

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 1999

ANSWERED ON TUESDAY, 18th March, 2025/ **Phalguna 27, 1946 (Saka)**

Increasing the deposit insurance limit

1999. Shri Sanjay Raut:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is considering increasing the current deposit insurance limit of ₹ 5 lakh, if so, what will be the new limit, and when will it be implemented;
- (b) whether Government has introduced a policy to revise this limit periodically, considering inflation and depositor protection;
- (c) whether Government mandate banks to clearly inform customers about deposit insurance coverage and risks; and
- (d) whether Government guarantee that in case of a bank failure, depositors will receive their full amount without long delays?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): Total deposit insurance cover in terms of section 16(1) of the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act is upto ₹5 Lakh per depositor for deposits held by the account holder in “the same capacity and the same right” of all the deposits such as savings, fixed, current, recurring etc. kept at all the branches of a bank taken together. As per section 16(1) of the DICGC Act, DICGC may, from time to time, having regard to its financial position and to the interest of the banking system of the country as a whole, raise, with the previous approval of the Central Government, the aforesaid deposit insurance limit. Consequently, deposit insurance coverage limit was raised from ₹1 Lakh to ₹5 Lakh with effect from 04.02.2020. DICGC considers its financial position and the interest of financial system of the country to make a suitable proposal to Government for enhancing the deposit insurance limit as per section 16(1) of the DICGC Act.

(c): DICGC mandates banks to clearly inform customers about deposit insurance coverage. According to the DICGC guidelines, banks are required to display prominent information regarding deposit insurance protection. This includes details about the maximum coverage limit of ₹5,00,000 per depositor per bank and the types of insured deposits. Banks should provide printed leaflets and other informational materials to ensure that depositors are well-informed about the extent of insurance coverage and any exclusions. This helps maintain transparency and build depositor confidence in the banking system.

(d): Each depositor in a bank is insured up to a maximum of ₹5,00,000 for both principal and interest amounts held by them in the same right and same capacity as of the date of liquidation/cancellation of the bank's license or the date on which the scheme of amalgamation/merger/reconstruction comes into force/banks placed under ‘All-Inclusive Direction’. As per Section 18A of the DICGC Act, for banks having restrictions on withdrawal of deposits, DICGC is liable to pay, up to the deposit insurance cover of ₹ 5 lakh, to the depositors of banks placed under ‘All Inclusive Directions’ by RBI, within 90 days of imposition such directions.
