



निक्षेप बीमा और प्रत्यय गारंटी निगम
DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION
(भारतीय रिज़र्व बैंक की संपूर्ण स्वामित्ववाली सहयोग
A wholly owned subsidiary of Reserve Bank of India)

www.dicgc.org.in

February 3, 2004

No. DICGC/DID/341/05.03.01.01/2003-04 August 11, 2003

The Chief Executive Officers
of all insured banks.

Dear Sir,

Change in periodicity for payment of deposit insurance
Premium - revised procedure

Please refer to our circular letter No. DICGC/DID/315/05.03.01.01/2003-2004 dated July 22, 2003 on the captioned subject. We enclose herewith, a copy of the Notification forwarded by the Corporation to Government of India for publication in the Official Gazette notifying amendments to Regulation 19 and 20 of the Deposit Insurance & Credit Guarantee Corporation General Regulations, 1961. The amendments have been duly approved by the Reserve Bank of India and the Board of Directors of the Corporation. The amendments shall come into force with effect from 1st October 2003.

2. The aforesaid amendments have been made to simplify the existing procedure for payment of deposit insurance premium. Consequent on the above amendments, the following changes in the procedure for payment of deposit insurance premium have been made.

(i) the half yearly periods for payment of deposit premium have been changed from January-June & July-December to April-September & October-March respectively to coincide with the half-yearly and yearly closing of accounts of the insured banks. Accordingly, the insured banks are required to pay deposit insurance premium in advance for half years April-September and October-March instead of January-June and July-December as at present.

(ii) The premium is to be paid on the total deposits as at the close of business on the last working day of the preceding half-year instead of last Friday of the preceding half year i.e. for payment of premium in advance for the half-year April-September and October-March, the premium should be calculated on the total deposits as at the close of business on the last working day of relative preceding half year i.e. March & September respectively.

(iii) The advance premium for the respective half year shall be paid within two months from the beginning of the half year i.e. the premium for the half years April-September and October-March shall be paid as soon as possible after the commencement of the



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half year but in any event not later than the last day of the second month of the relative half year i.e. May and November respectively.

(iv) As the second proviso to sub-regulation (2) of Regulation 19 has been deleted, the insured banks need not pay the difference by way of adjustment of the advance premium paid at the beginning of the half year and the actual premium payable for that half year. However, 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,

(v) The revised format of DI-01 Return to be submitted by the banks while paying premium in advance under the revised procedure from the half year October 2003-March 2004 is enclosed.

3. As you are aware, under the existing system, the advance premium due for half year July-December, 2003 is to be paid latest by 31st July 2003. Since the above revised procedure shall come into force with effect from 1st October 2003, all the insured banks have already been advised vide our letter No.DICGC/DID/315/05.03.01.01/2003-04 dated 22th July 2003 to pay the advance premium for the period July-September 2003 (i.e for three months only).

4. The premium for the revised period of three months viz. July-September 2003 is to be remitted along with the adjustment for the half year January-June, 2003 i.e. difference between the advance premium due in January 2003 (on the basis of total deposits as at the close of business on the last Friday of the preceding half year i.e December 2002) and the actual premium payable for January-June (on the basis of the total deposits as at the close of business on the last Friday of June, 2003) not later than 31st July 2003.

5. However, in case your bank has already remitted the advance deposit insurance premium for the half year July-December 2003 under the existing procedure, the same will be appropriated towards the premium dues for the intervening period of July-September 2003 along with adjustment factor and the balance available if any will be adjusted towards premium for the subsequent half year October 2003-March 2004 under the new procedure.

6. Please note that the revised procedure for payment of deposit insurance premium shall come into force from 1st October 2003. Under the revised procedure all insured banks are allowed to pay the premium in advance within two months from the beginning of the half-year as against within one month under the old procedure. Moreover, the insured banks need not calculate and pay the adjustment in the premium paid in advance and the actual premium payable for that half year. All insured banks are



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therefore advised that they should pay the premium dues for the respective half year within the time schedule prescribed above.

Yours faithfully,
Anand Sinha
Chief General Manager