

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2185
ANSWERED ON:12.12.2008
GUARANTEE FOR DEPOSITS IN BANKS
Suman Shri Ramji Lal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government provides any guarantee for the deposits in public and private banks made by the depositors in the country;
- (b) if so, the details thereof; and
- (c) the steps being taken by the Government to enhance trust of the customers in bank deposits?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : The Deposit Insurance and Credit Guarantee Corporation (DICGC) has been extending insurance cover to small depositors with an objective of maintaining confidence of the small investors in the banking system of the country. In India, deposit insurance is compulsory for all banks. The Deposit Insurance Scheme in India covers all commercial banks, Co-Operative Banks, Local Area Banks, Regional Rural Banks and Private Sector Banks and Foreign Banks. The DICGC insures all deposits except the i) deposits of foreign Government
(ii) deposits of State / Central Governments
(iii) inter-bank deposits and
(iv) deposit held abroad. The limit for insurance cover per depositor under the scheme is Rs. 1.00 lakh in the `same capacity and same right`. Further, to ensure a healthier banking sector in India and to protect the interests of the stakeholders and the depositors of the banks, the Reserve Bank of India has prescribed measures for strengthening of risk based prudential supervision, introduction of capital adequacy standards on the line of Basel Committee norms, etc. coupled with wide ranging steps taken by the Government.