

Need to enhance the deposit insurance coverage for senior citizens- Laid

SHRI TEJASVI SURYA (BANGALORE SOUTH): Amendments to the Deposit Insurance and Credit Guarantee Corporation (DICGC) Act in 2021 provided an insurance cover for depositors up to Rs 5 lakh, a 5-time increase in the deposit insurance. It also helped citizens access their deposit insurance amount within 90 days of the bank coming under a moratorium imposed by RBI. However, the DICGC Act's structure includes clauses granting it the right to claim priority on the bank's assets, with depositors holding more than Rs 5 lakh receiving residual payments only after DICGC claims are fulfilled. Due to this, many financial experts advocate for reforms to allow greater depositor-first rights and to raise the insurance limit further to reflect inflation and other economic changes. Further, there is a need for targeted protections for senior citizens, who often rely on fixed deposits as a primary income source like in the case of the Shri Guru Raghavendra Cooperative Bank in my constituency. Therefore, I request the Government to consider to raise the deposit insurance coverage for senior citizens, reflecting their higher vulnerability; ensure stressed banks are allowed sufficient time to repay the DICGC; and help depositors with more than INR 5 lakh receive a higher proportion of the residual assets.