

(To be Notified in the Official Gazette)

The Reserve Bank (Depositor Education and Awareness Fund) Scheme, 2014

The Reserve Bank of India, in exercise of the powers conferred by sub-sections (1) and (5) of Section 26A of the Banking Regulation Act, 1949 (10 of 1949) and of all the powers enabling it in this behalf, hereby makes the following Scheme, namely:-

Chapter I

1. Short Title and Commencement:

- (i) This Scheme may be called The Reserve Bank (Depositor Education and Awareness Fund) Scheme, 2014.
- (ii) This Scheme shall come into force with effect from such date as specified in the Notification in the Official Gazette.

Chapter II

2. Definitions:

In this Scheme, unless the context otherwise requires:-

- (i) (a) 'Act' means the Banking Regulation Act, 1949 (10 of 1949);
- (b) 'bank' means a banking company, a co-operative bank, multi-state co-operative bank, State Bank of India, a subsidiary bank, a corresponding new bank and a regional rural bank;
- (c) 'Fund' means the Depositor Education and Awareness Fund established under paragraph 3;
- (d) 'Committee' means the Committee constituted under paragraph 8 to administer the Fund;
- (e) 'Effective date' means the date on which the Scheme comes into force as notified by the Reserve Bank;
- (f) 'DICGC' means the Deposit Insurance and Credit Guarantee Corporation established under section 3 of the Deposit Insurance Corporation Act, 1961;

- (g) 'Liquidator' means liquidator of a bank eligible to participate in the Fund, and appointed under any law for the time being in force;
- (h) 'Principal amount' means the amount, including interest, transferred by a bank to the Fund in terms of Section 26A of the Act;
- (i) 'Amount due' means any credit balances or account remaining unclaimed or inoperative for ten years or more;
- (ii) Words and expressions used in this Scheme and not defined herein, but defined in the Act, shall have the meaning respectively assigned to them in the Act.

3. Establishment of the Fund and Credits therein:

- (i) Reserve Bank hereby establishes a Fund to be called the Depositor Education and Awareness Fund referred to in Section 26A of the Act.
- (ii) The amounts to be credited to the Fund by banks shall be deposited in the specified account maintained with the Reserve Bank or such other banks, as may be specified by the Reserve Bank from time to time.
- (iii) For the purpose of this paragraph, the amounts to be credited to the Fund shall be the credit balances 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, including:-
 - (a) savings bank deposit accounts;
 - (b) fixed or term deposit accounts;
 - (c) cumulative/recurring deposit accounts;
 - (d) current deposit account;
 - (e) other deposit accounts in any form or with any name;
 - (f) cash credit account;
 - (g) loan accounts after due appropriation by the banks;
 - (h) margin money against issue of Letter of Credit/Guarantee etc., or any security deposit in any account;
 - (i) outstanding telegraphic transfers, mail transfers, demand drafts, pay orders, bankers cheques, travelers cheques, sundry deposit accounts, vostro accounts, inter-bank clearing adjustments and other such transitory accounts, unreconciled credit balances on account of ATM transactions, etc.; and
 - (j) undrawn balance amounts remaining in any prepaid card issued by banks.

(iv) The classification of any deposit account as 'unclaimed' or 'inoperative', as at sub-paragraph (iii), would be as per the directions/guidelines issued by the Reserve Bank from time to time.

(v) Any amount in foreign currency payable under an instrument or a transaction, that has remained unclaimed for ten years or more, shall be converted into Indian Rupees at the exchange rate prevailing on the date of conversion and transferred to the Fund, and in the event of a claim, the Fund shall be liable to refund only in Indian Rupees:

Provided that if the validity period for payment of the instrument or transaction was not specified or legally prescribed at the time of issuance of the instrument or the date of transaction, as the case may be, the Fund shall refund the amount of the foreign currency claim in its rupee equivalent as on the date of payment by the bank concerned to the customer.

(vi) A bank shall transfer to the Fund entire amount as specified in sub-paragraph (iii), including the accrued interest that the bank would have been required to pay to the customer/ depositor as on the date of transfer to the Fund.

(vii) A bank shall calculate the cumulative balances in all such accounts as specified in sub-paragraphs (iii) and (v), as on the day prior to the effective date and transfer the amount to the Fund on the last working day of subsequent month along with the interest accrued as specified in sub-paragraph (vi).

(viii) From the effective date, banks are required to transfer to the Fund the amounts becoming due in each calendar month (i.e., balances remaining unclaimed for ten years or more) as specified in sub-paragraphs (iii) and (v) and the interest accrued thereon as specified in sub-paragraph (vi), on the last working day of the subsequent month.

(ix) Banks should preserve records/documents containing details of all accounts and transactions, including deposit accounts in respect of which amounts are required to be credited to the Fund, so that if any claim for refund arises, they may refund to the customer/ depositor such amount with interest, if applicable, as specified at sub-paragraphs (i) and (ii) of paragraph 4.

(x) Notwithstanding anything contained in the Banking Companies (Period of Preservation of Records) Rules, 1985, the bank shall preserve such records/documents in respect of accounts and transactions, including deposit

accounts as specified in sub-paragraph (ix) for a period of at least five years from the date of refund from the Fund.

4. Refunds and Interest:

(i) The claim for refund of any amount from the Fund shall be made by banks based on payments made to a customer/ depositor whose unclaimed amount/deposit had been transferred to Fund. Banks shall repay the customer/ depositor, along with interest if applicable, and lodge a claim for refund from the Fund for an equal amount paid to the customer/ depositor.

(ii) The interest payable, if any, from the Fund on a claim shall accrue only from the date on which the balance in an account was credited into the Fund and till the date of payment to the customer/ depositor. No interest shall be payable in respect of amounts refunded from the Fund, in respect of which no interest was payable by the bank to its customer/ depositor.

(iii) In case of any claim for refund of part amount by the depositor whose unclaimed amount/inoperative deposit had been transferred to the Fund, the account ceases to be inoperative. The bank shall claim the entire amount transferred to the Fund with respect to such depositor along with any interest payable, if any, from the Fund. Such accounts shall thereafter be operative in the books of the bank.

(iv) Refunds made by a bank in each calendar month should be claimed for reimbursement from the Fund on the last working day of the subsequent month.

(v) Banks should maintain details of all accounts on deposits and other related documents in respect of which reimbursements have been sought from the Fund.

(vi) Reserve Bank shall be empowered to seek all relevant information in respect of an account or deposit or transaction for which a claim for refund has been submitted by a bank.

(vii) In case of liquidation of a bank, the Fund shall pay to the liquidator an amount equal to the amount payable by DICGC under the DICGC Act, 1961 in respect of each depositor whose account balances have been transferred to the Fund on account of being inoperative or unclaimed.

Provided that no such payment shall be made in case the depositor concerned is eligible to get any amount from DICGC in respect of any

account maintained with the same bank, in the same capacity and in the same right.

(viii) The payment specified in sub-paragraph (vii) will be in addition to the refund made to the liquidator under the Act, and is meant only for distribution to such depositors or their legal heirs or nominees, as the case may be. The aforesaid amount shall be paid by the Fund only if a claim from the depositor concerned is received by the liquidator, and he, in turn, makes a claim on the Fund for the same.

5. Banks to submit Returns:

Banks shall furnish returns to Reserve Bank in the form and manner as prescribed by Reserve Bank from time to time.

6. Accounts:

(i) The Fund shall maintain its accounts including Income and Expenditure Statement as prescribed by the Committee.

(ii) The amounts credited to the account of the Fund, maintained with Reserve Bank or such other banks, as may be specified by Reserve Bank from time to time, shall form part of Reserve Bank Balance Sheet.

(iii) The amounts credited to the account of the Fund maintained with the Reserve Bank and such other banks may be invested by Reserve Bank and such other banks in such manner as prescribed by the Committee.

(iv) All income of the Fund shall be credited to the Fund.

(v) All expenditure incurred for the promotion of depositors' education, awareness, interests and other purposes that may be specified by Reserve Bank under Section 26A (4) of the Act, shall be charged to the Fund.

(vi) The excess of expenditure over income/income over expenditure, as the case maybe, shall be transferred to the Fund and shall not be transferred to Reserve Bank or such other bank maintaining the accounts of the Fund.

7. Audit of Accounts:

- (i) The accounting year for the Fund shall be from April 1 to March 31 of the subsequent year.
- (ii) The accounts of the Fund shall be audited by the statutory or any other auditors as directed by the Reserve Bank.
- (iii) The Annual Accounts of the Fund, at the end of each accounting year, shall be placed before the Central Board of the Reserve Bank, along with the report of auditors and the activity report of the Fund.

Chapter III

Constitution, Management and Functions of the Committee

8. Constitution of the Committee:

- (i) There shall be a Committee to administer and manage the Fund in accordance with the Scheme.
- (ii) The Committee shall consist of not more than eleven members as decided by the Reserve Bank, excluding Chairperson and shall consist of the following members, namely:-
 - (a) a Deputy Governor of Reserve Bank, nominated by Governor, who shall be the ex-officio Chairperson of the Committee;
 - (b) not more than five officers of Reserve Bank, not below the rank of Chief General Manager, nominated by it in this behalf from Department of Banking Operations and Development, Urban Banks Department, Rural Planning and Credit Department or any other department which Reserve Bank may deem appropriate;
 - (c) Chairman and Managing Director or Chief Executive Officer of a bank by rotation, as nominated by the Reserve Bank;
 - (d) not more than two members nominated by Reserve Bank, who are considered experts in the field of banking or accounting or any other field, which the Reserve Bank considers appropriate;
 - (e) not more than two persons nominated by Reserve Bank, representing the interests of customers and depositors of banks, drawn from amongst organisations or associations formed by such customers or depositors and

- (f) an officer, not below the rank of Chief General Manager, nominated by Reserve Bank to act as Member Secretary to the Committee.
- (iii) Other members, except the ex-officio Chairperson, shall hold office for a period of two years and thereafter until their successors shall have been nominated.
- (iv) A retiring member shall be eligible for re-nomination.
- (v) Reserve Bank shall provide Secretariat for the Committee and necessary infrastructure and manpower to assist the Committee in the administration of the Fund.
- (vi) The Committee may constitute one or more Sub-Committees, from amongst its members, whenever it deems necessary to do so, to facilitate efficient and speedy discharge of its functions.
- (vii) Any defect in the constitution or any vacancy in the Committee would not invalidate any proceedings of the Committee or the decisions taken by the Committee.

9. Functions and Objects of the Committee:

- (i) The Committee shall frame its own rules of business.
- (ii) The Fund shall be utilised 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 Reserve Bank. The Committee shall function keeping in view the purposes mentioned in Section 26A(4) of the Act and in accordance with the purposes that may be specified by Reserve Bank in this regard from time to time.
- (iii) The Committee may from time to time lay down a list of activities, the criteria and procedure, etc. for incurring expenditure and achieving the objectives of the Fund.
- (iv) The Committee shall administer the Fund and shall exercise all powers on behalf of the Fund, including incurring of all expenditure that may be charged to the Fund, and keeping the corpus of the Fund invested.
- (v) In the normal course, the Committee shall not use the principal amount for payment of interest or for incurring expenses in relation to the activities of the Fund. In exceptional situations, where the principal amount has to be utilised for payment of interest or for incurring expenses in relation to the activities of the Fund, the Committee shall record in writing its reasons for the same.

(vi) For facilitating the determination of the rate of interest payable, the Fund shall provide to the Reserve Bank such returns and information on its income and expenditure, as may be required by the Reserve Bank.

10. Expenses of the Committee:

The expenses of the Committee and other expenses for administration of the Fund shall be charged to the Fund as decided by the Committee.

11. Power to call upon the banks:

- (i) The Committee may call upon any bank to pay the amount due to the Fund.
- (ii) The Committee may call for any information relating to unclaimed amounts lying with the banks and inoperative accounts, in general or a bank in particular, from time to time, and it shall be the duty of such bank to furnish the information sought by the Committee.

12. Promotion of Depositors' Interests and Recognition of Associations:

- (i) For the promotion of depositors' interests, the Committee may register/recognise from time to time various institutions, organizations or associations, engaged in activities relating to depositor awareness and education, including those proposing to conduct programmes for depositors of banks, organizing seminars and symposia for depositors and undertaking projects and research activities relating to these areas.
- (ii) Institutions, organizations or associations registered/recognized by the Committee may be considered for grant of funds as a grant-in-aid either as one time measure or in stages or by way of reimbursement, depending upon the nature of the activity proposed.
- (iii) The Committee shall determine and lay down the criteria for grant of financial assistance to institutions, organizations and associations, as stated in sub-paragraph (i).
- (iv) The Committee may examine the proposals and the proposed end use of grants and assistance before authorising release of funds.

(v) The Committee may call for information in respect of or verify in any manner, the end use of funds granted to such institutions, organizations or associations.

(vi) The Committee may take such action as it deems fit in the interests of the Fund, including legal actions, as and when considered appropriate.

13. Interpretation of the provisions of the Scheme:

If any issue arises in the interpretation of the provisions of the Scheme, the matter shall be referred to the Reserve Bank, and the decision of the Reserve Bank thereon shall be final.

14. Amendment of the Scheme:

The Reserve Bank shall be free to amend the provisions of this Scheme from time to time, if so found necessary.

15. Power to remove difficulties:

If any difficulty arises in giving effect to the provisions of this Scheme, the Reserve Bank may take such actions or pass such orders, as may appear necessary for the purpose of removing such difficulty.

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Executive Director