

Guidelines on the criteria for registering institutions, organisations and associations 'on tap' for grant of financial assistance from the Depositor Education and Awareness Fund

1. Background

(i) Pursuant to The Banking Laws (Amendment) Act, 2012, [Section 26A](#) has been inserted in the Banking Regulation Act, 1949 that empowers the Reserve Bank to establish a fund called Depositor Education and Awareness Fund (Fund). RBI has notified the Depositor Education and Awareness Fund Scheme, 2014 ([Scheme](#)) in the Official Gazette on May 24, 2014.

(ii) The Fund has been created and all banks have been advised to transfer the balances in inoperative deposit accounts which have not been claimed or operated for a period of ten years or more or any deposit or any amount remaining unclaimed for more than 10 years to the Fund. As mentioned in paragraph 3(vii) of the Scheme, all banks shall transfer to the Fund the amounts becoming due in each calendar month as specified in the Scheme and the interest accrued thereon on the last working day of the subsequent month.

(iii) The Fund shall be utilised for promotion of depositors' interest and for such other purposes which may be necessary for the promotion of depositors' interests as specified by the Reserve Bank from time to time. The depositor would, however, be entitled to claim from the bank his deposit or operate his account after expiry of ten years, even after the unclaimed deposit funds have been transferred to the Fund. The bank would be liable to pay the deposit amount to the depositor and claim refund of such amount from the Fund.

(iv) Paragraph 8(i) of the Scheme requires a Committee to be formed to administer and manage the Fund in accordance with the Scheme. Paragraph 11(i) of the Scheme states that for promotion of depositors' interests, the Committee may register/recognise from time to time various institutions/organisations/associations (entities), engaged in activities relating to depositor awareness and education, including those proposing to conduct programmes for depositors of banks, organise

seminars and symposia for depositors and undertake projects and research activities relating to these areas. Further, Paragraph 11(iii) of the Scheme states that the Committee shall determine and lay down the criteria for grant of financial assistance to these entities. Accordingly, the guidelines for registering entities for grant of financial assistance from the Fund under the Scheme have been prepared. In order to widen and deepen the depositor awareness efforts, it has now been decided to call for fresh applications 'on tap'. The guidelines are detailed hereunder.

2. Guidelines

2.1 Objectives

To grant financial assistance to eligible entities for taking up activities relating to educating bank depositors and creating awareness by conducting awareness programmes, organising seminars, symposia, etc., including research activities.

2.2 Entities eligible for Registration

The following types of entities will be considered for registration

- (a) The entities already engaged in activities as mentioned at para 2.1 above or proposing to undertake such activities.
- (b) Constitution of the entity
 - i. Constituted as a Public Charitable Trust;
 - ii. Registered under the Societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India;
 - iii. A Trust under India Trusts Act, 1882 or any other relevant Act governing Trusts in India;
 - iv. Registered under the State Co-operative Societies Acts;
 - v. Registered under section 25 of the Companies Act, 1956 (1 of 1956) or Section 8 of the Companies Act, 2013 (8 of 2013);
 - vi. A University established by law;
 - vii. Any other educational institution recognised by the Government or any University established by law or affiliated to any University established by law;
 - viii. An institution wholly or partly financed by the Government or a local authority;

2.3 Conditions required to be fulfilled by eligible entity

(i) The entity should have rules, regulations and / or bye-laws for its governance and management which should be in conformity with the conditions of registration. It should be managed by a Governing Board/Management Committee as envisaged under the laws under which it is established/incorporated. The entity should have a minimum number of members as required under the applicable laws under which it has been formed. It should have a clean track record.

(ii) For companies registered under Section 25 of the Companies Act, 1956 or Section 8 of the Companies Act, 2013, besides the requirement of minimum number of shareholders/ members, it is necessary to have a well-diversified shareholding structure and good corporate governance with at least 3 (three) independent directors, and an audit committee. This requirement can be applied at the level of the applicant company or its promoter company.

(iii) The entity should, unless specific exemption has been made in this regard by the Committee, be in existence for a minimum period of 5 (five) years prior to the date of application for registration. Out of this, it should have a track record of last 3 (three) years in the area as mentioned in para 2.1 above.

(iv) The entities which may not be having such track record may also apply provided they have a good track record of conducting other types of financial literacy related programmes as decided by the Committee from time to time.

3. Scope of activities

The focus of the activities for which financial assistance would be provided by the DEA Fund should be depositors' education and awareness. A list of such activities is given below:

- a. Conducting programmes/events for educating or spreading awareness among the excluded sections of the society about various deposit products, benefits associated with bank deposits, procedure for opening bank accounts etc.

- b. Holding seminars and symposia for depositors/ depositors' associations for imparting depositor education including safe and secure banking.
- c. Funding projects and research activities relating to depositors' education, rights, awareness, etc.
- d. Production/ Procurement of material for distribution at exhibitions, seminars, town hall events, outreach programmes conducted for depositors' awareness.
- e. Running Media Campaigns on financial literacy, depositor education & awareness.
- f. Other depositor protection/awareness related programmes.

This is only an indicative list in terms of Section 26A(4) of the BR Act, 1949 and the Reserve Bank may consider such other activities which it may deem necessary for furthering the objectives of the Fund from time to time .

4. Project plan and financial assistance

A registered entity, having a viable project /proposal on Bank Depositors' Education and Awareness, will be eligible for financial assistance from the Fund. The registered entities may apply for financial assistance giving details of their proposed projects including the estimated cost of the project and the financial assistance required. The entities registered / recognized by the Committee will be considered for grant-in-aid as a onetime measure or in stages by way of reimbursement, depending upon the nature of activity proposed.

5. Other conditions

- a. The entity applying for the financial assistance should not be for the benefit of any particular individual, religion, community, or caste.
- b. The entity should undertake that it will utilize the money received from the Fund only for the activities permitted by the Reserve Bank/Fund and expenses incidental thereto, and not for any other purpose.
- c. The entity should undertake to make available to the Fund/Reserve Bank/representative of the Reserve Bank all books and accounts kept by them with regard to utilisation of the grants received from the Fund.

- d. The entity receiving financial assistance from the Fund, shall submit a certificate from a Chartered Accountant to the effect that the expenditure made by it was for depositor education and awareness activities.

6. Application for registration

An application has to be made in the prescribed format as given in [Annex 1](#). In addition, the applicants would be required to furnish the requisite document/information in support of their shareholding pattern, membership, financial statements, list of sanctions/grants received from State/Central Govt. during the last three years, etc., as per the list of documents indicated in the application form. Applications for registration along with other details should be addressed to:

The Chief General Manager
Department of Regulation
Depositors' Education and Awareness Fund Cell
Reserve Bank of India, Central Office,
12th Floor, Central Office Building
Shahid Bhagat Singh Road
Mumbai – 400001

7. Procedure for Registration

- A. The DEA Fund Committee at the time of registration:
 - (i) may entrust the preliminary screening of the applications to a Screening Committee which may, *inter alia*, comprise members who are not members of the Committee.
 - (ii) may screen the applications to ensure *prima facie* eligibility of the applicants and apply additional criteria to determine the suitability of applications.
 - (iii) will take into account the audited accounts and the annual reports of the last three years of the entity seeking registration with the Fund to evaluate the eligibility of such applicants and carry out a check on the other activities of such applicants.
 - (iv) may make such enquiries, as deemed fit, with other authorities, including the Regional Offices of the Reserve Bank to determine whether the applicant is fit and proper for registration or not.

In order to ensure transparency, the names of registered entities will be placed on the RBI Website.

8. Grant of Financial Assistance

- (i) The registration of entity and financial assistance are a two-stage process and would be treated separately. Registration shall not make any entity automatically eligible for claiming financial assistance from the Fund. After registration, funds will be disbursed on project basis, which will be a separate process.
- (ii) The Committee at the time of granting financial assistance:
 - a) will examine the proposals and the proposed end use of grants and assistance before authorizing release of funds.
 - b) may call for information in respect of or verify in any manner, the end use of funds granted to such entities.
 - c) may make such enquiries, as deemed fit, with other authorities, including the Regional Offices of Reserve Bank to satisfy itself that the proposed project is in furtherance of the objectives of the Scheme.

9. Monitoring

The activities of the entity shall be monitored, post-registration. If its activities are not in conformity with the activities permitted by the Reserve Bank, the Committee will deregister the entity, and the decision of the Committee in this regard shall be final. The Committee may take such other action as it deems fit in the interest of the Fund, including legal action in respect of the financial assistance granted, as and when considered necessary.