

DEPOSIT INSURANCE



What is Deposit Insurance

Insurance

- It is a measure of protection to depositors, particularly small depositors, from the risk of loss of their savings arising from bank failures.
- Maximum deposit amount insured is ₹ 5,00,000 for both principal and interest amount

Deposit Insurance and Credit Guarantee Corporation (DICGC) is an organization formed under the DICGC Act, by RBI to insure the bank's deposits. All Commercial banks including branches of foreign banks functioning in India, Local Area Banks, RRBs, Co-operative banks are insured under this.

OBJECTIVES

- ❖ To increase the confidence of the depositors in the banking system and facilitate the mobilization of deposits to accelerate growth & development
- ❖ To give depositors prompt access to their insured deposits when a bank is liquidated.
- ❖ To avoid panic and to promote greater stability and growth of the banking system

INSURED DEPOSITS

DICGC insured deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits

- ✓ Deposits of Central/State/Foreign Govt;
- ✓ Inter-bank deposits;
- ✓ Deposits of the State Land Development Banks with the State Co-operative bank;
- ✓ Any amount due on account of any deposit received outside India
- ✓ Any amount, which has been specifically exempted by the corporation with the previous approval of RBI

CURRENT SCENARIO

In 1962, 287 banks were registered as insured banks, this number has gone up to 1,997 as of end March 31, 2024

NEW CHALLENGES

Availability of round the clock banking services & increasing influence of social media