

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:800
ANSWERED ON:27.02.2015
UNCLAIMED AMOUNT IN BANKS
Joshi Shri Chandra Prakash

Will the Minister of FINANCE be pleased to state:

- (a) whether a large sum of unclaimed amount are lying in various Banks in the country and if so, the details thereof, Bank and State-wise;
- (b) whether there has been increase in such amount year after year, if so, the details thereof and the reasons therefor;
- (c) whether the Government has asked the Banks to play a more proactive and meaningful role in finding the whereabouts of the account holders of such unclaimed deposits/inoperative accounts, if so, the details thereof and the achievements made as a result thereon;
- (d) whether the Reserve Bank of India (RBI)/Government has any proposal to utilise such unclaimed amount; and
- (e) if so, the details thereof along with other steps taken/being taken by the Government to ensure refund of such amount to the genuine claimants?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a): The total amount of accounts and amount of Unclaimed Deposits (more than 10 years old) lying with all Scheduled Commercial banks (SCBs), as per Form IX submitted by them, as at the end of December 31, 2013, is 1,45,54,950 and Rs.5124.98 crore, respectively. In terms of the provisions of section 26 of the Banking Regulation Act, 1949 every banking company shall, within thirty days after the close of each calendar year, submit a return in the prescribed form and manner to the Reserve Bank of India (RBI) as at the end of such calendar year of all accounts in India which have not been operated upon for ten years.

RBI does not generate State-wise data of unclaimed deposits. However, bank-wise details of unclaimed deposits lying with the Scheduled Commercial Banks are at Annex.

(b): As per the information furnished by RBI, the details of the total number of accounts and the amount of unclaimed deposits of Scheduled Commercial Banks (SCBs) as on December 31 from the year 2005 to 2013 are as follows:

| No. of Accounts | Amount (Rs. in lakhs) |
|-----------------|-----------------------|
| 31.12.2005 | 10623228 92954 |
| 31.12.2006 | 10333882 105014 |
| 31.12.2007 | 10354257 109544 |
| 31.12.2008 | 10092143 118808 |
| 31.12.2009 | 10171368 136032 |
| 31.12.2010 | 10345857 172324 |
| 31.12.2011 | 11249844 248140 |
| 31.12.2012 | 12079714 365284 |
| 31.12.2013 | 14554950 512498 |

It is seen from the above, that the no. of accounts and the amount of unclaimed deposits with SCBs have increased every year, except for the years December 31, 2006 and December 31, 2008, during which the no. of accounts have reduced.

(c): RBI, vide its circulars, dated August 22, 2008 and February 07, 2012, advised banks to play a more pro-active role in finding the whereabouts of the accounts holders whose accounts have remained in operative and the banks have also been advised to display the list of unclaimed deposits/ inoperative accounts which are inactive/ inoperative for 10 years or more, on their respective web sites and also to keep their websites updated at regular intervals. Banks have been advised to find the whereabouts of the customers and their legal heirs. These instructions, inter-alia, include (i) annual review of accounts in which there are no operations, (ii) operations in such accounts to be allowed after due-diligence; and (iii) no charge to be levied for activation of inoperative account, etc. Banks have also been advised to give on the same website, the information on the process of claiming the unclaimed deposit / activating the inoperative account and the necessary form and the documents for claiming the same. Banks are required to have adequate operational safe guards to ensure that the claimants are genuine.

RBI has informed that a web search of select banks has indicated that the banks have made efforts to comply with RBI's guidelines to provided a link in their websites to the list of unclaimed deposits / inoperative accounts as required under RBI guidelines.

(d) & (e): Pursuant to the enactment of the Banking Laws (Amendment) Act, 2012, section 26A has been inserted in the Banking Regulation Act, 1949, which inter-alia, empowers RBI to establish the "Depositor Education and Awareness Fund". RBI has since established The Depositor Education and Awareness Fund (DEAF) in term of sections 26A

(iv) of the Act "the DEAF shall be utilize for promotion of depositors' interest and for such other purposes which may be necessary for the promotion of depositors' interest as may be specified by the Reserve Bank of India from time to time".

Further, RBI has framed "The Depositor Education and Awareness Fund Scheme 2014", which has been notified in the Official Gazette on May 24, 2014 and accordingly banks were advised to calculate the cumulative balances in all accounts along with interest accrued, as on the day prior to the effective date, i.e., May 23, 2014 and transfer such amounts due to the DEAF on June 30, 2014. Operational Guidelines for the Depositor Education and Awareness Fund Scheme, 2014 have been issued to all banks on May 27, 2014. RBI has specified vide its circular dated June 26, 2014, that the rate of interest payable by banks to the depositors / claimants on the unclaimed interest bearing deposit amount transferred to the DEAF shall be 4% simple interest per annum until further notice.

RBI has issued necessary guidelines on January 9, 2015 for registration of entities for giving financial grants from the DEAF.

The provisions of section 26A of the Banking Regulation Act, 1949 do not prevent a depositor or any other claimant for claiming his deposit or unclaimed amount or operating his account or deposit account after the expiry of the period of ten years and the banking companies shall be liable to repay the deposit or amount at such interest as specified by RBI and claim refund of such amount from DEAF