

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1835

ANSWERED ON TUESDAY, DECEMBER 16, 2025/ 25 AGRAHAYANA, 1947 (SAKA)

MASS FREEZING OF DORMANT BANK ACCOUNTS

1835. DR. MEDHA VISHRAM KULKARNI:

Will the Minister of Finance be pleased to state:

- (a) whether over 1.8 lakh Savings/Current Accounts have been frozen in the last six months merely for being dormant, causing severe hardship to middle and lower-middle class citizens without prior notice;
- (b) if so, the details thereof, State-wise and bank-wise;
- (c) the reasons for the cumbersome reactivation process adversely affecting rural and Senior Citizens; and
- (d) whether Government will direct RBI to make pre-freeze SMS/registered-post notice mandatory, accept Aadhaar-based self-certification for reactivation and fix 31st March, 2026 as deadline for automatic revival of all such accounts?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d): As per Reserve Bank of India (RBI) circular on ‘inoperative Accounts/ Unclaimed deposits in Banks-Revised Instructions’ dated 1.1.2024, 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. Further ‘customer induced transaction’ are in nature of (i) a financial transaction initiated by or done at the behest of the account holder by the bank/ third party or (ii) a non-financial transaction, or (iii) KYC updation done in face-to-face physical mode or through digital channels such as internet banking or mobile banking application of the bank. The term ‘dormant’ has not been defined by RBI.

As per the circular *ibid*, accounts where there is no customer induced transaction in last one year, banks are required to inform such customers through letters or email or SMS that account shall become ‘inoperative’ if not operated in next one year. In such case, the account holder(s) would be required to submit Know Your Customer (KYC) documents afresh for reactivating the account. In order to ensure ease of operations to customers, if customer informs the bank the reasons for not operating the account, the bank 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. However, the accounts are classified as 'inoperative', in case no customer induced transactions are undertaken during the extended period.

Further, RBI mandates banks to contact the account holders of inoperative accounts through letters, email or SMS on a quarterly basis. Banks are also required to undertake special drives periodically to find out the whereabouts of the customers, their nominees or legal heirs in respect of inoperative accounts.

A convenient process for activation of inoperative accounts has also been defined by RBI to ensure easy reactivation of inoperative accounts including, *inter alia*, for customers in rural areas and senior citizens. Customers are required to undertake fresh KYC to activate their inoperative accounts and the same can be done at any of the branches of the concerned bank. Banks also offer facility for updation of KYC through Video-Customer Identification Process (VCIP) and banks also use services of their business correspondents (BCs) for activation of inoperative accounts as prescribed by RBI in its directions. Banks may activate the inoperative accounts after adhering to the KYC instructions provided by RBI such as, Customer Due Diligence (CDD), customer identification, risk categorisation, etc. RBI has also prescribed time limit of three working days for activation of inoperative accounts, from the receipt of the complete application.
