

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:619

ANSWERED ON:24.11.2006

CLOSURE OF DEMAT ACCOUNTS

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Will the Minister of FINANCE be pleased to state:

- (a) whether a large number of demat accounts has been closed as reported in Business Standard dated 20 September, 2006;
- (b) if so, the details and the reasons therefor;
- (c) whether there is any plan to review such closure in order to safeguard the interests of account holders;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): Securities and Exchange Board of India (SEBI) has informed that as per the data made available by the depositories, during the month of September, 2006, the number of Beneficiary Owner (BO) accounts opened and closed with National Securities Depositor) Ltd. (NSDL) was 96,756 and 1,41,104 respectively. For the said period, the number of BO accounts opened and closed with Central Depositor) Services (India) Ltd. (CDSL) was 75,990 and 24,915 respectively. During the month of October, 2006, the number of BO accounts opened and closed with NSDL was 79,773 and 94,097 respectively. For the said period, the number of BO accounts opened and closed with CDSL was 53,826 and 14,037 respectively.

(b): According to SEBI, some of the reasons for closure of a BO account, are:

- (i) non-availability of PAN details for all the account holders including joint account holders,
- (ii) consolidation of BO accounts by transferring all the securities from joint account to single account or vice-versa,
- (iii) sale of all the securities lying in the BO account and subsequent closure of the account,
- (iv) transfer of securities from one depository to another.

(c) to (e): SEBI has no plan to review the closure of accounts since the closure has been due to various reasons as mentioned in reply to part (b).