT NO. 47 OF 1961)

[*As on the* 30*th July*, 2026]

LIST OF AMENDING ACTS

1. The Repealing and Amending Act, 1964 (52 of 1964).
2. The Finance (No. 2) Act, 1967 (20 of 1967).
3. The Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968).
4. The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969 (22 of 1969).
5. The Central Labour Laws (Extension to Jammu and Kashmir) Act, 1970 (51 of 1970).
6. The Finance (No. 2) Act, 1971 (32 of 1971).
7. The Regional Rural Banks Act, 1976 (21 of 1976).
8. The Repealing and Amending Act, 1974 (56 of 1974).
9. The Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act,1978 (21 of 1978).
10. The Banking Companies (Acquisition and Transfer of Undertakings) Act. 1980 (40 of 1980).
11. The National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981).
12. The Finance Act, 1982 (14 of 1982).
13. The Banking Laws (Amendment) Act, 1983 (1 of 1984).
14. The Banking Laws (Amendment) Act, 1985 (81 of 1985).
15. The Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 (66 of 1988).
16. The Repealing and Amending Act, 1988 (19 of 1988).
17. The Banking Regulation (Amendment) and Miscellaneous Provisions Act, 2004 (24 of 2004).
18. The Credit Information Companies (Regulation) Act, 2005 (30 of 2005).
19. The Banking Companies (Acquisition and Transfer of Undertakings) and Financial Institutions Laws (Amendment) Act. 2006 (45 of 2006).
20. The *Jan Vishwas* (Amendment of Provisions) Act, 2023 (18 of 2023).

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LIST OF ABBREVIATIONS USED

Cl.,cls.	. . .	for	Clause, clauses.
Ins.	. . .	,,	Inserted.
Notifn.	. . .	.	Notification.
S., ss.	. . .	.	Section, sections
Sch.	. . .	.	Schedule.
Subs.	. . .	.	Substituted.
w.e.f.	. . .	.	with effect from.

THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION ACT, 1961

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THE FIRST SCHEDULE.
THE SECOND SCHEDULE [*REPEALED*].

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THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION ACT, 1961

ACT NO. 47 OF 1961[1]

[7*th December*, 1961.]

An Act to provide for the establishment of a corporation for the purpose of insurance of deposits [2][and guaranteeing of credit facilities] and for other matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Twelfth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.—(*1*) This Act may be called [3][the Deposit Insurance and Credit Guarantee Corporation] Act, 1961.

(*2*) It extend to the whole of India.

(*3*) It shall come into force on such date[4] as the Central Government may, by notification in the Official Gazette, appoint.

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2. Definitions.—In this Act, unless the context otherwise requires,—

(*a*) "banking" means the accepting for the purpose of lending or investment, of deposits of money from the public repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise;

(*b*) "banking company" means any company which transacts the business of banking in India and includes the State Bank [5][and a subsidiary bank], but does not include the [6][Tamil Nadu Industrial Investment Corporation Limited].

Explanation.—Any company which is engaged in the manufacture of goods or carries on any trade and which accepts deposits of money from the public merely for the purpose of financing its business as such manufacturer or trader shall not be deemed to transact the business of banking within the meaning of this clause;

(*c*) "Board" means the Board of directors constituted under section 6;

(*d*) "company" means any company as defined in section 3 of the Companies Act, (1 of 1956) and includes a foreign company within the meaning of section 591 of that Act;

[7][(*dd*) "co-operative bank" means a State co-operative bank, a Central co-operative bank and a primary co-operative bank;]

(*e*) "Corporation" means [2][the Deposit Insurance and Credit Guarantee Corporation] established under section 3;

1.The Act has been extended to Goa, Daman and Diu (with modifications) by Reg. 12 of 1962, s. 3 and Sch. (w.e.f. 1-2-1965) and to Pondicherry by Reg. 7 of 1963, s. 3 and Sch.I.
2. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
3. Subs. by s. 8, *ibid*., for "the Deposit Insurance Corporation" (w.e.f. 15-7-1978).
4. 1st January, 1962, *vide* notifn. No. G.S.R. 18, dated 28th December, 1961, *see* Gazette of India, Part II, sec. 3(*i*).
5. Subs. by Act 1 of 1984, s. 56, for ", a subsidiary bank and any other banking institution notified under section 51 of the Banking Regulation Act, 1949 (10 of 1949)" (w.e.f. 15-2-1984).
6. Subs. by Act 56 of 1974, s. 3 and Sch. II, for "Madras Industrial Investment Corporation Limited" (w.e.f. 20-12-1974).
7. Ins. by Act 56 of 1968, s. 3 (w.e.f. 1-7-1971).

[1][(*ee*) "corresponding new bank" means a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) or, as the case may be, under section 3 of the Banking companies (Acquisition and Transfer of Undertakings) Act, 1980 (40 of 1980);]

[2][(*eea*) "credit institution" means all or any of the following, namely:—

(*i*) a banking company;

(*ii*) a corresponding new bank;

(*iii*) a Regional Rural Bank;

(*iv*) a co-operative bank;

(*v*) a financial institution];

(*f*) "defunct banking company" means a banking company—

(*i*) which has been prohibited from receiving fresh deposits; or

(*ii*) which has been ordered to be wound up; or

(*iii*) which has transferred all its deposit liabilities in India to any other institution; or

(*iv*) which has ceased to be a banking company within the meaning of sub-section (*2*) of section 36A of [3][the Banking Regulation Act, 1949 (10 of 1949)], or has converted itself into a non-banking company; or

(*v*) in respect of which a liquidator has been appointed in pursuance of a resolution for the voluntary winding up of its affairs; or

(*vi*) in respect of which any scheme of compromise or arrangement or of reconstruction has been sanctioned by any competent authority and the said scheme does not permit the acceptance of fresh deposits; or

(*vii*) which has been granted a moratorium which is in operation; or

(*viii*) in respect of which an application for the winding up of its affairs is pending in a [4][competent Court; or]

[5][(*ix*) in respect of which any direction, prohibition, order or scheme referred to in sub-section (*1*) of section 18A is issued or made;]

[6][(*ff*) "defunct co-operative bank" means a co-operative bank—

(*i*) which has been prohibited from receiving fresh deposits; or

(*ii*) which has been ordered or directed to be wound up; or

(*iii*) which has transferred all its deposit liabilities in India to any other institution; or

(*iv*) which has ceased to be a co-operative bank within the meaning of sub-section (*2*) of section 36A of the Banking Regulation Act 1949 (10 of 1949); or

(*v*) which has converted itself into a non-banking co-operative society; or

(*vi*) in respect of which any scheme of compromise or arrangement or of reconstruction has been sanctioned under any law for the time being in force and such scheme does not permit the acceptance of fresh deposits; or

(*vii*) which has been granted a moratorium which is in operation; or

1. Subs. by Act 1 of 1984, s. 56, for sub-clause (*ee*) (w.e.f. 15-2-1984).
2. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
3. Subs. by Act 56 of 1968, s.2, for "the Banking companies Act, 1949 (10 of 1949)," (w.e.f. 1-7-1971).
4. Subs. by Act 30 of 2021, s. 2, for "competent Court" (w.e.f. 1-9-2021).
5. Ins. by s. 2, *ibid*. (w.e.f. 1-9-2021).
6. Ins. by Act 56 of 1968, s. 3 (w.e.f. 1-7-1971).

(*viii*) in respect of which an application for winding up is pending before the Registrar of Co-operative Societies or other competent authority under any law relating to co-operative societies for the time being in force [1][in a State; or]]

[2][(*ix*) in respect of which any direction, prohibition, order or scheme referred to in sub-section (*1*) of section 18-A is issued or made;]

(*g*) "deposit" means the aggregate of the unpaid balances due to a depositor (other than a foreign Government, the Central Government, a State Government [3][[4][a corresponding new bank or [5][a Regional Rural Bank or a banking company]] or a co-operative bank]) in respect of all his accounts by whatever name called, [6][[7][with a corresponding new bank or [8][with a Regional Rural Bank or with a banking company]] or a co-operative bank] and includes credit balances in any cash credit account but does not include,—

(*i*) where [5][a Regional Rural Bank or a banking company or a co-operative bank] at the commencement of this Act [9][or where an eligible co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968)] is working under a scheme of compromise or arrangement or of reconstruction sanctioned by any competent authority providing for the acceptance of fresh deposits any amount due to the depositor in respect of his deposit before the date of the coming into force of the scheme of the extent it is not credited after to the said date under the provisions of that scheme; or

[10][(*ia*) any amount due on account of any deposit with any insured bank which has been specially exempted in this behalf by the Corporation with the previous approval of the Reserve Bank; or]

(*ii*) any amount due on account of any deposit received outside India;

[9][(*gg*) "eligible co-operative bank" means a co-operative bank the law for the time being governing which provides that—

(*i*) an order for the winding up, or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction, of the bank may be made only with the previous sanction in writing of the Reserve Bank;

(*ii*) an order for the winding up of the bank shall be made if so required by the Reserve Bank in the circumstances referred to in section 13D;

(*iii*) if so required by the Reserve bank in public interest or for preventing the affairs of the bank being conducted in a manner detrimental to the interests of the depositors or for securing the proper management of the bank, an order shall be made for the supersession of the committee of management or other managing body (by whatever name called) of the bank and the appointment of an administrator therefor for such period or periods not exceeding 5 years in the aggregate as may from time to time be specified by the Reserve Bank;

(*iv*) an order for the winding up of the bank or an order sanctioning a scheme of compromise or arrangement or of amalgamation or reconstruction or an order for the supersession of the committee of management or other managing body (by whatever name called) of the bank and the appointment of an administrator therefor made with the previous sanction in writing or on the requisition of the Reserve Bank shall not be liable to be called in question in any manner; and

(*v*) the liquidator or the insured bank or the transferee bank, as the case may be, shall be under an obligation to repay the Corporation in the circumstances to the extent and in the manner referred to in section 21;]

(*h*) "existing banking company" means a banking company carrying on the business of banking at the commencement of this Act which either holds a licence at such commencement under section 22 of [11][the Banking Regulation Act, 1949 (10 of 1949)] or having applied for such licence has not been informed by notice in writing by the Reserve Bank that a licence cannot be granted to it and includes the State Bank and subsidiary bank, but does not include a defunct banking company;

1. Subs. by Act 30 of 2021, s. 2, for "in a State." (w.e.f. 1-9-2021).
2. Ins. by s. 2, *ibid*. (w.e.f. 1-9-2021).
3. Subs. by Act 56 of 1968, s.3, for "or a banking company" (w.e.f. 1-7-1971).
4. Subs. by Act 5 of 1970, s. 20, for ", a banking company" (w.e.f. 19-7-1969).
5. Subs. by Act 21 of 1976, s. 33, for "a banking company" (w.e.f. 26-9-1975).
6. Subs. by Act 56 of 1968, s. 3, for "with a banking company" (w.e.f. 1-7-1971).
7. Subs. by Act 5 of 1970, s. 20, for "with a banking company" (w.e.f. 19-7-1969).
8. Subs. by Act 21 of 1976, s. 33, for "with a baking company" (w.e.f. 26-9-1975).
9. Ins. by Act 56 of 1968, s. 3 (w.e.f. 1-7-1971).
10. Ins. by Act 81 of 1985, s. 5 (w.e.f. 1-5-1986).
11. Subs. by Act 56 of 1968, s. 2, for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).

[1][(*hh*) "existing co-operative bank" means a co-operative bank carrying on the business of banking at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968), which either holds a licence at such commencement under section 22 of the Banking Regulation Act, 1949 (10 of 1949), or having applied for such licence has not been informed by notice in writing by the Reserve Bank that a licence cannot be granted to it but does not include a defunct co-operative bank;]

[2][(*hha*) "Financial institution" means any financial institution within the meaning of clause (*c*) of section 451 of the Reserve Bank of India Act, 1934 (2 of 1934);]

[3][(*i*) "insured bank" means [4][a banking company], [5][or a Regional Rural Bank]] [6][or a corresponding new bank] or an eligible co-operative bank for the time being registered under the provisions of this Act and includes for the purposes of sections 16, 17, 18 and 21,—

[7][(*i*) a banking company referred to in clause (*a*) or clause (*b*) of sub-section (*1*) of section 13, or

(*ia*) a corresponding new bank to which the provisions of clause (*a*) of sub-section (*1*) of section 13 apply, or]

(*ii*) a co-operative bank referred to in clause (*a*) or clause (*b*) of section 13C,]

the registration whereof has been cancelled under section 13, or, as the case may be, under section 13C;]

(*j*)"insured deposit" means the deposit or any portion thereof the repayment whereof is insured by the Corporation under the provisions of this Act;

(*k*) "new banking company" means a banking company which begins to transact the business of banking after the commencement of this Act under a licence granted to it under section 22 [8][the Banking Regulation Act, 1949 (10 of 1949)] [9]***;

[1][(*kk)*] "new co-operative bank" means a co-operative bank which begins to transact the business of banking after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968), under a licence granted to it under section 22 of the Banking Regulation Act, 1949 (10 of 1949), and includes a primary credit society becoming a primary co-operative bank after such commencement;]

(*l*) "premium" means the sum payable by an insured bank under section 15 of this Act;

(*m*) "prescribed" means prescribed by regulations made under this Act;

[6][(*ma*) "Regional Rural Bank" means a Regional Rural Bank established under section 3 of the Regional Rural Banks Act, 1976 (21 of 1976);]

(*n*) "Reserve Bank" means the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934);

(*o*) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955 (23 of 1955);

(*p*)"subsidiary bank" shall have the meaning assigned to it in section 2 of the State Bank of India (Subsidiary Banks) Act, 1959 (38 of 1959);

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1. Ins. by Act 56 of 1968, s. 3 (w.e.f. 1-7-1971).
2. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
3. Subs. by Act 56 of 1968, s. 3, for clause (*i*) (w.e.f. 1-7-1971).
4. Subs. by Act 19 of 1988, s. 3 and Second Schedule, for "corresponding new bank or a banking company" (w.e.f. 31-3-1988).
5. Ins. by Act 1 of 1984, s. 56 (w.e.f. 1-7-1971).
6. Ins. by Act 21 of 1976, s. 33 (w.e.f. 26-9-1975).
7. Subs. by s. 56, *ibid*., for, sub-clause (*i*) (w.e.f. 19-7-1969).
8. Subs. by Act 56 of 1968, s. 2, for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).
9. The words and figures ", and includes any banking institution notified under section 51 of the said Act after such commencement" omitted by Act 1 of 1984, s. 56 (w.e.f. 15-2-1984).

[1][(*q*) the expressions "central co-operative bank, [2]*** and "State Co-operative Bank" shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981 (61 of 1981);

(*r*) the expressions [3]["co-operative society", "primary co-operative bank"] and "primary credit society" shall have the meanings respectively, assigned to them in Part V of the Banking Regulation Act, 1949 (10 of 1949)].

CHAPTER II

ESTABLISHMENT AND MANGEMENT OF THE DEPOSIT INSURANCE CORPORATION

3. Establishment And Incorporation of Deposit Insurance Corporation.—(*1*) The Central Government shall, by notification in the Official Gazette, establish a Corporation by the name of the Deposit Insurance Corporation which shall be a body corporate having perpetual succession and a common seal with power, subject to the provisions of this Act, to acquire, hold or dispose of property and to contract, and may, by the said name, sue or be sued.

[4][*1A*) Any reference in this Act to the Deposit Insurance Corporation shall, on and from the date on which Chapter II of the Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978 (21 of 1978), comes into force, be construed as a reference to the Deposit Insurance and Credit Guarantee Corporation.]

(*2*) The head office of the Corporation shall be at Bombay, but it may, with the previous sanction of the Reserve Bank, establish branches or agencies in any other place in India.

[5]**[4. Capital of Corporation**.—(*1*) The authorised capital of the Corporation shall be one crore of rupees but the Central Government may, in consultation with the Reserve Bank, increase such capital from time to time, so, however, that the total authorised capital shall not exceed [6][fifty crores of rupees].

(*2*) The [7][issued capital] for the time being of the Corporation shall be fully paid-up and shall stand allotted to the Reserve Bank.]

5. Management of Corporation.—The general superintendence, direction and the management of the affairs and business of the Corporation shall vest in a Board of directors which may exercise all powers and do all acts and things which may be exercised or done by the Corporation.

6. Board of directors.—(*1*) The Board of directors of the Corporation shall consist of the following, namely:—

[8][(*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*) [9][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;

1. Subs. by Act 61 of 1981, s. 61 and the Second Schedule, for clause (*q*) (w.e.f. 12-7-1982).
2. The words "co-operative society" omitted by Act 24 of 2004, s. 3 (w.e.f. 1-3-1966).
3. Subs. by s. 3, *ibid.*, for "primary co-operative bank" (w.e.f. 1-3-1966).
4. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
5. Subs. by Act 56 of 1968, s. 4, for section 4 (w.e.f. 1-7-1971).
6. Subs. by Act 1 of 1984, s. 57, for "fifteen crores" (w.e.f. 15-2-1984).
7. Subs. by Act 21 of 1978, s. 8, for "authorised capital" (w.e.f. 15-7-1978).
8. Subs. by s. 8, *ibid*., for clause (*a*) (w.e.f. 15-7-1978).
9. Subs. by Act 56 of 1968, s. 5, for "a Deputy Governor" (w.e.f. 7-5-1970).

[1][(*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 co-operative movement and none of the 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].

[2][(*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.]

[3][(*2*)(*i*). A director nominated under clause (*b*) or clause (*c*) [4][or clause (*d*) or clause (*e*)] of sub-section (*1*) shall hold office during the pleasure of the authority nominating him; and

[5][(*ii*) Subject to the provisions contained in clause (*i*), a director nominated under clause (*d*) or clause (*e*) of sub-section (*1*), shall hold office for such period, not exceeding three years, as may be specified by the Central Government in this behalf [6]***, and shall be eligible for re-nomination:

Provided that no such director shall hold office continuously for a period exceeding six years.]]

(*3*) A person shall not be capable of being nominated as a director under clause (*d*) [7][or clause (*e*)] of sub-section (*1*) if—

(*a*) he has been removed or dismissed from the service of Government or of a local authority or of a corporation or company in which not less than fifty-one per cent. of the paid-up share capital is held by Government; or

(*b*) he is or at any time has been adjudicated as insolvent or has suspended payment of his debts or has compounded with his creditors; or

(*c*) he is of unsound mind and stands so declared by a competent Court; or

(*d*) he has been convicted of any offence which, in the opinion of the Central Government, involves moral turpitude.

(*4*) If a director nominated under clause (*d*) of sub-section (*1*)—

(*a*) becomes subject to any of the disqualifications mentioned in clauses (*a*) to (*d*) of sub-section (*3*); or

(*b*) is absent without leave of the Board for more than three consecutive meetings thereof; or

(*c*) becomes a director or an officer or an employee of an insured bank or is, in the opinion of the Central Government, otherwise actively connected with such bank; or

(*d*) becomes an officer or other employee of Government or of the Reserve Bank or of the Corporation;

his seat shall thereupon become vacant.

1. Subs. by Act 56 of 1968, s. 5, for clause (*d*) (w.e.f. 10-3-1986).
2. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
3. Subs. by Act 1 of 1984, s. 58, for sub-section (*2*) (w.e.f. 15-2-1984).
4. Ins. by Act 66 of 1988, s. 24 (w.e.f. 30-12-1988).
5. Subs. by s. 24, *ibid*., for clause (*ii*) (w.e.f. 30-12-1988).
6. The words "and thereafter until his successor assumes office" omitted by Act 45 of 2006, s. 17 (w.e.f. 16-10-2006).
7. Ins. by Act 1 of 1984, s. 58 (w.e.f. 15-2-1984).

[1][(*5*) If a director nominated under clause (*e*) of sub-section (*1*)—

(*a*) becomes subject to any of the disqualifications mentioned in clauses (*a*) to (*d*) of sub-section (*3*); or

(*b*) is absent without leave of the Board for more than three consecutive meetings thereof,

his seat shall thereupon becomes vacant.]

7. Meetings of Board.—(*1*) The Board shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(*2*) The Chairman or, if for any reason he is unable to attend the director nominated under clause (*b*) of sub-section (*1*) of section 6 shall preside at meetings of the Board and, in the event of equality of votes, shall have a second or casting vote.

8. Committees of Corporation.—(*1*) The Board may constitute an Executive Committee consisting of such number of directors as may be prescribed.

(*2*) The Executive Committee shall discharge such functions as may be prescribed or may be delegated to it by the Board.

(*3*) The Board may constitute such other committees, whether consisting wholly of directors or wholly of other persons or partly of directors and partly of other persons as it thinks fit for the purpose of discharging such of its functions as may be prescribed or may be delegated to them by the Board.

(*4*) A committee constituted under this section shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed.

(*5*) The members of a committee (other than directors of the Board) shall be paid by the Corporation such fees and allowances for attending its meetings and for attending to any other work of the Corporation as may be prescribed.

9. Fees and allowances of directors.—The directors of the Board shall be paid by the Corporation such fees and allowances for attending the meetings of the Board or of any its committees and for attending to any other work of the Corporation as may be prescribed:

Provided that no fees shall be payable to the Chairman or to the director nominated under clause (*b*) of clause (*c*) of sub-section (*1*) of section 6.

CHAPTER III

REGISTRATION OF BANKING COMPANIES [2][AND CO-OPERATIVE BANKS] AS INSURED BANKS AND LIABILITY OF CORPORATION TO DEPOSITORS

10. Registration of existing banking companies.—The Corporation shall register every existing banking company as an insured bank before the expiry of thirty days from the date of commencement of this Act.

11. Registration of new banking companies.—The Corporation shall register every new banking company as an insured bank as soon as may be after it is granted a licence under section 22 of the [3][Banking Regulation Act, 1949 (10 of 1949)], [4]***

[5][**11A. Registration of Regional Rural Banks.**—The Corporation shall register every Regional Rural Bank, before the expiry of thirty days from the date of its establishment.]

12. Registration of defunct banking companies.—Every banking company being a defunct banking company at the commencement of this Act, by reason of sub-clause (*vii*) or sub-clause (*viii*) of clause (*f*) of section 2 shall, unless it becomes a defunct banking company under any other sub-clause of that clause, be

1. Ins. by Act 1 of 1984, s. 58 (w.e.f. 15-2-1984).
2. Ins. by Act 56 of 1968, s. 6 (w.e.f. 1-7-1971).
3. Subs. by s. 2, *ibid*., for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).
4. The words and figures ", or, as the case may be, after it is notified under section 51 of the said Act" omitted by Act 1 of 1984, s. 59 (w.e.f. 15-2-1984).
5. Ins. by Act 21 of 1976, s. 33 (w.e.f. 26-9-1975).

registered by the Corporation as an insured bank as soon as may be after the termination of the order moratorium or, as the case may be, the rejection of the application for its winding up.

13. Cancellation of registration.—[1][(*1*)] The registration of a banking company as an insured bank shall stand cancelled on the occurrence of any of the following events, namely:—

(*a*) if it has been prohibited from receiving fresh deposits; or

(*b*) if it has been informed by notice in writing by the Reserve Bank that its licence has been cancelled under section 22 of [2][the Banking Regulation Act, 1949 (10 of 1949)] or that a licence under that section cannot be granted to it; or

(*c*) if it has been ordered to be wound up; or

(*d*) if it has transferred all its deposit liabilities in India to any other institution; or

(*e*) if it has ceased to be a banking company within the meaning of sub-section (*2*) of section 36A of [2][the Banking Regulation Act, 1949 (10 of 1949)] or has converted itself into a non-banking company; or

(*f*) if a liquidator has been appointed in pursuance of a resolution for the voluntary winding up of its affairs; or

(*g*) if in respect of it any scheme of compromise or arrangement or of reconstruction has been sanctioned by any competent authority and the said scheme does not permit the acceptance of fresh deposits; or

(*h*) if it has amalgamated with any other banking institution.

[3][(*2*) The provisions of clauses (*a*), [4]*** (*c*), (*d*) and (*h*) of sub-section (*1*) shall apply to a corresponding new bank as they apply to a banking company.]

[5][(*3*) The provisions of clauses (*a*), [4]*** (*c*), (*d*) and (*h*) of sub-section (*1*) shall apply to a Regional Rural Bank as they apply to a banking company.]

[6][13A. Registration of co-operative banks.—(*1*) No co-operative bank shall be registered under this section unless it is an eligible co-operative bank.

(*2*) Subject as aforesaid—

(*a*) the Corporation shall register every existing co-operative bank as an insured bank before the expiry of thirty days next following the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968);

(*b*) the Corporation shall register as an insured bank—

(*i*) every new co-operative bank [other than a primary credit society becoming a primary co-operative bank after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968)] as soon as may be after it is granted a licence under section 22 of the Banking Regulation Act, 1949 (10 of 1949);

(*ii*) a primary credit society becoming a primary co-operative bank after such commencement within three months of its having made an application for a licence under the said section:

Provided that a bank referred to in clause (*b*) shall not be so registered if it has been informed by notice in writing by the Reserve Bank that such a licence cannot be granted to it.

[7][(*iii*) every co-operative bank which has come into existence after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968), as a result of the division of any other co-operative society carrying on business as a co-operative bank, or the amalgamation of

1. Section 13 re-numbered as sub-section (*1*) thereof by Act 5 of 1970, s. 20 (w.e.f. 19-7-1969).
2. Subs. by Act 56 of 1968, s. 2, for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).
3. Ins. by Act 5 of 1970, s. 20 (w.e.f. 19-7-1969).
4. The brackets and letter "(*b*)," omitted by 1 of 1984, s. 60 (w.e.f. 15-2-1984).
5. Ins. by Act 21 of 1976, s. 33 (w.e.f. 26-9-1975).
6. Ins. by Act 56 of 1968, s. 7 (w.e.f. 1-7-1971).
7. Ins. by Act 1 of 1984, s. 61 (w.e.f. 15-2-1984).

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two or more co-operative societies carrying on banking business, at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965 (23 of 1965), or at any time thereafter, within three months of its having made an application for a licence under the said section;]

13B. Registration of defunct co-operative banks.—Every co-operative bank being a defunct co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 (56 of 1968), by reason of sub-clause (*vii*) or Sub-clause (*viii*) of clause (*ff*) of section 2 shall, unless it becomes a defunct co-operative bank under any other sub-clause of that clause, be registered by the Corporation as an insured bank as soon as may be after the termination of the order of moratorium, or as the case may be, the rejection or dismissal of the application for its winding up provided it is an eligible co-operative bank and it either holds a licence granted under section 22 of the Banking Regulation Act, 1949 (10 of 1949), or having applied for such licence in accordance with that section, has not been informed by notice in writing by the Reserve Bank that a licence cannot be granted to it.

13C. Cancellation of registration of co-operative banks.—The registration of a co-operative bank as an insured bank shall stand cancelled on the occurrence of any of the following events, namely:—

(*a*) if it has been prohibited from accepting fresh deposits; or

(*b*) if it has been informed by notice in writing by the Reserve Bank that its licence has been cancelled under section 22 of the Banking Regulation Act, 1949 (10 of 1949), or a licence under that section cannot be granted to it; or

(*c*) if it has been ordered or directed to be wound up; or

(*d*) if it has transferred all its deposit liabilities in India to any other institution; or

(*e*) if it has ceased to be a co-operative bank within the meaning of sub-section (*2*) of section 36A of the Banking Regulation Act, 1949 (10 of 1949); or

(*f*) if it has converted itself into a non-banking co-operative society; or

(*g*) if in respect of it any scheme of compromise or arrangement or of reconstruction has been sanctioned by a competent authority and the said scheme does not permit the acceptance by it of fresh deposits; or

(*h*) if it has been amalgamated with any other co-operative society; or

(*i*) if it ceases to be an eligible co-operative bank, that is, if the law for the time being governing such co-operative bank does not provide for all or any of the matters referred to in clause (*gg*) of section 2.

13D. Circumstances in which Reserve Bank may require winding up of co-operative banks.—(*1*) The circumstances referred to in sub-clause (*ii*) of clause (*gg*) of section 2 (being circumstances in which the Reserve Bank may require the winding up of a co-operative bank) are the following, namely:—

(*a*) that the co-operative bank has failed to comply with the requirements specified in section 11 of the Banking Regulation Act, 1949 (10 of 1949); or

(*b*) that the co-operative bank has by reason of the provisions of section 22 of the said Act become disentitled to carry on banking business in India; or

(*c*) that the co-operative bank has been prohibited from receiving fresh deposits by an order under sub-section (*4*) of section 35 of the said Act or under clause (*b*) of sub-section (*3A*) of section 42 of the Reserve Bank of India Act, 1934 (2 of 1934); or

(*d*) that the co-operative bank having failed to comply with any requirement of the Banking Regulation Act, 1949 (10 of 1949), other than the requirements laid down in section 11 thereof, has

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continued such failure or, having contravened any provision of that Act has continued such contravention beyond such period or periods as may be specified in that behalf by the Reserve Bank from time to time, after notice in writing of such failure or contravention has been conveyed to the co-operative bank; or

(*e*) that the co-operative bank is unable to pay its debts; or

(*f*) that in the opinion of the Reserve Bank—

(*i*) a compromise or arrangement sanctioned by a competent authority in respect of the co-operative bank cannot be worked satisfactorily with or without modifications, or

(*ii*) the continuance of the co-operative bank is prejudicial to the interests of its depositors.

(*2*) Without prejudice to the provisions of any other law for the time being in force, a co-operative bank shall, for the purpose of clause (*e*) of sub-section (*1*), be deemed to be unable to pay its debts:—

(*i*) if, on the basis of the returns, statements or information furnished to the Reserve Bank under or in pursuance of the provisions of the Banking Regulation Act, 1949 (10 of 1949), the Reserve Bank is of opinion that the co-operative bank is unable to pay its debts; or

(*ii*) if the co-operative bank has refused to meet any lawful demand made at any of its offices or branches within two working days, if such demand is made at a place where there is an office, branch or agency of the Reserve Bank, or within five working days if such demand is made elsewhere and, in either case, the Reserve Bank Certifies in writing that the co-operative bank is unable to pay its debts.]

14. Intimation of registration.—(*1*) Where the Corporation has registered any [1][[2][banking company, Regional Rural Bank] or co-operative bank] as an insured bank, it shall, within thirty days of its registration, send an intimation in writing to the [1][[2][banking company, Regional Rural Bank] or co-operative bank] that it has been registered as an insured bank.

(*2*) Every such intimation shall indicate the manner in which the premium payable by the bank under section 15 may be calculated.

15. Premium.—(*1*) Every insured bank shall, so long as it continues to be registered, be liable to pay a premium to the Corporation on its deposits at such rate or rates as may [3][with the previous approval of the Reserve Bank, be notified by the Corporation, from time to time, to the insured banks and different rates may be notified for different categories of insured banks:]

Provided that the premium payable by any insured bank for any period shall not exceed fifteen paisa per annum for every hundred rupees of the total amount of the deposits in that bank at the end of that period or, where its registration has been cancelled during that period, on the date of its cancellation:

[4][Provided further that the Corporation may, having regard to its financial position and to the interests of the banking system of the country as a whole, and with previous approval of the Reserve Bank of India, from time to time, raise the aforesaid limit of fifteen paisa per annum for every hundred rupees of the total amount of the deposits in that bank:

Provided also that] where the registration of any insured bank is cancelled under section 13 [5][or under section 13C] such cancellation shall not affect the liability of that bank for payment of premium for the period before such cancellation and of any interest due under the provisions of this section.

(*2*) The premium shall be payable for such periods, at such times and in such manner as may be prescribed.

(*3*) If an insured bank makes any default in payment of any amount of premium, it shall, for the period of such default, be liable to pay to the Corporation interest on such amount at such rate [6][not exceeding eight per cent. over and above the bank rate as may be prescribed].

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1. Subs. by Act 56 of 1968, s. 8, for "banking company" (w.e.f. 1-7-1971).
2. Subs. by Act 21 of 1976, s. 33, for "banking company" (w.e.f. 26-9-1975).
3. Subs. by Act 21 of 1978, s. 8, for certain words (w.e.f. 15-7-1978).
4. Subs. by Act 30 of 2021, s. 3, for "Provided further that" (w.e.f. 1-9-2021).
5. Ins. by Act 56 of 1968, s. 9 (w.e.f. 1-7-1971).
6. Subs. by Act 21 of 1978, s. 8, for "not exceeding eight per cent. per annum as may be prescribed" (w.e.f. 15-7-1978).

[1][**15A. Cancellation of registration of an insured bank for non-payment of premium.**—(*1*) The Corporation may cancel the registration of an insured bank if it fails to pay the premium for three consecutive periods:

Provided that no such registration shall be cancelled except after giving to the concerned bank one month's notice in writing calling upon that bank to pay the amount in default.

(*2*) The Corporation may restore the registration of a bank whose registration has been cancelled under sub-section (*1*), if the concerned bank requests the Corporation to restore the registration and pays all the amounts due by way of premia from the date of default till the date of payment together with interest due thereon on the date of payment:

Provided that the Corporation shall not restore the registration unless it is satisfied, on an inspection of the concerned bank or otherwise, that it is eligible to be registered as an insured bank.]

16. Liability of corporation in respect of insured deposits.—(*1*) Where an order for the winding up or liquidation of an insured bank is made, the Corporation shall, subject to the other provisions of this Act, be liable to pay to every depositor of that bank in accordance with the provisions of section 17 an amount equal to the amount due to him in respect of his deposit in that bank at the time when such order is made:

Provided that the liability of the corporation in respect of an insured bank referred to in clause (*a*) or clause (*b*) [2][of sub-section (*1*) of section 13] [3][or clause (*a*) or clause (*b*) of section 13C] shall be limited to the deposits as on the date of the cancellation of the registration:

Provided further that the total amount payable by the Corporation to any one depositer in respect of his deposit in that bank in the same capacity and in the same right shall not exceed one thousand and five hundred rupees:

Provided further that the Corporation may, from time to time, having regard to its financial position and to the interests of the banking system of the country as a whole, raise, with the previous approval of the Central Government, the aforesaid limit of one thousand and five hundred rupees.

(*2*) Where in respect of an insured bank a scheme of compromise or arrangement or of reconstruction or amalgamation has been sanctioned by any competent authority and the said scheme provides for each depositor being paid or credited with, on the date on which the scheme comes into force, an amount which is less than the original amount and also the specified amount, the Corporation shall be liable to pay every such depositor in accordance with, the provisions of section 18 an amount equivalent to the difference between the amount so paid or credited and the original amount, or the difference between the amount so paid or credited and the specified amount, whichever is less:

Provided that where any such scheme also provides that any payment made to a depositor before the coming into force of the scheme shall be reckoned towards the payment due to him under that scheme, then the scheme shall be deemed to have provided for that payment being made on the date of its coming into force.

(*3*) For the purposes of this section, the amount of a deposit shall be determined after deducting therefrom any ascertained sum of money which the insured banks may be legally entitled to claim by way of set off against the depositor in the same capacity and in the same right.

(*4*) In this section,—

(*a*) "original amount" in relation to a depositor means the total amount due by the insured bank immediately before the date of coming into force of the scheme of compromise or arrangement or, as the case may be, of reconstruction or amalgamation to the depositor in respect of his deposit in the bank in the same capacity and in the same right:

1. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
2. Subs. by Act 1 of 1984, s. 62, for "of section 13" (w.e.f. 19-7-1969).
3. Ins. by Act 56 of 1968, s. 10 (w.e.f. 1-7-1971).

Provided that where under the proviso to sub-section (*2*), the scheme is deemed to have provided for any payment being made on the date of its coming into force the amount of such payment shall be included in calculating the original amount;

(*b*) "specified amount" means one thousand and five hundred rupees, or, as the case may be, the amount fixed by the Corporation under the third proviso to sub-section (*1*).

17. Manner of payment by Corporation in case of winding up of insured banks.—(*1*) Where an insured bank has been ordered to be wound up or to be taken into liquidation and a liquidator, by whatever name called, has been appointed in respect thereof, the liquidator shall, with the lest possible delay and in any case not later than three months from the date of his assuming charge of office, furnish to the Corporation a list in such form and manner as may be specified by the Corporation showing separately the deposits in respect of each depositor and the amounts of set off referred to in sub-section (*3*) of section 16.

(*2*) Before the expiry of two months from the receipt of such list from the liquidator the Corporation shall pay [1][the amount payable under section 16 in respect of the deposit of each depositor—

(*a*) directly to the depositor, or

(*b*) to the depositor through such agency as the Corporation may determine, or

(*c*) to the liquidator.]

[2][(*3*) Where the Corporation pays under sub-section (*2*), any amount in respect of the deposit of a depositor to the liquidator, the liquidator shall pay or cause to be paid that amount to the depositor and any expenses incurred by the liquidator in making such payment shall be treated as expenses incurred in the winding up of the insured bank.]

18. Manner of payment by Corporation in case of scheme of compromise or arrangement or of reconstruction or amalgamation in respect of an insured bank.—(*1*) Where a scheme of amalgamation of any insured bank with any other banking institution (hereinafter referred to as the transferee bank) or a scheme of compromise or arrangement or of reconstruction in respect of such bank has been sanctioned and the Corporation has become liable to pay to depositors of the insured bank under sub-section (*2*) of section 16, the transferee bank where the scheme is of amalgamation and the insured bank in any other case shall, with the least possible delay and in any case not later than three months from the date on which such scheme takes effect, furnish to the Corporation a list in such form and manner as may be specified by the Corporation and certified to be correct by the chief executive officer of the transferee bank or, as the case may be, of the insured bank showing separately deposits in respect of each depositor and the amounts of set off referred to in sub-section (*3*) of section 16 and also the amounts paid or credited or deemed to have been paid under the scheme.

(*2*) Before the expiry of two months from the receipt of such list, the Corporation shall pay the amount payable under section 16 either directly to the depositor or to the transferee bank or the insured bank for being credited in his account.

[3]**[18A. Liability of Corporation to make interim payment to depositors of insured bank.—**(*1*) Where, in respect of an insured bank, —

(*i*) any direction is issued or any prohibition or order or scheme is made under any of the provisions of the Banking Regulation Act, 1949 (10 of 1949); and

(*ii*) such direction, prohibition, order or scheme provides for restrictions on depositors of such bank from accessing their deposits,

then, without prejudice to the provisions of sections 16 to 18, the Corporation shall, on the date on which such direction, prohibition, order or scheme takes effect, become liable to pay to every such depositor an amount equivalent to the amount payable by the Corporation to the depositor under section 16.

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1. Subs. by Act 56 of 1968, s. 11, for certain words (w.e.f. 1-7-1971).
2. Ins. by s. 11, *ibid*. (w.e.f. 1-7-1971).
3. Ins. by Act 30 of 2021, s. 4 (w.e.f. 1-9-2021).

(*2*) A list showing the outstanding deposits of each depositor of the insured bank, as on the date on which the direction, prohibition, order or scheme referred to in sub-section (*1*) takes effect, shall be furnished by such insured bank within forty-five days of such date of effect, in such form and manner as may be specified by the Corporation and certified to be correct by the chief executive officer of the insured bank.

(*3*) The Corporation shall, within thirty days of the date of receipt of the list under sub-section (*2*), verify, through an online platform, to the extent possible, or in accordance with such procedure, as may be prescribed, the genuineness and authenticity of the claims made therein, and ascertain the willingness of each depositor to receive the amount due to him out of his deposit in the insured bank.

(*4*) Subject to the provisions of sub-section (*7*), the Corporation shall, before the expiry of fifteen days from the date of completion of the verification under sub-section (*3*), pay to the depositors who have affirmed their willingness thereunder, the amount payable under sub-section (*1*) either directly, or get it credited in the account of the depositors through the insured bank:

Provided that the total period of time between the date when the Corporation becomes liable to pay to the depositor and the date of payment to the depositor shall not, subject to the provisions of sub-section (*7*), exceed ninety days:

Provided further that any amount paid by the insured bank to the depositor during the period between the date on which the direction, prohibition, order or scheme referred to in sub-section (*1*) takes effect and the date of payment to the depositor, shall be appropriately reckoned by the insured bank before crediting such amount in depositor's account.

(*5*) Any amount paid by the Corporation under sub-section (*4*) in respect of a deposit shall, to the extent of the amount so paid, discharge the insured bank from its liability to the depositor in respect of that deposit, but the insured bank shall become liable to the Corporation in respect of the amount paid by the Corporation.

(*6*) Where, in respect of an insured bank, —

(*i*) any direction, prohibition, order or scheme under any of the provisions of the Banking Regulation Act, 1949 (10 of 1949) providing for suspension of business of the insured bank is already in force as on the date of commencement of the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, 2021; and

(*ii*) such direction, prohibition, order or scheme provides for restrictions on the amounts to be paid by the insured bank to each of its depositors,

then, notwithstanding anything contained in any other law for the time being in force, the Corporation shall, on and from the date of commencement of the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, 2021, become liable to pay to each depositor of such insured bank, an amount equivalent to the amount payable by the Corporation to the depositor under sub-section (*1*) of section 16, and the time limit specified in sub-sections (*2*) to (*4*) herein for such payment shall be computed from that date.

(*7*) Notwithstanding anything contained in sub-sections (*1*) to (*6*), in cases where, —

(*a*) the Reserve Bank finds it expedient in the interest of finalising a scheme of amalgamation of the insured bank with other banking institution or a scheme of compromise or arrangement or of reconstruction in respect of such insured bank, and communicates to the Corporation accordingly, the date on which the Corporation shall become liable to pay every depositor of such insured bank may further be extended by a period not exceeding ninety days;

(b) the restrictions on payment to depositors are removed by the Reserve Bank at any time before payment to depositors by the Corporation under sub-section (*4*), and the insured bank or the transferee bank is in a position to make payments to its depositors on demand without any restrictions, the Corporation shall not be liable to make payment to the depositors of such insured bank.]

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19. Discharge of the liability of Corporation.—Any amount paid by the Corporation under section 17 or section 18 [1][or section 18A] in respect of a deposit shall, to the extent of the amount paid, discharge the Corporation from its liability in respect of that deposit.

20. Provision for unpaid amounts.—Where any depositor to whom any payment is to be made in accordance with the provisions of section 17 or section 18 [2][or section 18A] cannot be found or is not readily traceable, adequate provision shall be made by the Corporation for such payment and the amount of such provision shall be accounted for separately in its books.

21. Repayment of the amount to Corporation.—(*1*) Where any amount has been paid under section 17 or section 18 [3][or section 18A] or any provision therefore has been made under section 20, the Corporation shall furnish to the liquidator or the insured bank or to the transferee bank, as the case may be, information as regards the amount so paid or provided for.

(*2*) On receipt of the information under sub-section (*1*), notwithstanding anything to the contrary contained in any other law for the time being in force,—

(*a*) the liquidator shall, within such time and in such manner as may be prescribed, repay to the Corporation out of the amount, if any, payable by him in respect of any deposit such sum or sums as make up the amount paid or provided for by the Corporation in respect of that deposit;

(*b*) the insured bank or as the case may be, the transferee bank shall, within such time and in such manner as may be prescribed, repay to the Corporation out of the amount, if any, to be paid or credited in respect of any deposit after the date of the coming into force of the scheme referred to in section 18 [3][or the direction, prohibition, order or scheme referred to in section 18A], such sum or sums as make up the amount paid or provided for by the Corporation in respect of that deposit.

[3][(*3*) The Corporation may defer or vary the time limit for receipt of repayments due to it from the insured bank or the transferee bank, as the case may be, for such period and upon such terms, as may be decided by the Board in accordance with the regulations made in this behalf:

Provided that such regulations shall also provide for prudential principles to assess the capability of the bank to make repayment to the Corporation and for prohibition of specified other classes of liabilities from being discharged by the insured bank or the transferee bank till such time as repayment is made to the Corporation.

(*4*) In case of any delay in repayment to the Corporation beyond the time period prescribed under sub-section (*2*) or extended under sub-section (*3*), the Corporation may charge penal interest at a maximum rate of two per cent. above the repo rate per annum for the amount to be repaid to the Corporation and such penal interest shall rank equally for priority with the amount to be repaid under sub-section (*2*).]

[4][CHAPTER III-A

CREDIT GUARANTEE FUNCTIONS

21A. Guaranteeing of credit facilities and indemnifying credit institutions.—(*1*) The Corporation may guarantee credit facilities given by any credit institution and may also indemnify credit institutions in respect of credit facilities granted by them.

(*2*) The Board may, for the purpose of guaranteeing credit facilities granted by credit institutions or indemnifying credit institutions, frame one or more schemes in such form and in such manner and containing such provisions as the Board may, from time to time, deem fit.

(*3*) The Board may levy, on every credit institution availing itself of the guarantees or indemnities provided by the Corporation, a fee at such rate or rates as may, with the previous approval of the Reserve Bank, be notified by the Corporation to the credit institution from time to time and different rates may be

1. Ins. by Act 30 of 2021, s. 5 (w.e.f. 1-9-2021).
2. Ins. by s. 6, *ibid*. (w.e.f. 1-9-2021).
3. Ins. by s. 7, *ibid*. (w.e.f. 1-9-2021).
4. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).

notified for different categories of credit institutions, for different types of credit facilities, for different areas where the credit facilities are utilised, or for different categories of beneficiaries of the credit facilities.

Explanation.—"Credit facility" means any financial assistance, including a loan or advance, cash credit, overdraft, bills purchased or discounted, a term of instalment credit and any guarantee other than a performance guarantee, granted or issued in India by a credit institution at any of its offices in India.

21B. Corporation to act as agent of Central Government.—The Corporation may act as agent for the Central Government,—

(*i*) in guaranteeing the due performance by any small-scale industrial concern or other institution or undertaking or categories of institutions or undertakings approved by the Central Government in this behalf, of its, or their, obligations to any credit institution in respect of loans and advances made or other credit facilities provided to it, or them, by such credit institution, and

(*ii*) in making, as such agent, of payments in connection with such guarantee.]

CHAPTER IV

FUNDS, ACCOUNTS AND AUDIT

[1][**22. Funds of Corporation**.—The Corporation shall maintain three funds, to be called, respectively, the Deposit Insurance Fund, the Credit Guarantee Fund and the General Fund.]

23. Deposit Insurance Fund.—(*1*) To the Deposit Insurance Fund shall be credited,—

(*a*) all amounts received by the Corporation as premium;

(*b*) all amount received by the Corporation under section 21;

(*c*) the amount advanced by the Reserve Bank under section 26;

(*d*) all amounts transferred to that Fund from the General Fund [2][or the Credit Guarantee Fund] under section 27; and

(*e*) all income arising from the investments made out of that Fund.

(*2*) The said Fund shall be applied—

(*a*) to make payments in respect of insured deposits;

(*b*) to meet liability in respect of an advance taken under section 26, [3]***

(*c*) to meet liability in respect of the amounts referred to in clause (*d*) of sub-section (*1*) [4][;and]

[2][(*d*) to meet the whole or any part of the liability on account of the depreciation in assets, contributions to staff superannuation and other funds or other expenses incurred or to be incurred by the Corporation, as may be decided by the Board.]

[2][**23A. Credit Guarantee Fund**.—(*1*) To the Credit Guarantee Fund shall be credited,—

(*a*) all amounts in the Reserve for unexpired Guarantee Risks maintained by the Credit Guarantee Corporation of India Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956), and having its registered office at Bombay;

(*b*) all amounts received by the Corporation as fees for guarantees and indemnities taken over or given by it;

(*c*) all amounts received by the Corporation in respect of guarantees and indemnities taken over or given by it;

(*d*) all amounts transferred to that Fund from the Deposit Insurance Fund or the General Fund under section 27; and

1. Subs. by Act 21 of 1978, s. 8, for section 22 (w.e.f. 15-7-1978).
2. Ins. by s. 8, *ibid*. (w.e.f. 15-7-1978).
3. The word "and" omitted by s. 8, *ibid*. (w.e.f. 15-7-1978).
4. Added by s. 8, *ibid*. (w.e.f. 15-7-1978).

(*e*) all income arising from the investments made out of that Fund.

(*2*) The said Fund shall be applied—

(*a*) to make payments in respect of guarantees and indemnities taken over or issued by the Corporation;

(*b*) to meet any liability in respect of the amount referred to in clause (*d*) of sub-section (*1*);

(*c*) to meet the whole or any part of the liability on account of depreciation in assets, contributions to staff superannuation and other funds, or other expenses incurred or to be incurred by the Corporation, as may be decided by the Board;]

24. General Fund.—All receipts of the Corporation other than those referred to in sub-section (*1*) of section 23 [1][or in sub-section (*1*) of section 23A] shall be credited to the General Fund and all payments by the Corporation other than those referred to in sub-section (*2*) [1][of section 23, or, as the case may be, sub-section (*2*) of section 23A] shall be made out of that Fund.

25. Investment.—All moneys belonging to the Deposit Insurance Fund [1][or the Credit Guarantee Fund] or the General Fund which may not for the time being be required by the Corporation shall be invested in promissory notes, stock or securities of the Central Government and all other moneys shall be deposited with the Reserve Bank.

[1][**25A. Amounts in one Fund may be transferred to the other Fund or may be utilised for other purposes**.—Notwithstanding anything contained in this Act, the Board may—

(*a*) transfer any amount from the Deposit Insurance Fund to the Credit Guarantee Fund or from the Credit Guarantee fund to the Deposit Insurance Fund, or

(*b*) utilise any money standing to the credit of either of the said Funds, for such purposes as it may think fit, if it is satisfied that the balance in the Fund, after such transfer or utilisation, will be adequate to meet any probable claim on that Fund.]

26. Advances by Reserve Bank.—(*1*) The Reserve Bank shall, from time to time, advance to the Corporation on a request by it such sum or sums as may be required by the Corporation for the purposes of the Deposit Insurance Fund [1][or the Credit Guarantee Fund]:

Provided that the total amount outstanding at any one time on account of such advances shall not exceed five crores of rupees.

(*2*) The terms and conditions of any advance under this section shall be such as may be determined by the Reserve Bank with the approval of the Central Government.

[2][**27. Advances From General Fund to the Deposit Insurance Fund or Credit Guarantee Fund**.—If, at any time, the amount available in the Deposit Insurance Fund or the Credit Guarantee Fund is insufficient to meet the requirements of that Fund, the Corporation may transfer, on such terms and for such period as may be determined by the Board with the approval of the Reserve Bank, from any of the other two Funds, referred to in section 22, such amount as may be necessary to meet the requirements of the Deposit Insurance Fund or the Credit Guarantee Fund, as the case may be.]

28. Preparation of balance-sheet, etc., by Corporation.—(*1*) The balance-sheet and accounts of the Corporation shall be prepared and maintained in such form and manner as may be prescribed.

(*2*) The Board shall cause the books and accounts of the Corporation to be balanced and closed as on the 31st day of December [3][or such other date in each year as the Central Government may, by notification in the Official Gazette, specify]:

[4][Provided that with a view to facilitating the transition from one period of accounting to another period of accounting under this sub-section, the Central Government may, by order published in the Official Gazette, make such provision as it considers necessary or expedient for the balancing and closing of, or for other matters relating to, the books or accounts in respect of the concerned years.]

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1. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
2. Subs. by s. 8, *ibid*., for section 27 (w.e.f. 15-7-1978).
3. Subs. by Act 66 of 1988, s. 25, for ", each year" (w.e.f. 30-12-1988).
4. Ins. by s. 25, *ibid*. (w.e.f. 30-12-1988).

29. Audit.—(*1*) The affairs of the Corporation shall be audited by an auditor duly qualified to act as an auditor under sub-section (*1*) of section 226 of the Companies Act, 1956 (1 of 1956), who shall be appointed by the Board with the previous approval of the Reserve Bank and shall receive such remuneration from the Corporation as the Reserve Bank may fix.

(*2*) The auditor shall be supplied with a copy of the annual balance-sheet of the Corporation and it shall be his duty to examine it together with the accounts and vouchers relating thereto and he shall have a list delivered to him of all books kept by the Corporation and shall at all reasonable times have to the books, accounts and other documents of the Corporation and may, in relation to such accounts examine any director of the Board or any officer or employee of the Corporation.

(*3*) The auditor shall make a report to the Corporation upon the annual balance-sheet and accounts and in every such report he shall state whether in his opinion the balance-sheet is a full and fair balance-sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of affairs of the Corporation and in case he had called for any explanation or information from the Board, whether it has been given and whether it is satisfactory.

(*4*) Without prejudice to anything contained in the preceding sub-sections, the Central Government may at any time appoint the Comptroller and Auditor-General of India to examine and report upon the accounts of the Corporation, and any expenditure incurred by him in connection with such examination and report shall be payable by the Corporation to the Comptroller and Auditor-General of India.

[1][**30. Income-tax**—[2][(*1*)] Notwithstanding anything contained in the Indian Income-tax Act, 1961 (43 of 1961), the Corporation shall not be liable to pay any tax under that Act on any of its incoming profits or gains for the accounting year during which the Corporation is established and for [3][fourteen accounting years following that year.]

[4][(*2*) Notwithstanding anything contained in the Income-tax Act, 1961 (43 of 1961), the Corporation shall not be liable to pay any tax under that Act on any of its income, profits or gains for the period commencing from the first day of January, 1977, and ending with the commencement of the accounting year during which Chapter II of the Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978 (21 of 1978), comes into force and for four accounting years following that years.]

31. Reserve Fund.—After making provisions for all its liabilities and for all other matters for which provision is necessary or expedient, including any contribution to the staff and super annuation funds, the Corporation shall transfer the balance, if any, of its income in its General Fund to one or more reserve funds to be utilised in such manner and for such purposes as the Corporation may deem fit.

32. Annual accounts and reports.—(*1*) The Corporation shall furnish to the Reserve Bank within three months from the date on which its accounts are balanced and closed the balance-sheet and accounts together with the auditor's report and a report of the working of the Corporation during the year and copies of the said balance-sheet and accounts and reports shall be furnished by the Corporation to the Central Government.

(*2*) The Central Government shall cause every auditor's report and report of the working of the Corporation to be laid [5][as soon as may be after they received before each House of Parliament [6]***].

1. Subs. by Act 20 of 1967, s. 44, for section 30 (w.e.f. 1-4-1967).
2. Section 30 re-numbered as sub-section (*1*) thereof by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
3. Subs. by Act 32 of 1971, s. 53, for "nine accounting years" (w.e.f. 1-4-1971).
4. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
5. Subs. by Act 1 of 1984, s. 63, for certain words (w.e.f. 15-2-1984).
6. The words ", while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions" omitted by Act 81 of 1985, s. 6 (w.e.f. 1-5-1986).

CHAPTER V

MISCELLANEOUS

33. Staff of Corporation.—(*1*) The Corporation may appoint such number of officers and employees as it considers necessary or desirable for the efficient performance of its functions and determine the terms and conditions of their appointment and service.

(*2*) Without prejudice to the provisions of sub-section (*1*), it shall be lawful for the Corporation to utilise, and for the Reserve Bank to make available, the services of such staff of the Reserve Bank on such terms and conditions as may be agreed upon between the Corporation and the Reserve Bank.

34. Returns from insured banks.—(*1*) Notwithstanding anything contained in [1][the Banking Regulation Act, 1949 (10 of 1949)] or any other law for the time being in force the Corporation may at any time direct an insured bank [2][or a credit institution] to furnish to it, within such time as may be specified by the Corporation, such statements and information relating to the deposits in that bank [2][or the credit facilities granted by that credit institution, as the case may be,] as the Corporation may consider necessary or expedient to obtain for the purposes of this Act.

(*2*) The Corporation may, if it considers it expedient and after consulting the Reserve Bank, publish any information obtained by it under this section in such consolidated form as it may think fit.

35. Corporation to have access to records.—(*1*) The Corporation shall have free access to all such records of an insured bank [2][or a credit institution] perusal where of may appear to the Corporation to the necessary for the discharge of its functions under this Act.

(*2*) The Corporation may require any insured bank [2][or credit institution] to furnish to it copies of any of the records referred to in sub-section (*1*) and the bank [2][or the credit institution] shall be bound to comply with the requisition.

36. Inspection of insured banks by Reserve Bank.—(*1*) The Corporation may for any of the purposes of this Act request the Reserve Bank to cause an inspection of the books and accounts or an investigation of the affairs of an insured bank [2][or a credit institution] to be made and on such request the Reserve Bank shall cause such inspection or investigation to be made by one or more of its officers [3][or through such other person or agency as the Reserve Bank may determine.]

(*2*) The provisions of sub-section (*2*) and sub-section (*3*) of section 35 of [4][the Banking Regulation Act, 1949 (10 of 1949)] shall apply to an inspection or investigation under sub-section (*1*) as they apply to an inspection under that section.

(*3*) When an inspection or investigation has been made under this section, the Reserve Bank shall furnish a copy of its report to the Corporation and [5][neither the bank nor the credit institution, as the case may be, inspected or investigated, nor any other bank or credit institution] shall be entitled to be furnished with a copy of such report.

(*4*) Notwithstanding anything contained in any law for the time being in force, no court, Tribunal or other authority shall compel the production or disclosure of a report under this section or of information or material gathered during the course of an inspection or investigation under this section.

37. Corporation to furnish information to Reserve Bank.—The Corporation shall, one a request in writing from the Reserve Bank, furnish to it within such time as may be specified by the Reserve Bank, such statement and information relating to the business or affairs of the Corporation or of an insured bank as the Reserve Bank may consider necessary or expedient.

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1. Subs. by Act 56 of 1968, s. 2, for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).
2. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
3. Ins. by Act 56 of 1968, s. 12 (w.e.f. 1-7-1971).
4. Subs. by s. 2, *ibid*., for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).
5. Subs. by Act 21 of 1978, s. 8, for certain words (w.e.f. 15-7-1978).

38. Reserve Bank to furnish information to Corporation.—The Reserve Bank shall, on a request in writing from the Corporation, furnish to it any report or information relating to an insured bank [1][or a credit institution] made or obtained by it under or in pursuance of the Reserve Bank of India Act, 1934 or [2][the Banking Regulation Act, 1949 (10 of 1949).]

39. Declaration of fidelity and secrecy.—[3][(*1*)] Every director, auditor, officer or other employee of the Corporation or an employee of the Reserve Bank whose services are utilised by the Corporation under sub-section (*2*) of section 33 shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form set out in the First Schedule to this Act.

[1][(*2*) The Corporation shall observe, except as otherwise required by law, the practices and usages customary among the bankers, and, in particular, it shall not divulge any information relating to an insured bank or its customers or a credit institution or its customers except in circumstances in which it is, in accordance with law or practices or usages customary among bankers, necessary or appropriate for the Corporation to divulge such information.]

[4][(*3*) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.]

40. Indemnity of directors.—(*1*) Every director of the Board shall be indemnified by the Corporation against all losses and expenses incurred by him in, or in relation to, the discharge of his duties except such as are caused by his own willful act or default.

(*2*) A director of the Board shall not be responsible for any other director or for any other officer or other employee of the Corporation, or for any loss or expenses resulting to the Corporation from the insufficiency or deficiency of value of or title to any property or security acquired or taken on behalf of the Corporation or the insolvency or wrongful act of any debtor or any person under obligation to the Corporation or anything done in good faith in the execution of the duties of his office or in relation thereto.

41. Defects in appointments not to invalidate acts, etc.—(*1*) No act or proceeding of the Board or of any committee of the Corporation shall be questioned on the ground merely of the existence of any vacancy or defect in the constitution of the Board or committee.

(*2*) No act done by any person acting in good faith as a director of the Board shall be deemed to be invalid merely on the ground that he was disqualified to be a director or that there was any other defect in his appointment.

42. Protection of action taken under this act.—No suit other legal proceeding shall lie against the Corporation or the Reserve Bank or any director of the Board or any officer of the Corporation or the Reserve Bank or [5][or any other person or agency authorised by the Corporation or the Reserve Bank] to discharge any functions under this Act for any damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of this Act.

43. Companies Act, 1956 and Insurance Act, 1938 not to apply.—Nothing in the Companies Act, 1956 (1 of 1956) or the Insurance Act, 1938 (4 of 1938), shall apply to the Corporation.

[6][**43A. Powers of Reserve Bank not to apply to International Financial Services Centre.—** Notwithstanding anything contained in any other law for the time being in force, the powers exercisable by the Reserve Bank under this Act,—

(*a*) shall not extend to an International Financial Services Centre set up under sub-section (*1*) of section of the Special Economic Zones Act, 2005 (28 of 2005);

(*b*) shall be exercisable by the International Financial Services Centres Authority established under sub-section (*1*) of section 4 of the International Financial Services Centres Authority Act, 2019,

1. Ins. by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
2. Subs. by Act 56 of 1968, s. 2, for "the Banking Companies Act, 1949" (w.e.f. 1-7-1971).
3. Section 39 re-numbered as sub-section (*1*) thereof by Act 21 of 1978, s. 8 (w.e.f. 15-7-1978).
4. Ins. by Act 30 of 2005, s. 34 and the Schedule (w.e.f. 14-12-2006).
5. Subs. by 56 of 1968, s. 13, for "or any other person authorised by the Corporation" (w.e.f. 1-7-1971).
6. Ins. by Act 50 of 2019, s. 33 and the second Schedule (w.e.f. 1-10-2020).

in so far as regulation of financial products, financial services and financial institutions that are permitted in the International Financial Services Centres are concerned.]

44. Liquidation of Corporation.—(*1*) The Corporation shall not be placed in liquidation save by order of the Central Government and in such manner as that Government may direct.

(*2*) On the liquidation of the Corporation—

(*a*) the outstanding assets of the Corporation in so far as they relate to the Deposit Insurance Fund shall be distributed among the insured banks in such manner and in such proportion as may be determined by the Central Government having regard to the amounts of premium paid by them during any prescribed period or the deposits of the said banks as on the date of liquidation of the Corporation or other relevant circumstances;

(*b*) the remaining outstanding assets of the Corporation shall be transferred to the Reserve Bank.

45. Power of Central Government to give directions.—In the discharge of its functions under this Act, the Corporation shall be guided by such directions in matters of policy involving public interest as the Central Government may after consulting the Reserve Bank give to it in writing, and if any question arises whether the directions relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

46. Dispute as to amount of premium.—Any dispute as to the amount of premium due from any insured bank shall be decided by the Central Government and the decision of that Government shall final.

47. Penalties.—(*1*) Whoever in any return, balance-sheet or other document or in any information required or furnished by or under or for the purposes of any provision of this Act, willfully makes a statement which is false in any material particular, knowing it to be false, or willfully omits to make a material statement, shall be punishable with imprisonment for a term which may extend to three years and shall also be liable to fine.

[1][(*2*) If any person fails to produce any book, account or other document or to furnish any statement or information which, under the provisions of this Act, it is his duty to produce or furnish, he shall be liable to penalty which may extend to one lakh fifty thousand rupees in respect of each failure, and in the case of a continuing failure, with an additional penalty which may extend to seven thousand five hundred rupees for every day during which the failure continues after the first such failure.

(*3*) For the purpose of adjudging the penalty under sub-section (*2*), the Corporation shall serve notice on the person requiring it to show cause why the amount specified in the notice should not be imposed and a reasonable opportunity of being heard shall also be given to such person.

(*4*) Any penalty imposed by the Corporation under this section shall be payable within a period of fourteen days from the date on which notice issued by the Corporation demanding payment of the sum is served on the person and in the event of failure of the person to pay the sum within such period, may be levied on an order or direction made by the principal civil court having jurisdiction in the area where the person is situated:

Provided that no order or direction shall be made except on an application made to the court by the Corporation or any officer authorised by it in this behalf.

(*5*) The court which makes an order or direction under sub-section (*4*) shall issue a certificate specifying the sum payable by the person and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(*6*) No complaint shall be filed against any person in any court of law in respect of any contravention or default in respect of which any penalty has been imposed by the Corporation under sub-section (*2*).

(*7*) Where any complaint has been filed against any person in any court in respect of any contravention or default of the nature referred to in sub-section (*1*), then, no proceedings for the imposition of any penalty on the person shall be initiated under sub-section (*2*).]

1. Subs. by Act 18 of 2023, s. 2 and Schedule for sub-section (2) (w.e.f. 22-01-2024).

48. Offences by companies.—(*1*) Where an offence has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any gross negligence on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" means any body corporate and includes [1][a co-operative society or] a firm or other association of individuals; and

(*b*) "director" in relation to a firm, means a partner in the firm [1][and in relation to a co-operative society includes any member of a committee of management or other managing body (by whatever name called) to which the management of the affairs of the bank is entrusted].

[2][**49. Cognizance and trial of offences.**—(*1*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), no Court shall take cognizance of any offence punishable under this Act except upon a complaint, in writing, made by an officer of the Corporation, generally or specially authorised in writing in this behalf by the Board, and no court, inferior to the Court of a Metropolitan Magistrate or a Judicial Magistrate of the first class, shall try any such offence.

(*2*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), a Magistrate may, if he sees reason so to do, dispense with the personal attendance of the officer of the Corporation filing the complaint, but the Magistrate may, in his discretion, at any stage of the proceeding, direct the personal attendance of the complainant.]

50. Regulation.—(*1*) The Board may, with the previous approval of the Reserve Bank, [3][by notification in the Official Gazette,] make regulations not inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(*2*) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for—

(*a*) the times and places of the meetings of the Board or of any committee constituted under this Act and the procedure to be followed at such meetings including the quorum necessary for the transaction of business;

(*b*) the number of directors constituting an Executive Committee, and the functions that such committee shall discharge;

(*c*) the functions which any other committee may discharge under this Act;

(*d*) the fees and allowances that may be paid to the members of a committee other than directors of the Board;

(*e*) the fees and allowances that may be paid to the directors of the Board;

(*f*) the periods for which, the times at which and the manner in which premium may be paid by an insured bank;

1. Ins. by Act 56 of 1968, s. 14 (w.e.f. 1-7-1971).
2. Subs. by Act 21 of 1978, s. 8, for section 49 (w.e.f. 15-7-1978).
3. Ins. by Act 66 of 1988, s. 26 (w.e.f. 30-12-1988).

(*g*) the interest which may be charged from an insured bank where it makes default in payment of premium;

(*h*) the manner in which and the time within which the amounts referred to in section 21 may be paid;

(*i*) the form and the manner in which the balance-sheet and the accounts of the Corporation shall be prepared or maintained; and

(*j*) any other matter which is to be, or may be prescribed.

(*3*) Any regulation which may be made by the Board under this Act may be made by the Reserve Bank within three months of the establishment of the Corporation; and any regulation so made may be altered or rescinded by the Board in the exercise of its powers under this Act.

[1][(*4*) Every regulation shall, as soon as may be after it is made under this Act by the Board, be forwarded to the Central Government and that Government shall cause a copy of the same to be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.]

51. [*Amendment of Certain Enactments.*] *Rep. by the Repealing and Amending Act*, 1964 (52 *of* 1964), s. 2 *and Sch. I* (*w.e.f.* 15-7-1978).

IndiaCode

1. Ins. by Act 1 of 1984, s. 64 (w.e.f. 15-2-1984).

THE FIRST SCHEDULE

(*See* section 39)

Declaration of Fidelity and Secrecy

I do hereby declare that I will faithfully, truly and to the best of my skill and ability execute and perform the duties required of me as director, auditor, officer or other employee (as the case may be) of the [1][Deposit Insurance and Credit Guarantee Corporation] and which properly relate to the office or position held by me in the said Corporation.

I further declare that I will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of the [1][Deposit Insurance and Credit Guarantee Corporation] or to the affairs of any person having any dealing with the said Corporation; nor will I allow any such person to inspect or have access to any books or document belonging to or in the possession of the [1][Deposit Insurance and Credit Guarantee Corporation] and relating to the business of the said Corporation or the business of any person having any dealing with the said Corporation.

(*Signature*)

Singed before me.

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IndiaCode

1. Subs. by Act 21 of 1978, s. 8, for "Deposit Insurance Corporation" (w.e.f. 15-7-1978).

THE SECOND SCHEDULE.—[*Amendment of certain enactments*.] *Rep. by the Repealing and Amending Act*, 1964 (52 *of* 1964), *s*. 2 *and Sch*., I.

IndiaCode

STATEMENT OF OBJECTS AND REASONS

The question of establishing a statutory Corporation for insuring deposits in commercial banks has been under consideration for some time. Various suggestions or proposals in this connection, including the recommendations made by the Shroff Committee on finance for the private sector which reported in 1954, have been examined in consultation with the Reserve Bank and the representatives of the commercial banks, and it is now considered desirable that the scheme should be implemented at a very early date.

2. The Deposit Insurance Corporation will be established as a wholly-owned subsidiary of the Reserve Bank with a paid-up capital of a crore of rupees. It will insure all deposits in commercial banks including the State Bank and its subsidiaries, other than the deposits belonging to the Central Government or to a State or foreign Government or to the insured banks. The limit of the insurance cover will be Rs. 1,500 but this limit may be raised by the Corporation with the previous approval of the Central Government. The premium rate will be determine by the Corporation from time to time with the previous approval of the Central Government. The maximum rate for which provision is being made in the Bill is 15 naye paise per hundred rupees per annum.

3. The Corporation's liability will arise and be discharged in the event of the liquidation of a bank or the enforcement in relation to it of a scheme of compromise or arrangement or reconstruction or amalgamation. The payments due to the depositors up to the limit of the insurance cover offered by the Corporation will be made in the most convenient and expeditious manner which may be possible.

4. The Bill is intended to give effect to these proposals. The notes on clause explain in detail the various provisions contained in the Bill.

NEW DELHI; MORARJI DESAI.
The 21*st August*, 1961.

IndiaCode