

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

UNSTARRED QUESTION NO. 2941

TO BE ANSWERED ON **TUESDAY, MARCH 29, 2022/ 8 CHAITRA, 1944 (SAKA)**

DEPOSITORS' PROTECTION

2941.

SHRI B. LINGAIAH YADAV:

SHRI K.R. SURESH REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government agrees with the view that banks play a big role in the prosperity of the country and depositors' protection is equally important for the prosperity of banks;
- (b) if so, the steps taken by Government to protect deposits of all account holders in India's banks and boost confidence in the banking sector;
- (c) and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): Yes, Sir.

(b) and (c): The Reserve Bank of India (RBI) is the regulator and supervisor of banks in the country and issues regulations, directions and guidelines to all banks from time to time with a view to maintain public confidence in the banking system, protect depositors' interests and provide secure and effective banking services to the public.

Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC), a wholly owned subsidiary of the Reserve Bank of India (RBI), provides insurance for bank deposits, in terms of the provisions of Section 16 of the DICGC Act, 1961.

With a view to providing a greater measure of protection to depositors in banks, DICGC raised the limit of insurance cover for depositors in insured banks from the earlier level of ₹1 lakh to ₹5 lakh per depositor with effect from 04.02.2020. The deposit insurance cover is applicable uniformly to all insured banks and their depositors.

Further, the Deposit Insurance and Credit Guarantee Corporation (Amendment) Act, 2021 received the assent of the President on 13.08.2021 and has been brought into force with effect from 01.09.2021. The amendments enable depositors to get easy and time-bound access to their deposits to the extent of deposit insurance cover through interim payments by DICGC, in cases of imposition of restrictions on banks under the Banking Regulation Act, 1949.
