

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 1809

ANSWERED ON TUESDAY, 19th December, 2023/ Agrahayana 28, 1945 (Saka)

Sovereign guarantee for bank deposits

1809. Shri Anil Desai:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government has extended its guaranty for refund of public money kept in the Fixed deposit accounts of a bank only upto ₹5 lakh;
- (b) if so, the basis of such limitation of ₹ 5 lakh only;
- (c) whether it means that people are being discouraged to keep more than ₹ 5 lakh in banks; and
- (d) whether this limitation is confined to Government controlled banks or there is another rule for banks other than Government banks, if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): Deposit Insurance and Credit Guarantee Corporation (DICGC) Act,1961 provides for total insurance cover upto ₹5 Lakh per depositor in respect of his deposits in that bank in the same capacity and in the same right. To provide a greater measure of protection to depositors in banks, limit of insurance cover for depositors in insured banks was raised from the earlier level of ₹1 lakh to ₹5 lakh per depositor with effect from 04.02.2020.

(b) and (c): Limitation of deposit insurance coverage has been set at ₹5 lakh to ensure that large majority of depositors are covered. As on 31.03.2023, 98.1 per cent deposit in terms of accounts and 44.4 per cent in terms of amount have been covered.

(d): All commercial banks, namely, public sector banks, private sector banks, foreign banks operating in India, small finance banks, payment banks, regional rural banks and local area banks and all co-operative banks, namely, primary (urban) co-operative banks, state co-operative banks and district central co-operative banks are covered under the deposit insurance scheme. The number of insured banks registered with the DICGC stood at 2,026 as on 31.03.2023.
