

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA
UNSTARRED QUESTION NO. 2788

ANSWERED ON TUESDAY, 25th March, 2025/ 4 CHAITRA, 1947 (SAKA)

ENHANCEMENT OF DEPOSIT INSURANCE LIMIT UNDER DICGC

2788. Dr. MEDHA VISHRAM KULKARNI:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is actively considering increasing the deposit insurance limit under the Deposit Insurance and Credit Guarantee Corporation (DICGC) scheme beyond the existing ₹5 lakh per depositor;
- (b) if so, the details of the factors being considered to justify such increase, along with the proposed new limit and the expected timeline for its implementation; and
- (c) if not, the measures being taken to address the concerns of depositors and restore confidence in the banking system, especially in the light of the recent restrictions imposed on certain co-operative banks?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) to (c): 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.

The Banking Regulation Act, 1949 has been amended to provide additional powers to RBI for more effective regulation of Co-operative banks vide Banking Regulation (Amendment) Act, 2020. The major amendments pertain to areas such as management, audit, capital, reconstruction/ amalgamation, etc. The provisions of the Act have been brought into force for UCBs with effect from 26.06.2020. Post these amendments, inter-alia, the governance/management related provisions of the BR Act, (such as Section 10,10A,10B,35B,36AB, etc.), have become applicable to co-operative banks.
