

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA

UNSTARRED QUESTION NO. 5205

TO BE ANSWERED ON MONDAY, 4th APRIL, 2022/ CHAITRA 14, 1944 (SAKA)

INOPERATIVE SAVINGS ACCOUNTS

†5205. **SHRI RAKESH SINGH:**

Will the Minister of FINANCE be pleased to state:

- a) whether the savings accounts have been made inoperative without any intimation to the customers by the banks in the country including the Indian Overseas Bank, Jabalpur due to non-transactions during Covid period, if so, the details thereof;
- b) whether the interest amount has been credited in these savings accounts by the banks during the said period, if so, the details thereof and if not, the reasons therefor;
- c) whether inoperative charges have also been levied on such savings accounts, if so, the details thereof and the reasons for making these savings accounts inoperative despite a 'system generated' transaction;
- d) whether there are rules in existence for banks in this regard but these rules have not been followed, if so, the details thereof during the last three years; and
- e) whether the Government proposes to take any action in this regard and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(DR. BHAGWAT KARAD)

(a): As per the instructions issued by the Reserve Bank of India (RBI) to banks vide their Master Circular dated 01.07.2015 on "Customer Service in Banks", banks are required to make an annual review of accounts in which there are no operations for more than one year, and to approach the customers and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same. Further, banks are required to display the list of unclaimed deposits/ inoperative accounts which are inactive / inoperative for ten years or more on their respective websites. Banks have also been advised to play a more pro-active role in finding the whereabouts of account holders whose accounts have remained inoperative, vide circulars dated 07.02.2012, 08.02.2012, 21.11.2014 and 02.02.2015.

The Indian Overseas Bank (IOB) has also informed that intimation to their customers by way of SMS is provided when the accounts are not in operation for more than 1 year and a second intimation is given by way of SMS if the account is not in operation for more than 2 years.

Further, in respect of Pradhan Mantri Jan-Dhan Yojana (PMJDY) Accounts/ Basic Savings Bank Deposit (BSBD) Accounts/ Small Accounts holders, whose accounts had become inoperative due to ceasing of operations of accounts or suspension of transactions in the account for want of non-completion of KYC requirements / KYC updation, and considering the extraordinary circumstances of restrictions due to COVID-19 pandemic and to avoid any difficulties for small account holders in undertaking transactions through small accounts, the Government had issued a Notification dated 31.03.2020 to amend the Prevention of Money Laundering (Maintenance of Records) Rules, 2005

and provide that Small Accounts shall remain operational between 01.04.2020 and 30.06.2020, thereby providing reprieve to account holders who could have been adversely affected due to the KYC requirements. The Government subsequently extended the period for which Small Accounts were to remain operational till 31.12.2021.

(b): Banks credit interest to savings accounts in terms of RBI's Master Circular dated 01.07.2015, which states that interest on savings bank accounts has to be credited on regular basis, whether the account is operative or not.

(c) to (e): In terms of RBI's Master Circular dated 01.07.2015 *ibid*, banks are not to levy any charge for activation of inoperative accounts. Further, the Master Circular also provides that for the purpose of classifying an account as 'inoperative' both the type of transactions i.e., debit as well as credit transactions induced at the instance of customers as well as third party should be considered. However, the service charges levied by the bank or interest credited by the bank should not be considered.
