

WITHDRAWAL OF MINIMUM BALANCE PENALTY BY BANKS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

Ministry of Finance

Withdrawal of Minimum Balance Penalty by Banks

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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 (61.6%) Jan-Dhan accounts. Hence, for these accounts there are no charges for not maintaining minimum balance. BSBD accounts are considered normal banking services available to all and it offers 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. Further, banks have been advised to identify basic services and the principles to be adopted/ followed by them for ensuring reasonableness in fixing such charges. Banks are also advised to take steps to ensure that customers are made aware of the service charges upfront and changes in the service charges are implemented only with the prior notice to the customers.

This was stated by Shri Anurag Singh Thakur, Minister of State for Finance & Corporate Affairs in a written reply to a question in Lok Sabha today.

DSM/RM/PD

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