

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 695
ANSWERED ON – 13/12/2022

MAINTENANCE OF ACCOUNTS

695. SHRI B. LINGAIAH YADAV:

Will the Minister of FINANCE be pleased to state:

- (a) the details of criteria for declaring bank accounts and three-in-one online trading account of banks as dormant accounts;
- (b) whether Annual Maintenance Charges (AMC) are payable by customers even towards such dormant accounts, if so, the details thereof;
- (c) whether banks can also levy interest/penalty on customers for not paying AMC towards dormant accounts, if so, the details thereof;
- (d) the responsibility of the bank in sensitizing the customers about such dormant accounts and such charges payable, the details thereof; and
- (e) the details of benefits the banks are required to extend to customers in return for AMC?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a) to (e): The bank account in the three-in-one account is regulated under the guidelines issued by Reserve Bank of India (RBI) and the demat account and trading account are governed by Securities Exchange Board of India (SEBI) guidelines.

As per RBI guidelines on “Customer Service in Banks”, a bank account is treated as inoperative/dormant account if there are no customer induced transactions in the account for over a period of two years.

As per SEBI guidelines, a trading account is termed dormant if no trades have been carried out in the account since last 12 months across all exchanges whereas a demat account is considered dormant if account is not operated for a period of 6 months.

Further, banks are required to carry out an annual review of the accounts in which there are no operations for more than one year and approach the customers through SMS/Emails/letters to sensitize them about dormant/inoperative account.

Also, RBI has deregulated the services charges on bank accounts for Scheduled Commercial Banks. As per extant guidelines of RBI, banks may fix charges as per their board approved policies while ensuring that the charges are reasonable and not out of line with the average cost of providing these services. Banks have also been advised to not levy penal charges for non-maintenance of minimum balances in any inoperative account.

Banks extend various benefits to customers including, *inter alia*, holding statement, SMS/Email on carrying out transactions, demat related utilities in Internet Banking, modification in demat credentials. Further, as per SEBI guidelines, no AMC is to be levied in a trading account whereas in respect to a dormant demat account, the Depository Participant (DP) may levy annual maintenance charges and may also charge interest in case of default of charges at a rate specified by DP from time to time for the period of such default. The AMC in demat accounts is levied for dematerialisation, rematerialisation, processing transfer instructions, demographic changes, etc.
