International Financial Services Centres Authority

Consultation Paper on the Draft 'IFSC Depositor Education and Awareness Fund (IDEA Fund) Scheme, 2026'

A. Objective:

1. The International Financial Services Centres Authority ('Authority') proposes to notify the IFSC Depositor Education and Awareness Fund Scheme, 2026 ('Scheme'), in exercise of the powers conferred under sub-section (1) of section 12 and sub-section (1) of section 13 of the International Financial Services Centres Authority Act, 2019, read with sub-sections (1) and (5) of section 26A of the Banking Regulation Act, 1949.

2. The draft Scheme, enclosed as **Annexure I**, is placed in the public domain for comments and suggestions from stakeholders and members of the public before it is finalised and notified in the Official Gazette.

B. Background and Rationale:

3. Section 26A of the Banking Regulation Act, 1949, provides that amounts lying in accounts or deposits that remain unclaimed or inoperative for *ten years or more* shall be transferred to a Depositor Education and Awareness Fund. The provision further enables utilisation of the Fund for promotion of depositors' interests and such other purposes as may be specified.

4. Banking Units operating in the International Financial Services Centre accept deposits under the International Financial Services Centres Authority (Banking) Regulations, 2020. With the continued growth of banking activities in the IFSC, customer deposits have increased steadily, reaching USD 8.98 billion as of March 2026, including a significant increase in retail deposits to USD 1.72 billion, while corporate deposits remaining largely stable[1]. As the banking ecosystem continues to expand in terms of the volume of deposits, products and customer base, it is necessary to establish a dedicated framework for the management of unclaimed deposits and to safeguard the interests of depositors.

5. In this context, the proposed Scheme intends to create a structured mechanism aligned with the provisions of the Banking Regulation Act, while taking into account the unique characteristics of banking operations within IFSC, including maintenance of deposits in specified foreign currencies.

C. Salient Features:

6. The draft Scheme, inter alia, provides for:

    i. Establishment and administration of the 'IFSC Depositor Education and Awareness Fund' (referred to as 'IDEA Fund' or the 'Fund').

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[1] IFSCA Bulletin Jan-Mar 2026

ii. Transfer of unclaimed deposits and other eligible amounts remaining unclaimed for ten years or more to the Fund.

iii. Mechanism for settlement of depositor claims and reimbursement to Banking Units.

iv. Constitution of a Committee for administration and management of the Fund.

v. Maintenance, audit and investment of the Fund.

vi. Utilisation of the Fund for depositor education, awareness and promotion of depositor interests.

D. Public Comments

7. Comments and suggestions from the public are invited on the draft IFSC Depositor Education and Awareness Fund Scheme, 2026, as set out in **Annexure I**.

8. Comments may be sent by email to Mr. Lobhas Prakash Khairnar, AGM, IFSCA at lobhas.khairnar@ifsca.gov.in and Mr. Nishil Ramit Patel (Consultant) at nishil.patel@govcontractor.nic.in by **August 12, 2026**, in the below format.

<table>
<tr><th colspan="6">Name and details of the Person / Entity
(Organization name (if applicable), contact no., Email address)</th></tr>
<tr><th>S. No.</th><th>Paragraph No.</th><th>Clause</th><th>Comments / Suggestion Proposed amendment</th><th>Detailed rationale</th><th>Other supporting information (if any)</th></tr>
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Issued on July 23, 2026

Annexure I

(Draft Notification)

In exercise of the powers conferred under sub-section (1) of section 12 and sub-section (1) of section 13 of the International Financial Services Centres Authority Act, 2019, read with sub-sections (1) and (5) of Section 26A of the Banking Regulation Act, 1949, the International Financial Services Centres Authority, hereby makes the following Scheme, namely: -

Chapter I

1. Short Title and Commencement

i. This Scheme may be called the IFSC Depositor Education and Awareness Fund Scheme, 2026.

ii. This Scheme shall come into force on and from the date of its publication in the Official Gazette.

Chapter II

2. Definitions

i. In this Scheme, unless the context otherwise requires, the terms defined herein shall bear the meanings as assigned to them below, and their cognate expressions shall be construed accordingly, -

   a) 'Act' means the Banking Regulation Act, 1949;

   b) 'Amount due' means any credit balances in any account or any deposit in a Banking Unit remaining unclaimed or inoperative for ten years or more;

   c) "Authority" or "IFSCA" means the International Financial Services Centres Authority established under sub-section (1) of section 4 of the International Financial Services Centres Authority Act, 2019;

   d) 'Banking Unit' means a Banking Unit defined under clause (c) of sub-section (1) of Section 2 of the International Financial Services Centres Authority (Banking) Regulations, 2020;

   e) 'Committee' means the Committee constituted under clause 8 to administer the Fund;

f) 'Deposit Insurance and Credit Guarantee Corporation (DICGC)' means the Corporation established under Section 3 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961;

g) 'Effective date' means the date on which this Scheme is notified in the Official Gazette;

h) 'Fund' or 'IDEA Fund' means the IFSC Depositor Education and Awareness Fund established under clause 3;

i) 'Liquidator' means liquidator of a Banking company or a Banking Unit appointed under any law for the time being in force;

j) 'Principal amount' means the amount, including interest, transferred by a Banking Unit to the Fund in terms of Section 26A of the Act;

k) 'Specified foreign currencies' means currencies as specified in the First Schedule to the International Financial Services Centres Authority (Banking) Regulations, 2020;

ii. Words and expressions used in this Scheme and not defined herein, but defined in the Act, or the Deposit Insurance and Credit Guarantee Corporation Act, 1961, or any rules or regulations made thereunder shall have the meanings respectively assigned to them in the Act, rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

3. Establishment of the Fund and Credits thereto:

i. The Authority hereby establishes a Fund to be called the 'IFSC Depositor Education and Awareness Fund' referred to under Section 26A of the Act.

ii. The amounts to be credited to the Fund by the Banking Unit shall be deposited in such account and Banking Unit as may be specified by the Authority.

iii. For the purpose of this clause, the amounts to be credited to the Fund shall be the credit balance in any deposit account maintained with a Banking Unit which have not been operated upon for ten years or more, or any amount remaining unclaimed for ten years or more, which include: -

a) savings account;

b) term deposit account;

c) current deposit accounts;

d) other deposit accounts in any form or with any name including Special Non-Resident Rupee Accounts;

e) cash credit accounts;

f) loan accounts after due appropriation by the Banking Unit;

g) margin money against issue of Letter of Credit/Guarantee etc., or any security deposit;

h) outstanding transfers, sundry deposit accounts, vostro accounts, Inter Banking unit clearing adjustments, unadjusted credit balances and other such transitory accounts etc.;

i) undrawn balance amounts remaining in any prepaid card issued by Banking Unit but not amounts outstanding against travellers cheques or other similar instruments, which have no maturity period;

j) rupee proceeds of foreign currency deposits held by a Banking Unit after conversion of foreign currency to rupees in accordance with extant foreign exchange regulations; and

k) such other amounts as may be specified by the Authority from time to time.

iv. Any amount payable in Indian Rupees or in any specified foreign currency under an instrument or a transaction, that has remained unclaimed for ten years or more, shall at the time of transfer to the Fund be converted into USD at the exchange rate prevailing on that date and in the event of a claim, the Fund shall be liable to refund only the USD amount received by the Fund with respect to such instrument or transaction.

v. A Banking Unit shall transfer to the Fund the entire amount as specified in sub-clause (iii), including the accrued interest that the Banking Unit would have been required to pay to the customer/ depositor as on the date of transfer to the Fund.

vi. A Banking Unit shall calculate the cumulative balances in all such accounts as specified in sub- clause (iii) and (iv), as on the day prior to the effective date and transfer the amount to the Fund on the last working day of the subsequent month along with the interest accrued as specified in sub- clause (v).

vii. From the effective date, the Banking Unit shall transfer to the Fund the amounts becoming due in each calendar month (i.e. balances remaining unclaimed for ten years or more) as specified in sub- clause (iii) and (iv) and the interest accrued thereon as specified in sub- clause (v), on the last working day of the subsequent month.

viii. Notwithstanding anything contained in the Banking Companies (Period of Preservation of Records) Rules, 1985, the Banking Unit shall preserve records/documents containing details of all accounts and transactions, including deposit accounts in respect of which amounts are required to be credited to the Fund permanently; and where refund has been claimed from the Fund, the Banking Unit shall preserve records/documents in respect of such accounts and transactions, for a period of at least five years from the date of refund from the Fund.

ix. The Authority may call for all relevant information in respect of an account or deposit or transaction for which a claim for refund has been submitted by a Banking Unit.

4. Refunds and Interest:

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

ii. The interest payable, if any, from the Fund on a claim shall accrue only from the date on which the balance in an account was transferred to the Fund to the date of payment to the customer/depositor. No interest shall be payable in respect of amounts refunded from the Fund, in respect of which no interest was payable by the Banking Unit to its customer/depositor.

iii. In case of any claim for refund of part amount by the depositor whose unclaimed amount/inoperative deposit had been transferred to the Fund, the account will be revived and will become operative. The Banking Unit shall claim the entire amount transferred to the Fund in respect of such depositor along with interest payable, if any, from the Fund.

iv. Refunds made by a Banking Unit in each calendar month should be claimed for reimbursement from the Fund on the last working day of the subsequent month.

v. In the case of a Banking Unit or a banking company under liquidation, during the pendency of the liquidation proceedings, if any claim is received from depositors whose deposits were covered by DICGC insurance at the time of transfer to the Fund, the Fund shall pay to the liquidator, an amount equal to the amount that could have been claimed from DICGC with respect to such deposits, and with respect to all other amounts paid by the liquidator towards the amounts transferred to the Fund, whether insured by DICGC or not, the Fund shall reimburse the liquidator.

5. Banking Unit to submit Returns:

The Banking Unit shall furnish returns to the Authority in the form and manner as specified by the Authority from time to time.

6. Accounts:

i. The Fund shall maintain its accounts including Income and Expenditure Statement in the form and manner as specified by the Committee.

ii. The amounts credited to the account of the Fund, maintained with the Authority shall form part of the Authority's Balance Sheet.

iii. The amounts credited to the account of the Fund may be invested by the Authority in such manner as specified by the Committee.

iv. All income of the Fund shall be credited to the Fund.

v. All expenditure incurred for the promotion of depositors' education, awareness, interests and other purposes that may be specified by the Authority under Section 26A (4) of the Act, shall be charged to the Fund.

7. Audit of Accounts:

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

ii. The accounts of the Fund shall be audited by the statutory auditor of the Authority or any other auditors as directed by the Authority.

iii. The Annual Accounts of the Fund, at the end of each accounting year, shall be placed before the Authority, along with the report of auditors and the activity report of the Fund.

Chapter III

Constitution, Management and Functions of the Committee

8. Constitution of the Committee:

i. There shall be a Committee to administer and manage the Fund in accordance with the Scheme.

ii. The Committee shall consist of an ex-officio Chairperson and not more than six members as specified by the Authority. The composition of the Committee is as follows:

   a. a Whole Time Member (WTM) of the Authority, nominated by Chairperson of the Authority, shall be the ex-officio Chairperson of the Committee;

   Provided that where the post of WTM is vacant, the Executive Director (Banking), shall act as the ex-officio Chairperson of the Committee;

b. Executive Director (Banking) and one additional Executive Director, nominated by the Authority;

   Provided that where the Executive Director (Banking) is acting as the ex-officio Chairperson as per proviso to clause (a) above, only one additional Executive Director, nominated by the Authority, shall be member of the Committee;

c. Chief Executive Officer (CEO)/ Head of a Banking Unit, by rotation, as nominated by the Authority;

d. one person nominated by the Authority, who is considered as expert in the field of banking or accounting or any other field, which the Authority considers appropriate; and

e. an officer of the Authority not below the rank of General Manager, nominated by the Authority to act as Member Secretary to the Committee.

iii. The members, except the ex-officio Chairperson of the Committee, shall hold office for a period of two years and thereafter until their successors shall have been nominated.

iv. A retiring member shall be eligible for re-nomination.

v. The Authority shall provide Secretariat for the Committee and necessary infrastructure and manpower to assist the Committee in the administration of the Fund.

vi. The Committee may constitute one or more Sub-Committees, from amongst its members, whenever it deems necessary to do so, to facilitate efficient and speedy discharge of its functions.

vii. Any defect in the constitution or any vacancy in the Committee would not invalidate any proceedings of the Committee or the decisions taken by the Committee.

viii. The members of the committee shall be entitled to remuneration, as determined by the Authority, from time to time for the meetings attended by them.

9. Functions and Objectives of the Committee:

i. The Committee shall meet as and when necessary, but at least once in a quarter. The quorum for each meeting shall be the Chairperson and not less than one-third of the total members.

ii. The Committee shall frame its own rules of business.

iii. The Fund shall be utilised for promotion of depositors' interests and for such other purposes which may be necessary for promotion of depositors' interest as may be specified by the Authority. The Committee shall function keeping in view the purposes contemplated in Section 26A(4) of the Act and in accordance with the purposes that may be specified by the Authority in this regard from time to time.

iv. The Committee may from time to time lay down a list of activities, the criteria and procedure, etc. for incurring expenditure and achieving the objectives of the Fund.

Provided that the committee shall ensure that expenditure from the Fund shall in no manner be made such that it would affect the Fund's ability to refund the amount/ deposit (as specified in clause 3 above) of an eligible customer/ depositor.

v. The Committee shall administer the Fund and shall exercise all powers on behalf of the Fund, including incurring of all expenditure that may be charged to the Fund, and keeping the corpus of the Fund invested.

vi. The expenses of the Committee and other expenses for administration of the Fund shall be charged to the Fund as decided by the Committee.

vii. For the purpose of enabling the Authority to determine the rate of interest payable by the Fund to the depositors, the Committee shall provide to the Authority such information on the income and expenditure of the Fund as may be required.

10. Power to call upon the Banking Unit:

i. The Committee may call upon any Banking Unit to pay the amount due, to the Fund.

ii. The Committee may call for any information from the Banking Unit relating to unclaimed amounts and the inoperative accounts, in general or a Banking Unit in particular, from time to time, and it shall be the duty of such Banking Unit, as the case may be, to furnish the information sought by the Committee.

11. Promotion of Depositors' Interests and recognition of entities:

i. For the promotion of depositors' interests, the Committee may register/recognise from time-to-time various institutions, organisations or associations, engaged in activities relating to depositor awareness and education, including those proposing to conduct programmes for depositors of the Banking Units, organising seminars and symposia for depositors and undertaking projects and research activities relating to these areas.

ii. Institutions, organisations or associations registered/recognized by the Committee may be considered for grant of funds as a grant-in-aid either as one time measure or in stages or by way of reimbursement, depending upon the nature of the activity proposed.

iii. The Committee shall determine and lay down the criteria for grant of financial assistance to institutions, organisations and associations, as stated in sub- clause (i).

iv. The Committee may examine the proposals and the proposed end use of grants and assistance before authorising release of funds.

v. The Committee may call for information in respect of or verify in any manner, the end use of funds granted to such institutions, organisations or associations.

vi. The Committee may take such action as it deems fit in the interests of the Fund, including legal action, as and when considered necessary.

12. Interpretation of the provisions of the Scheme:

If any issue arises in the interpretation of the provisions of the Scheme, the matter shall be referred to the Authority, and the decision of Authority thereon shall be final.

13. Amendment of the Scheme:

The Authority may amend any or all the provisions of the Scheme anytime, if deemed necessary by issuing a Gazette Notification.

14. Power to remove difficulties:

If any difficulty arises in giving effect to the provisions of this Scheme, the Authority may take such actions or pass such orders, as may appear necessary for the purpose of removing such difficulty.

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