

Madam/ Dear Sir

Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions

As per extant instructions, the credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014, are required to be transferred by banks to DEA Fund maintained by the Reserve Bank of India.

2. As a measure to assist the account holders and with a view to consolidating and rationalising the extant instructions on inoperative accounts, a review was carried out in consultation with all stakeholders. Based on the review, it has been decided to issue comprehensive guidelines on the measures to be put in place by the banks covering various aspects of classifying accounts and deposits as inoperative accounts and unclaimed deposits, as the case may be, periodic review of such accounts and deposits, measures to prevent fraud in such accounts/deposits, grievance redressal mechanism for expeditious resolution of complaints, steps to be taken for tracing the customers of inoperative accounts/ unclaimed deposits including their nominees/ legal heirs for re-activation of accounts, settlement of claims or closure and the process to be followed by them. These instructions (provided in the [Annex](#)) are expected to complement the ongoing efforts and initiatives taken by banks and the Reserve Bank, to reduce the quantum of unclaimed deposits in the banking system and return such deposits to their rightful owners/ claimants.

3. These instructions are issued in exercise of the powers conferred by Sections 35A of the Banking Regulation Act, 1949 read with Sections 26A, 51 and 56 of the Act *ibid* and all other provisions of this Act or any other laws enabling Reserve Bank to issue instructions in this regard.

4. This circular is applicable to all Commercial Banks (including RRBs) and all Co-operative Banks.

5. The revised instructions shall come into effect from **April 1, 2024**.

Yours faithfully

(Sunil T S Nair)
Chief General Manager
Encls: As above

Inoperative Accounts/ Unclaimed Deposits in banks- Revised Instructions

(Circular No. DOR.SOG (LEG).REC/64/09.08.024/2023-24 dated January 1, 2024)

PART I- PRELIMINARY

1. Definitions

(a) In this Circular, unless the context states otherwise, the terms herein shall bear the meanings assigned to them below:

- i. **Bank induced transaction-** Transactions in the account initiated by the bank as per its extant policy such as charges, fees, interest payments, penalties, taxes (an illustrative list is given in [Annex I](#)).
- ii. **Customer induced transaction-** The transactions in account which are in the nature of:
 - a) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party (an illustrative list is given in [Annex I](#)) or;
 - b) a non-financial transaction, or;
 - c) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank.
- iii. **Financial transaction-** A monetary transaction in the savings/ current account of the customer with the bank either by way of a credit or debit transaction.
- iv. **Inoperative Account-** A savings/ current account shall be treated as inoperative, if there are no 'customer induced transactions' in the account for a period of over two years.
- v. **Non-financial transaction-** An enquiry or request for any product/ service initiated by the account holder through any ATM or internet banking or mobile banking application of the bank or through Third Party Application Providers, which requires two-factor authentication (2FA) and leaves a trail for audit purposes or successful log-in to the internet banking/ mobile banking application. . Illustratively, this includes transactions such as change in transaction limit, request for issue of

cheque book/ credit card/ debit card, nomination facility, balance enquiry, etc.

- vi. **Unclaimed Deposits-** The credit balance in any deposit account maintained with banks, which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more as mentioned in paragraph 3(iii) of the “Depositor Education and Awareness” (DEA) Fund Scheme, 2014.
- vii. **Unclaimed Deposit Reference Number (UDRN)-** It is a unique number generated through Core Banking Solution (CBS) and assigned to each unclaimed account/ deposit transferred to DEA Fund of RBI. The number shall be such that the account holder or the bank branch where account is maintained, cannot be identified by any third party.

(b) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

2. Review of Accounts

2.1 Banks shall undertake atleast an annual review in respect of accounts, where there is no customer induced transactions for more than a year. In cases where there is no explicit mandate to renew the term deposit, the banks should review such accounts if the customers have not withdrawn the proceeds after maturity or transferred these to their savings/current account in order to prevent such deposits from becoming unclaimed. The banks shall inform the account/deposit holders in writing through letters or email or SMS (if the email and mobile number are registered with the bank) that there has been no operation in their accounts/deposits in the last one year, as the case may be. The alert messages shall invariably mention that the account would become ‘inoperative’ if no operations are carried out during the next one year and, the account holder would be required to submit KYC documents afresh for reactivating the account in such case.

2.2 If the letters are returned undelivered or no response is received through registered email, the bank shall immediately undertake an enquiry to find out the

whereabouts of account holder or his/her nominee/legal heirs in case the account holder is deceased.

2.3. In case any response is received from the account holder giving the reasons for not operating the account, the banks shall continue to classify the account as operative for one more year and the account holder shall be advised to operate the account within a period of one year (herein after referred to as 'extended period'). In case the account holder still fails to operate the account within the extended period, the banks shall classify the said account as inoperative account after the expiry of the extended period.

2.4 For the purpose of classifying an account as 'inoperative', only customer induced transactions and not bank induced transactions shall be considered. There may be instances where the customer has given a mandate like Standing Instructions (SI)/ auto-renewal instructions and there are no other operations in the Savings /Current account or the Term Deposit. These transactions shall also be treated as customer induced transactions.

2.5 The classification of an account as inoperative shall be for a particular account of the customer and not with reference to the customer. In case a customer is maintaining multiple accounts/deposits with a bank, all such accounts/deposits shall be assessed individually for the purpose of classifying them as inoperative account/ unclaimed deposit, as the case may be.

2.6 In case the account holder is not carrying out transaction and the account is - inoperative due to shifting of primary account to another bank, the account holder may be requested to provide the details of the new bank account with authorisation to enable the bank to transfer the balance from the existing bank account.

3. Treatment of accounts opened for credit of scholarship amount and credit of Direct Benefit Transfer under Government Schemes

The banks open zero balance accounts for beneficiaries of Central/State government schemes and for students who receive scholarship. Central and State governments have been expressing difficulty in crediting cheques/Direct Benefit Transfer/ Electronic Benefit Transfer/ scholarship amount in these accounts as they are also classified as inoperative due to non-operation for two years. The banks shall, based

on the purpose of opening of the account, segregate the aforementioned accounts in their CBS, so that the stipulation of 'inoperative' account is not applicable to these accounts due to their non-operation for a period of more than two years. To avoid the risk of fraud, etc., in such accounts, while allowing operations in these accounts, the bank should exercise due diligence as per the extant instructions.

4. Segregation and Audit of Inoperative Accounts/ Unclaimed Deposits

4.1 The segregation of inoperative accounts is required to be done to reduce the risk of frauds. The transactions in inoperative accounts, which have been reactivated, shall be monitored regularly, for at least six months, at higher levels (i.e. by controlling authorities of the concerned branch) without the knowledge and notice of the customers and the dealing staff.

4.2 The banks shall ensure that amounts lying in inoperative accounts/unclaimed deposits and reactivated inoperative accounts/ unclaimed deposits, are subjected to concurrent audit.

5. Tracing of Customers of Inoperative Accounts/ Unclaimed Deposits

5.1 The bank shall contact the holder(s) of the inoperative account/ unclaimed deposit through letters, email or SMS (if the email and mobile number are registered with the bank). The email/ SMS shall be sent on a quarterly basis.

5.2 In case the whereabouts of the holder(s) of the inoperative account/ unclaimed deposit are not traceable, the banks shall contact the introducer, if any, who had introduced the account holder to the bank at the time of opening of the account. The banks shall also contact the nominee, if registered, for tracing the customer.

5.3 The banks shall undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts / unclaimed deposits.

PART II- OPERATIONAL GUIDELINES

6. Activation of Inoperative Accounts

6.1 The banks shall make available the facility of updation of KYC for activation of inoperative accounts/ unclaimed deposits at all branches (including non-home

branches) and through Video-Customer Identification Process (V-CIP) if requested by the account holder, subject to the facility of V-CIP being provided by the bank. The V-CIP related instructions under [Master Direction - Know Your Customer \(KYC\) Direction, 2016 dated February 25, 2016](#) (as updated from time to time) shall be adhered to by the bank.

6.2 The banks shall activate the inoperative accounts/ unclaimed deposits, including those which are under freeze by orders of various agencies like Courts, Tribunals, Law Enforcement Agencies, only after adhering to the KYC guidelines provided in the Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 (as updated from time to time) such as Customer Due Diligence (CDD), customer identification, risk categorisation, etc.

6.3 The banks shall ensure that activation of inoperative account/ unclaimed deposits in CBS necessarily requires second level of authorisation by another officer at the same or higher level (i.e., through maker and checker). System logs shall invariably be maintained in case of any activity in or activation of inoperative accounts/unclaimed deposits for concurrent audit purpose. The preservation period of such system logs shall be as per the internal guidelines of the bank.

6.4 The bank shall automatically intimate the inoperative account/ unclaimed deposit holders through SMS and registered email stating that on the basis of the KYC documents submitted by them, the inoperative status of the account has been removed. The intimation shall also mention the remedial measures available to them to report unauthorised access, if any. This would alert the account/ unclaimed deposit holder against any possible fraudulent activity in his/her inoperative account. The banks shall have in place adequate operational safeguards to ensure that the claimants in case of inoperative accounts/ unclaimed deposits are genuine. The banks shall process requests for activation of inoperative account/ unclaimed deposits within three working days from the receipt of the complete application.

7. Payment of Interest

Interest on savings accounts shall be credited on a regular basis irrespective of the fact that the account is in operation or not.

8. Levy of Charges

8.1 The banks are not permitted to levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account.

8.2 No charges shall be levied for activation of inoperative accounts.

9. Display of Unclaimed Deposits and Search Facility

Banks shall host the details of unclaimed deposits {only name, address (without pin code) and Unclaimed Deposit Reference Number (UDRN)}, which have been transferred to DEA Fund of RBI on their respective websites, which shall be updated regularly, at least on a monthly basis. The banks, which do not have their own websites shall make available the above list of unclaimed deposits in their respective branches. The database hosted on the website shall provide a search option to enable the public to search for their unclaimed deposits using name in combination with the address of the account holder/ entity. Upon a successful search, details of unclaimed deposits shall be displayed in a format comprising account holder's name(s), his/her address (without pincode) and UDRN only. In case such accounts are not in the name of individuals, the search input and result should include names of individuals authorised to operate the accounts. However, the account number, its type, outstanding balance and the name of the branch shall not be disclosed on the bank's website.

10. Fraud Risk Management in Inoperative Accounts

10.1 The banks shall not allow any debit transaction in an inoperative account unless there is a customer induced activation as per the procedure mentioned in paragraph 6 of these guidelines. Further, banks may also consider imposing a cooling-off period on reactivation, with restrictions on the number and amount of transactions, as may be applicable for newly opened accounts with the bank.

10.2 The banks shall ensure that there is no unauthorised access to customer data pertaining to the inoperative accounts. The banks shall also ensure that adequate steps are taken to prevent data theft and related misuse for fraudulent purposes.

11. Customer Awareness

11.1 The banks shall provide on their website as well as at their branches, the information on the process for activation of the inoperative account/ unclaimed deposits and claiming the balances therein. Necessary claim forms and documents may be made available for the benefit of customers.

11.2 The banks shall conduct public awareness and financial literacy campaigns regularly to educate the members of public about the activation of inoperative accounts/unclaimed deposits and the prescribed procedure to claim amounts lying therein by a depositor or his/her nominee/ legal heir in case of deceased depositor.

PART III- REPEAL PROVISIONS

12. With the issue of these instructions, the instructions/guidelines contained in the circulars mentioned in [Annex II](#), issued by the Reserve Bank stand repealed.

1. Financial Transactions

- a) ATM/ Cash withdrawal/deposit
- b) RTGS / NEFT/ IMPS /UPI/ AePS/ ABPS Transactions
- c) Internet Banking Transactions
- d) Debit Card Transactions
- e) Transfer of funds from / to the linked CBDC(e-Rupee) account
- f) Cheque Clearing
- g) Remittance of funds by way of demand drafts
- h) Cash withdrawal by third party through cheque
- i) Standing Instructions issued by the customer
- j) NACH Debit / Credits
- k) Term Deposit Interest / proceeds
- l) Dividend on shares/Interest on Debentures or any other investment proceeds
- m) Direct Benefit Transfer (DBT) credits
- n) Refunds like refunds related to e-commerce payments, Income Tax Returns, etc.
- o) National Electronic Toll Collection (NETC) debits

2. Bank Induced Transactions

- a) All types of charges levied by banks including taxes deducted
- b) Savings Bank account interests

List of Circulars repealed

Sr. No.	Circular No	Description	Date of Circular
1	DCBR.BPD.(PCB/RCB). Cir.No.18/13.01.000/2014-15	Unclaimed Deposits / Inoperative Accounts in Banks Display list of Inoperative Accounts- All Primary (Urban) Co-operative Banks/ State and Central Co-operative Banks	February 27, 2015
2	UBD.BPD.Cir.No.14/12.05.001/2014-15	Inoperative Accounts- All Primary (Urban) Co-operative Banks	September 11, 2014
3	RPCD.CO.RRB.RCB.B C.No.30/03.05.33/2014-15	Inoperative Accounts	September 9, 2014
4	DBOD.No. Leg. BC. 36/09.07.005/2014-15	Inoperative Accounts	September 1, 2014
5	RPCD.RRB.BC.No.105/03.05.33/2013-14	Levy of Penal Charges on Non-maintenance of Minimum Balances in Inoperative Accounts	May 27, 2014
6	UBD.BPD.Cir.No.62/13.03.000/2013-14	Levy of Penal Charges on Non-Maintenance of Minimum Balances in Inoperative Account: All Primary (Urban) Co-operative Banks	May 15, 2014
7	DBOD. Dir.BC.No. 109/13.03.00/2013-14	Levy of penal charges on non-maintenance of minimum balances in inoperative Accounts	May 6, 2014
8	RPCD.RCB.BC.No. 42/07.51.014/2013-14	Unclaimed Deposits / Inoperative Accounts in Banks - Treatment of Certain Savings Bank Accounts Opened for Credit of Scholarship Amounts and Credit of Direct Benefit Transfer under Government Schemes	October 7, 2013
9	RPCD.CO.RRB.BC.No. 41/03.05.33/2013-14	Unclaimed Deposits / Inoperative Accounts in Regional Rural Banks-Treatment of Certain Savings Bank Accounts Opened for Credit of Scholarship	October 4, 2013

		Amounts and Credit of Direct Benefit Transfer under Government Schemes	
10	UBD.BPD.(PCB)CIR No. 23/13.01.000/2013-14	Unclaimed Deposits/Inoperative Accounts in UCBs - Treatment of certain savings bank accounts opened for credit of Scholarship amounts and credit of Direct Benefit Transfer under Government Schemes All Primary (Urban) Co-operative Banks	September 30, 2013
11	DBOD.No. Leg. BC. 53/09.07.005/2013-14	Unclaimed Deposits/Inoperative Accounts in banks – Treatment of certain savings bank accounts opened for credit of Scholarship amounts and credit of Direct Benefit Transfer under Government Schemes	September 17, 2013
12	RPCD.No. RRB.RCB.BC. 83/03.07.033/2011-12	RRBs/StCBs/DCCBs - Strengthening the Regulatory Framework for Unclaimed Deposits	June 12, 2012
13	DBOD.No.Leg.BC. 81/09.07.005/2011-12	Unclaimed Deposits/ Inoperative Accounts in Banks - Display list of Inoperative Accounts	February 7, 2012
14	RPCD.No.RRB.RCB.BC .58/03.05.033/2011-12	Unclaimed Deposits / Inoperative Accounts in Banks - Display List of Inoperative Accounts	February 8, 2012
15	RPCD.CO.RRB.BC.No. 108 /03.05.33/2008-09	Unclaimed deposits and inoperative / dormant accounts in banks-RRBs	May 22, 2009
16	RPCD.CO.RF.BC.No.89 /07.38.01/2008-09	StCBs/DCCBs - Unclaimed deposits and inoperative / dormant accounts in banks	February 18, 2009
17	DBOD.Leg. No.BC. 55 /09.07.005 /2009-10	Inoperative Accounts	October 30, 2009
18	UBD.BPD (PCB) Cir No19 /13.01.000/2009-10	Unclaimed Deposits and Inoperative/ Dormant Accounts in UCB	November 9, 2009
19	UBD.BPD (PCB) Cir No: 9 /13.01.000/2008-09	Unclaimed Deposits and Inoperative/ Dormant Accounts in UCBs	September 1, 2008

20	DBOD.No.Leg. BC. 34 /09.07.005/2008-09	Unclaimed Deposits / Inoperative Accounts in banks	August 22, 2008
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