

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES**

LOK SABHA

**UNSTARRED QUESTION NO. 2804
TO BE ANSWERED ON FRIDAY, AUGUST 3, 2018/SHRAVANA 12, 1940 (SAKA)
DEPOSIT INSURANCE COVER**

2804. SHRI KONAKALLA NARAYANA RAO:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is proposing on revising the deposit insurance cover and if so, the details thereof;
- (b) whether the Government of Andhra Pradesh has sought the Government to raise the present limit of deposit insurance cover from Rs. 1.00 lakh to Rs. 1.50 lakhs, if so, the details thereof;
- (c) whether Government has responded to the request of the Government of Andhra Pradesh, if so, the details thereof;
- (d) the details of the proposals received by the Government from other State Government; and
- (e) the steps being taken by the Government in this regard?

**ANSWER
THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SHIV PRATAP SHUKLA)**

(a): At present, there is no such proposal to revise the deposit insurance cover.

(b): The Government has received a letter from the Hon'ble Chief Minister of Andhra Pradesh suggesting that the existing deposit insurance cover of Rs.1 lakh be raised to Rs. 15 lakhs.

(c): The proposal has been examined in consultation with the Deposit Insurance and Credit Guarantee Corporation (DICGC). DICGC has informed that as per the Core Principle (CP) 8 of Effective Deposit Insurance prescribed by the International Association for Deposit Insurance (IADI), coverage should be limited, credible and cover the vast majority of depositors but leave a substantial amount of deposits exposed to market discipline. Currently (as on March 31, 2018), 92% of the deposit accounts in number and 29% of the deposit in value are covered by DICGC. This is higher than the guidance of IADI which recommends coverage of 80% in number of accounts and 20-30% in value terms. Increase in the insurance cover also requires a higher premium based on risk classification of the insured bank (Risk Based Premium - RBP).

(d) and (e): No proposal has been received from other State Governments by the Department of Financial Services (DFS).
