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THE AWARE CONSUMER

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Where Does The Consumers' Hard-Earned Unclaimed Money Go?

IN FOCUS
When Shares, Mutual Funds and Dividends Lie Unclaimed...

INTERVIEW
Ms. NIRMALA SITHARAMAN
FINANCE MINISTER

THE PRESCRIPTION
Where Do The Pharma Overcharging Dues Disappear?

PLUS ROUND UP • RESEARCH FEATURE • MY MARKET

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VIEWPOINT

MESSAGE FROM PUBLISHER & EDITOR

Is Your Forgotten Money Lying in the Government Coffers?

CAN YOU EVER imagine forgetting something as important as Money? While this may sound implausible, the fact remains that scores of Indian consumers have forgotten about the money they have deposited in different savings accounts, fixed deposits, life insurance policies, shares, mutual funds, provident funds, pension accounts and more over the years. Before you argue that you use your bank account, redeem your deposits and claim your due insurance amount regularly, think again if there could be an account or two that you forgot to close over the years, or some dividends that failed to reach you?

Indeed, it can get difficult to keep track of every small detail when you have multiple accounts, change jobs, shift your residence and balance the other challenges of life….

Then there is the case of deceased persons who did not inform their family members/nominees about their investments or share other financial information. These people don't even have any clue that there is money waiting for them to claim. And the figures could be substantial at times!

Different estimates peg that around Rs. 70,000 – Rs. 85,000 crores could be lying unclaimed with different financial and other institutions across the country!

Meanwhile what does the government do about these unclaimed funds? There are regulations that require banks, insurance providers and even other private companies to transfer the amounts from 'dormant accounts' to different funds maintained by the specified regulatory authorities.

But the question I have raised again and again is what is the government actually doing with this money, which belongs to you but has not reached you? The mandate is that the amounts accumulated in all such funds should be used for consumer awareness, welfare and other such related activities, which is in your interest.

This sounds good on paper, but are the consumers actually benefiting from the money that, in effect, belongs to them? For that matter, why don't we see more proactive efforts to find the rightful beneficiaries and return their money?

The only fund monitored by us now is the Consumer Welfare Fund managed by the Department of Consumer Affairs, Government of India. However, most of your funds are, as of date, deposited in the Consolidated Fund of the Government of India and used for regular government activities! Does this make any sense?

Prof. Bejon Kumar Misra
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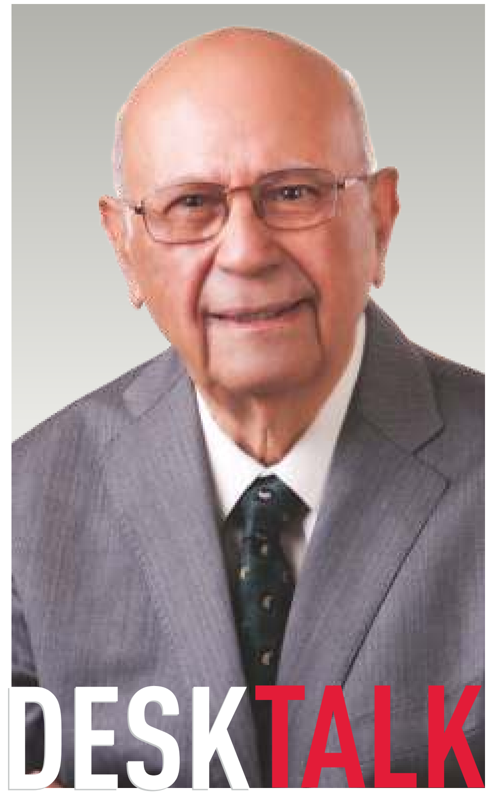

YOUR MONEY USED WITHOUT YOUR CONSENT!

AS YOU AND I go about making a living and eking an existence, do we ever realise that the government is literally sitting on crores of our money? Yes, you read that right! And by our money, I don't mean the scores of taxes we pay to the government every time we get a salary, earn a profit from our business, eat out or even buy a small item.

Unfortunately, this is also not limited to the money that we have deposited somewhere and it is lying overlooked for some reason. Another looming concern is the overcharging of prices (over the price control limitations) by some manufacturers and retailers, especially in the pharmaceutical sector, and other illegal profiteering activities. The specified authority duly looks into such matters and collects the overcharged amount from the guilty parties enriching themselves by adopting unfair trade practices or manipulating in collecting taxes like GST from the consumers.

The question we are asking here is – Since the said money belongs to the consumers, why is it going to the government exchequer and actually being used for the government activities itself? Shouldn't the funds be directly used for the benefit of those who paid it in the first place?

Why is there no clear-cut policy on using the unclaimed money and other funds that rightfully belong to the consumers and should be used for our welfare? The government prefers to stay quiet on the issue while the consumers are blissfully unaware of such funds and other provisions for unclaimed money – let alone what is being done with it!

There is talk about using the money to promote consumer education, financial literacy and so on. Why don't we focus on encouraging consumers to be more proactive in managing their finances? Won't it be better to use the funds recovered from companies for selling drug formulations at prices higher than the notified rates to subsidise medicines or other expensive treatments for the marginalised population who still cannot access them otherwise?

A wakeup call is the National Pharmaceutical Pricing Authority (NPPA) that has recovered more than Rs. 9782 crores from the pharma companies (as on September 2022) as overcharged amount from consumers under the DPCO 1995!

Why doesn't the government work on setting up a transparent process to keep the citizens informed about how such funds are actually being deployed for their welfare? The mechanism should also incorporate user-friendly ways and means by which consumers can share their thoughts and ideas – after all, the money belongs to us, not to the government!

INSIDE

THE AWARE CONSUMER JULY 2023

REGULARS

India needs the right systems and processes for ensuring that people get their rightful money, irrespective of whether they are aware of it or not!

Nobody is batting an eyelid as the inoperative accounts and unclaimed money continue to proliferate across the country. Creating awareness is crucial for reducing the amounts lying unclaimed…..

Ms. NIRMALA SITHARAMAN
FINANCE MINISTER

A lot of money is lying unclaimed in banks, forgotten by the public. It gets transferred to an RBI Fund after 10 years.

It is general practice to invest money in various financial instruments such as stocks, bonds, mutual funds and other securities.

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NITHIN KAMATH
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A staggering amount of around Rs 82,000 crore of unclaimed money is lying idle across banks, mutual funds, demat accounts, insurance and provident fund (PF). The unprecedent situation has arrived as one's account renders dormant after one year of inactivity.

ROUNDUP

> To improve and widen the access of depositors or beneficiaries to information on unclaimed deposits, RBI has decided to develop a web portal to enable search across multiple banks for possible unclaimed deposits based on user inputs. The search results will be enhanced by the use of certain artificial intelligence (AI) tools.
>
> *– Shaktikanta Das, Governor, RBI*

Common Portal to Check Unclaimed Money with Banks at One Go!

IN APRIL THIS year, the Reserve Bank of India announced that it will launch a centralised portal to check for unclaimed deposits across banks. Expected to be ready in three to four months, this will become a common platform where anyone can easily search whether any of their money is lying with any bank in India.

The current method to locate unclaimed bank accounts and deposits is to check through the requisite link on each bank's website. This is a cumbersome exercise as beneficiaries and nominees of account/ deposit holders who have passed away may not know which bank to check for the same!

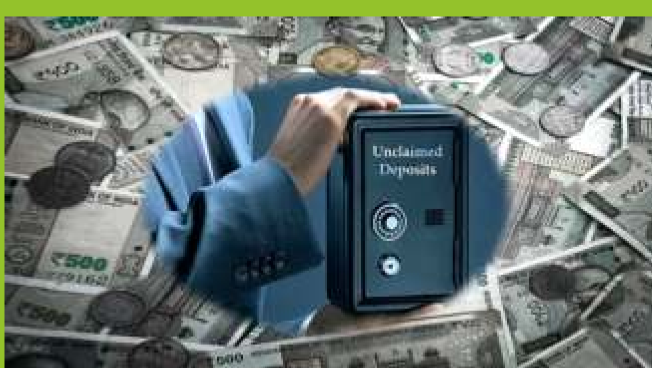
The All India Bank Depositors' Association welcomed the RBI initiative as it will streamline the process for legal heirs to locate inactive funds. However, it is too early to assess the actual effectiveness of the same!

DATA BRIEFING

You or someone close to you could be one of the 10.24 crore people whose money is lying with the government, forgotten and unclaimed.

RBI stated that it has been taking various measures to ensure that newer deposits do not turn unclaimed and existing unclaimed deposits are returned to the rightful owners or beneficiaries after following due procedure. For instance, the apex bank had advised banks to consider launching a special drive for finding the whereabouts of the customers/legal heirs in respect of accounts which have become inoperative, i.e., where there are no transactions in the account over a period of two years.

RBI Launches 100 DAYS 100 PAYS CAMPAIGN



THE RBI HAS initiated a 'campaign named '100 Din 100 Pay' (100 Days – 100 Pays) for all the banks in the country. Starting from 1st June, every bank in every district of the country has to identify the 100 largest unclaimed deposits, find its claimant and return the money to the claimant within 100 days (i.e., by the end of the first fortnight of September).

"This measure will complement the ongoing efforts and initiatives by the Reserve Bank to reduce the quantum of unclaimed deposits in the banking system and return such deposits to their rightful owners/claimants," said RBI.

The campaign also reminds the public to check their bank accounts regularly and ensure they are aware of any unclaimed deposits.

INTEGRATED PORTAL FOR UNCLAIMED SHARES AND DIVIDENDS

IT WAS ANNOUNCED in the Budget 2023-24 that an integrated IT portal will be set up for investors to reclaim their unclaimed shares and unpaid dividends.

"In order to boost investor protection and further solidify the financial sector and allow investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease, an integrated IT portal is proposed to be established."

- Finance Minister Nirmala Sitharaman

Currently, the process of reclaiming shares and dividends from IEPF is manual and takes several months. But with the introduction of the new portal, the process become automatic and the time taken is expected to come down significantly.

The IEPFA itself has acknowledged that the refund process involves multiple stakeholders, and the main service providers operate on different electronic platforms that are not interoperable. As a result, the data flow is not seamless, and the refund process exceeds the legally mandated time period.

Ankit Garg, Founder of Garg Law Chambers and Advisor, GLC Wealth elaborated about the integrated portal, "The proposed method will be a Straight Through Process (STP) whereby their Aadhaar and PAN linked demat accounts will be directly credited with shares after the Approved Verification Report is filed by the Company. There will be less physical verification of documents by the IEPF Officials resulting in drastic reduction of time taken to approve a claim below the threshold decided."

However, we have to wait and watch if this will really reduce the hassles faced by legal heirs to get their claims approved?

Supreme Court Recommends Setting Up Central Authority to Handle Unclaimed Private Assets

A SUPREME COURT appointed expert committee to probe the Hindenberg-Adani saga suggested in its May 2023 report that the government should set up a Central Unclaimed Property Authority to handle and process unclaimed private assets such as securities, dividends and bank deposits, especially those belonging to deceased investors. The panel noted, “such an agency has to be full-time hands-on real time proactive agency that actively seeks out to discharge a mandate of reuniting assets of dead individuals with their successors.”

Some of the primary recommendations of the committee include:

- Create a centralised, searchable database of unclaimed money and property of the general public that gets transferred to government-owned repositories such as the DEAF and IEPF on the premise that the property is not claimed by legal heirs or nominees.
- The core objective of the database should be to 'reunite unclaimed property (including all financial assets) with the rightful owner' and, towards this end, enable proven legal heirs to get a full picture of the investments and savings of the deceased and claim their money/bequest in a smooth and efficient manner.
- In order to be effective, a statutory central authority, backed by the appropriate legislation, must be empowered to track the rightful owner, resolve grievances and deal with security and privacy concerns.
- It is only when the databases are interoperable and integrated that the system would be effective. This will involve legal mandates and organisational structure, with holistic IT-based automated processes.
- The authority must create standard operating procedures since even within the same class of institutions (say, a bank, different managers add their own rules and demand sureties, fixed deposits, indemnity, etc.) in connection with honouring claims.
- A simple PAN-based KYC of the nominee (non-mandatory) may be considered to make the process of identification and transfer of assets much simpler.

There are substantial inflows into the Consumer Welfare Fund – this money belongs to the consumers and is supposed to be used for their welfare.

For instance, last year, the National Anti-Profiteering Authority (NAA) – the GST profiteering watchdog - upheld that DTH service-provider, Tata Play had profiteered over Rs 450 crore by not passing input tax credit (ITC) benefit to subscribers. It directed the company to deposit half each of the total profiteered amount in the Central Consumer Welfare Fund and the State Consumer Welfare Fund, along with interest at the rate of 18% from the date the said amount profiteered till the amount is deposited. Similarly, cosmetics and personal care giant L'oreal was also held guilty of not passing on the rate reduction benefits to consumers to the tune of Rs.186 crore which was to be deposited in the Fund along with interest.

The NAA has issued similar adjudication orders on numerous cases of companies that did not pass on the tax benefits to the consumers in the GST regime (by not lowering the price of goods and services in tune with the reduced tax rates and tax credits available to them) after looking into the investigation reports of the Directorate General of Anti-Profiteering (DGAP). “Companies have either returned to individual consumers or have deposited in designated consumer welfare funds Rs. 510 crore, out of a total allegedly profiteered amount of Rs. 1,500 crore”, said a person privy to the regulatory action.

Consumers like home buyers, who could be identified, were returned the allegedly profiteered amounts, while in the case of lower priced items, where the consumers could not be identified, the amounts were deposited in the designated consumer welfare funds.

However, there is no seemingly direct benefit of the welfare activities undertaken by the Consumer Welfare Fund!

Deadline for Dematerialisation of Shares

DEMATERIALISATION OF SHARES was introduced many years ago that allows them to be stored electronically in a demat account, eliminating the need for physical certificates. Trading in the financial markets necessitates having a Demat account. However, the industry estimates that about 1% to 1.5% of shareholding is still in the physical form of share certificates, translating to over Rs. 3.5 trillion.

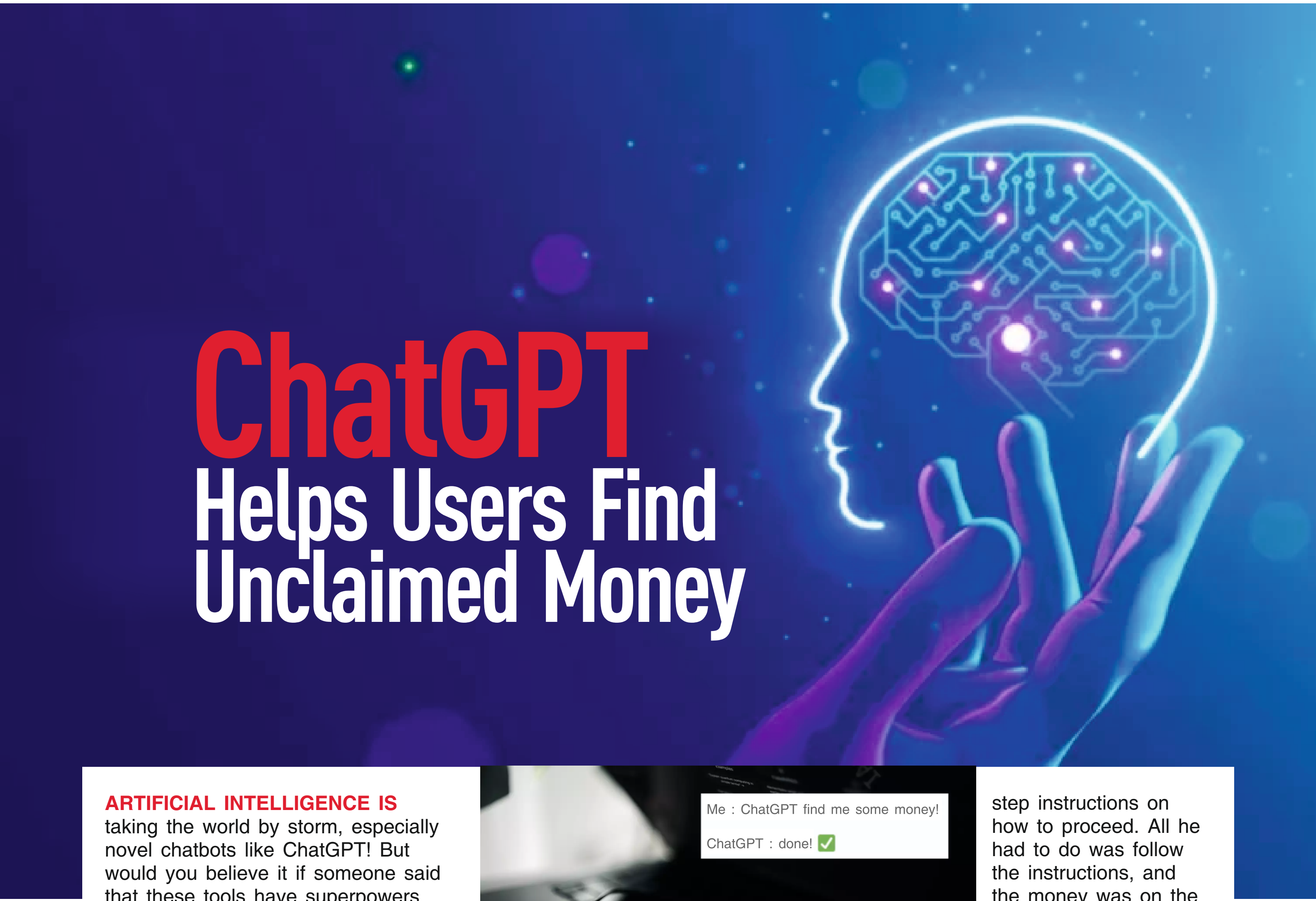
The reasons for holding physical shares can be change in address, lack of awareness of the holding, death of the original allottee shareholder and investors leaving the country.

It was mandated that all shares should be converted into demat form by 31st March, 2023 and physical share certificates will have no value thereafter. This deadline has now been extended to 30th September.

Therefore, all holders of physical securities in listed companies have to furnish PAN, nomination, contact details, bank account details and specimen signature for their corresponding folio numbers to their registrar and transfer agents. Otherwise, the shares will be frozen from 1st October and will not be eligible for bonus, dividends and other corporate actions.

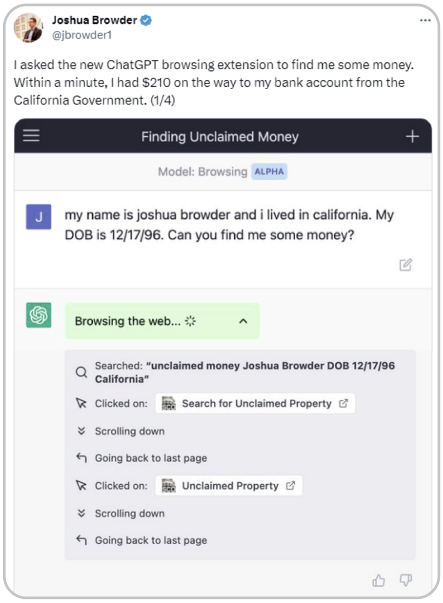
Similarly, SEBI had fixed 31st March, 2023 as the last date for nominating a beneficiary with regard to demat accounts and mutual funds. This has also been extended to 30th September, post which investors not meeting the deadline will see trading and demat accounts frozen for debits. Mutual fund folios will also become frozen accordingly.

And, if the shares or folios continue to remain frozen till 31st December, 2025, they have to be referred to the authority under the Benami Transactions (Prohibitions) Act, 1988, and/or Prevention of Money Laundering Act, 2002.



ChatGPT Helps Users Find Unclaimed Money

ARTIFICIAL INTELLIGENCE IS taking the world by storm, especially novel chatbots like ChatGPT! But would you believe it if someone said that these tools have superpowers that can help you find your unclaimed funds?



Joshua Browder
@jbrowder1

I asked the new ChatGPT browsing extension to find me some money. Within a minute, I had $210 on the way to my bank account from the California Government. (1/4)

Finding Unclaimed Money

Model: Browsing ALPHA

J my name is joshua browder and i lived in california. My DOB is 12/17/96. Can you find me some money?

Browsing the web...

Searched: "unclaimed money Joshua Browder DOB 12/17/96 California"

Clicked on: Search for Unclaimed Property

Scrolling down

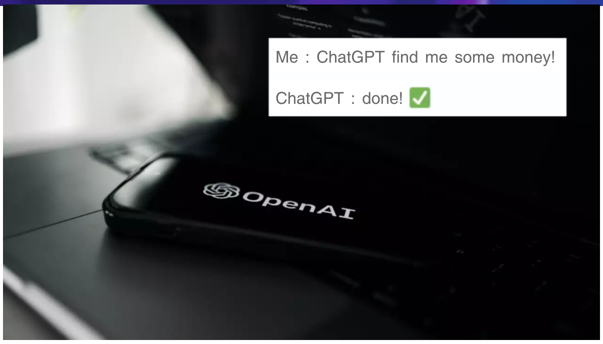
Going back to last page

Clicked on: Unclaimed Property

Scrolling down

Going back to last page

The first part of the series of tweets that went viral in April 2023



Joshua Browder, the CEO of DoNotPay (a chatbot for legal services) used Open AI's ChatGPT browser extension, to claim his sitting money worth $210 (Rs 17,285) from the US Government.

Browder asked ChatGPT to find him some money and lo and behold, he was able to claim $210 from the Californian government in a matter of minutes!

He detailed in his Twitter thread that his query on ChatGPT first advised him to visit the California State Controller website that holds unclaimed refunds from companies that are not able to contact the owners. The AI tool even provided him with a link with step by step instructions on how to proceed. All he had to do was follow the instructions, and the money was on the way to his bank account.

ChatGPT even clarified to him that it could have completed the whole process automatically, if not for the Captcha requirement!

The happy recipient explained that artificial intelligence can complete all the steps itself, but building such integrations directly will result in a losses for companies. Apparently, the DoNotPay team is developing its own plugin to overcome this obstacle and make the process more seamless.

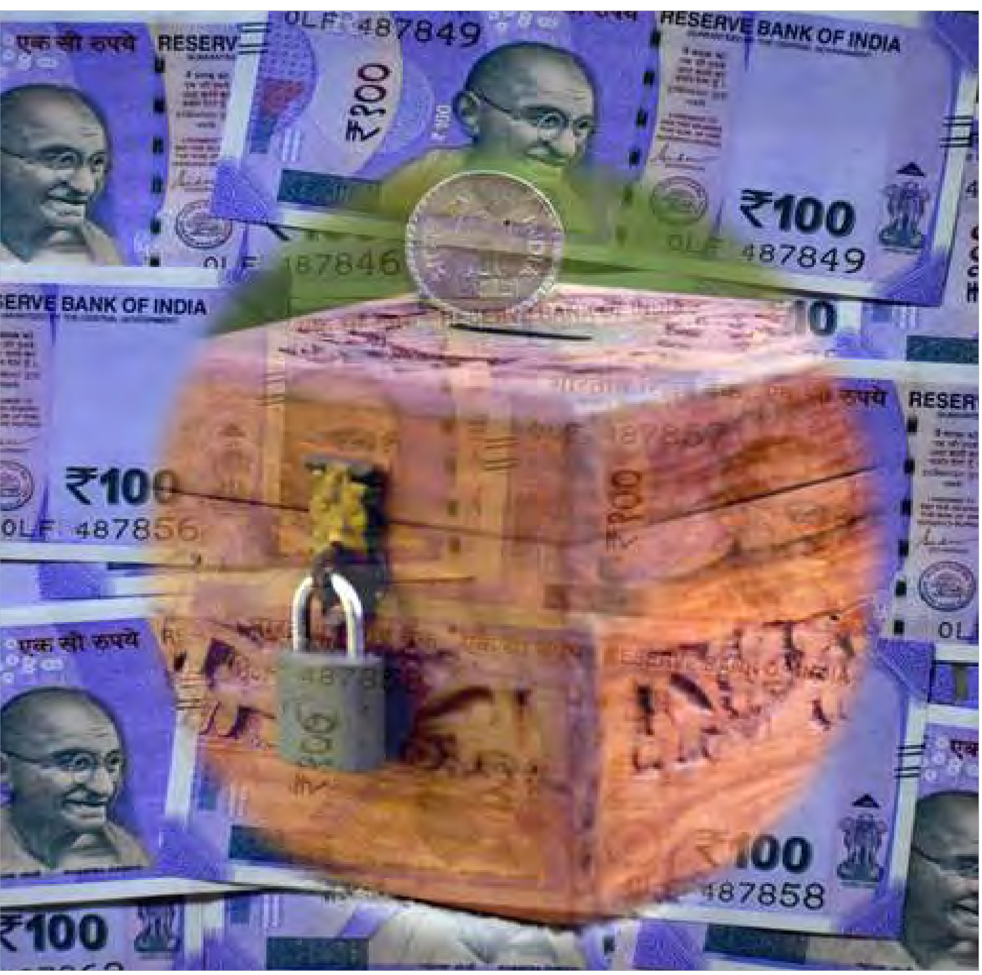
Meanwhile, scores of impressed social media users followed the same technique and many were pleasantly surprised to find unclaimed money and even properties waiting for them!

While everyone may not be as lucky as these people, the point to ponder is - will artificial intelligence become our last hope for recovering our lost funds with ease?

Consumers, Beware

What If Your Money Is Lying Unclaimed?

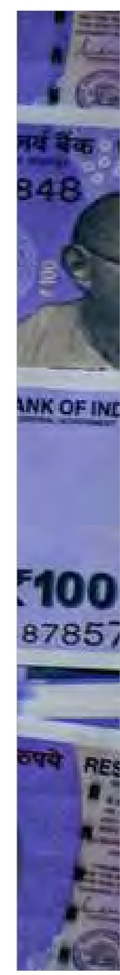
Piles of unclaimed money is lying with various financial institutions, most of which reverts to the government sooner or later. We suggest certain practical measures that will ensure that your name and money does not figure on the umpteen lists of unclaimed funds without you or your family ever being the wiser for it!



IT IS HUMAN nature to forget things! Each one of us is prone to forget to pick up our mobile, wallet or other belongings as we step out of our home. Our memory tends to evade us as inopportune moments time and again as we fail to remember a name, a task or even where we have put something. However, what if someone told you that you may have forgotten about your money?

This is not money in your hands, but that which you have deposited or secured in some manner and did not claim as your own! Such unclaimed funds have accumulated into many billions of rupees of unpaid assets for the organisations and the government.

Fact of the matter is that we are spoiled for choice for savings and investments – there are umpteen options like bank accounts, term deposits, post office savings schemes, provident funds, National Savings Certificate and other government-backed small savings schemes apart from insurance policies, shares, mutual funds and more. Many of them have long maturity periods and it is very much possible that a couple of them may just slip your mind in the long run. Then there are bank drafts,



Unclaimed funds continue to pile up for one reason or the other! The onus is on you to make sure your money does not become part of unclaimed funds in the future!

money orders, certified cheques, traveller's cheques, and official cheques that may remain uncashed for some reason or the other.

Following are some of the common situations that lead to unclaimed funds:

- We tend to have multiple bank accounts - it can become difficult to keep track of all of them and we may eventually forget about a few. Many people also tend to neglect accounts with low funds or fail to close those that they are not using anymore. At times, a person may shift to a new city or country and do not close their accounts, especially if they have a low balance.
- You may shift to a new house and change your telephone numbers. If you don't update the same with the financial institutions or investment authorities, the account becomes untraceable for them.
- Many people do not share crucial financial information – like savings and investments - with their family members. In case of sudden death or health emergency, the family just doesn't know that there is money that they can claim in the form of a deposit, insurance or something else.

These situations are not limited to the financially illiterate and rural population; many of the financially sophisticated consumers also end up with dormant or inoperative accounts.

As per an Economic Times report (July 2021), more than Rs 82,000 crore of investor wealth is lying unclaimed in forgotten and lost investments!

Following are some basic precautions that every consumer should make a part of their regular life:

- Make records of all your investments in physical format and share with your family members/nominees.
- Make it a point to close accounts that you don't intend to use.
- Remember to update your contact number and address with the financial institutions, whenever there is a change.
- Track and claim the maturity amount of your insurance policies, dividends on shares/mutual funds and other interests due on your investments.
- Do not leave the nomination part blank in an application (be it bank accounts, insurance, shares, government savings schemes, etc.) thinking it's useless or a waste of time. Always provide the details of an appropriate nominee/beneficiary whenever you open a bank account or make an investment. Inform your family/beneficiaries about the same.

The most important reason for money becoming unclaimed is the death of the person without a nomination. This arises mostly due to ignorance of the account holder/investor while opening the account. In many cases, they overlook carrying out the necessary modifications even when they come to know about this later.

"It becomes important for the depositor to keep track of their bank accounts, ensure proper nomination of all accounts, and close surplus accounts not being regularly used. The most important thing is to inform a trusted person, such as the spouse, of the existence of these accounts so that they're not in the dark about one's finances."

- Adhil Shetty, CEO, BankBazar.com

The Way Forward

The unclaimed money is moved to different government funds after a specific period of time. Account holders and policyholders can claim their money directly from these funds or even the financial institutions in some cases. This can be done by the legal owner, the nominee, the beneficiary or the next of kin, as the case may be.

Do note that your unclaimed money will continue to earn interest!

Government regulations require the relevant financial institutions and investment authorities to inform people about their unclaimed money. The details are usually listed on the respective websites.

Therefore, you should make it a practice to periodically check if you have any unclaimed funds by looking up the list of unclaimed accounts, deposits, policies, etc. If you suspect a missing account, you can always look up the list at once by entering some basic identifiable details.

Additionally, if you are the legal heir of someone who has passed away, you should always check if they had any unclaimed funds with the banks or other institutions.

The fact remains that almost any of your unclaimed money lying anywhere is claimable in one way or the other!

Conclusion

Legal procedures are cumbersome and consume considerable time, especially for legal heirs where nomination and other details have not been provided. Avoid the headaches for you and your family later by taking requisite actions right now!

Global Best Practices for Dealing with Unclaimed Funds

India needs the right systems and processes for ensuring that people get their rightful money, irrespective of whether they are aware of it or not!

Every Rupee Matters to the Average Consumer!

FINANCIAL INCLUSION IS one of the top policy priorities of governments around the world. Yet, almost every country seems to be overloaded with funds that go unclaimed by consumers for one reason or the other. What's more, they seem to grow every year.

Typically, every government requires that unclaimed moneys in financial and other institutions should be turned over to the specified authorities after a specific period of time has passed. Many of the developed nations have instituted fair means of dealing with the unclaimed funds in dormant accounts with the primary objective of returning them to the rightful owners.

Dormancy period varies from country to country – it is 3 to 5 years in USA, 7 years in Australia, 10 years in Canada and Switzerland, 15 years in Ireland and Portugal, 25 years in New Zealand, 26 years in Spain and Greece and 30 years in France.

Let us take a look at some of the best practices in different countries:

USA – The National Association of Unclaimed Property Administrators (NAUPA) estimated that 1 in 10 Americans have unclaimed money or property lying somewhere. The unclaimed tax benefits alone total up to $58 billion! The law requires that financial institutions or companies that haven't had contact with the owner for a couple of years (as stated) should turn over the unclaimed funds to the state.

The government website https://www.usa.gov/unclaimed-money (a national network collecting records from all 50 states) provides links to a number of recognised organisations at the federal and state level to help track forgotten money like checking or savings accounts, uncashed pay checks, stocks, security deposits, customer overpayments, tax refunds or even unredeemed gift cards. MissingMoney.com is another resource that helps the states to gather and track lost property such as uncashed checks, stocks, bonds and even safe deposit box contents.

The search function on the websites is easy – simply enter the name and other details – and it will throw up details of unclaimed funds, if any. While each state has its own process for claiming the money due, it is pretty straightforward.

NAUPA provides free assistance to people in USA to search for their unclaimed assets. It also helps several other countries set up claims processes.

United Kingdom – It is estimated that every man, woman and child in the UK could have £1,100 sitting in a forgotten account. Around 15 billion pounds are held in dormant bank and building society accounts alone.

But the good news is that there are various websites and resources (like www.mylostaccount.org.uk) ready and waiting to help them track unclaimed assets like lost or dormant life insurance policies, bank accounts, shares, dividends, premium bond prizes, pension, estates, government stock and gifts, etc. Free aggregate services are also available that search for all types of financial assets, including lost accounts, pensions and investments. Tracking and claiming your money can be as easy as filling a form!

Canada – Bank deposits or negotiable instruments in Canada that remain inactive for 10 years and the owners cannot be contacted in that time are transferred to the Unclaimed Properties Office (UPO). It provides information and tools to access unclaimed properties held by the Bank of Canada, including unclaimed bank balances, Canada Savings Bonds and Government of Canada bonds, The Canada RSP and The Canada RIF.

The office holds such funds for decades with a simple and free online mechanism to file claims. It also provides a reporting tool for financial institutions to report forgotten assets to the Unclaimed Properties Office.

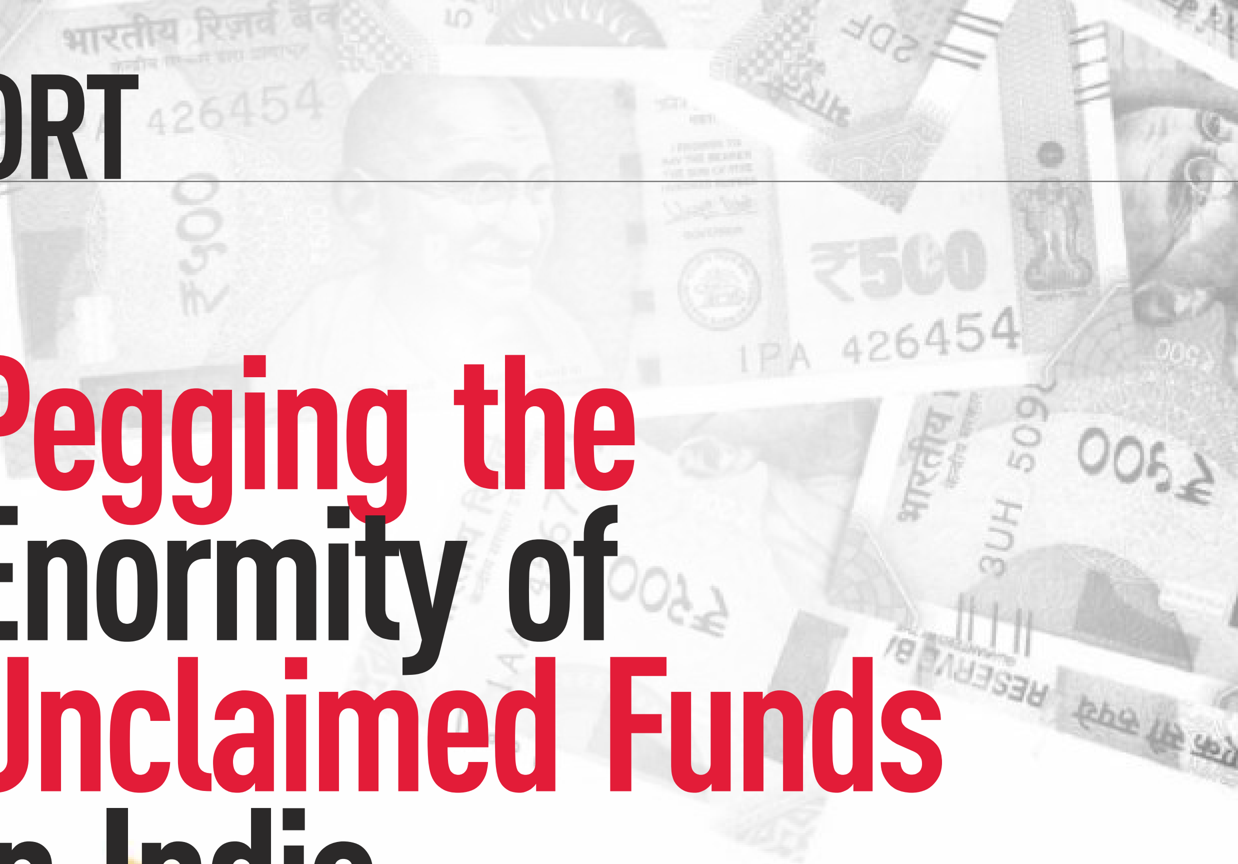
Australia – There's around $1.5 billion of lost money to be claimed from bank accounts, shares, investments and life insurance policies in Australia. The Australian Securities and Investments Commission's (ASIC) MoneySmart website provides guidance on finding unclaimed money held by both the Commonwealth and state governments.

Unclaimed money received by ASIC is transferred to the Commonwealth of Australia Consolidated Revenue Fund. It is available to be claimed at any time by the rightful owner and there is no time limit on claims.

There are other government websites for searching unclaimed assets by name and can be claimed accordingly.

Conclusion

Many countries are actively working to reunite people with their unclaimed funds and millions of dollars are being returned to them in their respective currencies every year. This has become especially crucial as citizens are still reeling under the economic impact of the COVID-19 pandemic. Will the Indian government rise to the occasion this once?



Pegging the Enormity of Unclaimed Funds in India

It is difficult for us to even fathom how much of our money may be lying unclaimed across banks and other institutions in the country!

IN JULY 2021, the Economic Times released a report which stated that there is a huge corpus of Rs 82,000 crore of investor wealth lying unclaimed in forgotten and lost investments in India. These unclaimed deposits are languishing in dormant bank accounts, maturity proceeds of policies idling in insurance companies and even the life savings of individuals locked up in inactive provident fund accounts.

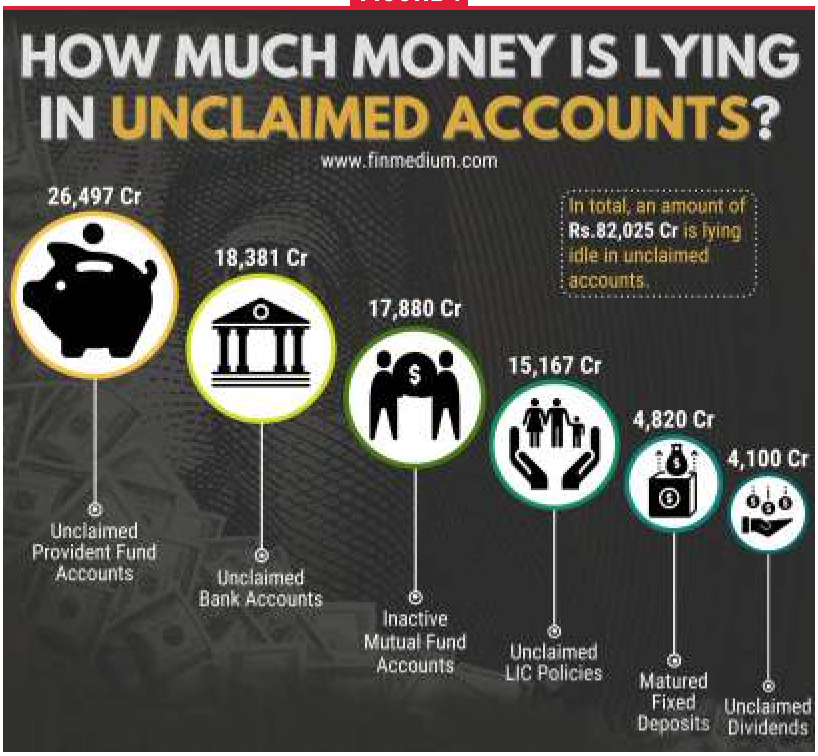
This is a cautious estimate that incorporates the following items (see Figure 1):

- Rs 26,497 crore unclaimed in provident fund accounts (as on March 31, 2019)
- Rs 18,381 crore lying unclaimed in bank accounts (as on March 31, 2018)
- Rs 17,880 crore in inactive mutual fund accounts (as on March 31, 2021)
- Rs 15,167 crore unclaimed with life insurers (as on March 31, 2018)
- Rs 4,820 crore in matured fixed and other deposits
- Rs 4,100 crore unclaimed dividends (as on March 31, 2020)

In contrast with the Rs 82,000 crore estimate, Finance Minister Nirmala Sitharaman stated in the Parliament in December 2021 that a total amount of over Rs. 51,500 crore was lying unclaimed with financial institutions, like banks, insurance companies and mutual funds in the country.

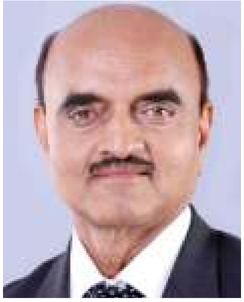
The Economic Times report further stated that, "It's a problem that afflicts almost every investor. Every household will have a dormant bank account, or a long-forgotten insurance policy or expired dividend cheques."

FIGURE 1



Unclaimed Money in Banks

The RBI's annual report reveals that unclaimed deposits in banks have sharply jumped to Rs 48,262 crore in FY22 from Rs 39,264 crore in the preceding fiscal. It was about Rs 24,000 crore in FY 2020. Most of these funds are lying with banks across Tamil Nadu, Punjab, Gujarat, Maharashtra, Bengal, Karnataka, Bihar and Telangana/ Andhra Pradesh.



Mr. Bhagwat Karad
Union State Minister of Finance

According to a statement by Mr. Bhagwat Karad, Minister of State, Union Ministry of Finance in the Parliament, several public sector banks transferred a total of Rs. 35,012 crore ($4.7 billion) in unclaimed deposits to the RBI in February this year. These unclaimed deposits belong to 10.24 crore accounts.

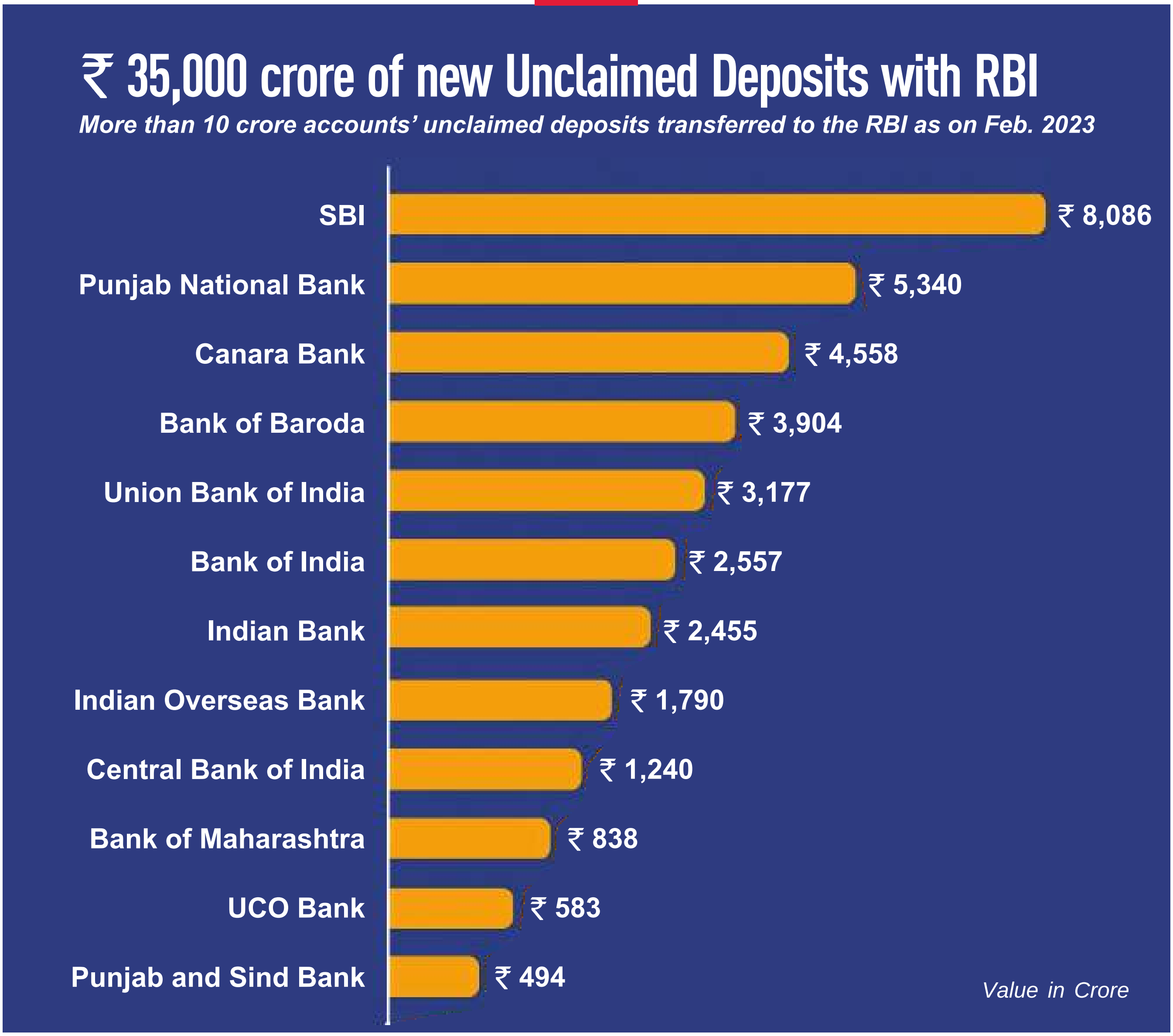
Other statements by the Finance Ministry reveal that the banks that have transferred the unclaimed deposits to the RBI include State Bank of India, Punjab National Bank, Bank of Baroda, Union Bank of India and Canara Bank among others (see Figure 2). The largest transfer was made by State Bank of India to the Depositor Education and Awareness Fund (DEAF). The RBI urged other banks to follow suit.

The Finance Ministry again stated in April - Unclaimed deposits in public sector banks have increased by more than 70% between December 2020 and February 2023 and have more than doubled compared to December 2019!

Data supplied on earlier occasions, showed that amount of unclaimed deposits was over Rs. 20,000 crore at the end of December 2020 and around Rs. 15,000 crore at the end of December 2019. This hints at an over 133% rise between February 2023 and December 2019.

Considering a bank interest rate of 6%, the report estimates that investors are losing Rs. 4,900 crore each year. Moreover, these funds would have increased to around Rs. 91,800 crore over the past 2 years!

FIGURE 2



Claiming of Funds by Legal Heirs

The primary reason for the rise in unclaimed amounts is the demise of account holders, and their legal heirs lacking knowledge about the account. When asked if SBI officials do not assist/extend any help to the family of the deceased, Mr. Bhagwat Karad claimed that the bank provides help to the family of the deceased in settling all cases of claims, "Settlement of account(s) of deceased constituent are taken up on priority by SBI. SBI staff has been sensitised and instructions are reiterated in all forums of banks at regular frequency."

However, the fact that remains that the process of accessing unclaimed funds is quite tedious and requires a significant amount of paperwork. People often complain about their incessant struggles to claim the funds from a deceased family member's accounts.

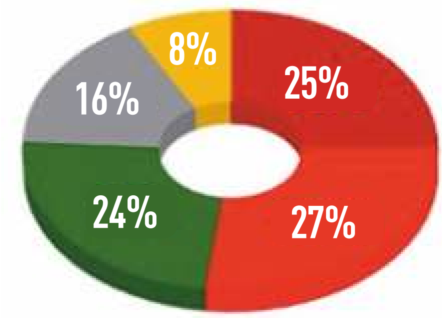
A community social media platform, LocalCircles.com surveyed 26,000 people (spanning 303 districts) about the issues faced by them in trying to transfer the assets of a deceased family member. Of these, 48% were from Tier-1, 27% from Tier-2 and 25% were from Tier 3-4 cities and rural areas. 67% of the participants were men and 33% were women.

Released in October 2022, it showed that 52% of Indian families trying to transfer assets of a deceased family member to legitimate heirs/successors had to pay bribes at several places to get things done, in the past decade (see Figure 3). About half of these people had to pay bribes at many places.

Furthermore, less than a quarter (23%) of legal heirs surveyed said they were able to get the transfers done easily, mainly because of the availability of a registered Will (13%). On the other hand, 19% reported plenty of

FIGURE 3

When you got the transfer of assets (property, mutual funds/shares, brokerage accounts, bank accounts, jewellery, others, etc.) done, post demise of a family member in the last 10 years, did you have to pay a bribe (directly or indirectly)?



- Yes, in lots of places
- Yes, in 1-2 places
- No
- Have not initiated the transfer process yet
- Can't Say

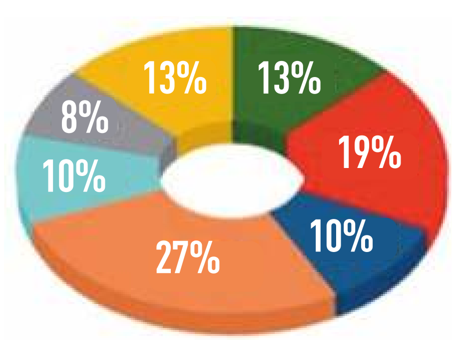
Responses – 8,983

LocalCircles

52% of the families who got assets of a demised family member transferred had to pay bribes, some paid in lots of places

FIGURE 4

What has been your experience with transfer of assets (property, mutual funds/shares, brokerage accounts, bank accounts, jewellery, others, etc.) post demise of a family member in the last 10 years?



- Straight forward process as there was a registered Will
- There was a registered Will but despite that it was very difficult
- There was a registered Will but despite that we haven't been able to complete it yet
- We did not have a registered Will and it was very difficult
- We did not have a registered Will and have not been able to complete the process yet
- We did not have a registered Will but have been able to complete the process
- Have not initiated the transfer process yet and need to Can't Say

Responses – 8,907

LocalCircles

Only 23% families were able to easily get the assets of a deceased family member transferred while the majority struggled

hardship, despite having a registered Will. A significant number (27%) said that, in the absence of a registered Will, they were not able to complete the transfer of assets (see Figure 4). It should be noted that the Indian law does not mandate that a will should be registered.

Conclusion

Claiming or transferring money is no cakewalk in India. With tedious processes that take years, the unclaimed funds will not reduce unless the government takes notice of the difficulties faced by the consumers!

Definitive Action is the Need of the Hour!

Nobody is batting an eyelid as the inoperative accounts and unclaimed money continue to proliferate across the country. Creating awareness is crucial for reducing the amounts lying unclaimed…..

It is the government's duty to make sure that a person's savings and insurance ends up in the right hands!

WITH ALL THE ongoing talk about consumers forgetting about their funds in banks and other financial institutions, let us take a look at the other end of the spectrum. What are the banks, insurance providers and other companies doing with our unclaimed money?

Most organisations are required to transfer the unclaimed funds to the apex authority after 7 to 10 years of them remaining unclaimed. But what happens in the interim? How can the banks, insurers or private companies be allowed to use this money almost free float for their business purposes for so many years? Come to think of it, how can the unclaimed funds become an interest free deposit at the disposal of the RBI, unless a claim is made to the Depositor Education and Awareness Fund?

Why is nobody talking about the huge stacks of unclaimed money and what can be done with it? For that matter, even the Consumer Welfare Fund has failed miserably to use the funds in the interests of the consumers.

> **How does it make sense for money that rightfully belongs to the people ending up in 'investor education funds'?**

The icing on the cake is that the consumers are not even aware of such funds, let alone the provisions for making a rightful claim. Even several of the educated and well-read consumers remain blissfully ignorant of the provisions and processes involved.

Neither does the media ever talk about how the funds are used and what is actually being done with the consumers' money? There is a glaring lack of transparency and wafer-thin proof is put out on the use of unclaimed funds. The looming question is why doesn't the Union Finance Ministry ever account for this kind of 'public money'? Unclaimed funds would never even find a mention in the budget speech until recently!

What Should Be Done?

The most common limitation faced by banks and financial institutions is the lack of nomination and other personal details for ensuring that the funds reach the rightful person.

Indeed, while RBI norms require adding a nominee(s) when opening a bank account, many people don't do so. Even those who fill in the nomination part in account opening forms, may just say my wife or son without giving complete details.

> **It is confounding why most bank account, deposit and insurance forms only ask for the name of a nominee (without any contact details). This makes them untraceable later.**

Here, the banks should insist that account holders make a nomination appropriately and completely while explaining the need and benefits of the same. This will encourage them to provide the contact information of the nominees for future reference. In addition to this, special efforts are required to locate the beneficiaries of older deposits that lie unclaimed.

> **The KYC (Know Your Customer) reforms and Aadhar linkages can help in better tracking of depositors. Positive shifts should take place with the increasing use of mobiles and internet. However, reaching out to account holders or their beneficiaries of unclaimed deposits is still not happening.....**

> **The legal procedures for claiming of accounts, deposits or policies by the legal heirs should be made easy and straightforward**

Financial illiteracy and lack of awareness among the people is what leads to unclaimed funds. Therefore, financial literacy drives that teach people about basic financial hygiene remain crucial. This should cover:

- Financial institutions should proactively encourage customers and other citizens to check their details in the non-operative accounts lists published on the websites. The search option should work easily.
- Customers should be pushed to share their financial information with the beneficiaries.
- They should be made aware that in the case of joint accounts, going for the 'either or survivor' option is in their best interests.
- The drawbacks of not planning succession and transmission have become painfully obvious with the devastating suffering and deaths unleashed by the COVID-19 pandemic. Consumers need to be educated about what to do to ensure that their survivors are not left wanting just because they have no clue about the legitimate funds at their disposal.

Above all, the government needs to define Standard Operating Procedures for various organisations for handling customers' funds after their death to ensure a seamless transition.

Conclusion

It is downright embarrassing to note that the unclaimed funds with the RBI, IRDAI and IEPF continue to swell every year. The government cannot cover the clear disinterest and disinclination anymore. Famed journalist, Sucheta Dalal hit the nail on the head with, “If, like the private sector, a bureaucrat or a regulator had his pay hike, post-retirement posting or pension, linked to the return of funds to legitimate claimants, we would have seen a rapid decline in unclaimed funds!”

CONSUMER WELFARE FUND PROMOTES WELFARE OF CONSUMERS

Where does the money that is recovered from manufacturers for unjust charges and other such practices go? It has been collected from consumers, but it is not feasible to return it to them. It should ideally be used for their welfare under the Consumer Welfare Fund.

THE PRESENT CONSUMER Welfare Fund (CWF) was established under section 57 of the Central Goods and Services Tax (CGST) Act, 2017. It was set up by the Department of Revenue (Ministry of Finance, GoI) and is being operated by the Department of Consumer Affairs (Ministry of Consumer Affairs, Food & Public Distribution, GoI).

The overall objective of the Consumer Welfare Fund is to provide financial assistance to promote and protect the welfare of the consumers and strengthen the consumer movement in the country.

Earlier, the Central Excise and Salt Act. 1944 was amended in 1991 to enable the Central Government to create the Consumer Welfare Fund where the money that is not refundable to the manufacturers etc. (on the basis of litigation related to GST, excise and more) shall be credited. The premise is that as these businesses had collected these moneys from consumers, they will be unjustly enriched if the amount is refunded to them. The money in the Fund is utilised by the central government for the welfare of the consumers.

The Consumer Welfare Fund Rules of 1992 have been subsumed under the CGST Rules, 2017.

Where Does the Money Come From?

The money collected from the following is credited to the Consumer Welfare Fund:

- Duty
- Central tax
- Integrated tax
- Union territory tax/cess
- Income from investment

In addition to this, the credits also include other monies specified in:

- Sub-section (2) of Section 12C of the Central Excise Act, 1944 (1 of 1944)
- Section 57 of the Central Goods and Services Tax Act, 2017 (12 of 2017)
- Read with Section 20 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017)
- Section 21 of the Union Territory Goods and Services Tax Act, 2017 (14 of 2017)
- Section 12 of the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017)

In September 2021, a leading consumer and public policy research and advocacy group - requested Finance Minister, Nirmala Sitharaman that penalties under the Central GST Act, 2018 for profiteering should be deposited in the Consumer Welfare Fund.

A Standing Committee headed by the Secretary, Department of Consumer Affairs is constituted to make recommendations for proper utilisation of the money credited to the Consumer Welfare Fund for the welfare of consumers – from recommending grants to applicants to investing the money available in the Fund

Financial assistance from CWF is given to:

- Central Government
- State Governments
- Government Bodies
- Voluntary Consumer Organisations (VCOs)
- Institutions including Universities, Public Sector Undertakings, Autonomous Bodies, etc.

The purpose has to mandatorily relate to promoting, protecting and advocating the welfare and interests of the consumers in India, creating consumer awareness and strengthening the consumer movement in the country.

It also funds the states and union territories to establish the Consumer Welfare (Corpus) Fund at the regional level, through co-contribution, with a seed money of up to Rs. 20 crore.

The Committee has to provide 50% of the amount credited to the Fund each year to the Central Board of Indirect Taxes & Customs (Board), to be used for publicity or consumer awareness on Goods and Services Tax. The transfer is subject to the availability of not less than Rs. 25 crore per annum for consumer welfare activities of the Department of Consumer Affairs.

Some of the prominent initiatives of the CWF are:

- The 'Jago Grahak Jago' pan-India consumer awareness campaign through print, electronic, outdoor and social media platforms
- Participating in various fairs/festivals/events to generate awareness among the consumers living in rural and backward areas of the country
- Providing grant-in-aid to States/UTs to generate awareness in regional languages
- Dissemination of consumer awareness messages through social media
- Celebration of World Consumer Rights Day and National Consumer Day every year
- Setting up the National Consumer Helpline (NCH) - toll free number 1800-11-4000 or short code 1915 - to handle consumer grievances (six Zonal Consumer Helplines have been set up each at Ahmedabad, Bengaluru, Kolkata, Jaipur, Guwahati and Patna)
- Organising consumer awareness programmes through the network of Bureau of Indian Standards (BIS) across the country for promoting the concept of standardisation, certification and quality consciousness among consumers as well as manufactures

There is a marked effort towards contributing to the CWF through the corporate social responsibility funds that are earmarked by companies

Granting Financial Aid under the CWF

The CWF provides financial assistance/grants to various projects for spreading consumer literacy and awareness. The Department of Consumer Affairs calls for proposals (twice a year - usually in January and July) from both public and private agencies/organisations engaged in consumer welfare activities that are seeking financial aid from the Consumer Welfare Fund. The application has to be made online and the form is available for download at http://consumeraffairs.nic.in.

Person of Contact: Alok Kumar Verma, Director
Room No: 555A, Krishi Bhawan
Phone: 011-23071149 • Email: dircwf-ca@nic.in

The Consumer Welfare Guidelines, 2019 have instituted certain rules to govern the grants under the CWF. Based on this, consumer awareness projects with wide coverage and adopting best international practices receive priority for funding from CWF. The government also focuses on rural and disadvantaged consumers and schemes to protect them when using the CWF. For this, projects relating to rural consumers and their empowerment, and such organisations that work for rural consumers (which also have large participation of women and socially marginalised groups) receive special focus.

The financial assistance is given mainly for the following purposes:

- Innovative projects for spreading consumer literacy and awareness and programmes for consumer education
- Setting up facilities for training and research in consumer education and related matters on national/regional basis
- Projects relating to the rural consumers and their empowerment
- Starting Consumer Clubs in schools/colleges/universities
- Setting up of Consumer Guidance Bureau at the state/region level for consumer counselling/guidance
- Setting up of product testing laboratories and/or undertaking product testing for quality assurance and safety
- Creation of Chairs/Centres of Excellence in institutions/universities of repute, to foster research, teaching and training on consumer related issues

It is mandatory for the VCOs/NGOs applying for funding from CWF to have a valid registration with NGO Darpan Portal

Individuals can also seek grants from CWF for reimbursement of legal expenses incurred by a complainant, or a class of complainants in a consumer dispute, after its final adjudication, on selective basis

- Meeting expenses on advocacy and class action suits on consumer related issues
- Awards for best VCO and consumer activists
- Projects not covered by the above, but which in the opinion of the Standing Committee, address pressing social problems and maximise consumer welfare
- Funding government bodies for undertaking research study/impact assessment study relating to consumer issues

The Appraisal Committee will assess the applications based on the eligibility criteria. It can reject an application for various reasons like incomplete forms or agencies trying to receive funds for the same venture through multiple government forums. The approved projects are monitored and assessed by the Standing Committee on a regular basis.

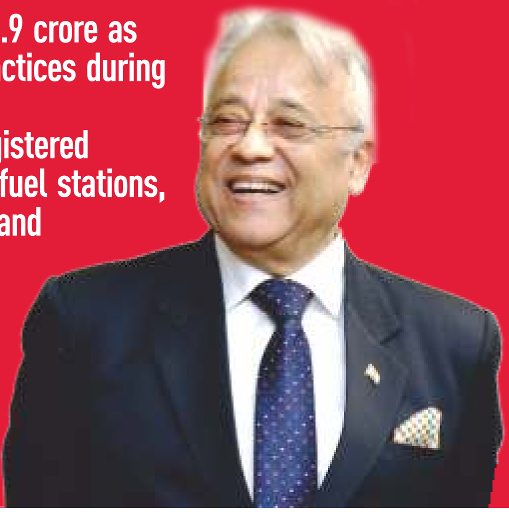
Conclusion

The Consumer Welfare Fund sounds good on paper. But what is it actually doing? There are umpteen cases of corruption with the bureaucrats seeking kickbacks from the applicant organisations. The Committee is known to meddle in the operations of the VCOs to the extent of making it difficult for them to carry out their consumer welfare activities. The baseless allegations and other issues can become so challenging that some of the recipients are hard put to continue with the grant and prefer to discontinue the same!

The Legal Metrology Department of Andhra Pradesh collected Rs. 10.9 crore as compounding fees from traders who were booked for various malpractices during the inspections conducted from April 1, 2022 to March 31, 2023.

A total of 18,519 cases of violation in business practices were registered against the establishments such as fair price shops, cement shops, fuel stations, hospitals, shopping malls, LPG dealers, iron and steel traders, bars and restaurants, garment shops, rice mills and others for violating rules such as excess pricing than Maximum Retail Price (MRP), irregularities in measurements and other violations.

Our editor, Prof Bejon Kumar Misra tweeted that all the money collected should be transferred into the state's Consumer Welfare Fund immediately as it rightfully money belongs to the consumers!



Ms. NIRMALA SITHARAMAN

Finance Minister Bats for Special Drive for Unclaimed Money

The issue of unclaimed funds has assumed gigantic proportions in our economy. We have developed some questions and answers on this pertinent topic based on the Union Finance and Corporate Affairs Minister, Ms. Nirmala Sitharaman's statements to the media and in other forums available in public domain.

In her Budget speech for 2023-24, Ms. Nirmala Sitharaman had said an integrated IT portal would be set up for investors to reclaim unclaimed shares and unpaid dividends from the Investor Education and Protection Fund Authority with ease.

Based on the Finance Ministry's directive, the Reserve Bank of India (RBI) has started a '100 DAYS 100 PAYS' campaign for the country's banks from June 1.

Q Can you provide an overview of the issue of unclaimed funds and the significant moves being undertaken by the government in this regard?

While chairing the 27th meeting of the Financial Stability and Development Council (FSDC) in May, I have urged the regulators to conduct a special drive to facilitate the settlement of unclaimed deposits and claims in the financial sector across all segments, such as banking deposits, shares and dividends, mutual funds, insurance, etc. This was the first meeting of FSDC - apex body of sectoral regulators headed by the Union Finance Minister - after the announcement of the Budget 2023-24 to take stock of the threats, challenges and opportunities for India's financial sector and ensuring that it remains stable amidst the global turmoil.

It was attended by all financial sector regulators including RBI, SEBI, IRDAI, IBBI, PFRDA, etc. They were asked to help the people concerned to claim the amount lying unclaimed and to devise other ways to settle the unclaimed funds issue. We are focused on increasing the financial access of the people as well as increasing their overall economic well-being!

Q Following this, can we expect any specific initiatives or programs to raise awareness about unclaimed funds and facilitate their return to the rightful owners?

The regulators are now expected to push banks, market participants and insurance companies to take up settling of dues on a war footing with the IEPF (Investor Education Protection Fund), under the watch of the Ministry of Corporate Affairs (MCA).

Ensuing the nudge at the FDSC meeting, the financial sector regulators have launched a campaign to clear dues of depositors and shareholders with the easier cases of 'accounts with nominees' to be taken up first. Based on the Finance Ministry's directive, the Reserve Bank of India (RBI) has started a '100 Days 100 Pays' campaign for the country's banks from June 1. That is, by the end of the first fortnight of September, banks will return the money after identifying the top 100 unclaimed deposits and finding their claimants.

Q What measures are being taken to reduce the accumulation of unclaimed funds in the future?

The RBI governor, Mr. Shaktikanta Das announced the launch of a unified portal so that depositors don't have to look up multiple websites. This will improve and widen the access of depositors and beneficiaries to information on such unclaimed deposits as they can easily search across multiple banks for possible unclaimed deposits. At present, bank customers have to go through websites of multiple banks to claim these deposits. This new web portal will help bank customers to find their unclaimed deposits that are more than 10 years old at a single point.

Q Our editor, Prof Bejon Kumar Misra has been repeatedly pushing the government after the budget announcement every year to inform the consumers about the quantum of their unclaimed funds and what is being done in this regard.

I have informed the Rajya Sabha in December 2021 that Rs. 51,576 crore is lying unclaimed with the banks, mutual funds, provident funds and insurance companies in the country. This year's Union Budget has also announced unclaimed deposits, shares and dividends, which are lying in the pool.

At the FDSC meeting, I again insisted that a focused approach should be adopted by the regulators to implement the announcements made in the Budget 2023-24, for which timelines were also decided. The Action Taken report on Budget announcements made since 2019 was discussed.

Q In response to a PIL seeking directions to create a centralised database providing information about bank accounts, insurance, deposits, post office funds lying in accounts held by those who are no longer alive, the Supreme Court had asked the Finance Ministry in April to file its response in three weeks. The PIL also sought a direction to set up a mechanism to inform the legal heirs of deceased depositors about the unclaimed deposits lying dormant in bank accounts.

A drive is underway where nominee details are available, though nominees may not be aware about such unclaimed money. In a time-bound manner, such activities are taken up on fast track mode but where the nominee details are not there, the process has to be put in place by building a campaign on awareness.

Please note that if some deposit or share does not have a nominee, then finding out who the nominee could be and establishing the identity of the legal inheritor and then giving the asset without any further litigation takes time. This process can't be compromised. There can be several legal aspects which have to be completely exhausted and then only clearance of that money can happen. So, it will take some time to complete the process. Let us not be under an illusion that the government can clear the money tomorrow. No, we can't clear it tomorrow!

Q Are there any plans to leverage technology or data analytics to streamline the identification and distribution of unclaimed funds?

We have announced in the current Union Budget that an integrated IT portal will be set up for reclaiming unclaimed shares and dividends. The portal's goal is to provide a convenient and efficient means for investors to retrieve their unclaimed assets, enhancing investor protection. The KYC process will also be simplified and made more risk-based.

Q What policy and legislative reform measures are required to further develop the financial sector?

Regulators should maintain a constant vigil as ensuring financial sector stability is a shared responsibility of the regulators. We are urging RBI, SEBI and other regulators to take appropriate and timely action to mitigate any vulnerability and strengthen financial stability in the country.

AFTERWORD

Where is the Accountability in Returning Unclaimed Funds?

"The government is literally sitting on a treasure trove of money that rightfully belongs to the consumers. The sheer lack of sincere efforts to return them to the legal owners is truly bewildering! The situation calls for transparency and an empathetic approach"

– exhorts Pyush Misra

Unclaimed funds belong to the people - they should be duly returned to them and not gobbled up by the government!

SRIKANTH WAS 47 years old and worked for a top multinational company. He had saved wisely over the years, investing in various avenues like fixed deposits, mutual funds, insurance policies, PPF, shares, etc. His investment portfolio was large and diverse and he felt secure that his wife and children would be provided for in the future.

Unfortunately, he had a sudden heart attack and passed away. His untimely demise shook up the family, including the aging parents. Alas, having a typically patriarchal mindset, Srikanth had not shared his financial investment details with his wife or other family members.

The family was left wanting as the sole breadwinner was no more! His wife was running from pillar to post trying to unravel his finances while coping with her grief. After all, there were EMIs to be paid, the children's school fees was due and the household expenses continued to pile up. While she could access a few of the savings accounts and deposits in banks, she had no idea about the insurance and shares' end of things. Even when claiming the deposits, she faced many hurdles as Srikanth had not listed anyone as a nominee.

Artificial intelligence can easily trace a person with minimum identifying data.

Over the years, the unclaimed accounts became dormant, the insurance policy continued to lie unclaimed while the dividends released by the companies reverted back to their accounts.

Most of the unclaimed funds were ultimately transferred to the various funds instituted by the government for such purposes.

A Sorry Story for Everyone!

This is just one small example of the sad state of affairs that continues to unfold every day across the country. Rightful owners and their beneficiaries or their family members are unable/fail to claim their money for one reason or the other. Some are completely in the dark and don't even know that there is money locked somewhere that rightfully belongs to them and could help them meet their basic needs!

In the meanwhile, the unclaimed money ultimately lands up in the government's coffers in one way or the other.

The question looming in everyone's minds is – do the banks, insurers or even the government have a rightful claim on this money? How can they be allowed to use these funds, no matter how noble or lofty the cause?

Come to think of it, every fund for depositing unclaimed money is purported for spreading consumer awareness and safeguarding their interests. Rather than building such exalted aspirations (with hardly anything to show for it), why not directly use the money to track and trace the rightful claimants?

No Technology to the Rescue?

The stringent KYC (Know Your Customer) norms and PAN requirements imposed on all investments should not leave room for any funds to go unclaimed today. To top this, the days of physical shares and debentures certificates have almost passed by with most investors having Demat accounts. How is it even plausible that their owners still cannot be traced? Every bank account and insurance policy is linked to the Aadhaar number and the authorities still purport that such people are not to be found!

It is ludicrous to accept that in this day and age of advanced technology systems, legal claimants and heirs still remain untraceable!

India is a technologically-advanced nation. Why can't the cutting-edge technologies be used to find and return the money to the genuine owners? Artificial intelligence can easily trace a person with minimum identifying data. What is the excuse for not using the unclaimed funds (or even the interest thereon) to hire top tech companies to pin down the rightful claimants?

A loan defaulter cannot escape the net of a financial institution – the authorities will trace him by hook or by crook and take him to task. But when the same bank becomes the debtor, it sits quietly and claims that the rightful owners cannot be found!

To top this, every Fund asserts that it has a simple and straightforward approach for people to find and recover their unclaimed money. However, the reality is far removed as the claim process turns out to be extremely tedious and challenging. Even getting a bank account unfrozen and operative once again becomes a Herculean task.

God save the heirs or beneficiaries who have to make a claim without a will or nomination. The situation becomes nightmarish - they are left running around in circles for everything from obtaining a succession certificate and No Objection certificate to being forced to lock-in the funds for a number of years.

Conclusion

All the unclaimed money belongs to the sincere and tax-paying citizens of the country. It is perplexing to see that it is not being returned to the rightful claimants! Why are the funds being used for investor education and awareness, and not to track the rightful claimants? Is it too much to ask to make life easy for the people so that they can get back their own money?

A little effort can go a long way for sure here!

The Saga of Forgotten Bank Deposits

A lot of money is lying unclaimed in banks, forgotten by the public. It gets transferred to an RBI Fund after 10 years. But what really happens to this money is the question that should shake everyone out of their slumber!

WE DEPOSIT MONEY in bank accounts and park them in fixed deposits to accumulate our savings and earn interest on the same. While most of us faithfully use these funds or build a nest egg for a rainy day, thousands of crores continue to lie unclaimed with the banks in savings accounts, current accounts, term deposits, recurring deposits, pay orders and more.

> The growing volume of unclaimed deposits arise mainly due to non-closure of savings/current accounts which depositors do not intend to operate anymore or due to not submitting redemption claims with banks for matured fixed deposits. There are also cases of accounts belonging to deceased depositors, where the nominees/legal heirs do not come forward to make a claim on the bank(s) concerned.
>
> *– Yogesh Dayal*
> *Chief General Manager*
> *RBI*

RBI Rules for Unclaimed Money in Banks

The central bank has outlined detailed instructions on dealing with unclaimed accounts and deposits. According to the Reserve Bank of India (RBI) norms:

- A customer's savings and/or current account will be treated as inactive if there is no financial activity (except interest credited or maintenance fees charged) in it for 1 year.
- The same account will be treated as inoperative or dormant if there are no transactions (either debit or credit, and initiated either by the customer or a third party) for over 2 years.
- An account is classified as unclaimed when a customer doesn't make any transaction in the account for 10 years or more.
- If a fixed deposit is not claimed after maturity, the unpaid proceeds are transferred to the linked savings account.
- For unclaimed fixed deposits that do not have a corresponding account in the same bank, the amount left unclaimed is converted into an interest bearing demand deposit and earns interest at the rate applicable to savings deposit account. If the mandate of auto-renewal has been provided, the deposit will renew as per the related term deposit rate.
- Term deposits that are not claimed within 10 years from date of maturity are classified as 'Unclaimed Deposits'.

In the case of non-operation of an account or non-claim of a deposit, the bank is required to inform the customer (by phone or email). If the account becomes dormant, RBI has further instructed the banks to make efforts to locate the account holders or their legal heirs and transfer the funds to them.

> **Banks should make an annual review of accounts in which if there are no operations for more than one year, and approach the customers and inform them in writing that there has been no operation in their accounts and ascertain the reasons for the same.**
>
> **– RBI's Master Circular on 'Customer Service in Banks'**

The banks have to follow a standardised approach to help account holders/depositors or their nominees/heirs quickly get information about their unclaimed money.

> **From February 2015, the monetary authority has made it mandatory for banks to display the list of unclaimed deposits/inoperative accounts (which are inactive for more than 10 years) on their respective websites, along with the names and addresses of the account holder(s). This should be updated every month.**

Therefore, even the legal heirs/nominees can locate the unclaimed amounts on the bank's website simply by feeding in some basic data and claim the amount due to them.

> **Banks have to submit information to the RBI about the accounts that have been inoperative for 10 years, within 30 days of the end of each calendar year**

Depositor Education and Awareness Fund (DEAF)

The RBI established the Depositor Education and Awareness Fund (DEAF) in 2014 (under the Banking Regulation Act, 1949) to promote the interests of account holders and depositors. It was created to take over the inoperative accounts/deposits, which have not been claimed or operated for 10 years, and ensure that the money is put to productive use.

As per Section 26A of the Act, all banks have to transfer the money lying in dormant accounts (plus accrued interest) to the DEAF within a period of three months from the expiry of the said 10 years (if the account holders/heirs cannot be traced). When a term deposit remains unclaimed for 10 years or more, the cumulative balance should be credited to the Fund on the last working day of the subsequent month along with the interest accrued. This transfer will also help reduce the burden of holding large amounts of unclaimed deposits.

The following types of unclaimed/idle balances and outstanding remittances not credited to beneficiary accounts are transferred to the Fund:

- Savings Bank Deposit Accounts
- Fixed or Term Deposits
- Cumulative/Recurring
- Current Deposit Accounts
- Other Deposit accounts in any form or name.

- Cash Credit accounts
- Loan accounts (after due appropriation by banks)
- Margin money against issue of Letter of Credit or any Security Deposit.

- Outstanding telegraphic transfer, mail transfers, DDs, pay orders, adjusted NEFTs, unreconciled ATM credit balances etc.
- Undrawn balances of prepaid cards issued by banks.
- Rupee proceeds of foreign currency deposits held by banks after conversion.

For instance, if a bank has made adjustments to a loan account after it has been fully settled - like refund of excess interest charged - the loan account will have a credit balance. If the bank does not have the customer's correct contact details, this amount may remain unclaimed.

The RBI can further specify any other accounts beyond those listed above, from time to time. The amount to be transferred to DEAF also includes the accrued interests which the bank would have paid to the customer.

Public sector banks transferred a total of Rs. 35,012 crore ($4.7 billion) in unclaimed deposits to the RBI in February this year

– Ministry of Finance, GoI

Parameter	Type of Accounts	Accounts Interest paid during account was inoperative/unclaimed till transfer to DEAF	Interest paid after transferring to DEAF
Savings Bank Account	Interest Bearing	Savings Bank Interest Rate	As specified by RBI, time to time, Presently 3% simple interest per annum w.e.f. 11.05.2021
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	As specified by RBI, time to time. Presently 3% simple interest per annum w.e.f. 11.05.2021
Current Account	Non-Interest Bearing	NIL	NIL
BGLs	Other Credits	NIL	NIL

Payment of Interest to the Depositors/Claimants on various categories of accounts transferred to RBI DEA Fund

(Source: Bank of Maharashtra website)

A separate committee has been constituted to administer and manage the DEAF. The Deputy Governor of RBI is appointed as the ex-officio Chairman. The committee comprises 6 other members from the RBI, other banks, industry experts and representatives from customer/ depositor organisations.

The DEAF primarily aims to promote financial literacy and awareness among the citizens. Accordingly, the money is used to finance various activities related to educating consumers on the benefits and risks associated with banking and financial products. It will promote financial literacy by spreading awareness about various aspects of banking like deposit insurance, online banking and safe banking practices.

The DEAF spent Rs.164.90 crore on mass media campaigns for depositor education and awareness during 2020-21.

The unclaimed money earns interest at rates specified by the RBI and not the rate at which the deposit was made.

According to the RBI circular dated May 11, 2021, "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 with effect from the date of this circular."

Accordingly, all the banks are advised to calculate the interest payable on interest bearing deposits transferred to RBI at the rate of 4% p.a. up to June 30, 2018, 3.5% w.e.f. July 1, 2018 up to May 10, 2021 and at 3% with effect from May 11, 2021 till the time of payment to the depositor/claimant, the RBI added.

Functions & Objectives of DEAF Committee	Committee to meet at least once a quarter. The quorum includes the Chairman and 1/3rd of the committee members
	The Committee can frame its own rules for conducting business
	Prime objective is to decide on how the amount would be utilised towards depositor education and awareness
	Advising RBI on the rate of interest on the amount paid to the depositing banks
	To form list of activities, criteria etc. to the expenditure to be incurred towards meeting the objective of educating and creating depositor awareness.
	Provide RBI with the Income & Expenditure information of DEAF
	Call upon Banks to pay the amount or provide information relating to unclaimed amounts or inoperative accounts.
	Register or recognize institutions for promotion and education of Depositor interests. This includes examining the proposals and laying down the criteria for providing financial institutions for the projects by these institutions.

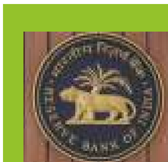
The money transferred to the fund by various banks is invested in instruments such as government securities by a committee set up by the RBI. The income thus earned is used for paying interest on the deposits as well as for investor awareness and education purposes.

How to Claim an Unclaimed Account/ Deposit?

When an unclaimed account balance or term deposit is transferred to the DEAF, it does not mean that the rightful and legal owner cannot claim it. He/she is still entitled to claim the amount at a later date from the bank where such accounts/deposits were held along with interest, as applicable. The account holder/ depositor or the legal heir/nominee can reclaim the amount (along with interest) after satisfying certain verification and other conditions prescribed by the monetary authority.

The general procedure for an account holder/depositor, if alive, or their legal heir is as follows:

- Check the details of the inoperative account/unclaimed deposit on the website of the respective banks



RBI is planning to launch a common web portal to check unclaimed money lying with banks

- The claimant is required to approach the bank and submit the 'Unclaimed Deposits Claim Form' (available at the branch or website) of the respective bank. In case digital banking is not enabled, the claimant will have to visit the respective branch office.
- The necessary documents for identification (deposit receipts and other identification) have to be furnished which serve as proof of the account and the amount being claimed.
- If the claimant is the legal heir, the death certificate of the (primary) account holder has to be attached.
- After duly verifying the identity of the claimant and authenticity of the claim, the bank will credit the funds back to the account and it will become operative. If the account has been closed, the amount can be transferred to another account specified by the claimant or issued as a Demand Draft (can vary from bank to bank).

RBI will determine the rate of interest applicable for accounts that will receive a refund of the deposited amount along with interest accrued

- For nominees/heirs, the bank will start the account settlement process, without any charges.

With unclaimed deposits in banks rising steeply, the central bank launched a national campaign in 2021 with a focus on the eight states that have the maximum amount of such money - in the languages of these eight states along with Hindi and English. It has also been running an awareness programme with actor Amitabh Bachchan encouraging people to get back their unclaimed deposits from banks.

However, in July last year, RBI admitted that despite the public awareness campaigns undertaken by banks as well as RBI from time to time, the amount of unclaimed deposits is showing an increasing trend!

ALL YOU WANTED TO KNOW ABOUT UNCLAIMED DEPOSITS

WHAT?

Balances in inoperative bank accounts

Dispatched to RBI's Depositors' Education and Awareness Fund (DEAF)

HOW MUCH?

Rs. 35,000 crore
as of Feb. 2023 across public sector banks

HOW DO THINGS GET SO BAD?

FIRST, BANK ACCOUNT BECOMES INOPERATIVE

- Savings & current a/c: No transactions for more than 2 years
- Term deposits: Not claimed even two years after maturity

FINALLY, AT THE END OF 10 YEARS...

- Such balances get transferred to the DEAF as unclaimed deposits

DO THEY EARN INTEREST?

YES: SIMPLE INTEREST AT 3% P.A. WITH EFFECT FROM MAY 11, 2021

Source: RBI, Lok Sabha question, and inputs from Rajat Dutta, Founder, Inheritance Needs Services

Alas, the harsh fact is that many banks intentionally prefer to retain the unclaimed funds for 10 years and use the 'assets' to maintain their financial stability. Even when they are aware of a change in contact details or can trace an account/deposit holder, they keep quiet on the matter. In contrast, the person is made to struggle and follow unduly long procedures to claim the money.

We exhort the government to consider crafting a mechanism to penalise the banks that fail to make efforts to locate the beneficiaries of dormant and unclaimed accounts! When, say, a 'Relationship Manager' pushes and pursues account holders to make investments, why can't the same person be held accountable for not being bothered to find these people and return their rightful money to them?

- In case only partial amount is claimed, the account is revived and made operative. The whole amount is transferred back to the now operative account along with the interest, if any.
- In case of banks under liquidation, the claimant can submit the claim to the liquidator. If the deposits are covered under Deposit Insurance and Credit Guarantee Corporation (DICGC), the DEAF will pay the liquidator the amount which could have been claimed from DICGC. Even for the amounts which are not covered by DICGC, the fund does reimburse the liquidator for any amount being paid to the depositor.

The banks can file for a refund from the DEAF for the amount paid to the customers.

The RBI stated that the DEAF refunded Rs. 505.51 crore of 187,975 claimants in 2021-22

Conclusion

The unclaimed amount held by banks and the DEAF rightfully belongs to the consumers. While the government claims that it is using the funds for the benefit of consumers, the fact remains that nobody knows where the money is actually going!

When Shares, Mutual Funds and Dividends Lie Unclaimed...

It is general practice to invest money in various financial instruments such as stocks, bonds, mutual funds and other securities. The investors get passive income in the form of dividends apart from the prospects of handsome returns over time. But, what if the dividend accrued fails to reach you or you lose track of the investments?

IT IS NOT just about bank deposits and insurance policies; people often forget to claim their shares and mutual funds too. Dividends on these investments tend to lie unclaimed for one reason or the other. Then there are fixed deposits with private companies that may continue to remain unclaimed for years….

It was a little over two decades ago – at the turn of the millennium – that the Indian government woke up to the fact that crores of investor money is languishing in the coffers of private companies.

The Investor Education and Protection Fund (IEPF) was established in 1999 under the Companies Act, 1956 for promotion of awareness among investors and to protect their interests. The fund is maintained under the Consolidated Fund of India.

The following amounts that remained unpaid and unclaimed with the companies for a period of 7 years from the date they became due for payment are credited to the Fund:

- Amounts in the unpaid dividend accounts of the companies
- The application moneys received by companies for allotment of any securities and due for refund
- Matured deposits with companies
- Matured debentures with companies
- The interest accrued on the above amounts

Unclaimed Redemptions and Dividends are those amounts that are processed and released but not encashed by/credited to the bank account of the unit holders.

In some cases, the companies are unable to send dividends due to incorrect mailing addresses. The shareholder may lose the cheque or the amount may not get credited due to change in the bank account details/account becoming dormant. Many times, people forget about their shares/mutual funds or pass away without leaving instructions to their families.

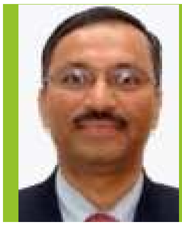
In addition to this, the IEPF also receives inflows from:

- Grants and donations by the central government, state governments, companies or any other institutions for the purposes of the Fund
- Interest or other income received on the investments made from the Fund

It was originally provided that no claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payments and no payment shall be made in respect of any such claims.

Indeed, initially, once the funds were transferred to IEPF, they could not be claimed by the consumers.

It was on 7th September, 2016 that the government established the Investor Education and Protection Fund Authority (IEPFA) to administer the IEPF. The Authority is entrusted with the twin responsibility of refunding shares and dividends to the investors and promoting awareness among them. It operates under the aegis of the Ministry of Corporate Affairs, Government of India.



The Secretary, Ministry of Corporate Affairs is the ex-officio Chairperson of the IEPFA. Mr. MANOJ GOVIL is the current Chairperson and the Authority comprises of 5 other members.

Accordingly, now the IEPF is used for:

- Making refunds in respect of shares, unclaimed dividends, matured deposits, matured debentures, the application money due for refund and interest thereon
- Promoting investor education, awareness and protection
- Distributing any disgorged amount among eligible and identifiable applicants for shares or debentures, shareholders, debenture-holders or depositors who have suffered losses due to wrong actions by any person, in accordance with the orders made by the Court which had ordered disgorgement
- Reimbursing legal expenses incurred in pursuing class action suits under Sections 37 and 245 by members, debenture-holders or depositors as may be, sanctioned by the Tribunal
- Any other purpose incidental thereto, in accordance with such rules as may be prescribed

Therefore, it is only since the past couple of years that eligible investors are entitled to get refund out of the Fund after the expiry of the 7 year period!

The companies are required to file a statement of investor-wise unclaimed and unpaid amounts with the IEPF. The data should be provided as on the Annual General Meeting (AGM) date. It has to be filed annually within 90 days from the date of AGM.

Form 5 INV should be filled before providing the investor wise details of unclaimed and unpaid amounts in an Excel file. Both the form and the Excel template can be downloaded from the IEPF portal, filled and uploaded on the same website.

Every company that has remitted any amount or shares to the IEPF has to appoint a Nodal Officer and communicate the details to the IEPFA.

The IEPF maintains a database of unclaimed dividends and shares. Investors can search for their unclaimed and unpaid amounts at https://www.iepf.gov.in/IEPFWebProject/SearchInvestorAction.do?method=gotoSearchInvestor. They have to provide their full name along with the folio number (as per the certificate) and the DP ID-Client ID-Account number.

Please Note: Shares transferred to the IEPF are debited from the Demat account. If they were held in physical form, they are deemed to be cancelled.

Any further dividends on such shares are credited to the IEPF until they are claimed by the rightful owner.

Procedure to Claim Refund

Any person (or legal representative of a deceased person), whose unclaimed or unpaid amount has been transferred by the company to IEPF may claim their refunds from the IEPF authority. The procedure is as follows:

- Download the Form IEPF-5 from the website https://www.iepf.gov.in/. Read the instruction kit carefully before filling the form.
- Upload the duly filled form on the link provided on the website. On successful submission, an acknowledgement will be generated with the SRN. Please note the SRN for future tracking of the form.
- Take a printout of the filled IEPF-5 form and the acknowledgement issued after uploading.
- Submit a self-attested copy of the IEPF-5 form, copy of acknowledgement and the indemnity bond in original along with the other documents as mentioned in the form to the Nodal Officer (IEPF) of the company at its registered office in an envelope marked 'Claim for Refund from IEPF Authority'.
- The Aadhaar card of the holder is required. For NRIs, passport/OCI/PIO card is needed.
- The Nodal Officer of the company will verify the claim and furnish a verification report to IEPFA within 15 days.
- On the basis of the verification report, the IEPFA will release the refund in favour of the claimant's bank or Demat account through electronic transfer.

The IEPFA toll-free helpline 1800-114-667 is available to assist claimants in filing the form and ascertaining the status of their claims. They can also email their queries to iepf@mca.gov.in.

Consumers can also report a suspicious claim on the helpline or use the link on the IEPF portal - https://www.iepfportal.in/suspicious-scheme.html.

During the year 2019-20, Rs. 1887.17 crore was transferred by the companies to the IEPF. The fund had a total balance of Rs. 4310.36 crore as on 31st March, 2020. In the same year, 6989 claims were approved by IEPFA and a total of 58,36,768 shares (approximately worth Rs. 350 crore) were refunded.

At the end of 2021-22, the IEPF had unclaimed dividends amounting to Rs. 5,685 crore and Rs. 117 crore of unclaimed shares. The total balance in IEPF stood at Rs. 18,433 crore.

Claim Procedure

Claimant to claim amount/ shares by submitting an online application in Form IEPF-5.

► Claimant to submit the print out of Form IEPF-5 along with other documents to the Nodal Officer of the company at its registered office for verification of the claim.

► Company to send the verification report to IEPF within 15 days of receipt of the claim.

► IEPF to examine completeness of documents transferred

► IEPF to transfer shares and refund amount through electronic mode.

Highest unclaimed dividend on books

Company	Unclaimed Dividend*
SAIL	Rs. 368 crore
ITC	Rs. 224 crore
HUL	Rs. 220 crore
SBI Cards	Rs. 213 crore
RIL	Rs. 202 crore

*As of FY22 Source: CNBC TV18

As per the IEPFA, in more than 50% of cases, the claimant has lost the original share certificate/ dividend warrants/bond/debenture certificate, etc., or there is change in name. Establishing the entitlement becomes an issue in case of securities issued prior to the Demat era and are not KYC (know your customer) compliant.

Finance Minister, Ms. Nirmala Sitharaman announced in the latest Union 2023-24 that an integrated IT portal will be established to enable reclaiming of unclaimed shares and unpaid dividends through a simple and user-friendly procedure. This will make the process easier and faster to protect the rightful claimants from unnecessary hassles by bringing all the relevant proceedings under one umbrella.

From 2019, the web based e-form IEPF-5 was simplified and features of PAN based verification have been added. Companies have to process the forms and submit the verification reports to the Authority in online mode.

Details of Applications for Refund Filed with IEPFA

Sl. No.	Items	2017-18	2018-19	2019-20	2020-21	2021-22
I	Number of application pending at the beginning of the year	55	756	7,974	16,309	12,792
II	Number of applications received during the period	1,324	8,255	16,024	10,702	28,647
III	Number of applications in which sanction for refunds were made	155	712	6,989	7,262	10,472
IV	Number of applications in which rejections were made inclusive of applications closed under Rule 7	468	325	700	6,957	14,549
V	Number of applications pending at the end of the year. (Note: These applications are pending for want of clarification/ rectified documents/report from Company/Claimant)	756	7,974	16,309	12,792	16,418

Statement of Shares Credited to and Refunded by IEPF

(Source: www.moneylife.com)

IEPF Fund Data

Year	Balance	No. of Shares	Claims Filed	Shares Returned to Investors
FY2017	No Data	NA	No Record	No Record
FY2018	Rs. 9,568.8 crore	270 million	4,026	No Record
FY2019	Rs. 11,371.8 crore ↑	370 million ↑	19,188 ↑	0.5 million
FY2020	Rs. 9,625.4 crore ↓	440 million ↑	16,166 ↓	5.8 million ↑
FY2021	Rs. 18,433 crore ↑	530 million ↑	14,032 ↓	3.7 million ↓

Education and Awareness Programmes

The IEPFA is focused on building investor awareness and understanding of financial products, markets and concepts. It tries to empower investors with the requisite information so that they can make informed decisions about fruitful investments, thereby leading to their own personal and the country's economic growth.

The Authority has collaborated with various organisations for investor education and awareness, thus propagating financial literacy among the masses. It also strives to ensure that the investors' investment choices are adequately protected from fraudulent practices.

More Protection Measures

Other regulators and stock exchanges like the SEBI (Securities and Exchange Board of India), BSE and NSE (National Stock Exchange) have also established their own Investor Protection Fund (IPF) on similar lines. There are measures to compensate investors in the event that the assets of the defaulters (be it listed company or trading member) are not sufficient to meet the admitted claims of investors apart from promoting investor education, awareness and research.

Various private companies have also launched specific features on their website and in their offices for investors to trace and claim their unclaimed dividends and redemption amounts.

Rs 1,590.67 crore is lying unclaimed with mutual funds - comprising Rs 671.88 crores towards unclaimed redemption and Rs 918.79 crores towards unclaimed dividend. – SEBI report as on 31st March, 2021

SEBI has also set up the Asset Management Company (AMC) to invest unclaimed mutual funds (including redemption and dividend) in the call money market, money market instruments, a liquid scheme or money market mutual fund scheme, specially floated by the AMC for the deployment of unclaimed amounts.

Conclusion

The IEPF proclaims of a 'Simple, Easy and Free of Cost' process for making claims. However, the reality remains far removed from this idealistic notion. As per estimates, less than 2% of unclaimed shares with the IEPF make their way back to the concerned shareholders. In fact, it has been pointed out again and again that the IEPFA does not make any efforts to track and trace the rightful recipients of the unclaimed shares, mutual funds and dividends.

Payal Agarwal
Editorial Consultant

Where Do the Unclaimed Funds with Insurers Go?

"The insurance regulator has made provisions to minimise the occurrence of unclaimed amounts and ensure that the rightful claimants can easily access the same. But what actually happens to the remaining funds is anybody's guess!"

– affirms Payal Agarwal

WE INDIANS BELIEVE in buying life insurance to secure our family's financial future. In case of a sudden death due to accident or illness – especially of the breadwinner – the policy proceeds will help the family to pay household expenses, debts and maintain their standard of living. There are other benefits of investment-linked life insurance like saving for retirement or achieving long-term goals like buying a house or funding a child's higher education, marriage, etc.

However, what if the money you have saved – by religiously paying the premium every year – does not reach you or your loved ones as you had planned?

Indeed, crores of unclaimed amounts of death claims, health benefit claims, maturity claims, survival benefits, surrenders and foreclosures are lying with the life insurance companies. In addition to this, small amounts of premium received in advance, unallocated premium which has neither been set off or adjusted against the premium during the currency of the policy nor has been refunded, etc. continue to accumulate with the general and standalone health insurers.

As much as Rs. 25,000 crore of unclaimed money is lying with various insurance companies across the country! - Insurance Regulatory and Development Authority (IRDAI) report released in May 2022

The IRDAI defines unclaimed money as "any amount payable to policyholder as death claim, maturity claim, survival benefits, premium due for refund, premium deposit not adjusted against premium and indemnity claims etc. remained unclaimed beyond six months from the due date for settlement of the claim amount".

The reasons for the unclaimed amount can be many:

- Many people do not inform their family that they have bought a life insurance policy or are covered under a group life insurance. Therefore, the beneficiaries are not even aware that they are entitled to the policy proceeds and can make a claim.
- The insurer has to be informed about the death of the policyholder to be able to process the proceeds of the policy. The beneficiaries usually have to notify the insurance company and make the claim.
- At times, the insurance provider is unable to identify the beneficiaries due to unclear information or locate them due to insufficient details.
- The insurance company may have lost contact with the policyowner because of change of address, email address, phone number, etc.
- The name of the company that sold the original life insurance policy may have changed and the policyholder/beneficiary may not be able to locate the new details to make the claim.

The Role of IRDAI

Considering the huge amounts lying unclaimed with the insurers, the government and the IRDAI have issued various directions regarding the unclaimed amounts of policyholders from time to time. For ease of reference and compliance, they are consolidated under one single master document – the latest being the Master Circular dated 18th November 2020.

- First and foremost, the insurance companies have to make attempts to disburse the amount to the rightful policyholder/nominee/heir.
- In order to minimise the occurrence of unclaimed amounts, the insurers should make efforts to keep the policyholders and beneficiaries informed about any updates, changes and maturity details by SMS alerts or email on a regular basis.
- They are also mandated to ensure that timely payout is given to all the policyholders. The Policyholder Protection Committee of the board of the insurance company will oversee this. The company should get the contact details and all the necessary support from concerned agent/corporate agent/intermediary who had sourced the policy, in reaching out for settlements of the policy dues.
- No insurer is allowed to appropriate or write back any part of the unclaimed amounts belonging to the policyholders/beneficiaries under any circumstances.
- Every insurer has to furnish the details of the action taken and status of the unclaimed amounts to the regulator every six months.
- Any unclaimed money over Rs 1,000 has to be displayed on the insurance company's website; this should continue even after completion of 10 years. The information has to be updated on half yearly basis – as on 31st March and 30th September every year.
- The website should have an interface where policy-holders or their beneficiaries/dependents can find out whether any unclaimed amounts due to them are lying with the insurer by providing policy or personal details.
- Every insurance company has to maintain a single segregated fund to manage all unclaimed amounts. Cheques issued against the unclaimed amounts but not encashed by the policyholders, have to be credited back to the unclaimed amount, after the expiry of the validity period of the cheques.
- The amount in the fund should be invested in debt products like money market instruments, liquid mutual

LIC
भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

Life Insurance Corporation (LIC) has the largest tranche of unclaimed money lying with them. The draft prospectus filed by LIC with SEBI in September 2021 for its IPO revealed that it had unclaimed funds to the tune of Rs 21,539 crore. This includes over Rs 2,000 crore of interest earned on this unclaimed amount over the years.

Insurance companies are engaging service providers to identify the new locations of beneficiaries which have changed from the details provided at the time of buying the policy. They are also asking for alternate contact numbers, mailing and permanent address, at the time of buying the policy or at the time of claim intimation, to ensure accuracy of latest contact details of customers in their records.

The rules are in place, but are they being followed by the insurance companies? For instance, in August 2020, the High Court of Karnataka on Tuesday directed the IRDAI to ensure that insurance companies transfer the unclaimed insurance amount after a period of 10 years to the Senior Citizens' Welfare Fund. It also said that the regulator can take periodical reports from insurance companies to ensure proper transfer of unclaimed insurance amount as required.

funds and/or fixed deposits of scheduled banks or such other instruments as may be permitted by the apex authority. The investment income accruing on the unclaimed amounts should be credited to the respective identified unclaimed account. They should also disclose the income credited during the year on the Unclaimed Amounts in the financial statements.

- Finally, all insurance companies having unclaimed amounts of policyholders for a period of more than 10 years as on 30th September every year, have to transfer them to the Senior Citizens' Welfare Fund (SCWF) on or before 1st March of the financial year.

Furthermore, all life insurance policies have to include a standard clause (about electronic remittance of unclaimed amount) as a footnote in all future communications with the policyholders. In case of general insurers, including standalone health insurers, bank account details should be taken if a claim or refund arises or at the time of renewal of the policy.

For all new policies at the proposal stage, the insurance company has to take the bank account details of the proposer. They will collect the necessary documents – like a cancelled cheque - as proof of the bank account to ensure authenticity. Policyholders also have to be provided the option to change the bank account details, if they wish.

What Should You Do?

The authorities have facilitated processes to empower policyholders or their beneficiaries to find out if there is any unclaimed amount due to them – can be death claim, maturity claim, survival benefits, indemnity claims or premium refunds - simply by providing some basic details.

Former RBI Deputy Governor, R Gandhi clarified the distinction of nomination between shares and bank account/insurance policies. He stated that, "Under the Companies Act, the nominees have the right after the death of the holder and they become full owner of shares. Under other Acts (Banking, Insurance, etc.), the nominee is only an agent or representative of all the heirs, they may not get the full benefit unlike the shares. Nominee in banks is more like a representative and there are no specific instructions on limit of the nominees."

Policyholders or their beneficiaries are eligible to claim the dues under their policies up to 25 years from the date of transfer of the money to SCWF. After this, you will have to forfeit the money, as it will escheat, i.e., revert to the central government.

Here's how:

- Every insurance company will have an 'Unclaimed Amounts of Policyholders' tab on its Home page.
- This will open a new page asking you to enter the following details:

  a) Name of the Policyholder

  b) Date of birth of the Policyholder

  c) Policy Number

  d) PAN of the Policyholder

The first two fields are mandatory while the others are kept optional.

- If the requisite details entered match the insurer's database, the name and address of the policyholder against whom any unclaimed amount is lying with the insurer will be displayed.
- The policyholder/beneficiary can contact the customer care number of the insurance company or visit the nearest branch office. The policy details and other documents along with KYC information have to be submitted, based on which the identity of the claimant will be validated.
- The proceeds of all claims, maturity amount or other money due to policyholders/beneficiaries (along with accrued interest) will be remitted through electronic mode as may be permitted by the RBI from time to time.
- The insurance company is allowed to levy administration and fund management expenses on the unclaimed amount but only up to a maximum of 20 basis points per annum.

Understanding the Senior Citizens' Welfare Fund

The government created the Senior Citizens' Welfare Fund (SCWF) through the Finance Acts, 2015 and 2016 to utilise the unclaimed funds lying idle for a productive cause and for the general welfare of the society. The institutions operating the following schemes have to transfer any unclaimed amounts - that remain unclaimed for a period of 7 years from the date of its declaration as an inoperative account - to the SCWF:

- Small Savings and other savings schemes of the central government with post offices and banks authorised to operate such schemes
- Accounts of Public Provident Fund, Employee Provident Fund and Recurring Deposit accounts maintained by the respective institutions
- Such other amounts, in any accounts or schemes as may be prescribed

In April 2017, the government made an amendment to add life, general and standalone health insurance companies to the above list.

The SCWF is focused on the welfare of senior citizens – primarily providing financial support to the Below Poverty Line (BPL) category senior citizens. It also provides for the healthcare and nutrition of senior citizens, welfare of elderly widows, schemes relating to old age homes, short stay homes and day care of senior citizens, etc. The other

Year-wise Unclaimed Amounts of Policyholders Transferred to SCWF (in Rs. Crores)

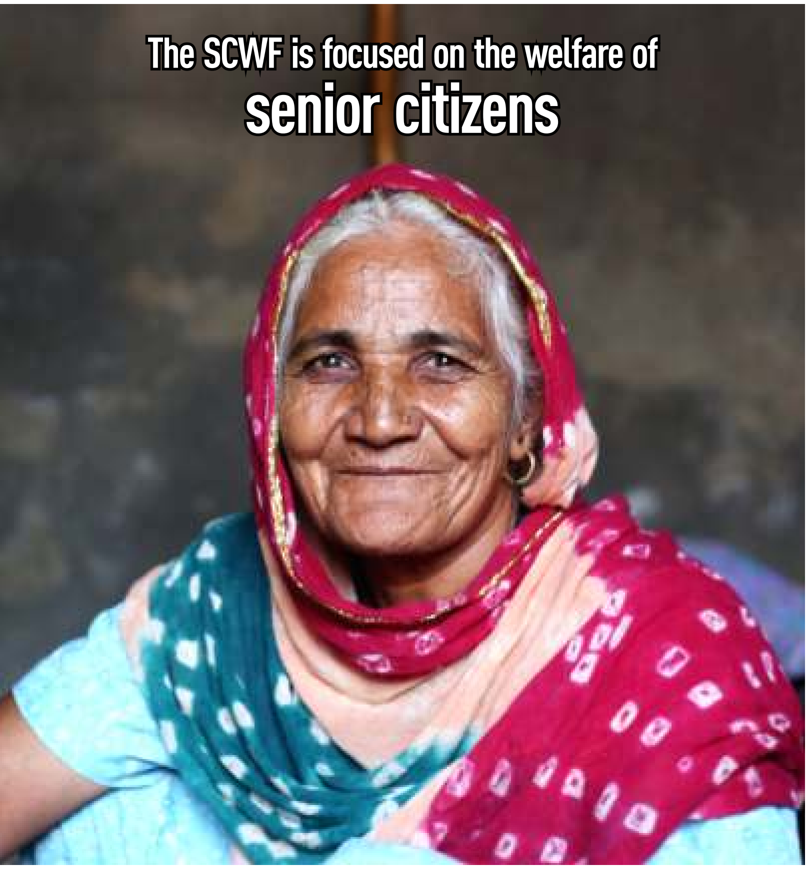
Year	Life Insurers	Non-Life Insurers	Total
2017-2018	48.95	32.67	81.62
2018-2019	366.24	32.70	398.94
2019-2020	188.73	36.32	225.05
2020-2021	336.89	52.00	388.89
2021-2022	557.25	71.44	628.69
Total	**1498.10**	**225.13**	**1723.20**

Source: Ministry of Finance, Government of India

Scheme-wise Total Expenditure under Schemes/Programmes Funded from Senior Citizens Welfare Fund (SCWF) from 2016-17 to 2021-22

Sl. No.	Ministry/Department	Scheme	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	Total
1	Department of Social Justice and Empowerment	Scheme for Other Vulnerable Groups	16	0	0	0	0	0	16
2	Department of Social Justice and Empowerment	Rashtriya Vayosri Yojana	0	1.5	106.51	0	26.5	25	159.51
3	Department of Social Justice and Empowerment	National Helpline for Senior Citizens (Elderline)	0	0	0	0	27.88	21.31	49.19
4	Department of Social Justice and Empowerment	Promoting Silver Economy - Senior -care Aging Growth Engine (SAGE)	0	0	0	0	0	20	20
5	Ministry of Civil Aviation	Purchase of Electric Operated Golf Carts for Senior Citizens at AAI Airports	0	0	0.98	0	0	0	0.98
	Total		**16**	**1.5**	**107.49**	**0**	**54.38**	**66.31**	**245.68**

(Source: https://data.gov.in/)



objectives include provision of old-age pensions to senior citizens who do not have any other source of income; allowing for the employment of senior citizens in income-generating activities; providing suitable training and orientation to public healthcare workers to address the needs of senior citizens, etc.

The scheme is under the administrative control of the Ministry of Social Justice and Empowerment. As of 2022, it had spent a total of Rs. 245.68 crore on four schemes and purchasing electric-operated golf carts for senior citizens and airports managed by the Airports Authority of India (AAI) as outlined in the table below.

Conclusion

The government is making efforts to both return the unclaimed money to the rightful owners and channelise the large corpus of funds lying in inoperative accounts towards a useful purpose. But nobody is aware of what is happening in reality!

The looming question here is - While policyholders/beneficiaries are allowed to make a claim within 25 years of the money being transferred to the SCWF, why does it then go to the government? Why not transfer it to the Consumer Welfare Fund and use it for the benefit of the consumers?

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Dr. Anamika Wadhera
Director
Consumer Online Foundation

Where Do The Pharma Overcharging Dues Disappear?

"India's drug pricing watchdog – the NPPA – not only regulates the prices of essential and lifesaving medicines, but also recovers the excess charges from the manufacturers and retailers. However, is it right to use this money to fund the government rather than benefitting the consumers?"

– questions Dr. Anamika Wadhera

MS. INDIRA SHAH is severely diabetic and has been taking insulin injections to regulate her sugar levels between meals since the past 5 years. Unable to combat the steady increase in insulin prices, she has quietly started cutting back on her insulin take. But skipping the shots before lunch is taking its toll in the form of fluctuating sugar levels. She has started feeling excessively tired, confused and experiencing numbness in some parts of the body.

Mr. Sudanshu Banerjee suffered a sudden heart attack a few months back and had to undergo an emergency coronary artery bypass. He was prescribed a long list of medications on discharge and counselled on the importance of taking the drugs regularly. However, he intentionally misses a few days of medications every fortnight or so to compensate for the heavy expense of around Rs. 12000 per month.

The antiviral drug, remdesivir that was being used to treat COVID-19 patients in the first two waves, costed around Rs. 3000 to Rs. 4000 per vial. In the black market, it was peddled as high at 10 times the original price. Unable to afford the exorbitant prices, the Khanna brothers had no choice but to give the experimental therapy a miss for their gravely afflicted father!

Alas, the inexplicably high drug prices impact the health-seeking behaviour of the common man and lead to high morbidity among the masses. Come to think of it, Ms. Shah is very likely to develop nerve damage, kidney failure, stroke or heart disease. A second heart attack is in the offing for Mr. Banerjee while there was a slight chance that Mr. Khanna's life could have been saved with the right drug.

The harsh fact is that an 'inability to afford medications' can prove fatal for these ailing patients and yet, the real cause of 'inability to pay' will never figure on their death certificates!

Sadly, the cost of disease burden is getting taxing by the day – the extravagant cost of healthcare is compounded by the exaggerated prices of medications.

The flagrant truth is that there is unabashed profiteering in the pharmaceutical industry with ridiculous markups of 300% to 400% on the cost price. Drug stockists and chemists make a killing piggybacking on the overinflated prices of both medications and surgical items.

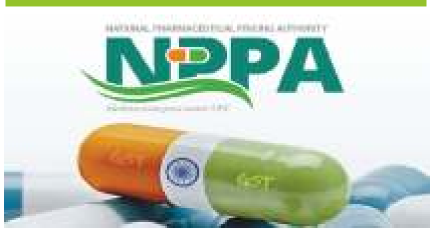
Is the Government Not Doing Anything?

India boasts of a gigantic pharmaceutical industry that is the third largest in the world in terms of volume. The big pharma companies rake in crores of rupees riding on exploitative pricing that ends up breaking the back of the common man.

And yet, out-of-pocket expenses on medicines remain the single largest cause for families being dragged below the poverty threshold. Therefore, pharmaceuticals is one avenue where price control is imperative for ensuring public health.

The government has risen to the challenge by establishing an independent body called National Pharmaceutical Pricing Authority (NPPA) for price control of essential and lifesaving medicines way back in 1997. It functions as an attached office of the Department of Pharmaceuticals, Ministry of Chemicals and Fertilisers, Government of India.

The role of NPPA is to ensure availability and accessibility of medicines at affordable prices.



Under the Drugs (Prices Control) Orders (DPCO), the NPPA fixes the ceiling price and MRP of various generic, essential and life-saving drugs in order to make them more affordable and accessible for the general public.

All medicines under the National List of Essential Medicines (NLEM) are under price regulation. It covers drugs used to treat fever, infection, heart disease, hypertension, anaemia, etc. and includes commonly used medicines like paracetamol, azithromycin, metformin, etc.

The regulator started out with capping prices for 74 bulk medicines which was expanded almost five-fold to 680 in 2013. This scaled to fixing the ceiling price for 882 scheduled formulations and retail price of around 1640 new drugs at the end of 2022.

This covers a gamut of drugs across 30 therapeutic groups ranging from diabetes, malaria, HIV and cardiovascular ailments to immunologicals and even cancer. Medical devices like stents and knee implants have been brought under the ambit as well. Additionally, the NPPA constantly monitors the annual price increase for non-scheduled drugs as well.

In fact, 42 non-scheduled anti-cancer medicines have been brought under price control through a pilot project of trade margin rationalisation in February 2019 and the MRP of 526 brands of cancer medicines has been reduced by up to 90% (amounting to savings of Rs. 984 crore per annum for the consumers).

The regulator clamped down on the rampant black marketing of masks and sanitisers in the initial days of the COVID-19 breakout. The Ministry of Consumer Affairs, Government of India quickly swung into action and fixed the MRPs for these essential commodities.

During the second wave, the NPPA capped the trade margin of essential medical devices like oxygen concentrators, pulse oximeters, blood pressure monitoring machines, nebulisers, digital thermometers and glucometers, at 70%, on Price to Distributor (PTD) level.

Furthermore, the NPPA also administers the 'Pharma Jan Samadhan' mobile app for information on medicine prices and the Pharma Sahi Dam' platform for lodging complaints against overpricing, non-availability and refusal to sell medicines.

Despite all these measures, price anomalies at the expense of lives continue to thrive. The NPPA maintains a strict vigil on the pharma players and mandates them to submit verified data of their production and pricing on a regular basis.

If any company is found violating the price controls of scheduled drugs or affecting a price increase beyond the annual permissible limit for non-scheduled drugs, the NPPA initiates action to recover the entire overcharged amount along with an interest penalty right from the date of overcharging.

Many of the leading pharmaceutical giants have come under the regulator's scanner at one point or the other.

Our editor, Prof Bejon Kumar Misra - through Partnership for Safe Medicines (PSM) India - had launched a PSM India toll-free helpline (1800-11-4424) for consumers to register cases of spurious drugs or overcharging of drugs with the authorities.

This was with the support with National Pharmaceuticals Pricing Authority, Department of Pharmaceuticals, Ministry of Chemicals and Fertilisers, Government of India.

PATIENT SAFETY AND ACCESS
INITIATIVE OF INDIA FOUNDATION
a Partnership for Safe Medicines India Initiative

"NPPA has about 2,295 overcharging cases as on 30th December 2022. An amount of Rs. 1321.15 crore (approx.) under Drugs & Prices Control Order (DPCO) 1979, 1995 & 2013 has been recovered from the pharmaceutical companies. Action for recovery of the overcharged amount along with interest thereon is a continuous process." - Department of Pharmaceuticals report

As seen above, there is a huge gap between the fines levied and the amounts actually recovered from the pharmaceutical companies (about 85%). Most of the cases are stuck in litigation as the companies try to evade paying up by filing lawsuits challenging the NPPA's orders. More stringent regulatory action is required!

What Happens to the Money?

All the money collected from overcharging of both scheduled and non-scheduled drugs flows into the Consolidated Fund of India to merge with other revenues from direct and indirect taxes, borrowings and receipts from loans. This is, in turn, appropriated towards the varied

Summary sheet of overcharging cases under DPCO 1979, 1987, 1995 & 2013 till 30th September, 2022 **(Rs. in crores)**

Particulars	Cumulative (up to 30-09-2022)
No. of cases	2295
Overcharged amount demanded including interest whenever updated	9782.15
Total amount realised during the year	1321.16
Total amount realised against the demand of the year	1321.16
Amount outstanding out of the demand raised for the year	8460.99
Amount still under litigation including cases referred to collector and contested by the companies in the court of law	6145.86
Cases referred to collector & amount still to be recovered	219.43
Pending with BIFR/ Official Liquidator	5.46
Amount pending relating to the overcharging cases under process	2090.24

Source: NPPA website

government expenses like emoluments, salaries, administrative expenses, debt payments and other charges approved by the Parliament.

There is no denying that the cutting and capping of the otherwise artificially inflated drug prices has benefitted the common man. According to estimates, the NPPA has affected a saving of around Rs.12,500 crore to the consumers! But are the price caps and penalties of any use if the public does not stand to benefit from the collected money?

Even after implementing the price ceiling policy for 25 years now, it is a sad fact that the poor are still unable to access proper healthcare. Many essential and life-saving medications continue to remain unaffordable to them.

There are constant demands from consumer and patient safety organisations for appropriate use of these funds. Why not transfer the money to the Consumer Welfare Fund (maintained by Ministry of Consumer Affairs, GoI) and use it for the welfare of the consumers?

Conclusion

Given the repetitive surges in COVID-19 and possibility of future pandemics, a functional cap on the prices of medicines followed by effectual recovery of the overcharged amounts and judicious use of the funds in the larger public interest is becoming increasingly vital!

Prof. Bejon Kumar Misra has made repeated demands that the ex-factory price should be printed on the label of the medicines along with the MRP so that the consumers are aware of the actual markups and the pricing strategies of the pharma companies are out in the open!

Dealing with Unclaimed Bank Deposits

Mr. Manas Das, a former senior economist of SBI speaks about the huge sum of money lying unclaimed with both public and private banks along with suggesting some ways for helping people reclaim it.

UNCLAIMED DEPOSITS ARE commonly defined as those deposits which are lying in accounts not operated for a period of 10 or more years. Section 26 of the Banking Regulation Act, 1949 requires banks to submit to RBI information about these accounts within 30 days after each calendar year ends. Unclaimed deposits can be claimed by their legal owners after satisfying certain conditions prescribed by RBI.

However, several common citizens, including the financially sophisticated ones, are observed to be ignorant of the provisions and processes involved. This has led to proliferation of inoperative accounts and unclaimed deposits in the banking system.

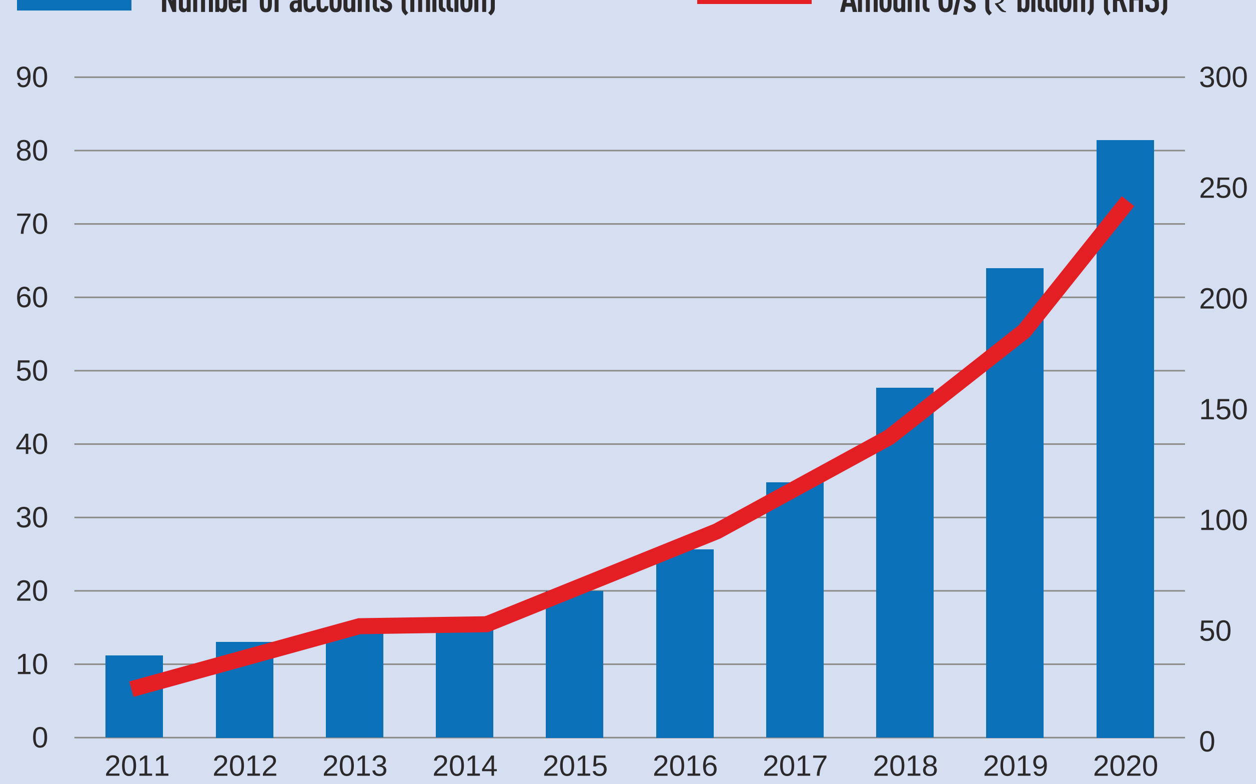
As per Section 26A of the amended Banking Regulation Act, 1949, money lying in dormant bank accounts is transferred to the Depositor Education and Awareness Fund (DEAF) within a period of three months from the expiry of the above-said 10 years.

The depositor is, however, entitled to claim from the bank her/his deposit or any other unclaimed amount or operate the account after the expiry of 10 years, even after such amount has been transferred to DEAF. The bank is liable to pay the amount to the depositor/claimant and claim refund of such amount from DEAF.

Chart 1 presents the growth path of the number of unclaimed accounts and amount outstanding at December-end during the decade 2011 to 2020. During this period, both continuously increased, barring a nominal dip in 2014 in respect of the latter.

The growth of amount outstanding (CAGR=29.1 per cent) was steeper than that of accounts (CAGR=24.9 per cent), implying that increasing number of relatively large deposit accounts was becoming unclaimed,

Unclaimed deposits: Aggregate picture



O/s = Outstanding Based on RBI database.

Balances in savings / current accounts which are not operated for 10 years, or term deposits not claimed within 10 years from date of maturity are classified as "Unclaimed Deposits".

which is puzzling and a matter of concern.

Massive Jump

The average amount outstanding per account increased by 35.2 per cent from ₹2,215 in 2011 to ₹2,995 in 2020 after a peak of ₹3,521 in 2013. The savings bank portfolio had the highest incidence of unclaimed deposits — three-fourth of the total unclaimed accounts and two-third of the total amount.

Public Sector Banks (PSBs), obviously, had the highest share both in terms of number of accounts (84 per cent) and amount outstanding (83 per cent).

We tried to compute the extent to which unclaimed deposits are claimed back by the depositors or their legal claimants. This exercise was carried out for the financial year 2020-21 by collecting the relevant data from the balance sheets of 12 PSBs, 12 old private banks and nine new private banks.

Among the PSBs, only 1.26 per cent of the unclaimed deposits outstanding at March-end 2021 was claimed back with a range of 0.35 per cent to 2.25 per cent. For old private banks, it was 1.22 per cent with a range of 0.44 per cent to 1.74 per cent, and for new private banks, it was 0.79 per cent with a range of 0.32 per cent to 3.05 per cent. Thus, a very small proportion of unclaimed deposits is actually claimed back.

The most important reason for a deposit account becoming unclaimed is the death of the depositor without a nomination or without being a joint account with 'either or survivor' option. This arises mostly due to ignorance of the account holder while opening the account, or even if she comes to know afterwards, does not carry out the necessary modifications. In the case of such accounts, banks are required to follow the legal procedures before handing over the money to the legal heirs.

Therefore, the onus lies with the deceased depositor's legal heirs who have to initiate the process with the bank. However, as widely known, legal procedures are cumbersome and consume considerable time.

Financial illiteracy and lack of awareness about the procedures among the people lead to these kinds of situations. Therefore, financial literacy drive is welcome.

Possible Solutions

While opening accounts, banks need to see that customers fill in the nomination part in account opening forms appropriately and completely. Customers, in their own interest, must cooperate with banks. It is heartening to note that positive shifts are taking place in this respect, especially after the banks' intensified use of mobiles and internet.

Unclaimed deposits may constitute a minuscule proportion of total deposits of a bank, but since banks, especially PSBs serve the 'small' depositors, they need to take initiatives for reducing the incidence of unclaimed accounts. Some of the initiatives that could be taken up are:

- Organising area-wise special camps for revival or disposal of unclaimed accounts.
- Monitoring the position of unclaimed deposits in customer grievance redressal meetings at various levels.
- Business Correspondents can help establish contact with the holders of inoperative accounts or their legal heirs and reactivate the accounts.

There is always room to progressively simplify the legal procedures for settlement of the unclaimed accounts, especially for those with low amounts.

The RBI has been doing a good job in persuading banks to reduce the incidence of unclaimed deposits. However, a few more things, as mentioned below, may be added:

- Asking banks to report the unclaimed deposits data population group-wise (i.e., rural/semi-urban/urban/metro) so that the issue can be tackled more effectively.
- Commenting upon the position of unclaimed deposits while carrying out on-site inspections of banks.

It is only through meaningful cooperation between banks and customers that the incidence of unclaimed deposits can be minimised!

The article is sourced from:
https://www.thehindubusinessline.com/opinion/dealing-with-unclaimed-bank-deposits/article65076917.ece

Bina Jain
• Former President, All India Women's Conference (AIWC)
• Chairman, Healthy You Foundation, New Delhi

A Turnaround Approach

On the one hand, we have banks and other institutions that couldn't be more bothered about finding the owners of unclaimed funds. Then there are social activists fighting for the cause of the rightful claimants of unclaimed money. At the other end, there are private recovery firms that actually recover long forgotten and hidden treasures for their clients!

THE ECONOMIC TIMES had reported in July 2021 that when a fund house completed 25 years of its flagship equity scheme, it sent a note of congratulations to the loyal investors who had remained invested in the scheme for more than two decades. This led to a completely unexpected outcome.

Over the next few weeks, the institution witnessed a flurry of redemption requests from many long-time investors. It concluded that many of the investors had either forgotten about this investment or the legal heirs did not know about the investments made years ago. The note must have come as a pleasant surprise which jogged their memory……

There are a number of such instances of mutual fund distributors, insurers and other such institutions reaching out to investors to check on the lack of activity in their accounts. The legal owners - or in most cases their surviving beneficiaries – often come to tears when they realise that there is a lumpsum of money that is owed to them since years.

But for every such happy instance, there are scores of people who continue to remain in the dark without any clue about what they can claim!

Legal Action in the Offing

Last year, leading journalist Sucheta Dalal filed a public interest litigation (PIL) with the Supreme Court to issue a writ of mandamus asking the government and its ministries to set up a central database and process to allow people to claim money that is rightfully theirs.

The plea contended that unclaimed funds of the public that get transferred to government-owned funds like the Depositor's Education and Awareness Fund (DEAF), Investor's Education and Protection Fund (IEPF) and Senior Citizen's Welfare Fund (SCWF) on the ground that the legal heirs or nominees did not claim them, should be made available to the legal heirs or nominees by providing information of holders of inoperative or dormant accounts on a centralised online database. It also said that a mechanism needs to be evolved to inform the legal heirs of deceased depositors about the unclaimed deposits lying dormant in bank accounts along with establishing procedures to eliminate unnecessary litigation in dealing with such claims.

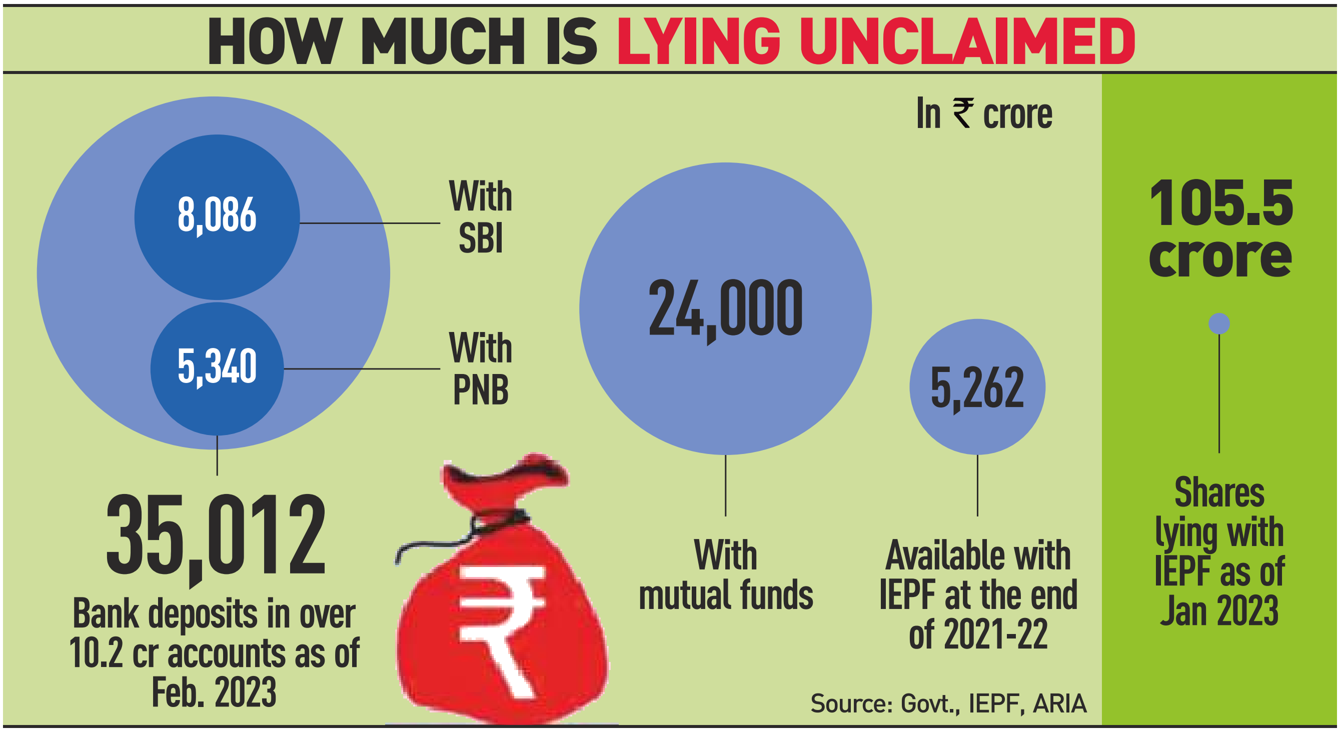
Following this, on 12th August 2022, a bench of the apex court issue a notice to the Ministry of Finance, Ministry of Corporate Affairs, Reserve Bank of India (RBI) and Securities & Exchange Board of India (SEBI) while noting that the issue dealt with an important question. The notice was returnable in eight weeks.

The Ministry of Corporate Affairs and the RBI filed a counter affidavit while the Ministry of Finance asked for still more time after the Supreme Court asked it to file a response in April this year. The three weeks time granted to the ministry is long past without any action.

Meanwhile, a combined rejoinder has also been filed to the PIL.

Private Agents to the Rescue

The PIL further contended that, "The IEPF authority publishes the names of the people whose money has been transferred to the fund on the IEPF website. However, several technical glitches are encountered



when the website is accessed. Resultantly, people are forced to engage middlemen to get their refunds."

Indeed, in direct contrast to the callous approach of the financial institutions and other authorities, there are various private recovery firms that are providing services like listing unclaimed funds and making successful claims of forgotten money to help people get their money back. The cost can range anywhere from 25% to 50% of the unclaimed amount.

Be it searching and getting back shares, debentures, fixed deposits, insurance policies, unclaimed amounts in PPF & EPF, un-encashed cheques, lost properties, and transfer/transmission of assets, these firms can help recover all kinds of unclaimed property – be it your own or after the death of your loved ones.

This is not limited to taking care of the processes and documentation for making claims from the banks or Funds; some even provide advisory and assistance services for issue of duplicate shares, succession certificates, transfer and transmission of shares, name deletion, etc. The service is customised to the needs of the clients and the process is done seamlessly.

Mr. Narendra Kumar, Co-founder of Enterslice says, "Recovery of shares from IEPF is a challenge faced by many individuals. We, however, have addressed this issue and decided to provide shares recovery services to our clients. From providing advisory services on the recovery of shares from IEPF to providing end-to-end assistance in document filing and application submission with the concerned authorities, we are ready to support you in every possible way. We have formed a team of top-rated shares recovery agents who have helped in recovering 42 crore+ shares value till now. Also, they have resolved 4500+ shares & dividends-related disputes."


NARENDRA KUMAR

He further asserts that, "We are standing for the shareholders and are leaving no stone unturned in providing them the desired solution. All your doubts and queries related to recovery of shares from IEPF, transfer of shares, transposition of shares, transfer of shares, forgotten shares, name deletion, etc will be resolved by our team of shares recovery agents."

How are they able to achieve something that remains impossible for the banks, insurers, fund authorities, et al?

Conclusion

Sucheta Dalal reaffirms, "The government is sitting on people's money and it must get the best brains and technology together to create a system to transcend the silos of separate ministries (finance, company affairs, law/courts), regulators and their varying rules to give us our rightful assets!"

Last but not the least; a clear-cut policy on dealing with the unclaimed funds is needed as soon as possible!

Where can consumers have their say about policies and legislation, about their needs and requirements, about products and services, about genuine and fraud companies? We provide you the platform to share with our readers your experiences.
Write to us: bejonmisra@consumerconexion.org

Unclaimed Money in Banks, Insurance Companies and Private Companies

SANYA BALHARA
Kamala Nehru College
University of Delhi

UNCLAIMED MONEY, ALSO known as unclaimed property, is a term used to describe funds that have been abandoned by their rightful owners and left untouched for a significant period of time. This can include bank accounts, insurance policies, dividends, and other financial assets. The reasons for these unclaimed funds can range from a simple oversight, such as a forgotten account, to a more complex situation, such as the death of the account owner without any known heirs.

Unclaimed money can be found in a variety of places, including banks, insurance companies, and private companies. In fact, it is estimated that there is currently over $40 billion in unclaimed money waiting to be claimed by its rightful owners.

One of the most common places to find unclaimed money is in banks. When an account becomes inactive, meaning there has been no activity for a certain period of time, the bank is required by law to turn over the funds to the state. These funds are then held in a special account, and the state makes an effort to find the rightful owner. However, if the owner cannot be located, the funds remain in the account indefinitely.

Insurance companies are another source of unclaimed money. This can include life insurance policies that have not been claimed, as well as annuities and other types of insurance. Like with bank accounts, if the insurance company cannot locate the rightful owner, the funds are turned over to the state.

Private companies are also required by law to turn over unclaimed money to the state. This can include dividends, stock certificates, and other financial assets. In some cases, these companies may also be required to make an effort to locate the rightful owner before turning over the funds.

It is important to note that while unclaimed money may technically belong to the state, the state's primary goal is to return the funds to their rightful owners. To this end, most states have established websites and databases where individuals can search for unclaimed funds in their name. These websites are typically easy to use and can be accessed for free.

If you believe that you may have unclaimed money, it is important to take steps to claim it as soon as possible. The longer the funds remain unclaimed, the more difficult it may be to locate them. To claim unclaimed money, you will typically need to provide proof of your identity and ownership of the funds.

In conclusion, unclaimed money is a significant issue that affects millions of people across the country. While it may seem unlikely that you have unclaimed funds, it is always worth taking a few minutes to search for them. Who knows – you may just be pleasantly surprised to find that you have some extra cash waiting for you!

UPDATE ...

Moving a Step Ahead

Update on the May edition on

How Safe And Protected Are You As A Homebuyer?

Home Buying Process Set for Dramatic Changes

AT THE FIRST Round Table Conference on 'How to Effectively Redress the Grievances Pertaining to Real Estate Sector' held in Mumbai in April, Mr. Rohit Kumar Singh, Secretary, Union Ministry of Consumer Affairs announced that the government has decided to form a committee to work on a model builder-buyer agreement to simplify and speed up the home-buying process even while protecting homebuyers from potential abuses.

The committee will be formed with members drawn from the National Consumer Commission, state consumer commissions, Real Estate (Regulation and Development) Act, 2016 (RERA), Department of Consumer Affairs (DCA), Insolvency and Bankruptcy Board of India (IBBI) and builders.

This will be a standardised and uniform agreement that will be submitted to the Supreme Court before being sent to all the states. It is envisaged that this will help reduce disputes between homebuyers and builders, and ensure that consumers have access to an effective, speedy, hassle-free and inexpensive grievance redressal mechanism.

Mr. Rohit Singh stated that, “We will try and do it in the next three months. Stakeholders have to be collected from different sectors. It will be a landmark thing if it is done as it will at least give uniformity in handling of this sector across the country. It will be a template!”

SOURCES / REFERENCES

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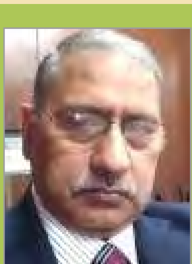
YOUR OPINION MATTERS

letters to the editor

We are truly humbled by the praise and acknowledgment that is flowing in from varied sources. Please feel free to send in your comments, views or feedback on The Aware Consumer magazine at bejonmisra@theawareconsumer.in – we will publish your opinions and implement your feedback while ensuring that your voice is heard on the right platforms.

(May issue: How Safe And Protected Are You As A Homebuyer?)



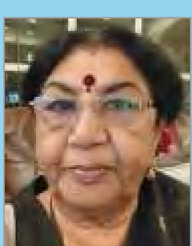
I want to clarify regarding the article appearing on page 8 referring to what amount can be paid in cash for the purchase of property. Here, at the very beginning I would like to clarify that the Income Tax Act does not say cash. It says a transaction otherwise than through an account payee cheque or account payee bank draft or through electronic transfer. However, to simplify communication we call it cash here.

Section 269SS prohibits acceptance of loan or deposit amounting to Rs 20000/- or more in cash. Violation leads to penalty under Section 271D which is equal to the transaction violating the provision.

Section 41(1) prohibits payment in cash against any capital asset to be used in a business, in excess of Rs 10000/-. In case of violation, depreciation will not be allowed on the amount paid in excess of Rs 10000/-.

Section 269ST provides that for any purchase of a house property or any other asset (like car, jewellery etc) no payment in excess of Rs 200,000/- (two lakhs) can be accepted in cash for a single event (like a house, car, jewellery, domestic machines, etc.). In case of violation, penalty equal to the amount exceeding Rs. 200,000 shall be charged as penalty under Section 271DA.

– Mr Anand Pande,
Addl. Commissioner of Income Tax (Retd.), Lucknow
aanand375@gmail.com



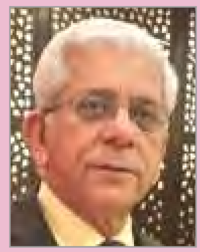
The Aware Consumer is one of the most comprehensive, complete, knowledgeable and most important, totally trustworthy resource, as it springs from the thoughts and the brain of one of the most knowledgeable, totally fact based and presentation worthy intellect in today's fast track scenario - Prof Bejon Misra.

This magazine matches every stride of today's living world. It scans many overviews important for today's consumer in his daily life - be it water, agriculture, science or the latest most fascinating topic of purchase of housing property. The intricate networking - good, bad and the ugly has been brought to life with the consummate skill of words, knowledge, facts and figures involved in singing the story of a purchase of a property/house.

I am proud to be stating that this May magazine is literally the best and the most pertinent to every single man and family - because it is the dream of every individual to own a home!

Thank you Prof Bejon and thank you to the whole group of authors who have collectively put together this work of intellectual art!

– Prof Dr Jannavi Tandon, MD. FIPHA, Hyderabad
knjannavi@gmail.com

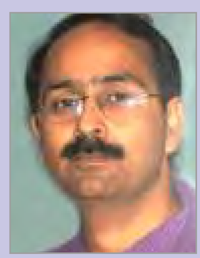


PM Awaas Yojana has really opened the door for dignified life and a secure future. RERA has taken upon itself the role of Guardian for the home buyers. Mr Gautam Chatterjee's viewpoints are versatile. Really a splendid issue covering the needs to know for home buyers. A real reference manual to say!

– Ashok Madan, Delhi
akmadan.idma@gmail.com

Read your magazine on Consumer Awareness on buying a home. The articles may appear intimidating at the beginning, but once we read through a few pages, we realise that it is full of useful information for a layman. The process begins right from the best properties to the various policies for loans, RERA policies, etc. In short it is a complete package of good information. Waiting for more articles in the future and wish you all the best for your future editions.

– Sheetal Gupta, Hyderabad • sheetalashwingupta@gmail.com



For the past few years, I have been an avid reader of this magazine. In terms of consumer rights awareness, it has retained its superiority. The most recent issue on the topic of safe and stress-free house purchase was really interesting and informative. All the insightful opinions given by the experts focused not only on the challenges one encounters when buying a home of his or her choice but have also suggested how to overcome it. It has emphasised why customers in the real estate market need protection as buying a home is almost like a gamble.

This issue has highlighted the valuable points to keep in mind to ensure that one gets the real worth of his money. The real estate sector has been the most unorganised and unregulated sector till the Real Estate (Regulation and Development) Act 2016 came into being which protects the interest of consumers by creating fair and equitable transactions between the property buyers and sellers. This issue has been thoroughly discussed which will certainly help all the home buyers.

I want the magazine to keep developing and flourishing, gaining new readers, and extending its reach and impact to every corner of the globe.

– Sanjay Singh, Media Cell, Quality Council of India
sanjay.nbqp @qcin.org

WATCH OUT!

Watch out for the next issue in August dedicated to "Water Resources – The Essence of our Life! "

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