

Government of India
Ministry of Finance
Department of Financial Services

LOK SABHA

Starred Question No. *8

To be answered on 2 February 2018 (FRIDAY)/Magha 13, 1939 (Saka)

Minimum Account Balance

***8. SHRI ABHISHEK SINGH:**

Will the Minister of FINANCE be pleased to state:

- (a) the details of the norms and guidelines regarding penalty charges for non-maintenance of minimum balance in bank accounts;
- (b) the amount of penalty collected by penalising people for not maintaining minimum balance in their account during the last one year, bank/account-wise;
- (c) whether the Government is aware that Minimum Account Balance (MAB) penalties demotivates lower and middle class people for payment through bank accounts and if so, the action taken thereon; and
- (d) whether various irrational extra charges for basic services like issuance of cheque books etc. are being levied by banks and if so, the action taken by the Government to address the issue?

Answer

**THE FINANCE MINISTER
(SHRI ARUN JAITLEY)**

(a) to (d) A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. *8 (8th Position) for 2 February 2018 by Shri Abhishek Singh, regarding "Minimum Account Balance".

(a) According to Reserve Bank of India (RBI) guidelines, banks do not have any Minimum Balance requirement for Basic Savings Bank Deposit accounts (BSBD), including accounts opened under Pradhan Mantri Jan Dhan Yojana (PMJDY). In September 2017, there were 52.2 crore BSBD accounts including 30.31 crore Jan-Dhan accounts. Hence, for these accounts there are no charges for not maintaining minimum balance.

For other savings accounts, banks are allowed to decide the policy on levy of charges on non-maintenance of minimum balances with the approval of their Boards. Banks have to ensure that such charges are reasonable and in line with the average cost of providing the services.

(b) The information in respect of requirement of quarterly average balance and respective charges for non-maintaining the same for accounts other than BSBD/Jan-Dhan accounts by Public Sector Banks (PSBs) and major private sector banks is shown in Annexure. The requirement of minimum average balance for PSBs is seen to be comparatively lower. Further, the rate of such charges is generally lower in case of rural and semi-urban areas as compared to the urban and metro areas.

The amount of charges collected by Public Sector Banks (PSBs) for not maintaining minimum balance in savings accounts during financial year 2016-17 and 2017-18 (April to November, 2017) is also given at Annexure.

(c) As stated in (a) above BSBD accounts and accounts opened under PMJDY do not have minimum balance requirement. People can use the above kinds of account to avoid maintaining minimum balance in their accounts.

(d) As per RBI Master Circular dated 1.7.2014 on customer service in banks, the banks may decide on service charges, with prior approval of their Board of Directors. While fixing service charges for various types of services, banks are to ensure that the charges are reasonable and are in line with the average cost of providing these services. Banks also have to ensure that customers with low volume of activities are not penalised. However, most banks provide several free basic services to customers as per their Board-approved policies.

Annexure to Lok Sabha Starred Question no.8 (position no. 8th) for 2.2.2018 on Minimum Account Balance

Minimum balance charges in individual savings bank accounts (other than BSBD account) @ (As on 31.12.2017)

Minimum balance charges in individual savings bank accounts (other than BSBID account)																				(As on 31.12.2017)	
S. No.	Bank	With cheque book								Without cheque book								Amount recovered from customers on account of non-maintenance of minimum balance / minimum average balance (amount in Rs. Crore)			
		Quarterly average balance				Charges				Quarterly average balance				Charges							
		Rural	Semi Urban	Urban	Metro	Rural	Semi Urban	Urban	Metro	Rural	Semi Urban	Urban	Metro	Rural	Semi Urban	Urban	Metro	2016-17	2017-18 (up to November 2017)		
Major Private Sector Banks																					
1	Axis Bank*	2500	5000	10000	10000	250	250	350	350	5000	5000	10000	10000	250	250	350	350	Not available			
2	HDFC Bank*	2500	5000	10000	10000	300	300	600	600	5000	5000	10000	10000	300	300	600	600	Not available			
3	ICICI Bank*	2000	5000	10000	10000	100	250	500	500	2000	5000	10000	10000	100	250	500	500	Not available			
All Public Sector Banks																					
1	Allahabad Bank	500	500	1000	1000	102	102	143	143	100	100	500	500	36	36	77	77	24.34	7.69 (up to 25.12.2017)		
2	Andhra Bank*	250	250	500	500	50	100	100	100	100	250	250	250	50	100	100	100	48.02	24.28 (up to 30.9.2017)		
3	Bank of Baroda*	500	500	1000	1000	100	100	200	200	500	500	1000	1000	100	100	200	200	13.18	7.34		
4	Bank of India	500	500	500	500	54	54	54	54	100	100	100	100	40	40	40	40	16.4	7.98		
5	Bank of Maharashtra*	250	500	1500	1500	40	80	120	120	250	500	500	500	40	80	120	120	50.54	12.39		
6	Canara Bank*	500	1000	1000	1000	40	40	40	40	500	1000	1000	1000	40	40	40	40	106.58	62.16 (up to 21.12.2017)		
7	Central Bank of India*	250	500	1000	1000	60	120	180	240	250	500	1000	1000	60	120	180	240	56.63	68.67 (up to 30.9.2017)		
8	Corporation Bank*	250	500	500	500	100	100	100	100	250	500	500	500	100	100	100	100	38.91	15.37		
9	Dena Bank	500	500	1000	1000	50	50	100	100	500	500	1000	1000	50	50	100	100	14.15	12.73 (up to 11.12.2017)		
10	IDBI Bank Limited*	500	2500	5000	5000	20	100	200	200	500	2500	5000	5000	20	100	200	200	88.23	52.15		
11	Indian Bank*	1000	1000	1000	1000	100	100	100	100	500	500	500	500	100	100	100	100	41.01	50.98		
12	Indian Overseas Bank	500	500	1000	1000	45	45	45	45	100	100	500	500	45	45	45	45	87.48	34.19		
13	Oriental Bank of Commerce	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45.48	17.61 (up to 12.12.2017)		
14	Punjab & Sind Bank	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NIL	NIL		
15	Punjab National Bank*	500	1000	1000	1000	75	100	150	200	500	1000	1000	1000	75	100	150	200	130.64	97.34		
16	State Bank of India* #	1000	2000	3000	3000	40	40	50	50	1000	2000	3000	3000	40	40	50	50	NIL#	1771.67#		
17	Syndicate Bank	500	500	1000	1000	40	40	40	40	100	100	500	500	40	40	40	40	47.97	38.16		
18	UCO Bank ##	250	500	1000	1000	65	180	410	410	100	250	500	500	26	90	180	180	7.38	3.01 (up to 30.9.2017)		
19	Union Bank of India	250	500	1000	1000	29	58	115	115	100	250	500	500	22	22	43	43	41.13	32.79		
20	United Bank of India*	500	500	500	500	72	72	72	72	50	100	100	100	44	72	72	72	5.67	4.3		
21	Vijaya Bank	250	250	500	500	50	65	65	65	100	100	250	250	50	65	65	65	0.1526	0.1598		

Source: Public Sector Banks/ Major Private Banks

@ There is no minimum balance requirement for Basic Savings Bank Deposit Accounts and Jan-Dhan accounts.

The monthly average balance requirement was charged by SBI till 2012. Subsequently, SBI stopped charging for the same till 31.3.2016 while other banks, including Private Banks were charging as per their Board-approved policy. It was reintroduced by SBI with effect from 1.4.2017. The minimum balance requirements were subsequently reduced by SBI with effect from 1.10.2017.

* Charges for non maintenance of average minimum balance is proportionate to the shortfall of the actual balance from the minimum balance. In the above calculation table the maximum charges are shown.

Including service tax/GST