

CORPORATE PROFILE

OBJECTS & PURPOSE

The Deposit Insurance Corporation was established by an Act of Parliament on 1 January 1962. With effect from 15 July 1978, it took over the undertaking of the Credit Guarantee Corporation of India Limited, a public limited company promoted by Reserve Bank of India on 14 January 1971 with a view to integrating the twin and cognate functions of giving insurance protection to small depositors in banks and providing guarantee cover to credit facilities extended to certain categories of small borrowers particularly those belonging to the weaker sections of the society. With the integration of the two organisations, the Corporation was renamed as the Deposit Insurance and Credit Guarantee Corporation. From 1 April 1981, it extended its guarantee support to credit granted to small scale industries also, after cancellation of Government of India's scheme in that behalf.

The Corporation's twin objectives are to provide for the benefit of depositors in banks, insurance against the loss of all or part of their deposits in all branches of a bank to a maximum of Rs.1,00,000 and to provide guarantee support to credit extended by participating institutions viz., commercial banks (including regional rural banks), co-operative banks, state financial corporations and other term lending institutions. Till 31 March 1989, the guarantee support covered certain categories of small borrowers and small scale industries. Effective from 1 April 1989, guarantee cover is extended to entire priority sector (as per Reserve Bank's definition)

advances. Since 1990-91, certain categories of priority sector advances which are guaranteed by Central/State Governments, ECGC etc., have been excluded from guarantee cover.

The Corporation maintains two separate funds viz., Deposit Insurance Fund and Credit Guarantee Fund. They are funded by the premia and guarantee fees received and are utilised exclusively for meeting the respective claims. Besides, one more fund called General Fund, is maintained in which the capital of the Corporation is held and the staff establishment and administrative expenses are met from the investment income out of this fund. The Corporation was granted exemption from payment of income tax till 31 December 1986.

The authorised capital of the Corporation is Rs. 50 crore which is entirely issued and subscribed by Reserve Bank of India.

The management of the Corporation vests in a Board of Directors of which a Deputy Governor, Reserve bank of India, is the Chairman. The Board is advised by a Claims Committee and an Investment Committee headed by the Reserve Bank's Nominee Director on the Board of the Corporation.

The Head Office of the Corporation is at Mumbai. It has four branches at Calcutta, Chennai, Nagpur and New Delhi. The Corporation has no subsidiaries or affiliates.