

**Revised Policy on Depositors Education and Awareness Fund (DEAF)**

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## **Depositor Education and Awareness Fund**

### **1. Introduction:**

Pursuant to the enactment of The Banking Laws (Amendment) Act, 2012, Section 26A has been inserted in the Banking Regulation Act, 1949 which, *inter alia*, empowers the Reserve Bank to establish a Depositor Education and Awareness Fund (DEAF). DEAF will be credited with the amount to the credit of any account in India with a banking company 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. DEAF shall be utilised for promotion of depositors' interest and for such other purposes considered necessary for the promotion of depositors' interests as specified by the Reserve Bank from time to time. However, the provisions of Section 26A do not prevent a depositor from claiming his/her deposit or operating his/her account or deposit after the expiry of the period of ten years and the banking company should pay the deposit amount and claim refund of such amount from DEAF.

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, has introduced the scheme called Depositors Education and Awareness Fund (DEAF) vide its notification No. DBOD.No. DEAF Cell.BC.114 / 30.01.002 /2013-14 dated May 27.05.2014.

Any amount lying unclaimed at the branches either in deposit account or nominal accounts for a period of more than 10 years (the first such lot will consist of all entries upto 23.05.2004) has to be transferred to the Fund along with interest accrued if any, on monthly basis, starting from 30.06.2014. (move in 1<sup>st</sup> para)

### **1.a. Definitions:**

In this Scheme, unless the context otherwise requires:

- (i) 'Act' means the Banking Regulation Act, 1949 (10 of 1949);
- (ii) 'Bank' means Bank of Maharashtra;
- (iii) 'Fund' means the Depositor Education and Awareness Fund;
- (iv) 'Effective date' means the date on which the Scheme is notified in the Official Gazette;
- (v) 'Principal amount' means the amount, including interest, transferred by a bank to the Fund in terms of Section 26A of the Act;
- (vi) 'Amount due' means any credit balances in any account or any deposit in a bank remaining unclaimed or inoperative for ten years or more;
- (vii) 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.

## **2. Classification / Identification of Accounts:**

Bank shall deposit the credit balance in any deposit account maintained with the bank which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more to the DEA Fund in the specified account maintained with the Reserve Bank, which include: -

- a. savings bank deposit accounts;
- b. fixed or term deposit accounts;
- c. cumulative/recurring deposit accounts;
- d. current deposit accounts;
- e. other deposit accounts in any form or with any name;
- f. cash credit accounts;
- g. loan accounts after due appropriation by the banks;
- h. margin money against issue of Letter of Credit/Guarantee etc., or any security deposit;
- i. outstanding mail transfers, demand drafts, pay orders, bankers cheques, sundry deposit accounts, vostro accounts, inter-bank clearing adjustments, unadjusted National Electronic Funds Transfer (NEFT) credit balances and other such transitory accounts, unreconciled credit balances on account of Automated Teller Machine (ATM) transactions, etc.;
- j. undrawn balance amounts remaining in any prepaid card issued by banks but not amounts outstanding against travellers cheques or other similar instruments, which have no maturity period;
- k. rupee proceeds of foreign currency deposits held by banks after conversion of foreign currency to rupees in accordance with extant foreign exchange regulations; and
- l. such other amounts as may be specified by the Reserve Bank from time to time.
- m. Any amount payable in foreign currency under an instrument or a transaction, that has remained unclaimed for ten years or more, shall at the time of transfer to the Fund be converted into Indian Rupees at the exchange rate prevailing on that date and in the event of a claim, the Fund shall be liable to refund only the Indian Rupees received by the Fund with respect to such instrument or transaction.
- n. Bank shall transfer to the Fund the entire amount 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.
- o. Bank shall calculate the cumulative balances in all such accounts 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.
- p. From the effective date, bank is required to transfer to the Fund the amounts becoming due in each calendar month (i.e. balances remaining unclaimed for ten years or more) and the interest accrued thereon, on the last working day of the subsequent month.

## **3. Preservation of Records:**

Bank shall preserve records containing details of accounts and amount transferred to DEA Fund. Bank shall also simultaneously preserve record of the claims made by the customers and payment made to the customers thereon by claiming reimbursement from RBI. Bank shall preserve records/documents in respect of such accounts and transactions, for a period of at least five years from the date of refund from the Fund. In this regard branches shall follow the guidelines circulated by HO on time to time.

Reserve Bank may call for all relevant information in respect of an account or deposit or transaction for which a claim for refund has been submitted by a bank. As per RBI directive, the amount transferred to the Fund has to be shown in the books of the Bank as contingent liability.

#### 4. **Unclaimed Deposits**

##### 4.a.i **Saving & Current Deposits:**

- As per extant guidelines with regard to the maintenance of inoperative SB accounts, the branches were required to provide the account wise details to the ZO. Thereafter, any accounting entry with respect to such accounts will be passed by the branch with the concurrence of their ZO. On migration of the branches to CBS, the balancing position of such accounts vis-à-vis a consolidated account (one single account with consolidated balance) maintained by the branch in CBS should be tallied. Hence, for the purpose of transfer of amount to DEAF it is proposed that the individual account details will be provided through the system at ZO.
- As inoperative account in CBS System, the system identifies inoperative accounts based on '*last transaction date*' field picked up from earlier TBA software. The last transactions date field was available only in Kale Software and therefore, the CBS system will identify inoperative accounts of more than 10 years migrated from Kale Software only.
- The system will calculate and apply interest, at the applicable rate, till 31.05.2014 before transfer of the balance in a particular account to HO.
- The eligible accounts will be closed in CBS system with suitable **narration** e.g. "DEAF TRF OR Close Thru BGL" balance transferred to DEAF" and the balance in the account, along with interest upto 31.05.2014 and thereafter on monthly basis will be transferred to a '*reconcilable*' pool account at HO with unique number. The unique number will comprise of the 11-digit account number and branch code for proper identification while settling claim of customer when it arises.
- The same process shall be followed for outstanding credit balance lying in cash credit accounts, which are not operated for last 10 years or more.

##### 4.a.ii. **Term Deposit Accounts:**

- The term deposit accounts are auto rolled over in CBS System and hence there will not be any overdue term deposit account unless and until it is transferred to overdue term deposit category by the system.
- The term deposit accounts which were already overdue for payment at the time of migration to CBS system are classified as such in the system. It is proposed to transfer the eligible overdue term deposit accounts, along with interest, to a separate pool account at HO with unique number. The amount transferred to the designated pool account will be transferred to the Fund on monthly basis.
- In terms of HO guidelines, if a term deposit matures and proceeds are unpaid, the amount left unclaimed with the Bank shall attract rate of Interest as applicable to Savings account or the Contracted rate of Interest, whichever is lower on the matured Term Deposit. It is proposed to transfer the balance in overdue term deposit account, along with accrued interest, provided for as per extant HO guidelines.

##### 4.b. **Un-adjusted Credit Entries:**

As per the extant practice, the branches are required to transfer to HO, the amount of balances in their leave without pay, cash found excess, during the time of annual closing of accounts. Over and above, these entries the Bank had, during the year ended 31.03.2008 & 31.03.2013 transferred the amount representing the unpaid pay orders, un-adjusted entries in Sundry Creditors accounts from branches to HO. Such entries have been since absorbed in the P&L account of the Bank as per Board approved policy.

#### **4.b.i. Stale Demand Draft:**

- Entry-wise details (date of issue, DD number, DD issuing branch code, amount of DD) are maintained in CBS system. CBS, PMO will provide the list of eligible stale DD.
- Based on the list, the amount of such DDs will be transferred to a pool account as explained above.

#### **4.b.ii. Bills Payable:**

Entry-wise details (date of issue, PO number, Beneficiary's name and amount of PO) are available in CBS.

- The eligible POs i.e. pay orders outstanding for more than 10 years will be identified through CBS System.
- The same shall be transferred to a pool account with unique number comprising of issuing branch code, date of issue, PO number for future identification.

#### **4.b.iii. Sundry Creditors:**

- Entry-wise details (date of entry & amount of entry) are available in CBS system.
- The entries will be identified through CBS System and will be transferred to a designated pool account at HO with unique reference number. It is proposed to have details like date of original entry, branch code as part of unique number.

#### **4.b.iv. Old Deposit Schemes\* (in form of BGL Accounts/Heads):**

- SB Bulk inoperative account,
- Sankalp Deposits,
- Chintamani Deposits,
- Shubhmangal Deposits,
- Cash Certificates,
- Annuity Deposits,
- Festival Deposit Certificate
- and Janata Personal Accident Insurance Scheme

The above entries are capable of being handled by CBS System as the individual entry details and / or the breakup of individual entries comprising the balances in respective accounts is available which facilitate transfer, tracking as well as reconciliation thereof.

Besides the above, the following heads of accounts contain unclaimed / un-adjusted credit entries which fall within the purview of guidelines of RBI.

1. ATM Payable accounts comprising of unclaimed ATM failed transactions, maintained at Card Cell Mumbai.
2. Unclaimed / un-reconciled credit entries in DD paid / payable other Banks which being maintained at designated branches viz. Kasba Peth and Nanded.
3. Un-adjusted credit entries lying in CHP account at various branches.
4. Un-reconciled credit entries in inter-bank account maintained by various branches.

In respect of these items, CBS system will not be in a position to identify the individual entry for above purpose. Hence, it is proposed to transfer such entries manually. The funds in respect of these entries will be remitted by each Zonal Office to HO as a single consolidated entry through C2C. The detailed record of all such credit entries, transferred manually will be maintained at the respective branches as well as Zonal Offices.

## **5. Roles and Responsibilities of various Departments / Offices and Branches:**

### **5.a. For Transfer of Funds**

Functionality / Responsibility of the Departments which are involved in process of the amount is transferred to RBI are mentioned below.

#### **5.a.i. PMO:**

- a) Provide fetch data for the accounts expected to be transferred at the end of the month on 5<sup>th</sup> day of every month on monthly frequency.
- b) Ensure that the eligible accounts for transfer to RBI's DEA Fund are identified correctly and transferred to Pool Accounts. In case where CBS account number are available, the said account should be marked as closed in CBS with Proper narrations and push the related report to GWPC of Head Office on 4<sup>th</sup> Saturday of every month.

Note: As per RBI notification DBOD.No.DEAF Cell.BC.101/30.01.002/2013-14 dated 21/03/2014; it is stated that " The depositor would, however, be entitled to claim from the bank her deposit or any other unclaimed amount or operate her account after the expiry of ten years, even after such amount has been transferred to the Fund".

Since accounts are closed in CBS and transferred to DEAF, while settling claim **there will not be any provision to re-open the closed accounts or renew the deposits.** Branches make the payment to customer: Separate SOP is attached herewith.

#### **5.a.ii. Operations:**

- a) To provide branch-wise list of accounts which are expected to be closed and transferred to RBI's DEA Fund on 4<sup>th</sup> Saturday and last two working days in that particular month respectively after receiving the data from PMO.

Presently the data in this regard is being shared at Report No. 70 under Branch Report Links in Branch Profile. The data has been updated on monthly basis.

- b) Share confirmation on the count and amount to be transferred pertaining to Savings, Current and Term Deposit accounts with FM & A and informing FM & A about claims settled by RBI during the month, if any.

#### **5.a.iii. F.M.& A**

- a) Basis on the reports pushed by PMO, Prepare the summary of number of accounts and amount being transferred under each category.
- b) Transferring the amount to TIBB for further transfer to RBI through e-Kuber Portal within last 2 working days in every month.

## 5.b. Claim of Funds

### 5.b.i. Branches

Receive an application from the customer/ claimant (in case of deceased). Carry our KYC checks and customer due diligence. Confirm the genuineness of the claim and raise the claim to respective ZO for sanctioning of the claim in prescribed format i.e. Annexure-I.

On receipt of sanction from respective ZO, the claim will be paid to the customer/Claimant with interest up to actual date of Payment for Interest Bearing Deposits by debiting GL 92871 (Sundry Debtors – DEAF Claim Settlement) only.

Reconcile the outstanding entries of BGL 92871- Sundry Debtors – DEAF Claim Settlement after receiving the reimbursement of claims from, Operations Department, Head Office.

### 5.b.ii. Zones

Respective ZOs have verified the genuineness of claim and confirm the transfer of fund to DEA Fund and convey their sanction to the concerned branches.

### 5.b.iii. Operations

Reimburse the claim to branches after confirming the Fund is actually transferred to DEA Fund.

Note: A separate SOP has been issued for DEAF claim settlement.

## 6. Account wise involvement of Departments for processing of claims:

In case of any claim from the customers/Nominee/Legal heirs, Branches has to get latest KYC documents and request letter from the customer for claim and ensure genuineness of the same. Branches have to take adequate operational safeguards to ensure that claimants are genuine. Then branches have to send a letter, to nodal office as mentioned below, along with the details as mentioned below duly attested by Branch Head to claim the amount transferred to DEAF Separate SOP is attached herewith.

Nodal office/Department	Claims related to	Details
Operations	Interest Bearing/Non-Interest Bearing Deposits	<b><u>I. Claim by the customer himself:</u></b> a) Account holders after checking their name and address on the List of Unclaimed Deposits displayed on the website will visit the branch maintaining his/her account and submit the Annexure-B i.e. "Claim Form" duly filled in and signed, along with the available details of the account (Pass book/Statements of account, Term Deposit/Special Term Deposit Receipts or advices), recent photographs, valid Identity and

		<p>address proof documents (KYC documents) with originals for verification.</p> <p>b) Branches shall send the documents along with the duly filled in Annexure-I and signed by the Branch Head / Authorized Official and recommend their respective zones to convey their sanction in this regard. On receiving sanction from their Zonal Office, <u>Branch shall pay the principal amount along with the interest up to the actual date of payment to the customer by debiting BGL 92871- Sundry Debtors –DEAF claim Settlement.</u></p> <p><b><u>II. Claim by the legal heir / nominee:</u></b></p> <p>a) For claim process, the legal heir/ Nominee (s) can visit the branch and submit the Unclaimed Deposits Claim Form duly filled in and signed, along with the following documents.</p> <p>i. Passbook / Term Deposit / Special Term Deposit Receipts (advices)</p> <p>ii. Valid Identity proof of the claimant(s)</p> <p>iii. Copy of death Certificate of the account holder.</p> <p>b) Branches while processing the applications will meticulously follow the Bank's policy for claim settlement of deceased and missing persons.</p> <p><b><u>III. Claim of Non-individuals accounts:</u></b></p> <p>• For claim of non-individual accounts including proprietorship and HUF, the Claim forms will be submitted on Company's/firm's letter head duly signed by authorized signatories along with valid identity proof.</p>
FMA	Other Credits (Unclaimed DDs, POs, Sundry Deposits)	Br.Code, Br.Name, DD or PO No., Amount, Copy of the DD or PO receipt or copy of the counter foil, Request letter from Party
TIBD	Forex Related Accounts	Br.Code, Br.Name, Request letter from Party, Account details, Amount etc.



## 7. Settlement of Claim:

Since accounts are closed in CBS and transferred to DEAF, while settling claim **there will not be any provision to re-open the closed accounts or renew the deposits**. Branches make the payment to customer: Separate SOP is attached herewith.

1. Open the new account [in case of SB/CA] or open fresh deposit account and credit the amount to new account.
2. Through Demand Draft/Bankers Cheque/NEFT/RTGS.

## 8. Calculation of Rate of Interest:

Payment of Interest to the Depositors/Claimants on various categories of accounts transferred to RBI DEA Fund. The interest on Interest Bearing Accounts shall be calculated and to be paid shall be as under:

Parameter	Type of Accounts	Interest paid during account was inoperative/ unclaimed till transfer to DEAF	Interest paid after transferring to DEAF	
			Tenure	ROI (Simple Per Annum)
Savings Bank Account &	Interest Bearing	Savings Bank Interest Rate	Up to 30.06.2018	4.00%
			01.07.2018 to 10.05.2021	3.50%
			11.05.2021 onwards	3.00%
Term deposits	Interest Bearing	From the date of maturity till transfer to DEAF, the customer will be eligible for interest for overdue period as per prevailing SB rate or the contracted rate of Interest on the matured TD, whichever is lower.	Up to 30.06.2018	4.00%
			01.07.2018 to 10.05.2021	3.50%
			11.05.2021 onwards	3.00%
Current Account	Non-Interest Bearing	NIL	NIL	
BGLs	Other Credits	NIL	NIL	

- 8.a. In case of demand from a customer/ depositor whose unclaimed amount/deposit had been transferred to Fund, Bank shall repay the customer/depositor, along with interest if applicable, and lodge a claim for refund from the Fund for an equivalent amount paid to the customer/depositor.
- 8.b. 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 transferred to the Fund to 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.**

- 8.c. Rate of interest, if any, payable on the principal amount transferred to the Fund shall be specified by Reserve Bank from time to time. The rate of interest has since been reviewed and it has been decided that the rate of interest **payable by banks** to the depositors/claimants on the unclaimed interest bearing deposit amount transferred to the Fund shall be 3% simple interest per annum w.e.f. 11.05.2021. The settlement of all claims received by the banks on or after 11.05.2021 will be at this rate, until further notice.
- 8.d. In the case of a claim for refund of foreign currency denominated deposit accounts, instruments or transactions specified in paragraphs 3 (iii) (k) and 3 (iv), irrespective of whether the bank has paid the depositor/customer in Indian rupees or foreign currency, the banks shall be entitled to claim refund of the eligible amount from the Fund, in Indian rupees only.
- 8.e. 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 will not be revived and will not become operative.** A new account may be opened in place of old account if customer/claimant wants to continue their relation with Bank. The bank shall claim the entire amount transferred to the Fund in respect of such depositor along with interest payable, if any, from the Fund.
- 8.f. Refunds made by bank in each calendar month should be claimed for reimbursement from the Fund on the last working day of the subsequent month.

**\*Proceeds of some Old Deposit accounts are transferred to BGL accounts like SB Bulk inoperative account, Sankalp Deposits, Chintamani Deposits, Shubhmangal Deposits, Cash Certificates, Annuity Deposits, Festival Deposit Certificate and Janata Personal Accident Insurance Scheme are transferred to BGL Heads, Hence there is no any interest accrued and calculated either automated or manually.**

## **9. Authorized Signatories:**

As per RBI guidelines, signatories have to be nominated for signing the returns to be submitted to RBI. Approval of Board has to be obtained for nominating any executive as authorized signatories.

Presently the 3 executives preferably Scale –V and above, 3 signatories are nominated as authorised signatories, which are from the below mentioned departments.

1. Operations
2. F M & A
3. Inspection and Audit

In case of transfer/superannuation/retirement with any reason of any executive, note is to be put up to the Board for the appointment of new signatories. Whenever there is such a change, specimen signatures of the newly appointed authorized signatories, duly attested by Executive Director / Managing Director & Chief Executive Officer of the Bank have to be sent to RBI in their prescribed format.

## 10. Audit of Accounts and Returns:

The accounting year for the Fund shall be from April 1 to March 31 of the subsequent year.

The eligible accounts shall be audited by the Concurrent Auditor of the Bank and fill the returns to RBI.

On the date of transferring the amount to the Fund, the bank should maintain customer-wise details verified by the concurrent auditors, including payment of up-to-date interest accrued, that has been credited to the deposit account till the date of transfer to the Fund, with respect to interest bearing deposits. With respect to non-interest bearing deposits and other credits transferred to the Fund, customer-wise details, duly audited, should be maintained with the bank. The concurrent auditors should also verify and certify that, as per the banks' books, the returns have been correctly compiled by the bank in the monthly and yearly returns submitted to RBI. The above returns shall also be verified by the statutory auditors at the time of annual audit and an Annual Certificate shall be obtained from statutory auditors and forwarded to RBI, certifying that the returns have been correctly compiled by the bank.

### 10.a. **Concurrent Audit:**

Bank has submitted 3 returns in which two returns having monthly frequency while the remaining 1 has frequency half yearly. Details of the return are mentioned below.

**10.a.i. FORM I-** Monthly return of unclaimed deposits/credits/accounts/in India which have not been operated upon/remained unclaimed for 10 years or more as on the date of return and transferred to DEA Fund Account. (to be submitted online to the Reserve Bank of India by 15<sup>th</sup> of the succeeding month)

**10.a.ii. FORM II-** Monthly return claiming refund from the DEA Fund. (to be submitted online on or before 10<sup>th</sup> of the succeeding month to which the claim pertains and original hard copy duly signed by Board Approved authorized signatories and audited by Concurrent Auditor, to be submitted by 25<sup>th</sup> of the succeeding month to which the claim pertains.

**10.a.iii. FORM III-** Certificate of Reconciliation of balances for the half year ended September/March, original hardcopy duly signed by 2 executives other than the authorized signatories and audited by the Concurrent Auditor (to be submitted in of the succeeding).

### 10.b. **Disclosure in Notes to Accounts**

All such unclaimed liabilities (where amount due has been transferred to DEAF) may be reflected as "Contingent Liability – Others, items for which the bank is contingently liable" under Schedule 12 of the annual financial statements. Bank also disclose the amounts transferred to DEAF under the notes to accounts as per the format given below.

(Amounts in Rs. crore)		
	Current year	Previous year
Opening balance of amounts transferred to DEAF		
Add: Amounts transferred to DEAF during the year		
Less: Amounts reimbursed by DEAF towards claims		
Closing balance of amounts transferred to DEAF		

Disclosure are to be made in Schedule-18: Notes on Accounts to the Balance Sheet of March 31<sup>st</sup> of F.Y. In this regard, a summary of accounts transferred to and reimbursed by RBI, duly certified by the Statutory Auditors is submitted to FM & A Deptt. For publishing it in the annual report of the Bank.

#### **11. Information on Public Domain:**

Keeping in view public interest, it has been decided by RBI that bank should play a more pro-active role in finding the whereabouts of the accountholders of unclaimed deposits. Therefore, Bank should display the list of unclaimed deposits which are unclaimed for ten years or more on Bank's websites. The list so displayed on the website must contain only the names of the account holder(s) and his/her address in respect of unclaimed accounts. In case such accounts are not in the name of individuals, the names of individuals authorized to operate the accounts should also be indicated. However, the account number, its type and the name of the branch shall not be disclosed on the bank's website. The list so published by the bank should also provide a "**Find**" option to enable the public to search the list of accounts by name of the account holder.

#### **12. Grievances of Redressal:**

All customer grievances shall be resolved as per the bank's internal customer grievance redressal policy within stipulated timeframe.