

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 256

ANSWERED ON TUESDAY, 22nd July, 2025/ 31 ASHADHA, 1947 (SAKA)

INCREASING THE INSURANCE LIMIT ON BANK DEPOSITS

256 # Shri Neeraj Dangi:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government proposes to increase the limit of insurance of deposits of common people in banks from ₹ 5 lakhs;
- (b) if so, the details thereof, if not, the reasons therefor; and
- (c) the reasons as to why the entire amount deposited by common people in banks cannot be insured, the details of the policy adopted in this regard?

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): In terms of Core Principle 8 of the International Association of Deposit Insurers (IADI) Core Principles, Deposit insurance coverage should be limited, credible and cover the large majority of depositors but leave a substantial number of deposits exposed to market discipline. The deposit insurance coverage limit in India aligns with this principle, offering substantial protection to a larger number of depositors while encouraging banks to manage risks effectively. This approach ensures that a larger number of depositors are adequately protected, aligns with international standards, and maintains the stability of the banking system.

With the present deposit insurance limit of ₹5 lakh, 97.6 per cent of the total number of deposit accounts stand fully insured and 41.5 per cent of the total value of deposits stands insured as on March 31, 2025.
