

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

RAJYA SABHA

QUESTION NO 23.11.2010

ANSWERED ON

LEVY OF CASH HANDLING CHARGES BY BANKS .

1445

Prof. Alka Balram Kshatriya

Will the Minister of COALCOALFINANCE be pleased to state :-

(a) whether Government/RBI has or had authorized the commercial banks to charge cash handling charges from the account holders on each deposit of cash in their respective accounts;

(b) if so, the details of licencing conditions/ provision in the licence granted by RBI;

(c) whether this arrangement of levying cash handling charges amounts to devaluation of Indian currency notes issued by Government /RBI and dishonour of RBI promise printed on notes; and

(d) if so, what time suitable directions/ instructions shall be issued to rectify the mistake/ error?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI NAMO NARAIN MEENA)

(a) and (b) :- Normally banks do not charge from their customer for depositing money to their own account. However, some banks levy charges for cash payment against credit card bills. Charges are collected at the time of accepting cash. As per the Reserve Bank of India (RBI) guidelines banks need to inform about changes in rates or charges to their customer one month before implementation. RBI vide its circular dated September 7, 1999 had given freedom to banks to decide service charges for various services offered to customers. Banks were asked to fix service charges having regard to the cost of rendering the services. Banks were also advised to ensure that the charges are reasonable and not out of line with the average cost of providing these services. Banks should also take care to ensure that customers with low volume of activities are not penalized.

(c) and (d):- According to RBI, the currency chest holding banks have been allowed to levy service charge of Rs. 2 per packet of 100 pieces in cash deposited with their currency chest by non-currency chest branches. Banks have also been advised to put in place a transparent policy in this regard with the approval of their respective boards.