

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

UNSTARRED QUESTION NO. 1098

ANSWERED ON MONDAY, JULY 29, 2024/ 7 SHRAVAN, 1946 (SAKA)

Penalty for not maintaining Average Monthly Minimum Balance

1098. Com. Selvaraj V:
Shri Subbarayan K:
Smt. Mala Roy:

Will the Minister of FINANCE be pleased to state:

- (a) whether Public Sector Banks taking charges for not maintaining Average Monthly Balance (AMB) from the customers;
- (b) if so, the details of amount charged by various banks during the last five years, bank-wise;
- (c) the criteria for calculation of charges for non-maintenance of minimum balance in SB accounts and if so, whether these rates are reasonable for the services provided to SB accounts;
- (d) the principles of 'reasonableness' adopted in fixing these charges; and
- (e) whether the Government proposes to rationalise the charges on non-maintenance of minimum balance in SB accounts and if so, the details thereof along with the details of 'free' services provided to the customers by the banks?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PANKAJ CHAUDHARY)

(a) to (e): 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 on non-maintenance of minimum balances in savings bank accounts and regarding customer service in banks. Banks were 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. Accordingly, Banks have formulated slab structures for recovery of charges considering different geographies and segments.

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. In case of non-maintenance of minimum balance, the bank should 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.
- iii. It should be ensured 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 various banks for not maintaining minimum balance in savings bank accounts from the customers during the last five years, is at **Annexure**

As per guidelines, following basic minimum facilities are being provided to account holders under 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.

For all other type of bank accounts, banks are competent to provide any value added service, free of cost, as per their Board Approved Policy.

Annexure as referred to in part (b) of the Lok Sabha Unstarred Q. No. 1098 regarding "Penalty for not maintaining Average Monthly Minimum Balance" due for answer on 29.07.2024 (Rs. In Crores)

S.No.	Bank	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
1	Bank of Baroda*	105.17	118.13	307.49	333.33	386.51
2	Bank of India*	181.52	121.29	150.08	180.16	194.48
3	Bank of Maharashtra**	49.19	72.03	108.47	114.15	126.95
4	Canara Bank**	239.88	177.38	230.28	226.11	284.24
5	Central Bank of India**	99.03	82.29	135.2	142.52	128.17
6	Indian Bank**	141.17	342.86	316.89	296.27	369.16
7	Indian Overseas Bank*	2.25	4.04	4.42	4.46	4.58
8	Punjab & Sind Bank*	Nil	Nil	Nil	15.80	39.44
9	Punjab National Bank*	238	141.03	85.77	439.67	633.4
10	State Bank of India#	640.19	Nil	Nil	Nil	Nil
11	UCO Bank*	0.09	0.04	13.37	15.45	37.49
12	Union Bank of India*	41.16	83.04	76.56	87.51	126.66

*Charges levied on non maintenance of Quartely Average Balance

**Charges levied on non maintenance of Average Monthly Balance

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