

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:274
ANSWERED ON:25.07.2014
UNCLAIMED DEPOSITS IN BANKS
Antony Shri Anto ;Nimmala Shri Kristappa

Will the Minister of FINANCE be pleased to state:

- (a) whether a large sum of unclaimed deposits are lying in various Scheduled Commercial Banks (SCBs) and if so, the details thereof, Bank-wise;
- (b) whether there has been increase in such deposits year after year, if so, the details thereof and the reasons therefor;
- (c) whether the Government has asked the SCBs 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 thereof; and
- (d) whether the Reserve Bank of India (RBI) proposes to set up 'Depositor Education and Awareness Fund' (DEAF) for promotion and protection of depositors interest of unclaimed funds/deposits and if so, the details thereof along with the other steps taken/being taken by the Government to ensure refund of such deposits to the genuine claimants?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (A) TO (D) OF LOK SABHA STARRED QUESTION NO. 274 FOR 25th July, 2014 ASKED BY SHRI ANTO ANTONY AND SHRI NIMMALA KRISTAPPA REGARDING UNCLAIMED DEPOSITS IN BANKS.

(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 14554950 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.

The bank-wise details of list 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. Further, the banks have been advised to put in place a Board approved policy on classification of unclaimed deposits; grievance redressal mechanism for quick resolution of complaints; record keeping and periodic review of such accounts.

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): Pursuant to the enactment of the Banking Laws (Amendment) Act, 2012, section 26 A has been inserted in the Banking Regulation Act, 1949, which inter-alia, empowers RBI to establish the "Depositor Education and Awareness Fund". In term of section 26 A (4) of the Act, "The Fund shall be utilised for promotion of depositors' interests and for such other purposes which may be necessary for the promotion of depositors' interests as may be specified by the Reserve Bank from time to time." RBI has since established The Depositor Education and Awareness Fund (DEAF). The provisions of section 26A do not prevent a depositor or any other claimant from 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 company shall be liable to repay the deposit or amount at such interest as specified by RBI and claim refund of such amount from DEAF.

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 fund shall be 4% simple interest per annum until further notice.

The total amount credited to the fund as on July 01, 2014 by 633 banks was Rs. 3455,44,26,192.