

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2328
ANSWERED ON:23.08.2013
DICGC AGREEMENT WITH BANKS
Pradhan Shri Amarnath

Will the Minister of FINANCE be pleased to state:

- (a) whether the Deposit Insurance and Credit Guarantee Corporation of India (DICGC) has signed any agreement with Scheduled Commercial Banks to the effect that it is bound to pay only a certain fixed amount per depositor in case of default by the banks irrespective of total deposit of each depositor with the bank;
- (b) if so, the details thereof; and
- (c) the steps proposed to be taken by the Government, DICGC to safeguard the interest of the depositor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): In terms of provisions contained in Sections 10 and 11 of the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act, 1961, all banks are registered as insured banks. Further, under Section 16 of the DICGC Act, 1961, the depositors of insured banks will get deposit insurance cover up to Rs.1,00,000/- (Rupees one lakh only) for both principal and interest amount held by them in the same right and same capacity as on the date of liquidation / cancellation of bank's licence or the date on which the scheme of amalgamation / merger / reconstruction comes into force. As such, no agreement is signed between DICGC and Scheduled Commercial Banks to the effect that it is bound to pay only certain fixed amount per depositors in case of default by the bank irrespective of total deposits of each depositor with the bank.

DICGC strives to pay the insured depositors of failed banks within the shortest timeframe possible as per the deposit insurance scheme.