

**THE DEPOSIT INSURANCE AND CREDIT
GUARANTEE CORPORATION ACT, 1961**

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**THE DEPOSIT INSURANCE AND CREDIT GUARANTEE
CORPORATION**

ACT, 1961

NO. 47 OF 1961

(7th December, 1962)

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

Be it enacted by Parliament in the Twelfth Year of the Republic of India as follows :-

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Deposit Insurance and Credit Guarantee Corporation Act, 1961.

(2) It extends to the whole of India.

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

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

(a) "banking" means the accepting, for the purpose lending or investments, of deposits of money from the public, repayable on demand or otherwise, and with drawable by cheque, draft, order or

(b) "banking company" means any company which transacts the business of Banking in India and includes the State Bank, and a Subsidiary bank but does not include the Tamilnadu Industrial Investment Corporation Ltd.

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, 1956, and includes a foreign company within the meaning of section 591 of that Act;

(dd) "co-operative bank" means a State Co-operative bank, a Central co-operative bank and a primary co-operative bank ;

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(e) "Corporation" means the Deposit Insurance and Credit Guarantee Corporation established under Section 3;

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

(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 the Banking Regulation Act, 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 competent court;

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- (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; or
 - (v) which has converted itself into a non-banking cooperative 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
 - (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 cooperative societies for the time being in force in a State;
- (g) "deposit" means the aggregate of the unpaid balances due to a depositor (other than a foreign Government, the Central Government, a State Government, a corresponding new bank, Regional Rural Bank or a banking company or a co-operative bank) in respect of all his accounts, by whatever name called, with a corresponding new bank or 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 a banking company or a corresponding new bank at the commencement of this Act or where an eligible co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) Act, 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 to the extent it is not credited after the said date under the provisions of that scheme; or
 - (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,

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

(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 the 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 therefore for such period or periods not exceeding five 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 therefore 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 the Banking Regulation Act, 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 a subsidiary bank, but does not include a defunct banking company;

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(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, which either holds a licence at such commencement under section 22 of the Banking Regulation Act, 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;

(hha) "financial institution" means any financial institution within the meaning of clause (c) of section 45 I of the Reserve Bank of India Act, 1934;

(i) "insured bank" means a corresponding new bank or a banking company or a Regional Rural 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, -

(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 of the Banking Regulation Act, 1949,

(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, under a licence granted to it under section 22 of the Banking Regulation Act, 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 ;

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

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

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

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

(q) the expressions "central co-operative bank", "co-operative society" and "State Co-operative Bank" shall have the meanings respectively assigned to them in the National Bank for Agriculture and Rural Development Act, 1981.

(r) the expressions "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.

CHAPTER II

ESTABLISHMENT AND MANAGEMENT OF THE
DEPOSIT INSURANCE CORPORATION

3. (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.

(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, 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 Mumbai, but it may, with the previous sanction of the Reserve Bank, establish branches or agencies in any other place in India.

4. (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 fifty crores of rupees.

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

5. 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.

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

(a) the Governor, for the time being, of the Reserve Bank or, if the Reserve Bank, in pursuance of the decision of the committee of the Central Board of Directors of that Bank, nominates any Deputy Governor for the purpose, the Deputy Governor so nominated, who shall be the Chairman of the Board;

(b) a Deputy Governor or any other officer of the Reserve Bank nominated by that bank;

(c) an officer of the Central Government nominated by that Government;

(d) five directors nominated by the Central Government in consultation with the Reserve Bank, three of whom shall be persons having special knowledge of commercial banking, insurance, commerce, industry or finance and two of whom shall be persons having special knowledge of; or experience in, co-operative banking or co-operative movement, and none of directors shall be an officer of Government or of the Reserve Bank or an officer or other employee of the Corporation or a director, an officer or other employee of a banking company or a co-operative bank or otherwise actively connected with a banking company or a co-operative bank.

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

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

(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 and thereafter until his successor assumes office, and shall be eligible for renomination;

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

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(3) A person shall not be capable of being nominated as a director under clause (d) 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.

(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 become vacant.

7. (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. (1) The Board may constitute an Executive Committee consisting of such number of directors as may be prescribed.

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- (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. 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 of 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) or clause (c) of sub-section (1) of section 6.

CHAPTER III

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

10. 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. 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 Banking Regulation Act, 1949.
- 11A. The Corporation shall register every Regional Rural Bank before the expiry of thirty days from the date of its establishment.
12. 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 being company 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 of the application for its winding up.

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13. (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 the Banking Regulation Act, 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 the Banking Regulation Act, 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 been amalgamated with any other banking institution.

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

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

13A. (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 cooperative bank as an insured bank before the expiry of thirty days next following the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968;

(b) the Corporation shall register as an insured bank -

(i) every new co-operative bank (other than a primary

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credit society becoming a primary co-operative bank after the commencement of the Deposit Insurance Corporation (Amendment) Act, 1968 as soon as may be after it is granted a licence under section 22 of the Banking Regulation Act, 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;

(iii) every co-operative bank which has come into existence after the commencement of the Deposit Insurance Corporation (Amendment) Act, 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 two or more co-operative societies carrying on banking business, at the commencement of the Banking Laws (Application to Co-operative Societies) Act, 1965, or at any time thereafter, 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.

13B. Every co-operative bank, being a defunct co-operative bank at the commencement of the Deposit Insurance Corporation (Amendment) of defunct Act, 1968 by reason of sub-clause (vii) or sub-clause (viii) of clause (ff) co-operative of section 2 shall, unless it becomes a defunct cooperative 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, or having applied for such licence in accordance with that section, has not been informed by notice in writing by the Reserve to of 1949 Bank that a licence cannot be granted to it.

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

(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, or a license under that section cannot be granted to it, or

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

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(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, 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. (1) Where the Corporation has registered any 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 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. (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, 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 paise 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.

Provided further that where the registration of any insured bank is cancelled under section 13, or under section 13C such cancellation shall not affect the liability of that bank

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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 not exceeding eight per cent over and above the bank rate, as may be prescribed.

15A. (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. (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) of sub-section (1) of section (13) 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 depositor 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 interest 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.

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

(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 to 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 bank 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

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. (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 least possible delay and in any case not later than three months from winding up 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.

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

(2) Before the expiry of two months from the receipt of such list from the liquidator, the Corporation shall pay 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.

(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. (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.

19. Any amount paid by the Corporation under section 17 or section 18 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. Where any depositor to whom any payment is to be made in accordance with the provisions of section 17 or section 18 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.

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

21. (1) Where any amount has been paid under section 17 or section 18 or any provision therefore has been made under section 20, the Corporation shall furnish to the liquidator or to 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, such sum or sums as make up the amount paid or provided for by the Corporation in respect of that deposit.

CHAPTER III-A

CREDIT GUARANTEE FUNCTIONS

21.A (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 institutions from time to time and different rates may be 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 or installment credit and any guaranteed other than a performance guarantee, granted or issued in India by a credit institution at any of its offices in India.

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

- 21B. 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

22. The Corporation shall maintain three funds to be called respectively the Deposit Insurance Fund, the Credit Guarantee Fund and the General Fund.

23. (1) To the Deposit Insurance Fund shall be credited, -
- (a) all amounts received by the Corporation as premium;
 - (b) all amounts 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 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;
 - (c) to meet liability in respect of the amounts referred to in clause
 - (d) of sub-section (1); and 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.

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

23A. (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, and having its registered office at Mumbai;

(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

(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); and

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

24. All receipts of the Corporation other than those referred to in General Fund sub-section (1) of section 23 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) of section 23, or, as the case may be, sub-section (2) of section 23(A) shall be made out of that Fund.

25. All moneys belonging to the Deposit Insurance Fund or the Investment 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 Reserve Bank.

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

25A. Notwithstanding anything contained in this Act, the Board may

(a) transfer any amount from the Deposit Insurance Fund Guarantee Fund or from the Credit Guarantee Fund to the Deposit 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 utilization, will be adequate to meet any probable claim on that Fund.

26. (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 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.

27. 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. (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 or such other date in each year as the Central Government may, by notification in the Official Gazette, specify;

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 provisions 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.

29. (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, 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.

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(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 access 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.

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

(2) Notwithstanding anything contained in the Income-tax Act 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 11 of the Deposit Insurance Corporation (Amendment and Miscellaneous Provisions) Act, 1978, comes into force and for that accounting year and eight accounting years following that year.

31. After making provision for all its liabilities and for all other matters for which provision is necessary or expedient, including any contribution to the staff and superannuation funds, the Corporation shall transfer the balance, if any, or 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.

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32. (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 as soon as may be after they are received before each House of Parliament.

CHAPTER V

MISCELLANEOUS

33. (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. (1) Notwithstanding anything contained in the Banking Regulation Act, 1949, or any other law for the time being in force the Corporation may at any time direct an insured bank 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 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. (1) The Corporation shall have free access to all such records of an insured bank or a credit institution, perusal whereof may appear to the Corporation to be necessary for the discharge of its functions under this Act.

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

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36. (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 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, 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 the Banking Regulation Act, 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, Reserve Bank shall furnish a copy of its report to the Corporation and 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. The Corporation shall, on a request in writing from the Reserve Bank, furnish to it within such time as may be specified by the Reserve Bank, such statements 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.

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

39. (1) Every director, auditor, officer or other employee of the Corporation or an employee of the Reserve Bank whose services are utilized 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.

(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.

40. (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.

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(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. (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. No suit or 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 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. Nothing in the Companies Act, 1956 or the Insurance Act, 1938, 1956 and shall apply to the Corporation.

44. (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.

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45. 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 direction relates to a matter of policy involving public interest, the decision of the Central Government thereon shall be final.

46. 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 be final.

47. (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.

(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 punishable with a fine which may extend to two thousand rupees in respect of each offence and in the case of a continuing failure, with an additional fine which may extend to one hundred rupees for every day during which the failure continues after conviction for the first such failure.

48. (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, -

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

(a) "company" means any body corporate and includes, 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 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.

49. (1) Notwithstanding anything contained in the Code of and trial of Criminal Procedure, 1973, 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, 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 proceedings, direct the personal attendance of the complainant.

50. (1) The Board may, with the previous approval of the Reserve Bank, 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;

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(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.

(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. The enactments specified in the Second Schedule to this Act shall be amended in the manner provided therein.

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 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 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 documents belonging to or in the possession of the 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)

Signed before me:

THE SECOND SCHEDULE

(see Section 51)

Amendment of certain enactments

PART I

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT, 1934

(2 of 1934)

Amendments

1. In section 3, after clause (bb), insert the following clause, namely

(bbb) "Deposit Insurance Corporation" means the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961."

The Deposit Insurance and Credit Guarantee Corporation Act, 1961

2. In section 17, -

(a) after clause (4C), insert the following clause, namely :

"(4D) the making to the Deposit Insurance Corporation of loans and advances; and generally assisting the Corporation in such manner and on such terms as may be determined by the Central Board".

(b) in clause (8A), after "the capital of", insert "the Deposit Insurance Corporation".

PART II

AMENDMENTS TO THE BANKING REGULATION ACT, 1949

(10 of 1949)

Amendments

1. In section 5, after clause (f), insert the following clause, namely :-

(ff) "Deposit Insurance Corporation" means the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961 ".

2. In section 43A,

(i) in sub-section (6), for "the forgoing provisions", substitute "the provisions of this section";

(ii) After sub-section (8), insert the following sub-sections, namely:—

(9) Nothing contained in sub-sections (2), (3), (4), (7) and (8) shall apply to a banking company in respect of the depositors of which the Deposit Insurance Corporation is liable under section 16 of the Deposit Insurance Corporation Act, 1961.

(10) After preferential payments referred to in sub-section (1), have been made or adequate provision has been made in respect thereof, the remaining assets of the banking company referred to in sub-section (9) available for payment to general creditors shall be utilised for payment on pro-rata basis of the debts of the general creditors and of the sums due to the depositors

Provided that where any amount in respect of any deposit is to be paid by the liquidator to the Deposit Insurance Corporation under section 21 of the Deposit Insurance Corporation Act, 1961, only the balance, if any, left after making the said payment shall be payable to the depositor".

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PART III

AMENDMENTS TO THE INDUSTRIAL DISPUTES ACT, 1947

(14 of 1947)

In section 2, in sub-clause (i) of clause (a), after "to an industrial dispute concerning" insert " the Deposit Insurance Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961, or".

For private circulation only

**THE DEPOSIT INSURANCE AND CREDIT
GUARANTEE CORPORATION GENERAL
REGULATIONS, 1961**

(As modified upto Sept. 1996)

**DEPOSIT INSURANCE AND CREDIT GUARANTEE
CORPORATION GENERAL REGULATIONS, 1961**

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23. Mode of payments to the Corporation.

THE SCHEDULE

Form A - Form of Balance Sheet of the Deposit Insurance Fund, Credit Guarantee Fund and the General Fund.

Form B - Form of Revenue Account of the Deposit Insurance Fund, Credit Guarantee Fund and the General Fund.

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

GENERAL REGULATIONS, 1961

In exercise of the powers conferred by sub-section (3) of section 50 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (No. 47 of 1961) the Reserve Bank of India is pleased to make the following regulations, namely—

CHAPTER I

INTRODUCTORY

1. These Regulations may be called the Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961.
2. In the Regulations, unless there is anything repugnant in the subject or context, - .
 - (a) "The Act" means the Deposit Insurance and Credit Guarantee Corporation Act, 1961;
 - (b) "Director" means Director of the Deposit Insurance and Credit Guarantee Corporation;
 - (c) Other expressions used and not defined in these Regulations but used in the Act have the meaning respectively assigned to them in the Act.

CHAPTER 11

OBLIGATIONS OF DIRECTORS

3. (i) Every director who is directly or indirectly concerned or interested in any contract or arrangement entered into by or on behalf of the Corporation shall disclose the nature of his interest at the meeting of the Board at which the contract or arrangement is determined on, if his interest then exists, or in any other case at the next meeting of the Board after the acquisition of his interest or the making of the contract or arrangement.
 - (ii) No director shall vote on any contract or arrangement in which he is directly or indirectly concerned or interested and if he does his vote shall not be counted.
4. A director nominated under clause (d) or under clause (e) of sub-section (1) of section 6 of the Act shall, as soon as may be, inform the Board when he becomes subject to any of the disqualifications set out in the Act.
5. The Board shall forthwith inform the Central Government, if it comes to the notice of the Board, that any director has become subject to any of the disqualifications specified in section 6 of the Act.

CHAPTER III

MEETINGS OF THE BOARD AND COMMITTEES

6. (i) The Board shall ordinarily meet once a quarter in each year
- (ii) Meetings of the Board shall be convened by the Chairman and shall be ordinarily held at Bombay but if so directed by the Board, may be held at any other place in India.
- (iii) Ordinarily not less than one clear fortnight's notice shall be given of each meeting of the Board and such notice shall be sent to every director to his registered address. Should it be found necessary to convene an emergency meeting, sufficient notice shall be given to every director, who is at that time in India, to enable him to attend.
- (iv) No business other than that for which the meeting was convened shall be discussed at a meeting of the Board, except with the consent of the Chairman of the meeting and a majority of the directors present, unless one clear week's notice has been given of the same in writing to the Chairman.
- (v) Three directors of whom one shall be a director nominated under clause (d) or under clause (e) of sub-section (1) of section 6 shall form a quorum for the transaction of business.
- (vi) A copy of the proceedings of each meeting of the Board shall be circulated for the information of the Directors as soon as possible after the meeting and the minutes of each meeting shall be signed by the Chairman of that or the next succeeding meeting.

7. A resolution in writing circulated to all the directors in India and signed by a majority of such directors who are then in India, one of whom shall be the Chairman or a director nominated by the Reserve Bank, shall be valid and effectual and shall be deemed to be the resolution so passed by the Board on the date on which it is signed by the last signatory to the resolution.

Provided that if any dissenting director requires in writing that any resolution so passed shall be placed before a meeting of the Board, the resolution shall not be deemed to be valid and effectual as aforesaid, unless the same is passed at such meeting.

8. (i) The executive Committee of the Corporation shall consist of the Chairman and the director nominated under clause (b) of sub-section (1) of section 6 of the Act and one of the directors nominated either under clause (d) or under clauses (e) of sub-section (1) of section 6 of the Act as may be specified by the Board from time to time.

Provided that any director, who may be present in the town in which a meeting of the Executive Committee is held may attend such meeting and such director shall be deemed to be a member of the Executive Committee for the meeting which he so attends.

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(ii) The Executive Committee shall meet once in each quarter or at such other times at Bombay or at such other place as the Chairman may specify. Sufficient notice shall be given to the members of the Executive Committee to enable them to attend its meetings.

(iii) Any two of the directors referred to in sub-regulation.(i) above shall form a quorum for the transaction of business by the Executive Committee.

(iv) A resolution in writing and circulated to the three directors of the Executive Committee referred to in sub-regulation (i) and approved by any two of them shall be valid and effectual and shall be deemed to be the resolution passed by the Executive Committee on the date on which it is signed by the last signatory to the resolution.

(v) The provisions of the Act, and save as otherwise provided in the regulation, these regulations shall apply to the meetings of the Executive Committee as if they were meetings of the Board.

9. (i) The Board may appoint ad hoc Committees to assist the Corporation in the efficient discharge of its functions.

(ii) A person who is a member of an ad hoc Committee who is directly or indirectly interested in any contract or arrangement which comes up before such ad hoc Committee shall disclose the nature of his interest to the Board and to such ad hoc Committee and shall not be present at any meeting of the ad hoc Committee when such contract or arrangement is being discussed, unless his presence is required by the other members of the Committee for the purpose of eliciting information. When any member is so required to be present, he shall not vote on any such contract or arrangement and, if he does so, his vote shall not be counted.

(iii) Every member of an ad hoc Committee shall, before entering upon his duties, be required to sign a declaration of fidelity and secrecy on the lines of the form set out in the first schedule to the Act.

(iv) The quorum for a meeting of an ad hoc Committee shall be one-third of its strength (any fraction contained in that one-third being rounded off as one) or two members, whichever is higher.

(v) The provisions of the Act and save as otherwise provided in this Regulation, these Regulations shall apply to meetings of an ad hoc Committee as if they were meetings of the Board.

**CHAPTER IV
GENERAL PROVISIONS**

10. No advance shall be made to the Chairman or any officer or employee of the Corporation without the sanction of the Board.

Provided that sanction of the Board shall not be required for any advance given to the Chairman or any officer or other employee given in accordance with the rules framed by the Reserve Bank.

11. The Executive Committee shall have full powers to transact all the usual business of the Corporation except in such matters as are specifically reserved by the Act to the Central Government or the Board or by the Board to itself.

12 (1) Contracts on behalf of the Corporation may be made as follows:

(i) Any contract which, if made between private persons, would be by law required to be in writing, signed by the parties to be charged therewith, may be made on behalf of the Corporation in writing signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(ii) Any contract which, if made between private persons, would by law be valid although made by parole only and not reduced in writing, may be made by parole on behalf of the Corporation by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(2) All contracts made according to the provisions of this Regulation shall be effectual in law and shall bind the Corporation and all other parties thereto and their legal representatives

13. The Director nominated under clause (b) of sub-section (1) of section 6 of the Act and such officers of the Corporation as the Board may authorise in this behalf by notification in the Official Gazette are hereby severally empowered for and on behalf of the Corporation to endorse and transfer promissory notes, stock-receipts, stock debentures, shares, securities and documents of title to goods, standing in the name of or held by the Corporation, and to draw, accept and endorse bills of exchange and other instrument in the current and authorised business of the Corporation and to sign all other accounts, receipts and documents connected with such business.

14. Plaints, written statements, affidavits and all other documents connected with legal proceedings may be signed and verified on behalf of the Corporation by any officer empowered by or under Regulation 13 to sign documents for and on behalf of the Corporation.

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15. The Common Seal of the Corporation shall not be affixed to any instrument except in the presence of the Chairman or the director nominated under clause (b) of sub-section (1) of section 6 of the Act, who shall sign his name to the instrument in token of his presence, and such signing shall be independent of the signing of any person who may sign the instrument as a witness. Unless so signed as aforesaid such instrument shall be of no validity.

16. A notice may be served on the Corporation by leaving it or sending it by post to its Head Office.

17. (i) A Director nominated under clause (d) or under clause (e) of Sub-Section (1) of Section 6 of the Act shall receive a fee of Rs. 200/- for each Board meeting which he attends and a fee of Rs. 100/- for each Committee meeting which he attends.

ii) Members of a Committee shall receive a fee of Rs. 100/- for each Committee meeting. which they attend.

(iii) Directors and Members shall be reimbursed their travelling and halting expenses, if any, on such scale as may be fixed by the Board from time to time.

18. The annual accounts of the Corporation shall be prepared and set out in the following manner :-

(i) A balance sheet as at the end of each year in Form 'A' in the schedule to these Regulations showing the position of the Deposit Insurance Fund, the Credit Guarantee Fund and the General Fund separately.

(ii) A revenue account for the year set out in Form 'B' in the schedule to these Regulations showing the income and expenditure of the Deposit Insurance Fund, the Credit Guarantee Fund and the General Fund separately.

**CHAPTER V
INSURED BANKS**

19. (1) An insured bank shall pay to the Corporation premium at the rate notified by the Corporation from time to time for each of the half-yearly periods ending on the last day of June and December in every year. Such premium shall be paid initially in advance on the basis of the total deposits as at the close of the business on the last Friday of the preceding half-year or if that day be a public holiday under the Negotiable Instruments Act, 1881, the preceding working day. The advance payment towards the premium due in respect of each half-year shall be made as soon as possible after the commencement of the half-year but in any event not later than the last day of the first month of that half-year.

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Provided that where a bank is registered as an insured bank after the first day of a half-year, the first premium payable by such bank in respect of that half-year shall be an amount bearing to the premium, which would have been payable by that bank in respect of the half-year in which it was registered had it been registered at the commencement of such half-year, the same proportion as the number of days in that half-year from the date of such registration to the end of the half-year bears to the total number of days in that half-year, and such premium shall be paid within thirty days of the receipt by that bank of the intimation under section 14 of the Act.

Provided further .that in the case of a new banking company the premium payable by it in respect of the first half-year shall be arrived at on the basis of one half of the maximum estimated deposits mentioned by such new banking company in its application to the Reserve Bank for a licence to commence banking business under section 22 of the Banking Regulation Act, 1949.

(2) The actual premium payable by an insured bank in respect of a half-year shall be determined on the basis of its total deposits as on the last Friday of that half-year.

Provided that where the registration of an insured bank has been cancelled, the actual premium payable by such bank in respect of the period in a half-year upto the date of such cancellation shall be determined on the basis of the deposits outstanding on the date of cancellation of its registration as an insured bank.

Provided further that if the actual premium payable in respect of an insured bank for, any half-year is found to be greater or less than the advance premium paid by it for that half-year, the difference shall be adjusted at the time of payment of advance premium for the next succeeding half-year.

(3) Every insured bank shall, as soon as possible after the commencement of each calender half-year but in any event not later than the last day of the first month of that half-year, furnish to the Corporation a statement, in duplicate, duly certified as correct by two officials authorised by it, in such form as may be specified by the Corporation showing the basis on which the premium payable by that bank has been calculated and the amount of premium payable by that bank to the Corporation for that half-year.

Provided that if any insured bank is not able, on account of circumstances beyond its control, to determine the figure of its total deposits referred in sub-regulation (1), it may provisionally calculate the amount of premium payable by it to the Corporation on the basis of its total deposits as at the close of business on the penultimate Friday of the preceding halfyear or if that day is a public holiday under the Negotiable Instruments Act, 1881, the preceding working day and pay the half-yearly premium

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payable by it accordingly subject to adjustment, if any, being made on the figure of its total deposits referred to in sub-regulation (1) as soon as possible thereafter but in any event not later than such date as may be specified by the Corporation from time to time.

(4) If at anytime after payment of the premium payable to the Corporation for any period it is found that the insured bank has paid a sum less than the sum payable by it either on account of an error in the calculation made by it or on account of an error in the figures furnished by it or otherwise, the insured bank shall be liable to pay immediately to the Corporation such additional sum as may be due on account of the error in calculation or in the figures or otherwise, with interest, if any, payable under Regulation 20.

20. If an insured bank does not pay on or before the stipulated date the premium payable by it, or any portion thereof it shall be liable to pay interest on the amount of premium payable by it or on the unpaid portion thereof, as the case may be, at 8% above the Bank Rate from the beginning of the calendar half year till the date of payment.

21. The Corporation may at any time waive any payment due to it by way of interest on such conditions and for such period or the as it may deem fit.

22. The amounts repayable to the Corporation under sub-section (2) of section 21 of the Act shall be paid from time to time by, -

(a) the liquidator as soon as the realisations and other amounts in his hands, after making provision for expenses payable by that time, are sufficient to enable him to declare a dividend of not less than one paisa in the Rupee to each depositor.

(b) the insured bank or the transferee bank, as the case may be, as soon as the realisations and other amounts in its hands, after making provision for expenses payable by that time in respect of such realisations or other amounts in its hands are sufficient to enable it after the date of coming into force of the scheme referred to in section 18 of the Act, to pay or credit in respect of each depositor a sum not less than one paisa in the Rupee.

23. Any amount payable to the Corporation on account of premium or interest or otherwise may be paid into the Reserve Bank of India, Bombay or remitted to the Corporation by crossed cheque, crossed demand draft or telegraphic transfer in favour of the Corporation and payable at Bombay and drawn on the Reserve Bank of India, Bombay or an office in Bombay of an insured bank.

DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION

(Established under the Deposit Insurance and Credit Guarantee Corporation Ad, 1961) - (Regulation 18 - Form 'A)

Balance Sheet as at the Close of business on the 31st March

1. DEPOSIT INSURANCE FUND AND CREDIT GUARANTEE FUND

<u>Previous Year</u>		LIABILITIES		<u>Previous Year</u>		ASSETS	
Deposit	Credit	Deposit	Credit	Deposit	Credit	Deposit	Credit
Insur- ance Fund Rs. in lakhs	Guaran- tee Fund Rs. in lakhs	Insur- ance Fund Rs. in lakhs	Guaran- tee Fund Rs. In lakhs	Insur- ance Fund Rs In lakhs	Guaran- tee Fund Rs. In lakhs	Insur- ance Fund Rs. In lakhs	Guaran- tee Fund Rs. In lakhs
...	...	1. Fund:				1. Balance with the Reserve of	
		Balance at the beginning of the year	...	...	...	India	...
		Add: Net accretion to the Fund			...	2. Cash in Transit	...
		during the year transferred from the					
		Revenue Account	...	...		3. Investments in Central Govern-	
		Deduct: Deficit during the year				mentSecurities (At cost)	
		transferred from the Revenue	...	...		Deposit	Credit
		Account				Insur-	Guaran-
		Balance at the end of the year	...	...		ance	tee
		2. Investment Reserve:				Fund	Fund
		Balance at the beginning of the year	...	...	Face Value	...	...
		Less: Loss on sale of investments	...	...	Market Value	...	...
		Add: Amount provided for during					
		the year	...	...	4. Interest accrued on investments	...	...
		Balance at the end of the year	...	...	5. Advance to the Deposit Insurance		
		3. Advance from the Reserve Bank of			Fund/Credit Guantee Fund		
		India (Section 26 of the Deposit			(Section 25A of the Deposit Insur-		
		Insurance and Credit Guarantee			ance and Credit Guarantee Corpo-		
		Corporation Act, 1961)	...	...	ration Act, (1961)	...	...