

WRITTEN ANSWERS TO STARRED QUESTIONS

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA

STARRED QUESTION NO. * 166

TO BE ANSWERED ON TUESDAY THE 14th December, 2021/23 Agrahayana, 1943 (Saka)

UNCLAIMED FUNDS WITH FINANCIAL INSTITUTIONS

***166: SHRI SANJAY RAUT:**

Will the Minister of FINANCE be pleased to state:

- (a) Whether it is a fact that more than ₹ 82,000 crore of unclaimed funds are with banks, mutual funds, provident fund and insurance companies;
- (b) if so, the details thereof;
- (c) the details of steps taken or proposed to be taken by Government to return the amount to the person or next to kin within a fixed time frame through the financial institutions; and
- (d) Whether Government will consider using the above money for welfare schemes of poor and downtrodden: if so, the details thereof?

ANSWER
FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

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

**STATEMENT REFERRED IN REPLY TO RAJYA SABHA STARRED QUESTION
NO. *166 FOR 14th DECEMBER 2021 ON “UNCLAIMED FUNDS WITH
FINANCIAL INSTITUTIONS” TABLED BY SHRI SANJAY RAUT, MEMBER OF
PARLIAMENT**

(a) and (b): Section 26 of the Banking Regulation Act, 1949 provides, inter alia, that every banking company shall, within 30 days after 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 each calendar year (i.e., 31st December) of all accounts in India which have not been operated upon for 10 years. As per information received from RBI, as on 31.12.2020, the total number of such accounts in Scheduled Commercial Banks (SCBs) was 8,13,34,849 and the amount of deposits in such accounts was Rs. 24,356 crore. Similarly, the number of accounts not operated for more than 10 years and the amount in such accounts with Urban Co-operative Banks (UCBs) was 77,03,819 and Rs. 2,341 crore respectively, as on 31.12.2020. As per information received from the Insurance Regulatory and Development Authority of India (IRDAI), the total amount of unclaimed deposits in Life Insurance Companies as on 31.03.2021 was Rs. 22,043.26 crore, and the total amount of unclaimed deposits in Non-Life Insurance Companies as on 31.03.2021 was Rs. 1,241.81 crore. Similarly, as per information received from the Securities and Exchange Board of India (SEBI), as on 31.03.2021, the amount lying unclaimed with Mutual Funds was Rs. 1,590.67 crore which comprised of Rs. 671.88 crores towards unclaimed redemption and Rs. 918.79 crores towards unclaimed dividend.

(c): As per the instructions issued by RBI to banks vide their Master Circular on “Customer Service in Banks”, banks are required to make an annual review of accounts in which there are no operations for more than one year, and may approach the customers and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same. Banks have also been advised to consider launching a special drive for finding the whereabouts of the customers / legal heirs in respect of accounts which have become inoperative, i.e., where there are no transactions in the account over a period of two years. Further, banks are required to display the list of unclaimed deposits/ inoperative accounts which are inactive / inoperative for ten years or more on their respective websites, with the list containing the names and addresses of the account holder(s) in respect of unclaimed deposits/ inoperative accounts. Finally, banks have been advised to play a more pro-active role in finding the whereabouts of the account holders whose accounts have remained inoperative, vide circulars dated 07.02.2012, 08.02.2012, 21.11.2014 and 02.02.2015.

Similarly, IRDAI has mandated that no insurer shall appropriate or write back any part of the unclaimed amounts belonging to the policyholders/ beneficiaries under any circumstances. IRDAI vide its Master Circular on Unclaimed Amounts of Policyholders has advised insurers to provide a search facility on their website to enable policyholders or beneficiaries or dependents to find out whether any unclaimed amounts due to them are lying with the insurer. All insurance companies have created search facility facilitating policyholder/beneficiaries to search on the basis of parameters including policy number, PAN, Name, Date of Birth or Aadhaar Number. Further, the insurers have also been advised to update information regarding unclaimed amounts on their websites on half-yearly basis. IRDAI's

instructions also mandate that the Board Level Committee for Policyholder Protection of every insurer shall oversee the timely payout of dues to policyholders. Further, as mandated by IRDAI, insurance companies have taken steps to reduce unclaimed amount by identifying policyholders or beneficiaries, creating awareness, etc., in terms of the standard procedures and policy on customer service to minimize the unclaimed amount.

SEBI has also, vide its circulars taken measures to ensure that Mutual Funds play a proactive role in tracing the rightful owner of the unclaimed amount. In this regard, SEBI has instructed that Asset Management Companies (AMCs) shall make a continuous effort to remind investors through letters to claim their unclaimed amounts. Additionally, Mutual Funds and the Association of Mutual Funds of India (AMFI) are required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts. AMFI/ AMCS are also required to provide on their website information with respect to the process of claiming the unclaimed amounts and the necessary forms / documents required for the same.

(d): Pursuant to the amendment to the Banking Regulation Act, 1949 and insertion of Section 26A in the said Act, RBI has framed the Depositor Education and Awareness Fund (DEAF) Scheme, 2014. The Scheme was notified in the Official Gazette on 24.05.2014. In terms of the Scheme, banks calculate the cumulative balances in all accounts which are not operated upon for a period of 10 years or more (or any amount remaining unclaimed for 10 years or more) along with interest accrued and transfer such amounts to the DEAF. The DEAF is utilized for promotion of depositors' interests and for such other purposes which may be necessary for promotion of depositors' interest as may be specified by the RBI. In case of demand from a customer whose deposit had been transferred to the DEAF, banks are required to repay the customer, along with interest if any, and lodge a claim for refund from the DEAF. Similarly, Life and Non-Life insurance companies are required to transfer unclaimed amounts of more than 10 years to the Senior Citizens' Welfare Fund (SCWF) on or before 1st March every year. This was done as per an amendment made in the SCWF Rules, vide Notification dated 11.04.2017. Administration and Utilization of the Fund (SCWF) are also specified in the SCWF Rules, 2016.
