



निक्षेप बीमा और प्रत्यय गारंटी निगम
DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION
Since 1961 भारतीय रिज़र्व बैंक के संपूर्ण स्वामित्व वाली सहयोगी (Wholly owned subsidiary of the Reserve Bank of India)

www.dicgc.org.in



DICGC/2024-25/

No. RMC/S2299/11.02.997/2024-25

January 30, 2025

All Liquidated banks

Dear Sir /Madam,

**Comprehensive Guidelines for Liquidators of Urban Cooperative Banks-
Repayment of DICGC dues.**

As you are aware, the Deposit Insurance and Credit Guarantee Corporation (DICGC), (hereinafter referred to as the 'Corporation' or 'DICGC'), has issued various guidelines regarding the repayment of claims settled for liquidated Urban Cooperative Banks (UCBs). When UCBs are placed under liquidation by the Central Registrar of Cooperative Societies (CRCS) or the Registrar of Cooperative Societies (RCS), the appointed liquidators are also required to perform their duties in accordance with the provisions of Deposit Insurance and Credit Guarantee Corporation Act, 1961 (hereinafter referred to as 'DICGC Act'), and the Deposit Insurance and Credit Guarantee Corporation General Regulations, 1961 (hereinafter referred to as 'DICGC General Regulations') issue thereunder. The aim of the guidelines was to consolidate all request made to RCS/CRCS, provisions, and judicial interpretations in one place to improve clarity, enhance compliance, and facilitate a better understanding of recovery requirements among liquidators.

2. Payment to other Creditors:

The liquidators of the bank should not pay to any creditor, including large depositors, until the repayment to the Corporation is fully completed as per Section 21 of DICGC Act.

2.1. The Hon'ble Supreme Court of India in the case of *DICGC vs. Ragupathi Ragavan & Ors.*, AIR 2015 SC 3070 has recognised the priority of Corporation to

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दूरभाष : 022-23028000 फेक्स: 022-23018165 ई-मेल : dicgc@rbi.org.in

OFFICE: Reserve Bank of India Building, Second Floor, Opp. Mumbai Central Railway Station, Post Box No.4571, Mumbai Central, Mumbai-400 008

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receive repayment from the liquidators under Section 21 of the DICGC Act. The apex court has also clarified in the said judgment that there shall not be any other preferential creditor who would be getting any amount from the liquidator till the amount payable under section 21 of the DICGC Act is paid to the Corporation. Therefore, the official liquidator of the bank concerned shall not make any payment to any other creditors of the bank including the depositors with claims above insured sum (presently ₹5 lakh) in same right and same capacity, until insured sums paid by the Corporation to depositors have not been repaid in full.

2.2 Also, the payments to the ex-employees and any other payment other than that mentioned in the License Cancellation Order by Reserve Bank of India (hereinafter referred to as 'RBI') may be made only after the repayment to DICGC is completed.

2.3 If any payment is made in violation of the above statutory provisions, DICGC may take appropriate action, including legal measures.

3. Transfer of liquid funds:

The liquidators of the bank should immediately transfer the available liquid funds to DICGC as per Regulation 22 of the DICGC Act.

3.1 In terms of the Regulation 22 of the DICGC General Regulations, the Official Liquidators shall transfer the available liquid funds immediately to DICGC after deducting reasonable liquidation expenses. The provision for future expenses must be realistic, and cost-saving measures should be implemented by optimizing staff and shutting down non-essential branches (if any). The liquid funds include cash, bank balances including Fixed Deposits/Recurring Deposit/Savings/Current account, government securities etc.

3.2 Any holding of government securities by the liquidated bank may be immediately liquidated. The liquidator may transfer the Central Government securities transferred directly to DICGC under purchase/sale agreements (value free transfer) at prevailing market rates published by Financial Benchmarks India Private Limited (FBIL).

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DICGC vide circular no. **DICGC/RMC/335/11.02.997/2018-19 dated May 07, 2018**, on 'Recovery from Liquid Funds by DICGC of claims settled to Insured Depositors' (Annex A) has requested RCS/CRCS to issue necessary instructions to all liquidators to approach the DICGC with offer of sale of securities held in the books of liquidated banks without any further delay.

3.3 State Government securities must be liquidated by liquidators immediately and the proceeds must be transferred to DICGC forthwith.

4. Accounts to be opened/opened in the name of the liquidators:

The liquidators of the bank should avoid opening any savings/current/Fixed Deposit account without the permission of the CRCS/RCS and DICGC as per DICGC guidelines dated July 30, 2020 (DICGC/RMC/266/11.02.997/2020-21)

The liquidators are expected to make repayment out of liquid funds generated through recoveries/sale of assets, etc. to the DICGC on a priority which is being monitored by DICGC/RBI through quarterly returns. It has come to the notice of DICGC that liquidators, instead of making repayments to DICGC had opened FD/Current accounts without obtaining permissions from the RCS/DICGC and the purpose of opening such accounts was also not clear. Incidents of frauds in the FD/Current accounts opened by the Liquidators with other banks were observed, and large amounts were reported to have been siphoned off by the culprits through the fake FD receipts/Current accounts opened by the Liquidators. In this regard, DICGC vide circular no. **DICGC/RMC/266/11.02.997/2020-21 dated July 30, 2020** on 'Fraud in accounts opened in name of liquidators of banks under liquidation-Instructions regarding opening of account' (Annex B) has requested the RCS/ CRCS to examine the issue and advise all the liquidators falling under their jurisdiction to not open any savings/current/FD accounts without the permission of the CRCS or RCS, as the case may be, and 'No Objection certificate' ('NOC') from DICGC. Liquidators are therefore informed that while applying for NOC from DICGC, the purpose of opening such accounts, may be clearly stated in the application for NOC.

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Further, the liquidator may periodically verify their investments/FD accounts (opened after obtaining necessary approval as aforesaid) with the bank concerned and obtain balance confirmation.

5. Submission of the Statement:

The liquidators must submit the required statements to DICGC in a timely manner, ensuring the accuracy and integrity of the data provided, as per Section 34 of the DICGC Act.

5.1 Liquidators shall submit Quarterly Statements **(in the format is enclosed as Annex C)** to DICGC within 15 days after the end of each quarter. The quarterly statement has since been revised and includes information pertaining to both immovable and movable assets.

5.2 Additionally, Liquidators must submit a balance confirmation certificate annually, certifying the balances as of March 31st of each financial year, to DICGC by December 31st after the end of the financial year.

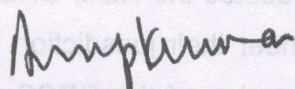
6. Liquidation Process:

Every effort is to be made for completing liquidation process at the earliest.

Liquidators should expedite the liquidation process while adhering to the applicable laws. Regular repayments to DICGC from liquid funds must continue until the liabilities of the Corporation are fully extinguished/ reimbursed. The process of asset sale should be completed promptly to prevent depreciation or deterioration of any immovable or movable assets, mortgaged or hypothecated with the liquidated banks.

8. Please acknowledge receipt.

Yours faithfully



(Anup Kumar)
Chief General Manager

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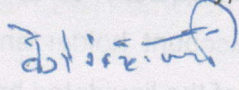
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May 7, 2018

सहकारी समितियों के सहकारिता पंजीयक के आयुक्त	The Commissioner for Co-operation Registrar of Cooperative Societies
महोदय,	Dear Sir
बीमाकृत जमाकर्ताओं के निपटान किए गए दावों की तरल निधि में से डीआईसीजीसी द्वारा वसूली	<u>Recovery from Liquid Funds by DICGC of claims settled to Insured Depositors</u>
<p>कृपया निपटाए गए दावों पर तरल निधि में से डीआईसीजीसी को भुगतान की प्रक्रिया पर डीआईसीजीसी अधिनियम की धारा 21 देखें। वर्तमान में तरल निधि की निगरानी, परिसंपत्तियों और देनदारियों की विवरणियों, जमाकर्ताओं को भुगतान की निगरानी आरसीएस, डीआईसीजीसी और आरबीआई के क्षेत्रीय कार्यालयों (डीसीबीएस) में त्रैमासिक विवरणियों के माध्यम से की जाती है। परिसमापक को बैंक की सभी आस्तियों को, सम्पत्तियों को, प्रभावों और कार्रवाई योग्य दावों को अपनी अभिरक्षा और नियंत्रण में लेने का और उन्हें बेचने का अधिकार है। दावे के निपटारे के बाद भी, कुछ परिसमापक सरकारी प्रतिभूतियों को परिसमाप्त बैंकों के बही खातों में रखते हैं क्योंकि वे उनका परिसमापन करने की स्थिति में नहीं हैं जिस का कारण है i) या तो इन प्रतिभूतियों में बाज़ार की तरलता की कमी है , ii) या फिर प्रतिभूतियां जिस गील्ट खाता धारक संस्था के सीएसजीएल खाते में है उसकी सहमति की आवश्यकता है। इसके परिणामस्वरूप बीमाकृत जमाकर्ताओं को भुगतान में देरी होती है (जब तरल</p>	<p>Please refer to Sec 21 of the DICGC Act on the procedure for repayment to DICGC from liquid funds on the claims settled. Monitoring of the Liquid Funds, Statement of Assets and Liabilities, Payment to Depositors is presently monitored through Quarterly Statements by the RCS, DICGC and Regional Offices of RBI (DCBS). The liquidator have powers to take into his custody or control all assets, property, effects and actionable claims of the bank and to sell them. Even after the claim is settled, some liquidators continue to hold Government Securities in the books of the liquidated banks as they are not in a position to liquidate them as i) either these securities lack market liquidity or ii) the consent of the Gilt account holder entity holding the securities of the liquidated bank in their CSGL A/c is required. This results</p>



<p>निधि से दावों का निपटारा किया जाता है) और डीआईसीजीसी को चुकौती में भी देरी होती है।</p>	<p>in delay in payments to insured depositors (when claims are settled from liquid funds) and also delay in repayment to DICGC.</p>
<p>डीआईसीजीसी ने उक्त प्रतिभूतियाँ सीधे परिसमापक से खरीदने का निर्णय लिया है और राशि को डीआईसीजीसी की वसूली के रूप में जमा करने या परिसमापक द्वारा कभी भी संपर्क किए जाने पर नियमित रूप से तरलता के निधियन (दावों के निपटान के लिए) के रूप में जमा करने का निर्णय लिया है। डीआईसीजीसी द्वारा दी गई खरीद दरें, FBIL (फिनन्शियल बेंचमार्क्स इंडिया प्रा लिमिटेड) दिशानिर्देशों के अनुसार मौजूदा बाजार की कीमतों से संबंधित होंगी। सरकारी प्रतिभूतियों के मूल्यांकन पर, भारतीय रिज़र्व बैंक द्वारा 1 जुलाई, 2015 के मास्टर परिपत्र के माध्यम से तथा एफआईएमएडीए द्वारा 31 मार्च, 2018 के पत्र एफआईएमसीआईआर/ 2017-18/ 034 के माध्यम से निर्धारित प्रक्रिया का डीआईसीजीसी द्वारा अनुपालन किया जाएगा। आवश्यक निगरानी तिमाही विवरणियों के माध्यम से की जाएगी।</p>	<p>DICGC has decided to purchase these securities directly from liquidators and credit the amount either as recovery for DICGC or to fund the liquidity (for settling claims) on a regular basis as and when approached by the liquidator. The purchase rates offered by DICGC will be as per prevailing market prices published by FBIL (Financial Benchmarks India Pvt. Limited). The procedure prescribed by RBI through its Master Circular dated July 1, 2015 on valuation of Government Securities and that by FIMMDA through their letter FIMCIR/2017-18/034 dated March 31, 2018 shall be followed by DICGC. Necessary monitoring will be done through the Quarterly Statements.</p>
<p>आरसीएस से अनुरोध है कि, बिना अधिक विलंब किए परिसमापकों को आवश्यक निर्देश जारी करें कि वे परिसमापित बैंकों के खाते में रखी प्रतिभूतियों के विक्रय के प्रस्ताव के साथ डीआईसीजीसी से संपर्क करें।</p>	<p>RCS is requested to issue necessary instructions to all liquidators to approach the DICGC with offer for sale of securities held in the books of liquidated banks, without any further delay.</p>
<p>भवदीय/ Yours faithfully,  (वी चलपती/ V Chalapathy) महाप्रबंधक/ General Manager</p>	<p></p>





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Ref DICGC.RMC No/ 266 /11.02.997/2020-21

July 30, 2020

The Central Registrar of the Cooperative Societies (CRCS)
The Registrar of the Cooperative Societies (RCS)
All States

Dear Sir,

**Fraud in accounts opened in name of Liquidators of banks under Liquidation-
Instructions regarding opening of account**

As you are aware that the Liquidators appointed for the Urban Cooperative Banks placed under liquidation by the CRCS/RCS, discharges their duties as per the provisions of the DICGC Act. DICGC has been disbursing claims as per sanctions through a nationalized bank for smooth disbursement of insured deposits to the beneficiary's bank accounts. The liquidators are expected to make repayment out of liquid funds generated through recoveries/sale of assets, etc. to the DICGC on a priority which is being monitored by DICGC/RBI through quarterly returns. The Liquidator is expected to complete the liquidation process as per the Act provisions.

2. Recently, we have come across with two incidents of frauds in the FD/Current accounts opened by the Liquidators with the two Public Sector Banks (PSBs). Large amounts reported to have been siphoned off by the culprits through the fake FD receipts/Current accounts opened by the Liquidators. The Liquidators, instead of making repayments to DICGC had opened FD/Current accounts without obtaining permissions from the RCS/DICGC and purpose of opening such accounts was also not clear. In the circumstances, the role of liquidators needs to be monitored vigilantly to ensure that the funds generated through the recoveries/sale of assets are adequately protected and liquidation process is completed after making full repayment to DICGC.

3. In view of the above, the Office of the RCS/CRCS is requested to examine the issue and advise all the liquidators falling under the jurisdiction to not to open any savings/current/FD account without the permission of the RCS/NOC from DICGC. The Liquidators may also be advised to periodically verify their FDs/Investments with the banks concerned and obtain balance confirmation. The Liquidators may also be advised to submit a Trial Balance as on March 31, every year to DICGC with a certificate of balances confirmations.

4. We request the CRCS/RCS to kindly issue suitable instructions to all the liquidators in the matter, with a copy endorsed to us.

Yours faithfully,

(D.K. Nalband)
Deputy General Manager



Statement I: Statement of liabilities and assets

Name of the Bank	
As on	
Amount	In lakhs

A. Liabilities	Amount (In lakhs)
1. Balance due to the DICGC	
2. Balance due to the depositors	
3. Sharecapital & Reserves	
Other liabilities (to be specified)	
i.	
ii.	
iii.	
iv.	
v.	
TOTAL	

B. Assets	Amount (In lakhs)
1. Excess of receipts over disbursements	
2. Advances	
i. Secured	
ii. Unsecured	
iii. Decreed	
3. Investments in Government & other Trustee Securities	
i. Central Government	
ii. State Government	
4. Cash & Bank Balance	
5. Assets acquired in satisfaction of claims	
6. Other Assets	
i.	
ii.	
iii.	
iv.	
TOTAL	



Statement II: Statement of Realisation and Disbursements

Name of the Bank	
During the quarter	
Amount	In lakhs

A. Realisations	Amount (In lakhs)
1. Balance brought forward	
2. Realisation out of	
i. Advances	
ii. Other Assets	
iii. Sale of Investments	
iv. Tangible Assets	
v. Rent, Interest etc	
3. Amount received from the Deposit Insurance and Credit Guarantee Corporation in terms of Section 17 of DICGC Act	
4. Other Receipts (to be specified)	
i.	
ii.	
iii.	
iv.	
v.	
TOTAL	

B. Disbursements	Amount (In lakhs)
1. Payment to Depositors in terms of Section 17 of the Deposit Insurance & Credit Guarantee Corporation Act	
2. Expenses incurred for the realization of advances & other assets	
3. Other payments if any	
i. To the Deposit Insurance & Credit Guarantee Corporation	
ii. Establishment charges	
iii. Legal Charges	
4. Other Expenses	
i.	
ii.	
iii.	
iv.	
Balance carried forward	
TOTAL	



Statement III: Consolidated Statement

Name of the Bank	
As on	
Amount	In lakhs

Sr.No	Particulars	Amount (In lakhs)
1	Name of the Liquidated bank	
2	Date of de-registration (cut-off date) by DICGC	
3	Date of liquidation	
4	Amount of Deposits of the bank at the time of cancellation of registration of bank as insured bank by DICGC	
5	Total claim sanctioned by DICGC (Including payment to be made from surplus fund)	
6	Total claim released by DICGC	
7	Total claim amount to be paid from the surplus fund with the bank (5-6)	
8	Total claim amount disbursed to depositors (No. of depositors within bracket)	
9	Total claim amount remaining undisbursed (5-8) Break up as per 9(a) & 9(b)	
9a	Undisbursed amount lying with the bank (No. of depositors in bracket)	
9b	Undisbursed amount refunded and lying with DICGC (No. of depositors in bracket)	
10	Loans & advances outstanding, Investments and balance of fixed & other assets on the date of cancellation of registration as insured bank by DICGC (cut-off date)	
11	Assets realised by the liquidator so far - loan recoveries ,investment realised and other receipts (from cut-off date until date of statement) plus cash & bank balances as on cut-off date	
12	Payments made to secured creditors excluding depositors	
13	Payments made to unsecured creditors excluding depositors	
14	Amount paid to large depositors(above Rupees one lakh/five lakh out of recoveries)	
15	Other payments made, if any	
16	Amount repaid to DICGC out of recovery	
17	Liquid fund available with the liquidator	
18	Liquidation expenses & statutory dues paid and provided for	
19	Amount lying with liquidator for payment to DICGC	
20	Total amount due to large depositors	



Statement IV: Statement of Immovable Properties held by bank

Name of the Bank	
As on	
Amount	In lakhs

Sr.No	A. Details of immovable properties on the name of the bank	
1	Type of Immovable propoerty	
2	Address of the property	
3	Size of the propoerty	
4	Valuation of property	
5	Last valuation done	
6	Legal Status	

Sr.No	B. Details of immovable properties acquired by bank from creditors	
1	Type of Immovable propoerty	
2	Address of the property	
3	Size of the propoerty	
4	Valuation of property	
5	Last valuation done	
6	Legal Status	

