

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 737

TO BE ANSWERED ON THE 14TH DECEMBER 2018/ AGRAHAYAN 23, 1940 (SAKA)
Nominee for Bank Account

737. SHRI G.M.SIDDESHWARA:

Will the Minister of FINANCE be pleased to state:

- (a) whether there is lack of uniformity in the rules regarding the number of nominees that can be permitted for bank accounts, fixed deposits, public provident fund and mutual funds;
- (b) if so, the reasons therefor and
- (c) whether uniformity in rules will be introduced permitting multiple nominees with pre-determined percentages, if so, the details thereof?

ANSWER

Minister of State in the Ministry of Finance
(SHRI SHIV PRATAPSHUKLA)

(a) to (c): Nomination for bank deposit accounts (including fixed deposits) is provided for under rules made by the Reserve Bank of India (RBI), nomination for mutual funds is provided for under regulation made by the Securities and Exchange Board of India (SEBI), and nomination for Public Provident Fund (PPF) is provided for under the rule made by the Ministry of Finance.

In respect of nominations in deposit accounts in banks (including fixed deposits), RBI has informed that Section 45ZA of the Banking Regulation Act, 1949 read with the Banking Companies (Nomination) Rules, 1985, provides for nomination of one person to whom in the event of the death of the depositors, the amount of deposit may be returned by the banking company.

In respect of nominations in mutual fund accounts, SEBI has informed that Regulation 29A (1) & (2) of the Mutual Fund Regulations require asset management companies to provide an option to the unit holder to nominate a person in whom the units held by the investor shall vest in the event of his death, and where the units are held by more than one person jointly, the joint unit holders may together nominate a person in whom all the rights in the units shall vest in the event of death of all the joint unit holders. These Regulations do not specify the number of nominees that can be permitted in mutual funds. However, as per prevalent industry practice the maximum number of nominees is limited to three, and the percentage allocation/ share in favour of each nominee should be clearly indicated in whole number without any decimals making a total of 100 percent.

In respect of PPF, under the PPF Scheme, 1968, a subscriber to the fund may nominate one or more persons to receive the amount standing to his credit in the event of his death before the amount has become payable.
