

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

UNSTARRED QUESTION NO. 1046

ANSWERED ON TUESDAY, JULY 29, 2025/ / 7 SRAVANA, 1947 (SAKA)

PENALTIES FOR NON-MAINTENANCE OF MINIMUM AVERAGE MONTHLY BALANCE (AMB)

1046 SHRI MALLIKARJUN KHARGE:

Will the Minister of FINANCE to be pleased to state:

- (a) The details of total penalties imposed by banks, including Public Sector Banks (PSBs), for non-maintenance of minimum Average Monthly Balance (MAB) during the last five years, year-wise and bank-wise; and
- (b) Whether the Ministry has issued any directions or guidelines for the rationalisation of such penalties, particularly in the case of low-income depositors, for whom such charges may be disproportionately burdensome?

ANSWER

The Minister of State in the Ministry of Finance
(SHRI PANKAJ CHAUDHARY)

(a) and (b): Reserve Bank of India (RBI) vide its circulars dated 20.11.2014 and 01.07.2015 has laid down guidelines regarding levy of penal charges for non-maintenance of minimum balances in savings bank accounts and regarding customer service in banks. 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 penal charges should be a fixed percentage levied on the amount of difference between the actual balance maintained and the minimum balance as agreed upon at the time of opening the account.

Further, RBI, vide its circulars dated 26th December 2002 and 20th November 2014, regarding 'Minimum balance in savings bank accounts' and 'Levy of penal charges on non-maintenance of minimum balances in savings bank accounts', requires the Banks:

- i.) To inform the customers regarding the requirement of minimum balance at the time of opening the account. Any subsequent changes should also be intimated to the account holders;
- ii.) To notify the customer about the penal charges which will be applicable if the balance is not replenished within one month from the date of notice in case of non-maintenance of minimum balance;
- iii.) To ensure that savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

The amount charged by Public Sector Banks for not maintaining minimum balance in savings bank accounts from the customers during the last five years, is at **Annexure**.

As per RBI guidelines, following facilities are being provided to account holders of Basic Savings Bank Deposit Account (BSBDA), free of charge, without any requirement of minimum balance:

- i.) Deposit of cash at bank branch as well as ATMs/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 withdrawal.
- v.) ATM Card or ATM-cum-Debit Card.

The Department of Financial Services (DFS) has advised banks to examine the issue of rationalization of penal charges for non-maintenance of Minimum Average Balance (MAB), with specific emphasis on providing relief to customers in semi-urban and rural areas.

Annexure as referred to in part (a) of the Rajya Sabha Unstarred Q. No. 1046 regarding “Penalties for non-maintenance of minimum Average Monthly Balance (AMB)” due for answer on 29.07.2025 (Rs. In Crores)

S.No.	Bank	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1	Bank of Baroda	118.13	307.49	333.33	386.51	386.16
2	Bank of India	121.29	150.08	180.16	194.48	163.65
3	Bank of Maharashtra	72.03	108.47	114.15	126.95	113.60
4	Canara Bank	177.38	230.28	226.11	284.24	294.91
5	Central Bank of India	82.29	135.2	142.52	128.17	97.18
6	Indian Bank	342.86	316.89	296.27	369.16	503.00
7	Indian Overseas Bank	4.04	4.42	4.46	4.58	44.54
8	Punjab & Sind Bank	Nil	Nil	15.80	39.44	45.68
9	Punjab National Bank	141.03	85.77	439.67	633.40	362.55
10	State Bank of India#	Nil	Nil	Nil	Nil	Nil
11	UCO Bank	0.04	13.37	15.45	37.49	53.56
12	Union Bank of India	83.04	76.56	87.51	126.66	110.98

State Bank of India is not taking Average Monthly Minimum Balance charges from the customers since March 2020.

Canara Bank, Bank of Baroda, Punjab National Bank, Indian Bank, Bank of India, Central Bank of India and Union Bank of India have waived the charges with effect from the second quarter of the FY 2025–26.