

## DEPOSIT INSURANCE IN INDIA COVERS 92% OF ACCOUNTS, 28% OF BANKING DEPOSITS: RBI

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

MUMBAI: [Deposit insurance](#) in India covers 92% of the total number of accounts but only 28% of the total [banking deposits](#), the latest central bank data showed. At current level, this insurance cover works out to 0.8 times of per capita income in 2018-19.

“With the current limit of deposit insurance in India at Rs 1 lakh, the number of fully protected accounts stood at 200 crores at the of end-March 2019, which constituted 92% of the total number of accounts, as against the international benchmark of 80%,” the regulator said in its annual report released on Thursday.

The Deposit Insurance and Credit Guarantee Corporation (DICGC) provides insurance cover to deposits in all commercial banks. At the end of FY19, the number of registered insured banks stood at 2,098, comprising 157 commercial banks, and 1,941 cooperative banks.

In terms of amount, the total insured deposits of Rs 33.7 lakh crore as at end-March 2019 constituted 28% of assessable deposits of Rs 120 lakh crore, against the international benchmark of 20% to 30%.

The Financial Resolution and Deposit Insurance (FRDI) Bill, which was junked by the government last year, had argued a higher share of deposit insurance for depositors. It had also said that financial firms are different and hence an orderly winding-up process of a financial institution be put in place.

In August last year, the government announced that it has withdrawn the bill, which caused a lot of furore among the general public as it contained a 'bail-in' clause for resolution of bank failure.

The size of the deposit insurance fund stood at Rs 93,750 crore as on March 31, 2019. During 2018-19, the DICGC sanctioned total claims of Rs 37 crore against claims aggregating Rs 43 crore during the preceding year.

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