Indian Economy · GS - III

Examine the institutional and technological measures required to improve the identification and recovery of unclaimed financial assets in India.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 27/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Unclaimed deposits, investor protection, RBI, SEBI, DEA Fund, IEPF, financial inclusion, digital databases, grievance redressal

Model Answer

Unclaimed financial assets arise when deposits, dividends, securities or other financial entitlements remain unclaimed for prolonged periods. Their recovery is important for protecting property rights, strengthening financial inclusion and improving trust in the financial system.

1. Institutional mechanisms

1. **Reserve Bank of India:** The Depositor Education and Awareness Fund framework facilitates the management of eligible unclaimed bank deposits while preserving the claimant's right to recover them.
2. **SEBI:** Regulatory measures and investor-awareness initiatives help investors trace unclaimed securities and financial entitlements.
3. **Investor Education and Protection Fund:** The IEPF Authority facilitates the recovery of eligible shares and dividends transferred to the Fund under the Companies Act, 2013.

4. **Financial institutions:** Banks and intermediaries maintain records, verify claimants and process eligible applications.

2. Persistent implementation challenges

1. Fragmented databases across banks, companies and financial intermediaries make asset discovery difficult.
2. Outdated contact details and limited financial awareness prevent rightful owners from identifying their assets.
3. Documentation requirements and succession-related disputes can delay claim settlement.
4. Elderly persons, rural households and legal heirs may face additional procedural barriers.

3. Measures for improvement

A coordinated digital search mechanism, standardised claim procedures, secure identity verification and periodic awareness campaigns can improve recovery. Institutions should also strengthen grievance redressal and protect claimants against fraudulent recovery agents.

Conclusion

Returning unclaimed assets is not merely an administrative exercise; it is an important dimension of investor protection and financial accountability. Transparent databases, institutional coordination and accessible claim procedures can ensure that financial entitlements reach their rightful owners.

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