

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

UNSTARRED QUESTION No. 1183

ANSWERED ON 25th NOVEMBER, 2019 (MONDAY)/AGRAHAYANA 4, 1941 (SAKA)

Penalty on Low AMB

1183. SHRI VASANTHAKUMAR H.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the ministry is aware that due to economy slowdown Customers and firms failing to meet the Average Monthly Balance (AMB) requirements in a month have to bear penalty charges, if so, the details thereof including the average income through this penalty by the banks for the last three years area-wise like metro/urban/semi-urban/grmin;
- (b) whether the Government has taken action for withdrawal of the penalty charges by the Banks for non-maintenance of minimum balance for customers and also firms;
- (c) if so, the details thereof including the penalty amount reimbursed/credited to the said accounts during the said period; and
- (d) if not, the reasons therefor?

Answer

The Minister of State in the Ministry of Finance
(SHRI ANURAG SINGH THAKUR)

- (a) to (d) 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). As on March 2019, there were 57.3 crore BSBD accounts across the country, including 35.27 crore Jan-Dhan accounts. Hence, for these accounts there are no charges for not maintaining minimum balance. BSBD accounts provide certain basic minimum facilities free of charge.

For accounts other than BSBD accounts, as per RBI's Master Circular on "Customer Service in Banks" dated July 1, 2015, banks are permitted to fix service charges on various services rendered by them, as per their Board approved policy, while ensuring that the charges are reasonable and not out of line with the average cost of providing these services.

As apprised by eighteen Public Sector Banks (PSBs), the amount collected through the levy of charges for non-maintenance of minimum balance in Savings Bank account, during the last three financial years, are as under:

Year	All eighteen Public Sector Banks (Amount in Rs. crore)
2016-17	790.22
2017-18	3368.42
2018-19	1996.46

The reduction in the amount collected through levy of charges by PSBs during 2018-19, inter-alia, include reduction in charges for non-maintenance of minimum balance by State Bank of India, with effect from 1.10.2017. Area-wise data (i.e. metro/urban/ semi-urban/gramin) is not centrally maintained.
