

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

UNSTARRED QUESTION NO. 2136

ANSWERED ON TUESDAY, AUGUST 8, 2023/ SRAVANA 17, 1945 (SAKA)

High service charges levied by Scheduled Commercial Banks

2136. Dr. Ameer Yajnik:

Will the Minister of FINANCE be pleased to state:

- (a) the cumulative charges imposed by Scheduled Commercial Banks (SCBs) for non-maintenance of minimum balance since 2018;
- (b) the total amount charged by SCBs for additional ATM transactions and SMS services carried out since 2018;
- (c) whether Government has taken note of the fact that the service charges levied by the banks are not affordable for the poorer sections, if so, the steps taken by Government to regulate the service charges levied by the banks; and
- (d) whether Government proposes to set up a system to regulate and monitor the charges levied by banks and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR BHAGWAT KARAD)

(a) to (d) Government and Reserve Bank of India (RBI) have taken various steps for availability of affordable banking services to the poorest sections of the society. As per extant guidelines of RBI, following basic minimum facilities are being provided under Basic Savings Bank Deposit Account (BSBDA), including accounts opened under Pradhan Mantri Jan Dhan Yojna (PMJDY) for common people free of charge and without any requirement for maintaining minimum balance in the account:

- i. Deposit of cash at bank branch as well as ATMs/Cash Deposit Machines (CDMs).
- ii. Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments.
- iii. No limit on number and value of deposits that can be made in a month.
- iv. Minimum of four withdrawals in a month, including ATM withdrawals.
- v. ATM Card or ATM-cum-Debit Card.

Further, in order to regulate the charges levied by the banks, RBI has issued Master Circular on “Customer Service in Banks” dated 1st July, 2015 which provides that banks are permitted to fix penal charges regarding non-maintenance of minimum balance in savings account, as per their Board approved policy, while ensuring that all such penal charges are reasonable and not out of line with the average cost of providing the services. *Vide* said circular, RBI, *inter-alia*, further advised banks to ensure reasonableness and equity in the charges levied by banks for sending SMS alerts to customers and to leverage the technology available with them and the telecom service providers to ensure that such charges are levied on all customers on actual usage basis.

In terms of the RBI circular dated June 10, 2021, bank customers are eligible for five free transactions (inclusive of financial and non-financial transactions) every month from their own bank ATMs. They are also eligible for fixed number of free transactions (inclusive of financial and non-financial transactions) from other bank ATMs viz. three transactions in metro centres and five transactions in non-metro centres. Beyond the free transactions, charges are levied for each ATM transactions and the ceiling / cap on customer charges is ₹21 per transaction, with effect from January 01, 2022.

As informed by Public Sector Banks & Major Private Sector Banks*, the charges imposed for non-maintenance of minimum balance, additional ATM transactions and SMS Services since 2018 are as below:

S. No.	Charges Imposed For	Amount (in Rs. Crores)
1.	Non-Maintenance of minimum balance	21,044.04
2.	Additional ATM transactions	8,289.32
3.	SMS Services	6,254.32

* Axis Bank, HDFC Bank, IndusInd Bank, ICICI Bank & IDBI Bank
