The Depositor Education and Awareness Fund
Scheme, 2014 – Section 26A of Banking
Regulation Act, 1949

Please refer to the RBI circular Ref No.
DBOD.No.DEAF Cell.BC.114/ 30.01.002/
2013-14 dated May 27, 2014, circular
DBOD.No.Leg.BC.81/09.07.005/2011-12
dated February 7, 2012 and circular
DBR.No.DEA Fund Cell.BC.66/30.01.002/
2014-15 dated February 2, 2015 wherein
detailed instructions were issued in respect of
maintenance of records and transfer of
Funds with reference to inoperative accounts
for more than ten years.

2. As mentioned in paragraph 02 of the circular
dated 27 May 2014, the banks were required to
remit to DEAF Account maintained by RBI,
the amounts to the credit of any account in India
which has not been operated upon for a period
of ten years or any deposit or any amount
remaining unclaimed for more than ten years
within a period of three months from the expiry
of ten years.

3. In terms of paragraph 5 of the Scheme, banks
shall furnish returns duly audited to RBI in the
form and manner prescribed. The Banks were
also expected to maintain customer-wise details which were to be verified by the concurrent auditors and the annual certificate be obtained from the statutory auditors and forwarded to RBI certifying the correctness of the compilation and make appropriate disclosure in the financial statements of the bank.

4. The Banks were to necessarily furnish the above returns, even if it is a nil return, to the RBI at the periodicity mentioned in the guidelines.

5. The transfer of unclaimed balances to DEAF is a statutory requirement under section 26 (A) of B. R. Act, 1949/B.R.Act, 1949 (AACS) and needless to say that non-adherence to the guidelines would be treated as violation of the instructions of the Regulator.

6. However, despite pointing out during the statutory inspections conducted by NABARD, the following deficiencies in complying to the provisions of Act ibid and RBI guidelines were noticed:

| i.  | The banks do not have proper systems / procedure for identifying, calculating, and transferring the appropriate amount and furnishing the prescribed returns to RBI within the prescribed time and manner. |
| ii. | The customer-wise details, amount transferred, calculation of interest, etc, required as per the guidelines are not verified by the concurrent auditor before |
| iii. | The banks do not have proper systems / procedure for identifying, calculating, and transferring the appropriate amount and furnishing the prescribed returns to RBI within the prescribed time and manner. |
|  | The customer-wise details, amount transferred, calculation of interest, etc, required as per the guidelines are not verified by the concurrent auditor before |
iv. Annual Certificates, certifying the correctness of the compilation were not obtained from the statutory auditors and forwarded to RBI.

v. Proper disclosures were not made in the financial statements and required contingent liabilities were not provided for.

vi. Details of single contact point person are not updated upon superannuation, voluntary retirement or death of the identified person.

vii. The amounts were not transferred in full as required citing Bank’s financial position.

7. Since persistent and willful violation of the statutory provisions would be viewed seriously by the regulators, we reiterate that the banks may follow the instructions contained in the RBI Circulars *ibid* scrupulously and comply with the provisions of Sections 26 and 26A of the B R Act 1949 in toto.

8. Please acknowledge receipt of this circular to our Regional Office in your State/UT.