

**FOURTH REPORT
COMMITTEE ON PETITIONS
(EIGHTEENTH LOK SABHA)**

**MINISTRY OF FINANCE
(DEPARTMENT OF FINANCIAL SERVICES)**

(Presented to Lok Sabha on 12.02.2026)



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2026/Magha, 1947 (Saka)

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(i)

COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Chandra Prakash Joshi - Chairperson

MEMBERS

2. Shri Anto Antony
3. Shri Manoj Tiwari
4. Shri Rajmohan Unnithan
5. Shri Mitesh Patel Bakabhai
6. Shri Vishnu Datt Sharma
7. Shri Raju Bista
8. Dr. Rajkumar Sangwan
9. Smt. Manju Sharma
10. Shri Sukhdeo Bhagat
11. Shri Abhay Kumar Sinha
12. Smt. Kamaljeet Sehwat
13. Shri Bastipati Nagaraju
14. Shri Devesh Shakya
15. Shri Gurmeet Singh Meet Hayer

SECRETARIAT

1. Shri Des Raj Shekhar - Additional Secretary
2. Shri Sujay Kumar - Deputy Secretary
3. Shri Vibhor Raj - Under Secretary
4. Shri Sumit Ranjan - Assistant Executive Officer

**FOURTH REPORT OF THE COMMITTEE ON PETITIONS
(EIGHTEENTH LOK SABHA)**

INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorised by the Committee to present on their behalf, this Fourth Report (Eighteenth Lok Sabha) of the Committee to the House on the representation of Shri Parameswaran Krishna Iyer regarding levying of penal charges on non-maintenance of minimum balance in bank accounts.

2. The Committee considered and adopted the draft Fourth Report at their sitting held on 17 December, 2025.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

17 December, 2025

26 Agrahayana, 1947 (Saka)

CHANDRA PRAKASH JOSHI
Chairperson,
Committee on Petitions

REPORT

REPRESENTATION OF SHRI PARAMESWARAN KRISHNA IYER REGARDING LEVYING OF PENAL CHARGES ON NON-MAINTENANCE OF MINIMUM BALANCE IN BANK ACCOUNTS.

Shri Parameswaran Krishna Iyer submitted a representation dated 18.08.2024 (Annexure-I) regarding levying of penal charges on non-maintenance of minimum balance in bank accounts. He has stated that Banks, as financial institutions play a pivotal role in the economic development of the country and they do not suffer from a shortage of funds. However, many banks, both private and government-owned have implemented a system of minimum balance requirements in various types of bank accounts, and failure to maintain this balance often results in hefty penalties imposed on the account holders.

2. The representationist in his representation has raised several concerns stated as under:

- (i) *Excessive Penalties: The penalties levied on non-maintenance of minimum balance are often disproportionately high, causing undue financial stress on account holders, particularly those from economically weaker sections. This practice seems to punish those who are already struggling to maintain their daily lives.*
- (ii) *Disparity in Interest and Penalty: If a customer maintains the minimum balance, they are rewarded with only the saving bank interest rate, which is relatively low, typically ranging from 2.5% to 4% per annum in most banks, though some offer slightly higher rates up to 6% to 7% per annum. However, if the minimum balance is not maintained, the penalty charged can be 15 to 20 times the amount that the customer would receive as interest for maintaining the balance. This significant disparity between the interest earned and the penalty imposed is unjust and adds to the financial burden on the customer.*

(iii) Unfair practice for use of customer's own funds: The penalty is often imposed based on the customer's own funds, which the banks allowed to withdraw as per their needs. This practice appears to be a way for banks to punish customers using their own money, rather than any funds provided by the bank. If banks want to charge for using their banking facilities, they should consider implementing an annual fee for such services, rather than imposing excessive penalties. The current system is akin to a situation where a person who has little money and is forced to eat less is then punished with a penalty 20 times the value of their food money for eating less.

(iv) Unethical and unjust: The practice of penalizing customers for not maintaining minimum balance is seen as a form of legal looting, especially when those who have sufficient funds are unaffected, while those who are unable to maintain the balance are further burdened. This creates a situation where the economically disadvantaged are punished for their financial condition. According to a recent report, all banks collectively have amassed a staggering Rs.28,495/- crore in the past five years from penalties imposed on customers who were unable to maintain the minimum balance. This amount has largely been extracted from individuals who are already financially vulnerable, which exacerbates their hardship and raises serious ethical concerns.

3. The representationist further suggested few alternatives which are as under:

(i) Instead of imposing heavy penalties, banks could consider charging a reasonable interest rate on loans for those who fail to maintain the minimum balance.

(ii) The cumulative penalties charged over the lifetime of an account should not exceed the prescribed minimum balance amount. For example, if the minimum balance requirement is Rs.10,000, the total penalty charged during the account's lifetime should not exceed Rs.10,000.

(iii) Alternatively, banks could block the minimum balance amount from further withdrawal instead of levying punitive charges.

(iv) Additionally, for any period during which the minimum balance is not maintained, banks should consider the difference between the amount in the account and the prescribed minimum balance as a loan to the customer and should charge only the applicable loan interest for that period. This would ensure that customers are treated fairly and not burdened with excessive penalties.

4. He, therefore, requested the Committee to consider his representation and take appropriate action in this matter for protecting rights and interests of millions of citizens across the country ensuring that the penalties imposed on non-maintenance of minimum balance are fair, reasonable, and do not disproportionately impact the economically weaker sections of society.

5. Since the matter related to wider public interest and specifically impacting the economically weaker sections of the society, the Committee on Petitions took up the representation for detailed examinations under Direction 95 of the Directions of the Speaker, Lok Sabha. Accordingly, the representation was referred to Ministry of Finance for seeking their comments on the issue raised therein *vide* Lok Sabha Secretariat Office Memorandum No. LAFEAS-CP021/9/2025 dated 24.03.2025 (Annexure-II).

6. In response thereto, Department of Financial Services, Ministry of Finance *vide* their Office Memorandum No. 7/5/2022-FI (C-300561744) dated 03.04.2025 (Annexure-III) furnished their comments as under:

6.1 *The matter was examined in the Department in consultation with the Reserve Bank of India (RBI) Guidelines regarding levy of penal charges on non-maintenance of minimum balances in savings bank accounts have been laid down vide RBI circulars dated 20.11.2014 and 01.07.2015 Banks are permitted to fix penal charges, 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. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments.*

As per extant RBI guidelines. Banks are required:

(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: and

(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.

6.2 To increase financial inclusion, RBI, vide its circular dated June 10, 2019 on Financial Inclusion- Access to Banking Services Basic Savings Bank Deposit Account (BSBDA), has advised Banks to offer the following basic minimum facilities in the BSBDA Account, free of charge, without any requirement of minimum balance:

(i) The 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 withdrawals:
and*

(v) ATM Card or ATM-cum-Debit Card.

The BSBDA Account shall be considered a normal banking service available to all. Banks are free to provide additional value-added services, including issue of cheque book beyond the above minimum facilities, which may/may not be priced (in non-discriminatory manner) subject to disclosure. The availment of such additional services shall be at the option of the customers. However,

while offering such additional services. Banks shall not require the customer to maintain a minimum balance. Further, no minimum balance is required in Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts.

7. In order to undertake a detailed examination on the points raised in the representation of Shri Parameswaran Krishna Iyer in the light of comments furnished by Ministry of Finance, the Committee held oral evidences/briefing with the representatives of Ministry of Finance on 28.04.2025. In the said oral evidences/briefing, the Committee desired clarifications from the representatives on following points:

- (i) What is the view of Ministry/Department on the issue of levying of penalty for non-maintaining the minimum balance in any account?*
- (ii) What are the economic reasons to levy penalty for non-maintaining the minimum balance?*
- (iii) What are the terms & conditions for opening of PMJDY accounts?*
- (iv) How many PMJDY accounts have been opened so far? How many PMJDY accounts are inoperative?*
- (v) Is there any requirement of minimum balance in PMJDY account?*
- (vi) It is observed that when people from low-income group open accounts in any Bank, either they are not aware of these charges or Banks deliberately do not inform that money will be deducted as fee/penalty for providing various services. What is the opinion of the Government on this?*
- (vii) What fee is charged by the Banks for providing various services in saving and PMJDY account?*
- (viii) Are the charges and the heads under which these charges charged by the banks are same or do they vary bank-wise and state-wise?*
- (ix) How much amount Banks have charged as penalty during last 5 years? Please provide year-wise & State-wise details?*
- (x) Whether money can be deducted without informing the account holder? What is the authority of RBI?*

- (xi) State Bank of India (SBI) does not levy any charge for not maintaining minimum balance since 2021 whereas various Public Sector Banks (PSBs) and Private Sector Banks (Pvt. SBs) deduct crores of rupees as penalty/charge. Why other banks do not adopt the policy similar to SBI?
- (xii) What guidelines are issued by Reserve Bank of India (RBI) regarding deduction of money (levy of charge)? What criteria does RBI follow for auditing of various penalties charged by the Banks?
- (xiii) What guidelines do Banks follow for deduction of money/levy of charges in respect of various types of bank accounts like current account, saving account, accounts opened under MGNREGA or PMJDY etc.?
- (xiv) In Bihar, a woman labourer under MGNREGA received Rs. 500/- in her account but Bank deducted Rs. 440/- because of minimum balance. In Gurugram, a father deposited Rs. 5,000/- into his son's HDFC bank account but bank deducted Rs. 2,500. Whether Banks charge differently in different states of the country?
- (xv) Please provide details of total number of accounts in the State of Bihar; How many banks have deducted how much money from which (type of) accounts and under which penalty head – please provide the data.
- (xvi) In Bihar, on every deposit of Rs. 100/-, Bank gives Rs. 58/- as loan and balance Rs. 42/- is kept reserve whereas in some states loan amount is Rs. 116/- and in some it is Rs. 123/- out of Rs. 100/- deposit they receive. Where balance Rs. 42/- goes in the State of Bihar? What guidelines do Banks follow in this regard? Whether Banks follow different guidelines in different states?
- (xvii) Is it correct that banks levy penalty or deduct money under different heads in order to cover their losses?
- (xviii) Why there is no uniformity in number and amount of charges levied by different banks under different heads?
- (xix) Whether banks also deduct from the amount so received by any account holder under DBT scheme?
- (xx) Please provide the data relating to Rs. 8,500 Crore imposed as penalty by banks – number of accounts, amount of penalty charged – bank-wise and state-wise details thereof.

8. In response thereto, Department of Financial Services, Ministry of Finance furnished replies to the list of points raised during the meeting of the Committee on Petitions vide their Office Memorandum No.07/32/2025-Parl dated 09.06.2025 (Annexure-IV). The replies furnished are as under:

(i) Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall. The accounts opened under PMJDY and BSBD are zero balance accounts and Banks do not levy any charges if account holder maintains minimum or zero balance. However, in other saving bank accounts, Banks are levying penal charges for non-maintenance of minimum balance as per their Board Approved Policy. The account holders are suitably and timely informed by way of SMSs, emails, letters etc. about levy of charges, if any.

(ii) As per RBI guidelines, Banks are permitted to fix penal charges, as per their Board Approved Policy, of balances fall below the minimum balance as agreed upon at the time of opening the account. Banks impose penalty on non-maintenance of minimum balance in accounts to cover their operational costs, overhead costs, cost of customer services etc.

(iii) Under the National Mission for Financial Inclusion, any person, not having any bank account, can open a basic savings bank deposit (BSBD) account under PMJDY scheme, which is a zero-balance account, in any bank branch or Business Correspondent outlet by furnishing Aadhaar Card, Voter ID Card, Driving License, PAN Card, Passport & NREGA Card containing the identity and address of the person or Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions or letter issued by a gazette officer, with a duly attested photograph of the person.

(iv) As on 07.05.2025, 55.31 crores accounts have been opened under PMJDY scheme out of which 12.08 crore accounts are inoperative.

(v) No minimum balance is required to be maintained in PMJDY accounts.

(vi) All the accounts holders are suitably and clearly informed about the applicability of fee/charge/penalty etc., if any, at the time of opening the account. Account holders are also informed in advance through SMS, email, or letters about any applicable fees. Charges are deducted from eligible accounts irrespective of the nature of source of funds. However, to prevent deduction of charges, an account holder can open a new account (after closing the previous account) under PMJDY scheme, which is zero balance account, subject to fulfillment of eligibility criteria.

(vii) The account opened under Pradhan Mantri Jan Dhan Yojana (PMJDY) is a Basic Savings Bank Deposit Account (BSBDA) in nature with few additional facilities. As per Reserve Bank of India (RBI) guidelines, the BSBD Account is a Savings account which offers the following minimum facilities, free of charge, without requirement of maintaining minimum balance to the holders of such accounts:

(a) Deposit of cash;

(b) Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments;

(c) No limit on number and value of deposits that can be made in a month;

(d) Minimum of four withdrawals in a month, including ATM withdrawals;

(e) ATM Card or ATM-cum-Debit Card.

In addition, for BSBD accounts, Banks are free to provide additional value-added services, including issue of cheque book, as opted by customers beyond the above-mentioned minimum facilities, which may/may not be priced subject to disclosure. Opening of such additional services does not require stipulation of maintenance of minimum balance in such accounts.

<u>Name of the State /UT</u>	<u>Total Amount Collected through Minimum Balance charges (₹ in crore)</u>				
	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>
Andaman & Nicobar Islands	0.4011274	0.288230951	0.350422184	0.505212841	0.527085892
Andhra Pradesh	53.79599903	64.45943439	67.32257738	84.61882814	93.15480666
Arunachal Pradesh	0.474311235	0.506743514	0.709677847	0.845961687	0.783008528
Assam	11.29555081	15.63935071	23.50949703	33.86480929	31.48424477
Bihar	52.91288378	70.29856739	104.0638559	132.0506781	105.2083891
Chandigarh	2.796923037	2.232730964	3.879015451	5.451584941	4.310277566
Chhattisgarh	12.01906651	20.07638839	29.24784567	38.90633872	31.45056758
Dadra & Nagar Haveli	0.397721807	0.862780338	1.059989507	1.343854314	1.300765373
Daman & Diu	0.10660752	0.123596297	0.121565749	0.14588659	0.109463094
Delhi	29.43290992	32.88225964	49.23903883	63.7567936	49.23728455
Goa	1.641380575	2.337310288	2.61638929	3.102952323	3.006595148
Gujarat	50.59108606	79.67387961	92.74246062	109.3871892	104.6287974
Haryana	26.64619239	31.3597587	57.39150864	75.19188324	60.78852994
Himachal Pradesh	3.472786997	3.422003576	8.908933305	12.59078312	9.07029102
Jammu & Kashmir	1.487533305	1.40987166	3.726863756	5.463130335	4.036256931
Jharkhand	25.42610793	33.27762698	36.49730063	43.18881663	42.99790666
Karnataka	65.19833481	103.7541443	104.538754	133.2926068	122.4165773
Kerala	46.33648927	38.10334766	42.94092873	52.68163916	53.02509372
Ladakh	0.036488432	0.033846253	0.098063417	0.147140018	0.111944435
Lakshadweep	0.055966097	0.09925069	0.09776826	0.103160966	0.117819207
Madhya Pradesh	53.05721193	72.73910705	91.82371037	119.8191841	92.50756812
Maharashtra	149.8951631	211.5028977	227.3268892	252.5450566	246.9180702
Manipur	1.29559464	2.061732937	4.090450147	5.087304639	4.038475763

Meghalaya	0.552820143	0.715142681	1.00778187	1.247520043	1.097677332
Mizoram	0.120038443	0.187239014	0.293305643	0.445544982	0.393832271
Nagaland	0.369396792	0.729556377	1.037866361	1.403312809	1.448696795
Odisha	24.98706444	28.86940695	38.41226337	51.09992602	52.52943985
Puducherry	6.407889697	4.753477653	4.863014282	5.694117853	7.216563439
Punjab	29.62155106	32.27575254	67.07322713	89.99357767	70.90836839
Rajasthan	46.08622273	62.32881663	101.7156103	127.9910121	104.7800192
Sikkim	0.387698792	0.608477697	0.884460374	1.240316307	1.090958089
Tamil Nadu	231.4385885	187.3449642	193.1318475	233.1239968	276.3415874
Telangana	27.03703011	33.25119089	39.95870672	52.91025978	56.02699415
Tripura	0.932265922	1.39707496	2.175687797	3.450607495	2.838363277
Uttar Pradesh	135.8727419	195.8785164	274.6391946	339.7102404	287.8725874
Uttarakhand	8.91024469	10.37353538	21.15929001	28.17349839	21.32239311
West Bengal	47.22072635	69.79626626	87.24960691	114.5256702	100.6479633
Grand Total	1148.717716	1415.654278	1785.905369	2225.100396	2045.745263
Source Banks					

(viii) Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall.

(ix) State-wise and year-wise data indicating amount collected through minimum balance charges by Public Sector Banks in last five years is as under:

Last five years data of Private Sector Banks are not available. However, amount collected through minimum balance charges by Private Sector Banks in FY-2024-2025 is as under”

<u>Information for Minimum Balance Charges in FY 24-25</u>	
<i>Bank Name</i>	<i>Total Amount Collected through Minimum Balance charges in FY 24-25 (in ₹ crore)</i>
<i>Axis Bank Ltd</i>	<i>680.7</i>
<i>City Union Bank Ltd</i>	<i>25.05</i>
<i>Federal Bank Ltd</i>	<i>122.00</i>
<i>HDFC Bank Ltd</i>	<i>1,112.88</i>
<i>ICICI Bank Ltd</i>	<i>233.23</i>
<i>IDBI Bank Ltd.</i>	<i>25.76</i>
<i>IndusInd Bank Ltd</i>	<i>123.74</i>
<i>Jammu & Kashmir Bank Ltd</i>	<i>33.75</i>
<i>Karur Vysya Bank</i>	<i>46.32</i>
<i>Kotak Mahindra Bank Ltd</i>	<i>183.00</i>
<i>RBL Bank Ltd</i>	<i>22.69</i>
<i>South Indian Bank Ltd</i>	<i>97.13</i>
<i>Yes Bank Ltd</i>	<i>65.96</i>
<i>Grand Total</i>	<i>2,772.21</i>

(x) Department of Supervision, RBI, keeps a watch on the banks to make sure that the charges levied by the banks are as per their regulations. As per RBI guidelines, Banks are permitted to fix penal charges, as per their Board

Approved Policy. All the accounts holders are suitably and clearly informed about the applicability of fee/charge/penalty etc., if any, at the time of opening the account. Account holders are also informed in advance through SMS, email, or letters about any applicable fees.

- (xi) *The accounts opened under PMJDY and BSBD are zero balance accounts and Banks do not levy any charges if account holder maintains minimum or zero balance. However, in other saving bank accounts, Banks are charging as per their Board Approved Policy to cover their operational costs, overhead costs etc. The account holders are suitably and timely informed by way of SMSs, emails, letters etc. about levy of charges, if any.*
- (xii) *Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall. Department of Supervision, RBI, keeps a watch on the banks to make sure that the charges levied by the banks are as per their regulations.*
- (xiii) *RBI master circular on customer service in Banks dated 01.07.2013 states that the decision to prescribe service charges has been left to individual banks. While fixing service charges for various types of services like charges for cheque collection, etc., banks should ensure that the charges are reasonable and are not out of line with the average cost of providing these services. Banks should work out charges with prior approval of their Boards of Directors.*
- (xiv) *Accounts under PMJDY and BSBD are zero-balance accounts with no charges for maintaining minimum or zero balance whereas other savings accounts may have charges based on each bank's policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall. Account holders are informed in advance through SMS, email, or letters about any applicable fees. Nevertheless, if any such case is brought to the notice, the same can be examined.*
- (xv) *Year-wise data indicating amount collected through minimum balance charges by Public Sector Banks in last five years in Bihar, is as under:*

Financial year 2020-2021

No. of Savings Bank Accounts	No. of Accounts (out of A) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
A	B	C
9,57,20,555	41,04,299	52.91

Financial year 2021-2022

No. of Savings Bank Accounts	No. of Accounts (out of D) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
D	E	F
9,85,60,086	49,07,258	70.30

Financial year 2022-2023

No. of Savings Bank Accounts	No. of Accounts (out of G) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
G	H	I
10,21,25,881	51,27,578	104.06

Financial year 2023-2024

No. of Savings Bank Accounts	No. of Accounts (out of J) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
J	K	L
10,69,17,827	56,69,998	132.05

Financial year 2024-2025

No. of Savings Bank Accounts	No. of Accounts (out of M) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
M	N	O
11,08,10,80 5	56,66,274	105.21

(xvi) There has been an increase in the disbursement of loan from Rs. 160837 Crore to Rs. 231247 Crore since FY 2021-22 in the state of Bihar. This reflects a hike in Credit-Deposit ratio from 51% (in March 2022) to 59% in December 2024). The state has witnessed this steady increase in CD ratio despite having low credit demand because of engagement in either unorganized or informal sectors. Underdeveloped or less industrialization results in low business activity and often leads to less credit. Further, Banks also have to maintain cash reserves ratio (CRR) and statutory liquidity ratio (SLR) with Reserve Bank of India in terms of deposit they receive.

However, the Banks are promoting credit flow to Micro, Small and Medium Enterprises (MSMEs) and arranging awareness campaign and promotional drive under financial literacy programs, especially in rural areas, to make people aware of banking facilities.

(xvii) Banks levy charges not for making profit or for covering losses but for mitigation of their operational cost as directed by RBI.

(xviii) Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall.

(xix) Charges are deducted from eligible accounts irrespective of the nature of source of funds. However, to prevent deduction of charges, an account holder can open a new account (after closing the previous account) under PMJDY

scheme, which is zero balance account, subject to fulfillment of eligibility criteria.

(xx) The details are available in Appendix-I.

9. The Committee further sought clarification on the following list of points from the representatives of Punjab National Bank (PNB), Union Bank of India (UBI) and Central Bank of India (CBI):

(i) What are the reasons for imposing penalty for non-maintenance of minimum balance?

(ii) How does the Bank ensure that the account holder has been notified that his balance has gone below minimum and penalty may be imposed?

(iii) How many times and how often are customers notified when account balance falls below the minimum?

(iv) How many days are provided to account holder to replenish their balance before imposing penalty?

(v) Is there a limit on how much penalty can a bank impose upon an account holder?

(vi) What is the method to calculate the average minimum balance?

(vii) How is the penalty computed?

(viii) Has the Bank taken any initiative to protect the interest of vulnerable sections who may have opened such accounts by mistake or due to misrepresentation by bank representatives and are now being charged for many services that they are not using?

(ix) Has the Bank made any effort to stop imposing penalty due to non-maintenance of minimum balance? Has any study been conducted in this regard?

(x) Is there compounding of dues if the balance remains below the minimum?

(xi) If the balance in an account has gone to zero, does the bank keep imposing penalty and realize it whenever there is enough balance in the account anytime in future?

(xii) What are the charges for various services offered to savings account holders and Jan Dhan Account holders?

(xiii) Any other information that the Bank may like to provide.

10 The reply furnished by Punjab National Bank (Annexure-v) is as under:

(i) It is the endeavour of the Bank to provide best in class services to the customers through various digital channels and product specific features etc. Bank levies charges for non-maintenance of minimum balance to cover costs associated with providing various financial services to their customers. These charges help bank maintain its operations, invest in technology and manage risks.

(ii) Bank notifies account holders when their balance falls below the minimum required and charges may be levied. This notification is provided by the bank through SMS. The notification clearly states that if the balance is not restored within a specified period, charges will be levied.

(iii) For saving accounts: Bank notifies the customer twice in case of his balance goes below minimum MAB (Monthly Average Balance):

- On the 25th of each month, customers are notified through SMS if their Monthly Average Balance is below the minimum required, advising them to restore the balance to avoid charges.
- An SMS reminder is again sent on the 1st of next month, advising customers to make up for the previous month's MAB shortfall in current month. In this SMS, bank also specifies how much balance they need to maintain, which includes shortfall of previous month, to avoid levy of charges.

For Current account: Bank notifies the customer on the 25th of each month, through SMS if their Monthly Average Balance is below the minimum requirement, advising them to restore the balance to avoid charges.

(iv) For Saving account: Customers are provided with a period of 30 days to restore the stipulated minimum balance in their accounts prior to levying any charges for non-maintenance. Further, if customer doesn't maintain required minimum balance in current month also, levied charges

are deducted on 5th of next month for the month before the previous month

For Current account: After notifying current account customers on the 25th of each month, if customer doesn't maintain required minimum balance in remaining days of the month, charges are levied on 5th of next month.

(v) Yes, there is a limit on amount of charges that Bank can levy upon an account holder. Charges for Non-Maintenance of Average Balance in Current Account & Saving Account are as under:

a. Current Account-

- Area wise Monthly Average Balance Requirements are as under:-

Area	Monthly Average Balance (MAB)
Rural	₹1,000/-
Semi Urban	₹2,000/-
Urban	₹5,000/-
Metro	₹10,000/-

- Charges for non- maintenance of MAB are directly proportional to the extent of shortfall in the Monthly Average Balance. Area wise details are as under:

Area	Min. applicable Charges	Max. applicable Charges	Charges as %age of shortfall
Rural	₹50/-	₹100/-	10%
Semi Urban	₹75/-	₹200/-	10%
Urban	₹100/-	₹300/-	6%
Metro	₹125/-	₹400/-	4%

b. Saving Account (waived w.e.f. 01.07.2025)

- Area wise Monthly Average Balance Requirements are as under: -

Area	Monthly Average Balance (MAB)
Rural	₹500/-
Semi Urban	₹1,000/-
Urban & Metro	₹2,000/-

- Charges for non- maintenance of MAB are directly proportional to the extent of shortfall in the Monthly Average Balance. Area wise details are as under:

Area	Min. applicable Charges	Max. applicable Charges	Charges as %age of shortfall
Rural	₹1/-	₹30/-	6%
Semi Urban	₹1/-	₹60/-	6%
Urban & Metro	₹1/-	₹100/-	5%

Charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.

- (vi) The Average Minimum Balance often referred to as MAB (Monthly Average Balance) is calculated by taking the sum of the daily closing balances in an account over a given month and dividing it by the number of days in that month. This method ensures a fair assessment of how consistently the account has been funded.

The charges for non-maintenance of MAB are levied as percentage of area wise maximum charges mentioned above in point no 5.

- (vii) The percentage is same as the percentage of extent of shortfall from minimum monthly average balance required in account. For instance, MAB required in Current account maintained in metro area is Rs. 10,000/-. If,

shortfall for the month is Rs. 5000/-, the charges for the same are Rs. 200/- which is 4% of the shortfall amount.

- (viii) In instances where customers are unable to consistently maintain the stipulated minimum balance in their existing savings accounts, the bank provides the option; subject to the customer's request and eligibility criteria, to convert such accounts into "Basic Savings Bank Deposit Accounts (BSBDA)". These are zero-balance accounts i.e they do not require a minimum balance. This facility is extended in alignment with the Reserve Bank of India's directives to promote financial inclusion and ensure that essential banking services remain accessible to all segments of society.

Currently, Bank is maintaining 17.77 Crore savings accounts, out of which 6.44 Crore are Basic Savings Bank Deposit Accounts (BSBDA) accounts. Bank is having total of 8.21 Crore accounts including BSBDA and other variants of accounts like Savings account for salaried, Defence Personnel, Students in which there is no minimum balance requirement.

- (ix) After undergoing an internal study and peer bank analysis regarding charges levied due to non-maintenance of minimum balance and taking into account all relevant aspects -operational, regulatory and stakeholder interests, it has been approved that charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.
- (x) No, there is no compounding of dues if the balance remains below the minimum balance.
- (xi) In accordance with prevailing guidelines, charges for non-maintenance of the stipulated Minimum Average Balance are levied and directly debited from the customer's account. In instances where the account balance is insufficient or zero at the time of charge application, the shortfall of that corresponding amount is created and is subsequently recovered from the customer's account as and when sufficient funds become available.

However, as per RBI guidelines, bank does not levy any Charges for non-maintenance of minimum balance in respect of Inoperative/ Dormant

accounts/ Unclaimed Deposit. Further, Bank ensures that recovery of charges should not turn an account into negative balance solely on account of levy of service charges

- (xii) The non-credit related charges for various services offered to savings account holders is attached as Annexure-I. Further, there is no requirement of maintaining any Monthly Average Balance for Jan Dhan accounts. As such, there are no charges for non-maintenance of MAB in Jan Dhan accounts. However there are charges for other services to Jan Dhan account holders e.g. locker facility, ECS mandate, additional ATM card, etc.
- (xiii) As per RBI guidelines, bank does not levy any charges for non-maintenance of minimum balance in respect of Inoperative/ Dormant accounts/ Unclaimed deposits. Bank ensures that recovery of charges should not turn an account into negative balance solely on account of levy of service charges.

Further, charges for non-maintenance of minimum average balance in all saving account scheme have been waived w.e.f 01st July 2025.

11. The reply furnished by Union Bank of India (Annexure-vi) is as under:

(i) Bank provides various services to the customers against which Bank incur some cost. Bank is not charging for basic services like- Pass Book/statement, one cheque book in a Financial Year, three cash deposit transactions, 5 ATM transactions etc. In order to provide these services, Bank requires customer to maintain a prescribed amount of minimum balance in the account and Non-maintenance of required minimum balance attract a reasonable amount of penalty.

(ii) Bank sends SMS notification to those account holders, where there is short fall in the required minimum balance in their accounts, one-month before levy of minimum balance charges on quarterly basis.

(iii) Bank sends SMS notification to those account holders, where there is short fall in the required minimum balance in their accounts, one-month before levy of minimum balance charges on quarterly basis.

(iv) A 30 days period is provided to account holder to replenish their balance before imposing the penalty.

(v) Yes, the minimum balance charges in Saving Accounts ranges from Rs.25/ to Rs.100/ per quarter depending on the amount of shortfall in required minimum quarterly average balance on proportionate basis.

(vi) Average quarterly balance is considered as average balance available in accounts for period 16 March to 15 June, 16 June to 15 September, 16 September to 15 December and 16 December to 15 March.

Calculation of Average Quarterly Balance: - Value dated EoD balance is selected for the entire period (start date and end date i.e. from 16th of last month of previous quarter to 15th of last month of current quarter), summation of balance is done and divided by number of days in order to fetch Quarterly Average Balance.

(vii) Different slabs of short fall in Minimum Quarterly Average Balance has been framed and the charges are levied in proportionate to the short fall in required minimum quarterly average balance.

(viii) Bank levies the service charges for those services only, which are being availed and used by the customers. Further, Bank does not levy the minimum balance charges in PMJDY accounts, Senior Citizen accounts and pensioner accounts.

(ix) The Bank conducts periodic reviews of its service charges. As part of this exercise, a review of the charges related to non-maintenance of minimum balance in general savings accounts has been undertaken. Based on the recommendations of the internal committee, the Bank has decided to discontinue the levy of minimum balance charges. The proposal has been approved by the committee and is currently under consideration for final approval by the competent authority.

(x) No.

(xi) Generally, account balance becomes zero due to stopping of transactions by customers. In those cases, account becomes inoperative

and bank does not levy minimum balance charges in the Inoperative accounts.

(xii) Bank does not levy the Minimum Balance charges in Jan Dhan Accounts. In case of General Saving Bank accounts, Bank provides various free service in Saving accounts like- Free Cheque Book in a Financial Year, no charges for NEFT /IMPS transactions done through digital modes, 3 Free cash deposit transaction in a month, 5 free ATM transactions per month, No issuance charges for pass book, statement and deposit receipt etc. Service charges are applicable beyond the free limits of transactions/services.

(xiii) Nothing Specific.

12. The reply furnished by Central Bank of India on panel charges and issues related thereto (Annexure-vii) is as under:

(i) The penal charges for the non-maintenance of minimum balance are applied for the purpose of partially covering the fixed costs incurred by bank in the form of branch set-up, servicing the account, operating costs. Such penal charges are also serves as a deterrent charge to drive ideal customer behavior. It is imperative that the minimum balance requirement for its non-maintenance is to induce a sense of discipline among the depositors while operating their savings accounts. Maintenance of minimum balance in accounts also help small account holders a habit of savings.

(ii) Bank is sending SMS on 25th of every month to all such account holders whose account balances are breaching minimum balance informing them that their balances is below minimum average balance with advice to make up to shortfall so as to avoid applicable MAB charges. Following is the template of this SMS::

“Monthly Minimum Bal is not maintained by you in your SB a/c no ending XXXX. Pl maintain minimum balance in the account to avoid applicable charges-CBoI”

From 1st July 2025, there is no minimum Balance Charges in SB Accounts.

(iii) Customer is notified through SMS on their registered mobile number on 25th of each month till the balance is below the threshold.

(iv) Penalty/ MAB charges are imposed in SB account on monthly basis whereas in CD account it is imposed on quarterly basis, therefore customer after notification through SMS has 5/6 days (depending on days in month) to make the shortfall in MAB for SB account and similarly maximum 65/66 days to 5/6 days in each quarter for CD account after Bank notification.

It is important to mention here that customer has opportunity to compensate for the shortfall in MAB even on last day of the month (SB) / quarter (CD).

(v) Yes, Bank has prescribed a maximum level of MAB charges that can be recovered from customer.

S. No.	Category of Branch	Quarterly Min. Balance Charges	Monthly Min. Balance Charges
		For CD Accounts	For SB Accounts
1	Rural	200	Nil
2	Semi-urban	200	Nil
3	Urban	600	Nil
4	Metro	600	Nil

(vi) For CD account: For sake of arriving the quarterly average balance, CBS calculate the average of the each day closing balances of the account for the quarter and if any shortfall is observed from prescribed minimum balance, it deducts the charges on quarter basis proportionate to the shortfall observed in the account subject to the maximum prescribed by the bank

For SB Account: For SB accounts the same methodology was used on monthly averages. Since 01.07.2025, MAB in SB accounts have been withdrawn.

(vii) For CD account: Recovery of quarterly minimum balance charges will be on prorata basis based on the short fall in quarterly average balance maintained in Current account. Quarterly minimum balance charges will be in proportion to the extent of Quarterly average account balance shortfall in comparison with the prescribed quarterly average balance to be maintained in the account.

For SB Account: For SB accounts the same methodology was used on monthly averages. Since 01.07.2025, MAB in SB accounts have been withdrawn.

(viii) Bank has taken into account the the interest of vulnerable sections of society and therefore, certain customer categories are waived from maintaining Minimum Balance, as detail Below:

(i) Senior Citizens

(ii) Pensioners

(iii) Students

(iv) Blind/disabled/ Diyyang & Institution set for their benefit.

Further Bank does not charge minimum balance charges in Jan Dhan account and if any customer desires that his /her account should not be imposed MAB charges, than they are given option to convert their respective SB account to Jan Dhan account.

(ix) Bank is regularly studying and analysing the rationality of MAB charges and to enhance customer satisfaction, support financial inclusion, customer acquisition and retention, Bank has taken a decision to discontinue levying of MAB charges on all Saving account w.e.f 01.07.2025 .

(x) Yes. The unrecovered charges from the previous month, if any is put on chase functionality till it is recovered.

(xi) If available balance is not sufficient to recover the charges, system will recover the available balance and remaining charges to be recovered will be placed under chase functionality to recover the amount whenever credit comes into the account.

(xii) The list of service charges is given below. (Annexure A)

(xiii) To further enhance customer satisfaction, support financial inclusion, customer acquisition and retention, Bank has taken a decision to discontinue levying of MAB charges on all Saving account w.e.f 01.07.2025.

13. The Committee sought clarification on the following list of points from the representatives of State Bank of India (SBI) and Canara Bank.

(i) *For how long did the Bank impose penalty for non-maintenance of minimum balance?*

(ii) *How much money was collected as penalty for non-maintenance of minimum balance during that period?*

(iii) *When did the Bank waive off the penalty for non-maintenance of minimum balance?*

(iv) *What was the basis for the decision?*

(v) *Was any study conducted prior to the decision? If yes, please provide the details.*

(vi) *Has any study been conducted with regard to the overall impact of the decision to waive off penalty on non-maintenance of minimum balance? If yes, please provide details.*

(vii) *What was the impact on profits and revenue of the Bank due to the waiver?*

(viii) *How is the Bank compensating for the loss of revenue on account of waiver of charges on non-maintenance of minimum balance?*

(ix) *Has there been an increase in other charges to compensate for the loss of revenue? If yes, please provide details.*

(x) *Any other information that the Bank may like to provide.*

14. The response furnished by State Bank of India (Annexure-viii) is as under:

(i) *The bank has been imposing penalty for non-maintenance of minimum balance both in CA and SB Accounts. However, the Bank waived charges for non-maintenance of minimum balance w.e.f. 11.03.2020 in respect of Saving Bank Accounts.*

(ii) *Our bank collected penalty for maintenance of minimum balance charges for the F.Y. 2019-20 Rs.640.19 Cr in Saving Bank Accounts and Rs. 465.71 Cr in Current Accounts.*

The amount of money collected as penalty by the Bank for non-maintenance of minimum balance charges in Current Accounts in the last 5 years is as under:

Financial Year	Charges recovered (in Rs. Cr.)
2020-21	350.75
2021-22	190.68
2022-23	211.47
2023-24	302.95
2024-25	418.40

(iii) The bank has waived charges for non-maintenance of minimum balance w.e.f. 11.03.2020 in respect of Saving Bank Accounts.

(iv) The MAB charges were waived to improve customer service standard, to encourage saving habit among small depositors and incentivize customers to stay with SBI.

(v) An internal research study was conducted on 15.02.2020 by the bank on transaction cost of services rendered and the charges recovered.

(vi) The bank has not conducted any specific study on overall impact of the decision to waive off penalty on maintenance of minimum balance.

(vii) While it has impacted short term profitability but has been beneficial to the bank in the long run by improving customer satisfaction thereby attracting more customers and potentially increasing overall business.

(viii) (a) Cost reduction by digital push and migrating customer to digital channel.

(b) Acquisition of higher numbers of customers and;

(c) Increased business level has compensated revenue loss by way of waiver of MAB charges.

(ix) No.

(x) No.

15. The response furnished by Canara Bank (Annexure-ix) is as under:

(i) Canara Bank had been levying charges for non-maintenance of minimum balance since more than 25 years, in accordance with the then prevailing bank's internal policy guidelines and industry practices.

(ii) Canara Bank had collected 2572.04 Cr as penalty for non-maintenance of minimum balance in saving accounts in last 15 Financial Years. The details are given below table:

PENALTY COLLECTED BY BANK AS MINIMUM BALANCE CHARGES IN SAVINGS ACCOUNTS DURING THE LAST 15 YEARS	
FINANCIAL YEAR	AMOUNT (in crores)
2024-25	294.91
2023-24	284.26
2022-23	226.15
2021-22	230.32
2020-21	177.41
2019-20	239.84
2018-19	159.41
2017-18	151.21
2016-17	158.65
2015-16	163.89
2014-15	133.06
2013-14	105.98
2012-13	91.30
2011-12	84.20
2010-11	71.45
TOTAL	2572.04

(iii) Canara Bank waived off the penalty for non-maintenance of minimum balance with effect from June 1, 2025. This decision has been implemented across all kinds of savings bank accounts.

(iv) Higher New Account Acquisitions with customer-friendly policy:- Young generation now a days have multiple options for investing their money viz. Mutual Funds, Shares, ETF etc. To attract them, the

WAIVER OF MINIMUM BALANCE Charges will be an added advantage for the bank.

Increase in share of low cost deposit for the bank: Bank is envisaging to increase the low cost deposit for which this waiver will play a pivotal role.

(v) It is opined that continuing the penalty will pose a barrier for increasing the low cost deposits. Hence, a decision was taken to waive Minimum Balance Charges which is expected to result in increased CASA ratio.

(vi) A detailed impact assessment covering profitability, customer retention, and operational costs will be conducted at the end of Financial Year.

(vii) On an annualized basis, the revenue forgone is estimated at approximately ₹294 crores (as per last FY data) which previously contributed to the Bank's non-interest income. However, this revenue reduction is being considered a strategic investment in enhancing the Bank's long-term competitiveness and outreach.

Though there is a short-term financial impact, it is expected to be offset in the medium to long term through enhanced customer lifetime value.

(viii) We are expecting a decent increase in our Savings Account portfolio and resultant benefits in the form of higher net interest margin, due to the positive impact of waiver of minimum balance charges and we are confident that the said benefit will compensate the loss of revenue.

(ix) Our decision to waive minimum balance charges was a strategic imperative rooted in our commitment to financial inclusion and customer welfare, and it has not led, nor will it lead, to a direct or compensatory increase in other service charges.

(x) We believe that this measure:

(a) Strengthens Public Trust: Reinforces the trust of our customers, especially those from economically vulnerable sections, in the banking system.

(b) Stimulated Savings and Digital Transactions: With the elimination of penalty fears, customers may feel more comfortable using their accounts for smaller transactions, leading to increased digital adoption and a more

vibrant digital payment ecosystem.

(c) Aligns with National Priorities: Supports the government's broader agenda of financial inclusion and digitalization.

The bank continually evaluates its policies and services to ensure they remain relevant, fair, and supportive of the diverse needs of our customers, while also maintaining financial health and operational efficiency. We are confident that the long-term benefits of enhanced customer relationships and expanded financial inclusion will contribute significantly to the bank's sustainable growth and its role in national development.

We stand ready to provide any further clarifications or data as required by the esteemed committee members, RBI officials and the Ministry of Finance.

16. The Committee sought clarification on the following list of points from the representatives of RBI.

(i) Whether there is any direction from the RBI to the banks for charging or not charging penalty for non-maintenance of minimum balance?

(ii) Under what authority or rule Banks charge penalty for non-maintenance of minimum balance?

(iii) What are the steps taken by RBI to protect the interest of vulnerable sections from the penalty imposed by Banks for non-maintenance of minimum balance?

(iv) When Banks are specifically charging for services like RTGS, annual charges etc. then what is the need for keeping such a penalty which mostly affects the poor?

(v) Has RBI conducted any impact assessment of this policy?

(vi) Is there a review of the penal charges fixed by the Banks as per Board approved Policy or is the decision of the Board final in this regard?

(vii) Any other information that RBI may like to provide.

17. The response furnished by RBI (Annexure-x) is as under:

(i) Relevant guidelines have been issued for Scheduled Commercial Banks (SCBs) including Regional Rural Banks (RRBs) and State/ District Central Co-operative Banks (StCBs/ DCCBs) vide the following circulars/ Master Circular:

(a) SCBs (excluding RRBs) - Para 5.4, 5.4.1 and 24.7 of Master Circular on 'Customer Service in Banks' dated July 01, 2015.

(b) RRBs – Para 4.4 of circular dated May 12, 2014, on 'Customer Service in Regional Rural Banks', circular dated December 22, 2014, on 'Levy of penal charges on non-maintenance of minimum balances in savings bank accounts' and circular dated September 10, 2014, on 'Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes'.

(c) StCBs/ DCCBs – Para 4.4 of circular dated October 22, 2014, on 'Customer Service in State/ District Central Co-operative Banks (StCBs/ DCCBs)', circular dated December 12, 2014, on 'Levy of Penal Charges on Non-maintenance of Minimum Balances in Savings Bank Accounts' and circular dated September 10, 2014, on 'Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes'.

The guidelines mentioned vide above circulars/ Master Circular are as under:

(a) Minimum balance in savings bank accounts: At the time of opening the accounts, banks should inform their customers in a transparent manner the requirement of maintaining minimum balance and levying of charges, etc., if the minimum balance is not maintained. Any charge levied subsequently should be transparently made known to all depositors in advance with one month's notice. The banks should inform, at least one month in advance, the existing account holders of any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained. With effect from May 6, 2014, banks are not permitted to levy penal charges for non-maintenance of minimum balances in any inoperative account.

(b) Levy of Penal Charges on Non-Maintenance of Minimum balance in savings bank accounts: With effect from April 1, 2015, while levying

charges for non-maintenance of minimum balance in savings bank accounts, banks shall adhere to the following additional guidelines:

(i) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank should notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.

(ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.

(iii) The policy on penal charges to be so levied may be decided with the approval of Board of the bank.

(iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the 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 of account. A suitable slab structure for recovery of charges may be finalized.

(v) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.

(vi) It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

These guidelines should be brought to the notice of all customers apart from being disclosed on the bank's website.

(c) Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes: Banks are advised to ensure that accounts of all student beneficiaries under the various Central/State Government Scholarship Schemes are free from restrictions of 'minimum balance' and 'total credit limit'. In case of Urban Cooperative Banks (UCBs), relevant guidelines have been issued vide Para 5.6 of Master circular dated July 01, 2015, on 'Maintenance of Deposit Accounts –Primary (Urban) Co-operative Banks'. The para states as under:

Levy of charges for non-maintenance of minimum balance

Taking into consideration the recommendations of Damodaran Committee and in the interest of customers, it has been decided that while levying charges for non-maintenance of minimum balance in savings bank account, UCBs shall be subject to the following additional guidelines with effect from April 1, 2015:

(i) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank should notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.

(ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.

(iii) The policy on penal charges to be so levied may be decided with the approval of the Board of the bank.

(iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the 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 of account. A suitable slab structure for recovery of charges may be finalized.

(v) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.

(vi) It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

Guidelines pertaining to levy of such charges in inoperative accounts have been issued to all categories of banks vide circular dated January 01, 2024, on 'Inoperative Accounts /Unclaimed Deposits in Banks-Revised Instructions'. Para 8.1 of the circular states "The banks are not permitted to levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account"

(ii) Please refer to our comments for Point 1.

(iii) In order to protect the interest of customers, RBI has issued guidelines pertaining to aspects of disclosure and transparency of penal charges on non-maintenance of minimum balance in savings account as mentioned in our comments at Sr. No.1.

To increase financial inclusion, RBI, vide circulars dated June 10, 2019 on 'Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA)' (applicable to SCBs including RRBs) and circular dated August 02, 2019 on Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA) (applicable to all cooperative banks), has advised banks to offer the following basic minimum facilities in the BSBDA Account, free of charge, without any requirement of minimum balance.

(a) The deposit of cash at bank branch as well as ATMs/CDMs

(b) Receipt/ credit of money through any electronic channel or by means of deposit /collection of cheques drawn by Central/State Government agencies and departments.

(c) No limit on number and value of deposits that can be made in a month.

(d) Minimum of four withdrawals in a month, including ATM withdrawals.

(e) ATM Card or ATM-cum-Debit Card.

(iv) The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is ₹ 2,00,000/-. With effect from July 01, 2019, RBI has waived the processing charges and time varying charges levied by it for RTGS outward transactions. Banks are advised to pass on the benefit to its customers. Further, banks are advised not to levy any charge on RTGS inward transactions. On outward RTGS transactions, the following cap on charges has been prescribed.

(a) ₹ 2,00,000/- to 5,00,000/-: not exceeding ₹ 25/- (exclusive of tax, if any)

(b) Above ₹ 5,00,000/-: not exceeding ₹ 50 (exclusive of tax, if any)

With effect from July 01, 2019, RBI has waived the processing charges levied by it for transactions processed in the NEFT system. Banks are advised to pass on the benefit to its customers. Banks have been advised not to levy any charge NEFT funds transfers initiated online from savings account. For other NEFT outward transactions, the cap on the charges prescribed by RBI is as under:

(a) For transactions up to ₹10,000: not exceeding ₹2.50 (+ Applicable GST)

(b) For transactions above ₹10,000 up to ₹1 lakh: not exceeding ₹5 (+ Applicable GST)

(c) For transactions above ₹1 lakh and up to ₹2 lakhs: not exceeding ₹15 (+ Applicable GST)

(d) For transactions above ₹2 lakhs: not exceeding ₹25 (+ Applicable GST)

Further, the extant statutes/ CBDT instructions (section 10A of Payment and Settlement (PSS) Act, 2007 and CBDT circular no. 16/2020 dated August 30, 2020, on 'Imposition of charge on the prescribed electronic modes under Section 269 SU of the IT Act 1961-reg') prohibit levy of charges on UPI transactions.

(v) Our comments same as at point 6 below.

(vi) Penal charges for non-maintenance of minimum balance in bank accounts are determined by the respective bank's Board, in line with regulatory guidelines. During supervisory examinations, Board-approved policies, along with other conduct-related aspects, are reviewed to assess compliance with applicable RBI instructions on customer service. Any instances of non-compliance are duly taken up with the bank for corrective action, and where warranted, appropriate supervisory or enforcement measures are initiated

(vii) The Bank has no additional information to submit.

18. Department of Financial Services, Ministry of Finance in their background note (Annexure- xi) stated as as under:

- *The Reserve Bank of India (RBI), through its circulars dated 20.11.2014 and 01.07.2015, permits banks to levy service charges, including those for non-maintenance of minimum balance in savings accounts. However, these charges must be reasonable and proportionate, and accounts must not be overdrawn solely due to such penalties. The charges are to be disclosed upfront to the customers by the bank.*
- *The penal charge structure is based on Board-approved policies, and banks are expected to treat customers fairly and transparently.*
- *No penalty is levied on Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts, as no minimum balance requirement exists. Over 55 crore account holders under PMJDY continue to enjoy essential banking services free of charge and without any requirement of a minimum balance.*
- *Representation on the issue of penalties for non-maintenance of minimum balance in bank accounts was submitted by Sh. Parameswaran Krishna Iyer and Lok Sabha Secretariat, vide its OM dated 24th March, 2025 forwarded a copy of the representation to Department of Financial Services for furnishing of the comments. Subsequently Oral Evidence in the matter was held on 28.04.2025. During the meeting, members of the committee expressed their concern on the issue of problems faced by rural depositors and emphasised on need to rationalise minimum balance charges specially in rural and semi urban areas. The Committee on Petitions Branch, Lok Sabha Secretariat forwarded the transcript of the proceedings of the sitting of the Committee on Petitions. Written reply to the queries raised by the Members of the Committee of Petitions was sent.*
- *Subsequent to this meeting, the Secretary (Financial Services), vide D.O. letter dated 5.6.2025, advised Public Sector Banks (PSBs) to have the matter of penalty charges for maintenance of minimum balance examined at their respective Board levels, with a view to rationalising the penalty structure so as to ensure that such charges are fair, consistent, and sensitive to the needs of customers in rural and semi-urban areas, thereby avoiding undue financial hardship.*

Progress so far with respect to Public Sector Banks

- *State Bank of India had already waived penal charges across all types of savings accounts since March 2020.*
- *Recently, seven Public Sector Banks—namely Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Indian Bank, Punjab National Bank, and Union Bank of India—have also waived charges for non-maintenance of minimum balance.*
- *In the case of UCO Bank, Indian Overseas Bank, Bank of Maharashtra and Punjab & Sind Bank, the matter is under consideration.*

OBSERVATIONS/RECOMMENDATIONS

19. The Committee note that the representationist, Shri Parmeswaran Krishna Iyer *vide* representation dated 18.8.2024 alleged that both private and government-owned banks, which are well-capitalised and not suffering from any shortage of funds, have implemented a system of minimum balance requirements in various types of bank accounts and failure to maintain this balance often results in hefty penalties imposed on the account holders. He raised concerns that these penalties are excessive, there is disparity in interest and penalty, the practice of using customer's own funds for penalties is unfair and the penalties levied are unethical and unjust.

20. The Committee referred the matter to Ministry of Finance [Department of Financial Services (DFS)] *vide* Office Memorandum dated 24.3.2025 for comments and the Ministry furnished their reply *vide* Office Memorandum dated 3.4.2025.

The current regulatory framework governing minimum balance requirements.

21. The Committee after thorough perusal of the replies furnished by the Ministry note that guidelines regarding levy of penal charges on non-maintenance of minimum balance in savings bank accounts have been laid down *vide* RBI circulars dated 20.11.2014 and 01.07.2015 according to which the banks are permitted to fix penal charges 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 requisite 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.

22. The Committee also note that as per extant RBI guidelines, the Banks are required to inform the customers regarding the requirement of maintaining minimum balance at the time of opening of the bank account itself and any subsequent charges should also be intimated to the account holder. The rules also require banks to provide a one month's notice before levying such charges, thus giving the account holder a chance to replenish their balance and avoid the penal charges. Further, the guidelines provide that savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance. Also, through the 'Department of Supervision', RBI keeps a watch on the banks to make sure that the charges levied by the banks are as per their regulation.

23. The Committee observe that in addition to the above, RBI *vide* its circular on 'Financial Inclusion-Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA)' dated 10.6.2019 has advised banks to offer certain basic minimum facilities in the BSBD Account, free of charges, without any requirement of minimum balance. These services *inter-alia* include deposit of cash at bank branch as well as ATMs/Cash Deposit Machines (CDMs), receipt of money, ATM card, minimum of 4 ATM withdrawals per month, etc.

The rationale behind levying penalty for non-maintenance of minimum balance and the burden of these penalties.

24. The Committee, after taking oral evidences and after examining the replies furnished by DFS, RBI and the various Public Sector Banks (PSBs), note that the rationale behind imposing penalty on non-maintenance of minimum balance in accounts is to cover the operational costs, overhead costs, cost of customer services, etc. related to bank accounts.

25. After detailed discussion on the issue with the various stakeholders, the Committee are of the opinion that although the charges recovered from the levying of penalty on non-maintenance of minimum balance was being utilised to cover the operational costs, overhead costs, cost of customer services etc. which benefitted all the customers of the bank, the burden of the penalty was unduly falling on the poor and vulnerable account holders who were struggling to maintain their minimum balance.

26. The Committee also note the spatial variation in the charges which are different for rural, semi-urban, urban and metro areas, with charges in urban and metros being significantly higher. Due to spatial variation in the charges, the financial burden was falling disproportionately on urban poor and migrants who are one of the most vulnerable sections of our society. Such charges are likely to push them out of the formal banking system altogether which would be counter-productive to the government's objective of achieving financial inclusion for all.

27. The Committee also note that these charges often exceed the monthly interest income earned on small deposits, amounting to an implicit negative return on saving for low-income customers. This discourages continued engagement with the banking system and undermines policy objectives of encouraging formal savings, improving digital payment adoption, and ensuring the stability of cash transfer programs. The Committee feel that such course of action may not be economically efficient and may tantamount to "regressive taxation".

The effect of waiver of penalties linked to minimum balance requirement on revenue and profitability of banks.

28. The Committee carefully examined the case of State Bank of India (SBI) which was the first amongst the major Public Sector Banks (PSBs) to waive charges for non-maintenance of minimum balance w.e.f 11.3.2020. The SBI waived the minimum charges associated with savings bank account on the basis of an internal study. On being asked about the basis for the decision and impact on profits and revenue of the bank due to the said waiver, SBI in their reply have stated as under:

“MAB charges were waived to improve customer service standard, to encourage saving habit among small depositors and incentivize customers to stay with SBI”;
and

“while it has impacted short term profitability but has been beneficial to the bank in the long run by improving customer satisfaction thereby attracting more customers and potentially increasing overall business”

29. The Committee note from the reply of the SBI that they have compensated for the loss of revenue on account of waiver of charges on non-maintenance of minimum balance through *“Cost reduction by digital push and migrating customers to digital channel, acquisition of higher number of customers and increased business level”*. The Committee are further given to understand that the revenue of SBI has almost doubled and the net profit has increased more than 3 times since 2020 as a result of alternative measures adopted at the SBI.

30. The Committee observe the financial performance of most of the PSBs have been praise worthy with almost all of them showing an increase in account

holders, revenue as well as profits. Further, the Committee also observe that the PSBs have been generating a substantial profit and the earnings from penalty for non-maintenance of minimum balance constitute small part of their revenue. Considering that the PSBs do have a social inclusion mandate also in addition to earning profit for their shareholders, the Committee believe that the waiver of these penalties will not have any adverse effect on the health of PSBs in the long run as witnessed from the experience of SBI.

Removal of penalties for non-maintenance of balance in savings account.

31. The Committee are of the firm view that the decision to waive penalty on non-maintenance of minimum balance is in the best interest of all stakeholders. Accordingly, in its sitting held on 28.4.2025, the Committee had requested the DFS to examine the possibility of removing such penalties. The Committee are happy to note that pursuant to the discussion with the representatives of DFS regarding the subject, DFS *vide* letter dated 5.6.2025 issued advisory to all major PSBs to re-examine the matter of penalty to the customer for not keeping minimum balance in the saving accounts.

32. The Committee are pleased to note that most of the PSBs including Canara Bank, Punjab National Bank, Bank of India, Union Bank of India, Central Bank of India and Bank of Baroda have waived charges for non-maintenance of minimum balance with respect to all kinds of savings accounts. As per information provided by the DFS, the remaining PSBs are also exploring the possibility of removing penalty for not maintaining minimum balance in savings accounts.

33. However, the Committee note that although most PSBs have decided to waive the minimum balance charges, no direction or guideline on the subject has been issued by RBI in this regard so far. The Committee also note that leading private

sector Banks have not followed suit. In other words, the private sector banks are still charging penalty for non-maintenance of minimum balance in their saving bank accounts. Therefore, the Committee after carefully evaluating the fine balance between the autonomy given to banks and the interest of account holders especially those belonging to the economically vulnerable sections of the society, recommend that all banks - whether private or public sector - should adopt a uniform policy of not charging penalties for failure to maintain minimum balance in all regular savings accounts. The DFS and the RBI may consider issuing necessary guidelines to all banks in this regard including Cooperative Banks and Regional Rural Banks (RRBs).

34. The Committee further recommend that instead of penalizing customers for not maintaining minimum prescribed balance in their accounts, banks may encourage higher balances through incentives such as reward points, fee waivers, and interest rate incentives for customers maintaining consistent deposits. The Committee feel that this positive reinforcement approach is more compatible with financial inclusion.

Removal of penalties for non-maintenance of balance in current deposit accounts maintained by low-income businesses.

35. The Committee note that micro-entrepreneurs, self-employed individuals and small traders maintain current accounts which typically do not offer interest and carry higher minimum balance requirements compared to savings accounts. For individuals or small entrepreneurs whose business income is low, seasonal, or inconsistent, maintaining such balances may be challenging. Repeated penalties for not maintain sufficient balance, combined with the absence of interest accrual

can significantly erode the working capital of small entrepreneurs, which may inhibit business growth.

36. The Committee, therefore, recommend that all PSBs and private sector banks may consider the feasibility of offering a customized current account product especially for the use of small entrepreneurs to ensure that their capital and savings are not diminished by penalties and their involvement with the bank is fruitful in the growth of their business.

Clarification with regard to negative balance on account of levy of charges for non-maintenance of minimum balance.

37. The Committee note that, as per RBI guidelines, with effect from 1.4.2015, while levying charges for non-maintenance of minimum balance in savings accounts by banks, it should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

38. The Committee, however, during examination of the written replies submitted by banks, note that in cases where sufficient balance is not available to cover charges and the balance may turn negative on levy of charges, certain public sector banks are keeping an account of such charges and recovering them at a later time when balance is replenished in the account. For instance, on the same subject, The Committee note from the reply of the Central Bank of India that if available balance is not sufficient to recover the charges, system will recover the available balance and remaining charges to be recovered will be placed under chase functionality to recover the amount whenever credit comes into the account. The Committee are of firm view that this practice may not be in accordance with the spirit of guidelines issued by the RBI.

39. The Committee recommend that the banks may reconsider the execution of this practice with a view to protecting the interests of the consumers. The Committee also recommend that the RBI may examine this matter and may consider issuing necessary clarifications to the banks in this regard.

Promotion of BSBDA and PMJDY Accounts.

40. The Committee appreciate the steps taken by banks for the promotion of Basic Savings Bank Deposit Accounts (BSBDAs) and Pradhan Mantri Jan Dhan Yojana (PMJDY) Accounts, which, as per RBI guidelines, do not require maintenance of minimum balance and essential banking services are offered without charges. Although Jan Dhan accounts are being offered by the PSBs, but many potential customers remain unaware of their availability or have apprehensions about the services being offered along with such accounts. Due to lack of awareness customers often end up opening regular savings accounts without understanding the differences. Often, low-income customers open standard savings accounts because banks on account of not being made aware of the existence of Jan Dhan accounts.

41. In view of the above, the Committee recommend that the banks may consider converting dormant or persistent low-balance accounts into zero-balance BSBDA or PMJDY accounts after obtaining due consent of customers. If found feasible banks may create a structured, customer-friendly migration path wherein banks proactively reach out to the customers through SMS, calls, or in branch interactions to suggest switching to zero-balance accounts. This will prevent gradual depletion of funds through charges and ensure that economically vulnerable clients remain protected.

42. The Committee suggest that banks should use AI tools for analysing data, with ample caution regarding protection of privacy of the customers, so as to identify customers whose transaction patterns meet the criteria for BSBDA or PMJDY accounts and to proactively offer migration to these accounts. Some of the suggested identification parameters may be the receipt of government welfare payments, low annual average balances, or other socio-economic indicators.

43. The Committee also recommend that the banks may examine the feasibility of expanding the services offered alongwith the BSBDA accounts and PMJDY accounts including increase in the number of ATM transactions per month These measures will make zero-balance accounts more attractive, resulting in increase in digital transactions and savings habits.

Greater transparency in disclosure of charges and informed consent.

44. The Committee observe that banks typically provide tariff booklets or complex fee charts, but these documents are not presented in a simplified, comprehensible format. Many of the important details are given in 'fine print'. Customers often discover the existence of minimum balance requirements and other penalties only after they are imposed. The Committee also observe that banks, do not always present the option of BSBDA or PMJDY accounts to eligible customers, instead steering them toward regular savings accounts that carry fee obligations. This pattern suggests a structural problem of "asymmetric information", where the institution possesses full knowledge of its tariff schedule while the customer lacks the financial literacy or support needed to make an "informed choice".

45. The Committee, therefore, recommend that banks should have simplified application forms for opening of accounts, brochures, mobile apps, and branch

notice boards to prominently display all charges, including those related to minimum balance, ATM usage, SMS alerts, digital transactions etc. Any penalty payable by the customers should be mentioned clearly and unambiguously.

46. The Committee also recommend that all banks must provide a “Fee/Penalty Disclosure Sheet” at account opening in English, Hindi and regional languages which are designed to summarize all the fees, charges, penalties, minimum balance requirements, transaction limits etc. associated with the account in a single page.

47. The Committee also recommend that the banks need to ensure that their personnel are properly sensitised and trained to interact with people belonging to economically vulnerable sections. The Committee further recommend that there should be periodic review of customer feedback to recognise how improvements can be made with regard to customer service.

Banks should promote financial literacy programs and quicker grievance redressal.

48. The Committee believe that banks have to strengthen financial literacy and awareness campaigns, focusing on educating low-income households, migrant labourers, domestic workers, small farmers, and pensioners. Banks may collaborate with self-help groups, panchayats, NGOs, and local government bodies for such campaigns so that such groups become well conversant with banking terms like account types, charges, and safe banking practices. Many penalties occur simply because customers are unaware of rules. Improving financial awareness would drastically reduce grievances and enhance customer satisfaction.

49. The Committee emphasize that digital literacy campaigns must be expanded to ensure that low-income customers fully understand charges associated with UPI, mobile banking, and card-based transactions. Special attention must be given to educating users about fee, penalty, transaction limits, authentication steps, and fraud prevention.

50. The Committee, therefore, recommend that the banks have to create a system where grievances of the customers are processed in a time bound manner ideally within 3 working days and in no case beyond 7 working days. Similarly, all Banks may ensure “time-bound refunds” ideally within 3 working days and in no case beyond 7 working days for wrongly imposed fees. Banks may also explore the feasibility of providing compensation in case of inordinate delays and ensure that customers are informed about the methods of registering their grievances both online and offline. Further, the Committee recommend that all banks should provide simplified complaint filing channels accessible through SMS and phone call to accommodate low literacy and rural users who may not be well conversant with technology.

Rationalization of other bank charges.

51. The Committee observe that there is substantial disparity amongst public sector banks in respect of other charges levied by them. For instance, with regard to account closure after 14 days and before 12 months of opening, Punjab National Bank (PNB) levies a charge of ₹300 plus applicable GST, Canara Bank levies ₹200 plus GST, whereas State Bank of India (SBI) levies ₹500 plus GST for savings account. Such variations are also noticed in respect of other charges across PSBs. The Committee, therefore, recommend that the RBI and the DFS may examine the matter and consider issuing appropriate guidelines so as to

bring greater parity and rationalisation in the other charges levied by public sector banks. The Committee would like to be apprised of the action taken within three months from the date of presentation of this Report to the House.

NEW DELHI;

CHANDRA PRAKASH JOSHI

Chairperson,

Committee on Petitions

17 December, 2025

26 Agrahayana, 1947 (Saka)

Parameswaran Krishna Iyer

Email : babukiyer@gmail.com

Mobile No: +91 9844777402

Bamboopecker, No 7, 1st Main,
6th cross, PWD Road,
B Narayanapura,
Bangalore, INDIA 560016

Date : 18-08-2024

To,

**The Hon'ble Speaker,
Lok Sabha,
Parliament of India,
New Delhi.**

Subject: Petition Regarding Unethical Penalties for Non-Maintenance of Minimum Balance in Bank Accounts

Respected Sir,

I, the undersigned citizens of India, would like to bring to your esteemed attention an issue of grave concern affecting millions of citizens across the country. The matter pertains to the imposition of penalty charges by both private and government-owned Public Sector Undertaking (PSU) banks for non-maintenance of minimum balance in various types of bank accounts, including savings, current, business, and other accounts that require a minimum balance.

Issue:

Banks, as financial institutions, play a pivotal role in the economic development of the country by providing financial assistance to businesses and citizens under various schemes and guidelines. It is well-known that banks are well-capitalized and do not suffer from a shortage of funds. However, many banks, both private and government-owned, have implemented a system of minimum balance requirements in various types of bank accounts, and failure to maintain this balance often results in hefty penalties imposed on the account holders.

Concerns:

1. **Excessive Penalties:** The penalties levied for non-maintenance of minimum balance are often disproportionately high, causing undue financial stress on account holders, particularly those from economically weaker sections. This practice seems to punish those who are already struggling to maintain their daily lives.

2. **Disparity in Interest and Penalty:** If a customer maintains the minimum balance, they are rewarded with only the savings bank interest rate, which is relatively low, typically ranging from 2.5% to 4% per annum in most banks, though some offer slightly higher rates up to 6% to 7% per annum. However, if the minimum balance is not maintained, the penalty charged can be 15 to 20 times the amount that the customer would receive as interest for maintaining the balance. This significant disparity between the interest earned and the penalty imposed is unjust and adds to the financial burden on the customer.

3. **Unfair practice for Use of Customer's Own Funds:** The penalty is often imposed based on the customer's own funds, which the banks allowed to withdraw as per their needs. This practice appears to be a way for banks to punish customers using their own money, rather than any funds provided by the bank. If banks want to charge for using their banking facilities, they should consider implementing an annual fee for such services, rather than imposing excessive penalties. The current system is akin to a situation where a person who has little money and is forced to eat less is then punished with a penalty 20 times the value of their food money for eating less.

4. **Unethical and Unjust:** The practice of penalizing customers for not maintaining a minimum balance is seen as a form of legal looting, especially when those who have sufficient funds are unaffected, while those who are unable to maintain the balance are further burdened. This creates a situation where the economically disadvantaged are punished for their financial condition. According to a recent report, all banks collectively have amassed a staggering ₹8,495 crore in the past five years from penalties imposed on customers who were unable to maintain the minimum balance. This amount has largely been extracted from individuals who are already financially vulnerable, which exacerbates their hardship and raises serious ethical concerns.

5. Suggested Alternatives:

- Instead of imposing heavy penalties, banks could consider charging a reasonable interest rate on loans for those who fail to maintain the minimum balance.

- The cumulative penalties charged over the lifetime of an account should not exceed the prescribed minimum balance amount. For example, if the minimum balance requirement is ₹10,000, the total penalty charged during the account's lifetime should not exceed ₹10,000.

- Alternatively, banks could block the minimum balance amount from further withdrawal instead of levying punitive charges.

- Additionally, for any period during which the minimum balance is not maintained, banks should consider the difference between the amount in the account and the prescribed minimum balance as a loan to the customer and should charge only the applicable loan interest for that period. This would ensure that customers are treated fairly and not burdened with excessive penalties.

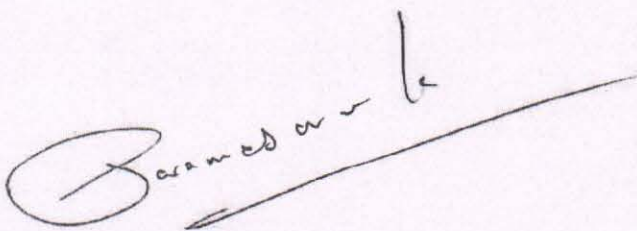
Request for Action:

In light of the above concerns, we request that this matter be brought to the attention of Parliament for discussion and the formulation of appropriate guidelines and regulations. The objective should be to ensure that the penalties imposed for non-maintenance of minimum balance are fair, reasonable, and do not disproportionately impact the economically weaker sections of society.

We believe that this issue warrants urgent attention and resolution to protect the rights and interests of millions of citizens across the country. We, therefore, earnestly request you to consider my petition and take appropriate action to address this matter.

Thanking you,

Yours sincerely,



Parameswaran Krishna Iyer

LOK SABHA SECRETARIAT

(COMMITTEE ON PETITIONS BRANCH)

PARLIAMENT HOUSE ANNEXE
NEW DELHI-110 001

No. LAFEAS-CP021/9/2025-COP/E-336836.

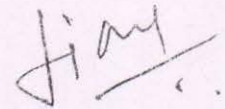
Dated: 24th March, 2025

OFFICE MEMORANDUM

Subject: Representation of Shri Parameswaran Krishna Iyer regarding levying of Bank Charges for keeping minimum balance in bank accounts.

The undersigned is directed to forward herewith a copy of the representation dated 18.08.2024 of Shri Parameswaran Krishna Iyer on the above subject.

2. The Ministry of Finance [Department of Financial Services] are requested to furnish their comments on the representation (both in Hindi and English versions) and the details of action taken in the matter by 1st April, 2025, positively to this Secretariat for placing the same before the Committee on Petitions, Lok Sabha for their consideration. A soft copy (in MS Word also) of the same may also be emailed to comm-petitions-iss@sansad.nic.in positively. It may also be informed as to whether the Ministry have any objection if the relevant comments are forwarded to the representationist.



(SUJAY KUMAR)
DEPUTY SECRETARY
Tel: 011-23082454

Encl: As above.

Ministry of Finance,
Department of Financial Services,
(Shri M. Nagaraju, Secretary)
Government of India,
6A, 3rd Floor, Jeevan Deep Building,
Sansad Marg,
New Delhi - 110 001.
(secy-fs@nic.in)

No.7/5/2022-FI (C-300561744)

**Government of India
Ministry of Finance
Department of Financial Services**

3rd floor, Jeevan Deep Building,
Sansad Marg, New Delhi-110 001

Dated: 03.04.2025

OFFICE MEMORANDUM

**Subject: Levying of Bank Charges for keeping minimum balance in Bank accounts -
Representation of Shri Parameswaran Krishna Iyer - Reg.**

Reference Lok Sabha Secretariat O.M. No. LAFEAS-CP021/9/2025-COP/E-336836 dated 24.03.2025 forwarding a copy of representation of Sh. Parameswaran Krishna Iyer on the subject.

2. The matter has been examined in the Department in consultation with the Reserve Bank of India (RBI). Guidelines regarding levy of penal charges on non-maintenance of minimum balances in savings bank accounts have been laid down vide RBI circulars dated 20.11.2014 and 01.07.2015. Banks are permitted to fix penal charges, 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. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments.

As per extant RBI guidelines, Banks are required:

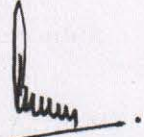
- i. to inform the customers regarding the requirement of minimum balance at the time of opening the account. Any subsequent changes should also be intimated to the account holders;
- ii. in case of non-maintenance of minimum balance, the Bank should notify the customer about the penal charges which will be applicable if the balance is not replenished within one month from the date of notice; and
- 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.

3. To increase financial inclusion, RBI, vide its circular dated June 10, 2019 on 'Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA)', has advised Banks to offer the following basic minimum facilities in the BSBDA Account, free of charge, without any requirement of minimum balance;

- i. *The 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 withdrawals; and*
- v. *ATM Card or ATM-cum-Debit Card.*

The BSBD Account shall be considered a normal banking service available to all. Banks are free to provide additional value-added services, including issue of cheque book, beyond the above minimum facilities, which may/may not be priced (in non-discriminatory manner) subject to disclosure. The availment of such additional services shall be at the option of the customers. However, while offering such additional services, Banks shall not require the customer to maintain a minimum balance. Further, no minimum balance is required in Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts.

4. This issues with the approval of competent authority.



(Surinder Kumar)

Under Secretary to the Government of India

Tel: 011- 23748771

Encl.: as above

Committee on Petitions Branch,
Lok Sabha Secretariat
Parliament House Annexe, New Delhi
(Email: comm-petitions-lss@sansad.nic.in)

Copy to:

Under Secretary,
Parliament Section, DFS : For information

No.07/32/2025-Parl.

Government of India/ भारत सरकार

Ministry of Finance/ वित्त मंत्रालय

Department of Financial Services/ वित्तीय सेवाएं विभाग

3rd Floor, Jeevan Deep Building,
Parliament Street, New Delhi
09th June, 2025

OFFICE MEMORANDUM

Sub: - Briefing/oral evidence of the representatives of the Ministry of Finance (Department of Financial Services) along with the representatives of Bank(s) on the representation of Shri Parameswaran Krishna Iyer regarding levying of bank charge.

Reference is invited to Lok Sabha Secretariat's letter No. LAFEASCP031/22/2025-COP dated 5th May, 2025 on the above-mentioned subject and to forward therewith the replies to the list of points raised during the meeting of the Committee on Petitions, Lok Sabha held on 28.04.2025. Hindi version of the same is being sent separately.

2. This issues with the approval of Secretary (FS).


9/6/25
(Neha Chauhan)
Joint Director
Tel: 23748736

To,
The Deputy Secretary,
(Shri Sujay Kumar),
Committee on Petitions,
Lok Sabha Secretariat,
Parliament House Annexe,
New Delhi-01

Ministry of Finance
Department of Financial Services

Written Replies to the queries raised by the Members of the Committee of Petitions, Lok Sabha on levy of bank charges during the oral evidence held on 28.04.2025

1. What is the view of Ministry/Department on the issue of levying of penalty for non-maintaining the minimum balance in any account?

Reply of DFS:

Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall.

The accounts opened under PMJDY and BSBD are zero balance accounts and Banks do not levy any charges if account holder maintains minimum or zero balance. However, in other saving bank accounts, Banks are levying penal charges for non-maintenance of minimum balance as per their Board Approved Policy. The account holders are suitably and timely informed by way of SMSs, emails, letters etc. about levy of charges, if any.

2. What are the economic reasons to levy penalty for non-maintaining the minimum balance?

Reply of DFS:

As per RBI guidelines, Banks are permitted to fix penal charges, as per their Board Approved Policy, of balances fall below the minimum balance as agreed upon at the time of opening the account. Banks impose penalty on non-maintenance of minimum balance in accounts to cover their operational costs, overhead costs, cost of customer services etc.

3. What are the terms & conditions for opening of PMJDY accounts?

Reply of DFS:

Under the National Mission for Financial Inclusion, any person, not having any bank account, can open a basic savings bank deposit (BSBD) account under PMJDY scheme, which is a zero-balance account, in any bank branch or Business Correspondent outlet by furnishing

Aadhaar Card, Voter ID Card, Driving License, PAN Card, Passport & NREGA Card containing the identity and address of the person or Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions or letter issued by a gazette officer, with a duly attested photograph of the person.

4. How many PMJDY accounts have been opened so far? How many PMJDY accounts are inoperative?

Reply of DFS:

As on 07.05.2025, 55.31 crores accounts have been opened under PMJDY scheme out of which 12.08 crore accounts are inoperative.

5. Is there any requirement of minimum balance in PMJDY account?

Reply of DFS:

No minimum balance is required to be maintained in PMJDY accounts.

6. It is observed that when people from low-income group open accounts in any Bank, either they are not aware of these charges or Banks deliberately do not inform that money will be deducted as fee/penalty for providing various services. What is the opinion of the Government on this?

Reply of DFS:

All the accounts holders are suitably and clearly informed about the applicability of fee/charge/penalty etc., if any, at the time of opening the account. Account holders are also informed in advance through SMS, email, or letters about any applicable fees. Charges are deducted from eligible accounts irrespective of the nature of source of funds. However, to prevent deduction of charges, an account holder can open a new account (after closing the previous account) under PMJDY scheme, which is zero balance account, subject to fulfillment of eligibility criteria.

7. What fee is charged by the Banks for providing various services in saving and PMJDY account?

Reply of DFS:

The account opened under Pradhan Mantri Jan Dhan Yojana (PMJDY) is a Basic Savings Bank Deposit Account (BSBDA) in nature with few additional facilities. As per Reserve Bank of India (RBI) guidelines, the BSBD Account is a Savings account which offers the following

minimum facilities, free of charge, without requirement of maintaining minimum balance to the holders of such accounts:

- (i) Deposit of cash;
- (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 withdrawals;
- (v) ATM Card or ATM-cum-Debit Card.

In addition, for BSBD accounts, Banks are free to provide additional value-added services, including issue of cheque book, as opted by customers beyond the above-mentioned minimum facilities, which may/may not be priced subject to disclosure. Opening of such additional services does not require stipulation of maintenance of minimum balance in such accounts.

8. Are the charges and the heads under which these charges charged by the banks are same or do they vary bank-wise and state-wise?

Reply of DFS:

Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall.

9. How much amount Banks have charged as penalty during last 5 years? Please provide year-wise & State-wise details?

Reply of DFS:

State-wise and year-wise data indicating amount collected through minimum balance charges by Public Sector Banks in last five years is as under:

<u>Name of the State</u> <u>/UT</u>	Total Amount Collected through Minimum Balance charges (₹ in crore)				
	<u>FY 20-21</u>	<u>FY 21-22</u>	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>FY 24-25</u>
Andaman & Nicobar Islands	0.4011274	0.288230951	0.350422184	0.505212841	0.527085892
Andhra Pradesh	53.79599903	64.45943439	67.32257738	84.61882814	93.15480666

Arunachal Pradesh	0.474311235	0.506743514	0.709677847	0.845961687	0.783008528
Assam	11.29555081	15.63935071	23.50949703	33.86480929	31.48424477
Bihar	52.91288378	70.29856739	104.0638559	132.0506781	105.2083891
Chandigarh	2.796923037	2.232730964	3.879015451	5.451584941	4.310277566
Chhattisgarh	12.01906651	20.07638839	29.24784567	38.90633872	31.45056758
Dadra & Nagar Haveli	0.397721807	0.862780338	1.059989507	1.343854314	1.300765373
Daman & Diu	0.10660752	0.123596297	0.121565749	0.14588659	0.109463094
Delhi	29.43290992	32.88225964	49.23903883	63.7567936	49.23728455
Goa	1.641380575	2.337310288	2.61638929	3.102952323	3.006595148
Gujarat	50.59108606	79.67387961	92.74246062	109.3871892	104.6287974
Haryana	26.64619239	31.3597587	57.39150864	75.19188324	60.78852994
Himachal Pradesh	3.472786997	3.422003576	8.908933305	12.59078312	9.07029102
Jammu & Kashmir	1.487533305	1.40987166	3.726863756	5.463130335	4.036256931
Jharkhand	25.42610793	33.27762698	36.49730063	43.18881663	42.99790666
Karnataka	65.19833481	103.7541443	104.538754	133.2926068	122.4165773
Kerala	46.33648927	38.10334766	42.94092873	52.68163916	53.02509372
Ladakh	0.036488432	0.033846253	0.098063417	0.147140018	0.111944435
Lakshadweep	0.055966097	0.09925069	0.09776826	0.103160966	0.117819207
Madhya Pradesh	53.05721193	72.73910705	91.82371037	119.8191841	92.50756812
Maharashtra	149.8951631	211.5028977	227.3268892	252.5450566	246.9180702
Manipur	1.29559464	2.061732937	4.090450147	5.087304639	4.038475763
Meghalaya	0.552820143	0.715142681	1.00778187	1.247520043	1.097677332
Mizoram	0.120038443	0.187239014	0.293305643	0.445544982	0.393832271
Nagaland	0.369396792	0.729556377	1.037866361	1.403312809	1.448696795
Odisha	24.98706444	28.86940695	38.41226337	51.09992602	52.52943985
Puducherry	6.407889697	4.753477653	4.863014282	5.694117853	7.216563439
Punjab	29.62155106	32.27575254	67.07322713	89.99357767	70.90836839
Rajasthan	46.08622273	62.32881663	101.7156103	127.9910121	104.7800192
Sikkim	0.387698792	0.608477697	0.884460374	1.240316307	1.090958089
Tamil Nadu	231.4385885	187.3449642	193.1318475	233.1239968	276.3415874
Telangana	27.03703011	33.25119089	39.95870672	52.91025978	56.02699415
Tripura	0.932265922	1.39707496	2.175687797	3.450607495	2.838363277

Uttar Pradesh	135.8727419	195.8785164	274.6391946	339.7102404	287.8725874
Uttarakhand	8.91024469	10.37353538	21.15929001	28.17349839	21.32239311
West Bengal	47.22072635	69.79626626	87.24960691	114.5256702	100.6479633
Grand Total	1148.717716	1415.654278	1785.905369	2225.100396	2045.745263
Source Banks					

Last five years data of Private Sector Banks are not available. However, amount collected through minimum balance charges by Private Sector Banks in FY-2024-2025 is as under”

<u>Information for Minimum Balance Charges in FY 24-25</u>	
Bank Name	Total Amount Collected through Minimum Balance charges in FY 24-25 (in ₹ crore)
Axis Bank Ltd	680.7
City Union Bank Ltd	25.05
Federal Bank Ltd	122.00
HDFC Bank Ltd	1,112.88
ICICI Bank Ltd	233.23
IDBI Bank Ltd.	25.76
IndusInd Bank Ltd	123.74
Jammu & Kashmir Bank Ltd	33.75
Karur Vysya Bank	46.32
Kotak Mahindra Bank Ltd	183.00
RBL Bank Ltd	22.69
South Indian Bank Ltd	97.13
Yes Bank Ltd	65.96
Grand Total	2,772.21

10. Whether money can be deducted without informing the account holder? What is the authority of RBI?

Reply of DFS:

Department of Supervision, RBI, keeps a watch on the banks to make sure that the charges levied by the banks are as per their regulations. As per RBI guidelines, Banks are permitted to fix penal charges, as per their Board Approved Policy. All the accounts holders are suitably and clearly informed about the applicability of fee/charge/penalty etc., if any, at the time of opening the account. Account holders are also informed in advance through SMS, email, or letters about any applicable fees.

11. State Bank of India (SBI) does not levy any charge for not maintaining minimum balance since 2021 whereas various Public Sector Banks (PSBs) and Private Sector Banks (Pvt.SBs) deduct crores of rupees as penalty/charge. Why other banks do not adopt the policy similar to SBI?

Reply of DFS:

The accounts opened under PMJDY and BSBD are zero balance accounts and Banks do not levy any charges if account holder maintains minimum or zero balance. However, in other saving bank accounts, Banks are charging as per their Board Approved Policy to cover their operational costs, overhead costs etc. The account holders are suitably and timely informed by way of SMSs, emails, letters etc. about levy of charges, if any.

12. What guidelines are issued by Reserve Bank of India (RBI) regarding deduction of money (levy of charge)? What criteria does RBI follow for auditing of various penalties charged by the Banks?

Reply of DFS:

Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall. Department of Supervision, RBI, keeps a watch on the banks to make sure that the charges levied by the banks are as per their regulations.

13. What guidelines do Banks follow for deduction of money/levy of charges in respect of various types of bank accounts like current account, saving account, accounts opened under MGNREGA or PMJDY etc.?

Reply of DFS:

RBI master circular on customer service in Banks dated 01.07.2013 states that the decision to prescribe service charges has been left to individual banks. While fixing service charges for various types of services like charges for cheque collection, etc., banks should ensure that the charges are reasonable and are not out of line with the average cost of providing these services. Banks should work out charges with prior approval of their Boards of Directors.

14. In Bihar, a woman labourer under MGNREGA received Rs. 500/- in her account but Bank deducted Rs. 440/- because of minimum balance. In Gurugram, a father deposited Rs. 5,000/- into his son's HDFC bank account but bank deducted Rs. 2,500. Whether Banks charge differently in different states of the country?

Reply of DFS:

Accounts under PMJDY and BSBD are zero-balance accounts with no charges for maintaining minimum or zero balance whereas other savings accounts may have charges based on each bank's policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall. Account holders are informed in advance through SMS, email, or letters about any applicable fees. Nevertheless, if any such case is brought to the notice, the same can be examined.

15. Please provide details of total number of accounts in the State of Bihar; How many banks have deducted how much money from which (type of) accounts and under which penalty head – please provide the data.

Reply of DFS:

Year-wise data indicating amount collected through minimum balance charges by Public Sector Banks in last five years in Bihar, is as under:

Financial year 2020-2021

No. of Savings Bank Accounts	No. of Accounts (out of A) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
A	B	C
9,57,20,555	41,04,299	52.91

Financial year 2021-2022

No. of Savings Bank Accounts	No. of Accounts (out of D) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
D	E	F
9,85,60,086	49,07,258	70.30

Financial year 2022-2023

No. of Savings Bank Accounts	No. of Accounts (out of G) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
G	H	I
10,21,25,881	51,27,578	104.06

Financial year 2023-2024

No. of Savings Bank Accounts	No. of Accounts (out of J) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
J	K	L
10,69,17,827	56,69,998	132.05

Financial year 2024-2025

No. of Savings Bank Accounts	No. of Accounts (out of M) where Minimum Balance Charges were Levied	Total Amount Collected through Minimum Balance charges (₹ in crore)
M	N	O
11,08,10,805	56,66,274	105.21

16. In Bihar, on every deposit of Rs. 100/-, Bank gives Rs. 58/- as loan and balance Rs. 42/- is kept reserve whereas in some states loan amount is Rs. 116/- and in some it is Rs. 123/- out of Rs. 100/- deposit they receive. Where balance Rs. 42/- goes in the State of Bihar? What guidelines do Banks follow in this regard? Whether Banks follow different guidelines in different states?

Reply of DFS:

There has been an increase in the disbursement of loan from Rs. 160837 Crore to Rs. 231247 Crore since FY 2021-22 in the state of Bihar. This reflects a hike in Credit-Deposit ratio from 51% (in March 2022) to 59% in December 2024). The state has witnessed this steady increase in CD ratio despite having low credit demand because of engagement in either unorganized or informal sectors. Underdeveloped or less industrialization results in low business activity and often leads to less credit. Further, Banks also have to maintain cash reserves ratio

(CRR) and statutory liquidity ratio (SLR) with Reserve Bank of India in terms of deposit they receive.

However, the Banks are promoting credit flow to Micro, Small and Medium Enterprises (MSMEs) and arranging awareness campaign and promotional drive under financial literacy programs, especially in rural areas, to make people aware of banking facilities.

17. Is it correct that banks levy penalty or deduct money under different heads in order to cover their losses?

Reply of DFS:

Banks levy charges not for making profit or for covering losses but for mitigation of their operational cost as directed by RBI.

18. Why there is no uniformity in number and amount of charges levied by different banks under different heads?

Reply of DFS:

Reserve Bank of India (RBI), vide its circulars dated 20.11.2014 and 01.07.2015, has laid down guidelines regarding levy, inter-alia, of penal charges on non-maintenance of minimum balances in savings bank accounts. Banks are permitted to fix penal charges, as per their Board Approved Policy. Banks accordingly have formulated slab structures for recovery of charges considering different geographies and segments & amount of shortfall.

19. Whether banks also deduct from the amount so received by any account holder under DBT scheme?

Reply of DFS:

Charges are deducted from eligible accounts irrespective of the nature of source of funds. However, to prevent deduction of charges, an account holder can open a new account (after closing the previous account) under PMJDY scheme, which is zero balance account, subject to fulfillment of eligibility criteria.

20. Please provide the data relating to Rs. 8,500 crore imposed as penalty by banks – number of accounts, amount of penalty charged – bank-wise and state-wise details thereof.

Reply of DFS:

The details are available in **Annexure-1**.



1. What are the reasons for imposing penalty for non-maintenance of minimum balance?

Reply: It is the endeavour of the Bank to provide best in class services to the customers through various digital channels and product specific features etc. Bank levies charges for non-maintenance of minimum balance to cover costs associated with providing various financial services to their customers. These charges help bank maintain its operations, invest in technology and manage risks.

2. How does the Bank ensure that the account holder has been notified that his balance has gone below minimum and penalty may be imposed?

Reply: Bank notifies account holders when their balance falls below the minimum required and charges may be levied. This notification is provided by the bank through SMS. The notification clearly states that if the balance is not restored within a specified period, charges will be levied.

3. How many times and how often are customers notified when account balance falls below the minimum?

Reply: For saving account: Bank notifies the customer **twice** in case of his balance goes below minimum MAB (Monthly Average Balance):

- On the 25th of each month, customers are notified through SMS if their Monthly Average Balance is below the minimum required, advising them to restore the balance to avoid charges.
- An SMS reminder is again sent on the 1st of next month, advising customers to make up for the previous month's MAB shortfall in current month. In this SMS, bank also specifies how much balance they need to maintain, which includes shortfall of previous month, to avoid levy of charges.

For Current account: Bank notifies the customer on the 25th of each month, through SMS if their Monthly Average Balance is below the minimum requirement, advising them to restore the balance to avoid charges.

4. How many days are provided to account holder to replenish their balance before imposing penalty?

Reply: For Saving account: Customers are provided with a period of 30 days to restore the stipulated minimum balance in their accounts prior to levying any charges for non-maintenance. Further, if customer doesn't maintain required minimum balance in current month also, levied charges are deducted on 5th of next month for the month before the previous month.

For Current account: After notifying current account customers on the 25th of each month, if customer doesn't maintain required minimum balance in remaining days of the month, charges are levied on 5th of next month.

5. Is there a limit on how much penalty can a bank impose upon an account holder?

Reply: Yes, there is a limit on amount of charges that Bank can levy upon an account holder. Charges for Non-Maintenance of Average Balance in Current Account & Saving Account are as under:

a. Current Account-

- Area wise Monthly Average Balance Requirements are as under: -

Area	Monthly Average Balance (MAB)
Rural	₹1,000/-
Semi Urban	₹2,000/-
Urban	₹5,000/-
Metro	₹10,000/-

- Charges for non- maintenance of MAB are directly proportional to the extent of shortfall in the Monthly Average Balance. Area wise details are as under:

Area	Min. applicable Charges	Max. applicable Charges	Charges as %age of shortfall
Rural	₹50/-	₹100/-	10%
Semi Urban	₹75/-	₹200/-	10%
Urban	₹100/-	₹300/-	6%
Metro	₹125/-	₹400/-	4%

b. Saving Account (waived w.e.f. 01.07.2025)

- Area wise Monthly Average Balance Requirements are as under: -

Area	Monthly Average Balance (MAB)
Rural	₹500/-
Semi Urban	₹1,000/-
Urban & Metro	₹2,000/-

- Charges for non- maintenance of MAB are directly proportional to the extent of shortfall in the Monthly Average Balance. Area wise details are as under:

Area	Min. applicable Charges	Max. applicable Charges	Charges as %age of shortfall
Rural	₹1/-	₹30/-	6%
Semi Urban	₹1/-	₹60/-	6%
Urban & Metro	₹1/-	₹100/-	5%

Charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.

6. What is the method to calculate the average minimum balance?

Reply: The Average Minimum Balance often referred to as MAB (Monthly Average Balance) is calculated by taking the sum of the daily closing balances in an account over a given month and dividing it by the number of days in that month. This method ensures a fair assessment of how consistently the account has been funded.

7. How is the penalty computed?

Reply: The charges for non-maintenance of MAB are levied as percentage of area wise maximum charges mentioned above in point no 5.

The percentage is same as the percentage of extent of shortfall from minimum monthly average balance required in account. For instance, MAB required in Current account maintained in metro area is Rs. 10,000/-. If, shortfall for the month is Rs. 5000/-, the charges for the same are Rs. 200/- which is 4% of the shortfall amount.

8. Has the Bank taken any initiative to protect the interest of vulnerable sections who may have opened such accounts by mistake or due to misrepresentation by bank representatives and are now being charged for many services that they are not using?

Reply: In instances where customers are unable to consistently maintain the stipulated minimum balance in their existing savings accounts, the bank provides the option; subject to the customer's request and eligibility criteria, to convert such accounts into "Basic Savings Bank Deposit Accounts (BSBDA)". These are zero-balance accounts i.e they do not require a minimum balance. This facility is extended in alignment with the Reserve Bank of India's directives to promote financial inclusion and ensure that essential banking services remain accessible to all segments of society.

Currently, Bank is maintaining 17.77 Crore savings accounts, out of which 6.44 Crore are Basic Savings Bank Deposit Accounts (BSBDA) accounts. Bank is having total of 8.21 Crore accounts including BSBDA and other variants of accounts like Savings account for salaried, Defence Personnel, Students in which there is no minimum balance requirement.

Further, charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.

9. Has the Bank made any effort to stop imposing penalty due to non-maintenance of minimum balance? Has any study been conducted in this regard?

Reply: After undergoing an internal study and peer bank analysis regarding charges levied due to non-maintenance of minimum balance and taking into account all relevant aspects -operational, regulatory and stakeholder interests, it has been approved that **charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.**

10. Is there compounding of dues if the balance remains below the minimum?

Reply: No, there is no compounding of dues if the balance remains below the minimum balance.

11. If the balance in an account has gone to zero, does the bank keep imposing penalty and realize it whenever there is enough balance in the account anytime in future?

Reply: In accordance with prevailing guidelines, charges for non-maintenance of the stipulated Minimum Average Balance are levied and directly debited from the customer's account. In instances where the account balance is insufficient or zero at the time of charge application, the shortfall of that corresponding amount is created and is subsequently recovered from the customer's account as and when sufficient funds become available.

However, as per RBI guidelines, bank does not levy any Charges for non-maintenance of minimum balance in respect of Inoperative/ Dormant accounts/ Unclaimed Deposit.

Further, Bank ensures that recovery of charges should not turn an account into negative balance solely on account of levy of service charges.

Charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.

12. What are the charges for various services offered to savings account holders and Jan Dhan Account holders?

Reply: The non-credit related charges for various services offered to savings account holders is attached as **Annexure-I**. Further, there is no requirement of maintaining any Monthly Average Balance for Jan Dhan accounts. As such, there are no charges for non-maintenance of MAB in Jan Dhan accounts. Charges for other services to Jan Dhan account holders are as under-

Five withdrawals in a month free at other Banks' ATM and all withdrawals are free from own Bank ATM and No charge for SMS services in PMJDY accounts. Free of Cost one ATM RuPay Card.

However, any additional services i.e. locker facility, ECS mandate, additional ATM card, etc. availed by the PMJDY account holder are chargeable as per Bank's extant guidelines.

13. Any other information that the Bank may like to provide.

Reply: As per RBI guidelines, bank does not levy any Charges for non-maintenance of minimum balance in respect of Inoperative/ Dormant accounts/ Unclaimed Deposit.



Bank ensures that recovery of charges should not turn an account into negative balance solely on account of levy of service charges.

Further, charges for non-maintenance of Minimum Average Balance in all Saving Account Schemes have been waived w.e.f. 01st July 2025.

बिन्दुओं की सूची

1. न्यूनतम शेष राशि न रखने पर जुर्माना लगाने के क्या कारण हैं?

बैंक का जवाब:

बैंक ग्राहकों को विभिन्न प्रकार की सेवाएँ प्रदान करता है, जिसके लिए बैंक को कुछ लागत वहन करनी पड़ती है। बैंक बुनियादी सेवाओं जैसे- पास बुक/स्टेटमेंट, एक वित्तीय वर्ष में एक चेक बुक, तीन नकद जमा लेनदेन, 5 एटीएम लेनदेन आदि के लिए कोई शुल्क नहीं लेता है। इन सेवाओं को प्रदान करने के लिए, बैंक को ग्राहक द्वारा खाते में एक निर्धारित न्यूनतम राशि बनाए रखने की आवश्यकता होती है और आवश्यक न्यूनतम राशि बनाए न रखने पर उचित मात्रा में जुर्माना देना होता है।

2. बैंक यह कैसे सुनिश्चित करता है कि खाते में शेष राशि न्यूनतम से कम हो जाने पर खाताधारक को सूचित कर दिया गया है और उस पर जुर्माना लगाया जा सकता है?

बैंक का जवाब:

बैंक उन खाताधारकों को जिनके खातों में आवश्यक न्यूनतम शेष राशि कम होती है, तिमाही आधार पर न्यूनतम शेष राशि शुल्क लगाने से एक महीने पहले एसएमएस के माध्यम से सूचना भेजता है।

3. जब खाते की शेष राशि न्यूनतम से कम हो जाती है तो ग्राहकों को कब और कितनी बार सूचित किया जाता है?

बैंक का जवाब:

बैंक उन खाताधारकों को जिनके खातों में आवश्यक न्यूनतम शेष राशि कम होती है, तिमाही आधार पर न्यूनतम शेष राशि शुल्क लगाने से एक महीने पहले एसएमएस के माध्यम से सूचना भेजता है।

4. जुर्माना लगाने से पहले खाताधारक को अपनी शेष राशि पुनः जमा करने के लिए कितने दिन का समय दिया जाता है?

बैंक का जवाब:

जुर्माना लगाने से पहले खाताधारक को अपनी शेष राशि पुनः जमा करने के लिए 30 दिन का समय दिया जाता है।

5. क्या बैंक द्वारा किसी खाताधारक पर लगाए जाने वाले जुर्माने की कोई सीमा है?

बैंक का जवाब:

हां, बचत खातों में न्यूनतम शेष राशि का शुल्क 25 रुपये से लेकर 100 रुपये प्रति तिमाही तक है, जो आनुपातिक आधार पर आवश्यक न्यूनतम तिमाही औसत शेष राशि में कमी की मात्रा पर निर्भर करता है।

6. औसत न्यूनतम शेष राशि की गणना करने की विधि क्या है?

बैंक का जवाब:

औसत त्रैमासिक शेष को 16 मार्च से 15 जून, 16 जून से 15 सितम्बर, 16 सितम्बर से 15 दिसम्बर तथा 16 दिसम्बर से 15 मार्च की अवधि के लिए खातों में उपलब्ध औसत शेष माना जाता है।

औसत त्रैमासिक शेष राशि की गणना: - संपूर्ण अवधि (आरंभ तिथि और समाप्ति तिथि अर्थात पिछली तिमाही के अंतिम माह की 16 तारीख से वर्तमान तिमाही के अंतिम माह की 15 तारीख तक) के लिए मूल्य दिनांकित ईओडी शेष राशि का चयन किया जाता है, शेष राशि का योग किया जाता है और त्रैमासिक औसत शेष राशि प्राप्त करने के लिए दिनों की संख्या से विभाजित किया जाता है।

7. जुर्माना राशि की गणना कैसे की जाती है?

बैंक का जवाब:

न्यूनतम त्रैमासिक औसत शेष में कमी के विभिन्न स्लैब तैयार किए गए हैं और आवश्यक न्यूनतम त्रैमासिक औसत शेष में कमी के अनुपात में शुल्क लगाया जाता है।

8. क्या बैंक ने उन कमजोर वर्गों के हितों की रक्षा के लिए कोई पहल की है, जिन्होंने गलती से या बैंक प्रतिनिधियों की गलत जानकारी के कारण ऐसे खाते खोल लिए हैं और अब उनसे ऐसी कई सेवाओं के लिए शुल्क लिया जा रहा है, जिनका वे उपयोग नहीं कर रहे हैं?

बैंक का जवाब:

बैंक केवल उन्हीं सेवाओं के लिए सेवा शुल्क लगाता है, जिनका लाभ ग्राहक ले रहे हैं और उनका उपयोग कर रहे हैं। इसके अलावा, बैंक पीएमजेडीवाई खातों, वरिष्ठ नागरिक खातों और पेंशनभोगी खातों में न्यूनतम शेष राशि का शुल्क नहीं लगाता है।

9. क्या बैंक ने न्यूनतम शेष राशि न रखने पर जुर्माना लगाने से रोकने के लिए कोई प्रयास किया है? क्या इस संबंध में कोई अध्ययन किया गया है?

बैंक का जवाब:

बैंक अपने सेवा शुल्कों की आवधिक समीक्षा करता है। इस अभ्यास के अंतर्गत सामान्य बचत खातों में न्यूनतम शेष राशि नहीं रखने से संबंधित शुल्कों की समीक्षा की गई है। आंतरिक समिति की संस्तुतियों के आधार पर, बैंक ने न्यूनतम शेष राशि शुल्क को समाप्त करने का निर्णय लिया है। प्रस्ताव को समिति द्वारा अनुमोदित कर दिया गया है और वर्तमान में यह सक्षम प्राधिकारी द्वारा अंतिम अनुमोदन हेतु विचाराधीन है।

10. यदि शेष राशि न्यूनतम से कम रहती है तो क्या बकाया राशि पर चक्रवृद्धि ब्याज लगता है?

बैंक का जवाब:

नहीं

11. यदि किसी खाते में शेष राशि शून्य हो गई है, तो क्या बैंक जुर्माना लगाता रहेगा और भविष्य में कभी भी खाते में पर्याप्त शेष राशि होने पर उसे वसूल करेगा?

बैंक का जवाब:

आम तौर पर, ग्राहकों द्वारा लेन-देन बंद करने के कारण खाते में शेष राशि शून्य हो जाती है। ऐसी स्थिति में खाते निष्क्रिय हो जाते हैं और बैंक निष्क्रिय खातों में न्यूनतम शेष राशि पर शुल्क नहीं लगाता है।

12. बचत खाताधारकों और जन धन खाताधारकों को दी जाने वाली विभिन्न सेवाओं के लिए क्या शुल्क हैं?

बैंक का जवाब:

बैंक जन धन खातों में न्यूनतम शेष राशि का शुल्क नहीं लगाता है। सामान्य बचत बैंक खातों के मामले में, बैंक बचत खातों में विभिन्न निःशुल्क सेवाएँ प्रदान करता है जैसे- वित्तीय वर्ष में एक निःशुल्क चेक बुक, डिजिटल मोड के माध्यम से किए गए एनईएफ़टी/आईएमपीएस लेनदेन के लिए कोई शुल्क नहीं लिया जाता, एक महीने में 3 बार निःशुल्क नकद जमा लेनदेन, प्रति माह 5 निःशुल्क एटीएम लेनदेन, पासबुक, स्टेटमेंट और जमा रसीद आदि जारी करने के लिए कोई शुल्क नहीं है। लेनदेन/सेवाओं की निःशुल्क सीमा के बाद सेवा शुल्क लागू होते हैं।

13. कोई अन्य जानकारी जो बैंक प्रदान करना चाहे।

बैंक का जवाब:

कुछ भी विशिष्ट नहीं

List of Points

1. What are the reasons for imposing penalty for non-maintenance of minimum balance?

Bank's Reply:

Bank provides various services to the customers against which Bank incur some cost. Bank is not charging for basic services like- Pass Book/statement, one cheque book in a Financial year, three cash deposit transactions, 5 ATM transactions etc. In order to provide these services, Bank requires customer to maintain a prescribed amount of minimum balance in the account and Non-maintenance of required minimum balance attract a reasonable amount of penalty.

2. How the does the Bank ensure that the account holder has been notified that his balance has gone below minimum and penalty may be imposed?

Bank's Reply:

Bank sends SMS notification to those account holders, where there is short fall in the required minimum balance in their accounts, one-month before levy of minimum balance charges on quarterly basis.

3. How many times and how often are customers notified when account balance falls below the minimum?

Bank's Reply:

Bank sends SMS notification to those account holders, where there is short fall in the required minimum balance in their accounts, one-month before levy of minimum balance charges on quarterly basis.

4. How many days are provided to account holder to replenish their balance before imposing penalty?

Bank's Reply:

A 30 days period is provided to account holder to replenish their balance before imposing the penalty.

5. Is there a limit on how much penalty can a bank impose upon an account holder?

Bank's Reply:

Yes, the minimum balance charges in Saving Accounts ranges from Rs.25/ to Rs.100/ per quarter depending on the amount of shortfall in required minimum quarterly average balance on proportionate basis.

6. What is the method to calculate the average minimum balance?

Bank's Reply:

Average quarterly balance is considered as average balance available in accounts for period 16 March to 15 June, 16 June to 15 September, 16 September to 15 December and 16 December to 15 March.

Calculation of Average Quarterly Balance: - Value dated EoD balance is selected for the entire period (start date and end date i.e. from 16th of last month of previous quarter to

15th of last month of current quarter), summation of balance is done and divided by number of days in order to fetch Quarterly Average Balance.

7. How is the penalty computed?

Bank's Reply:

Different slabs of short fall in Minimum Quarterly Average Balance has been framed and the charges are levied in proportionate to the short fall in required minimum quarterly average balance.

8. Has the bank taken any initiative to protect the interest of vulnerable sections who may have opened such accounts by mistake or due to misrepresentation by bank representatives and are now being charged for many services that they are not using?

Bank's Reply:

Bank levies the service charges for those services only, which are being availed and used by the customers. Further, Bank does not levy the minimum balance charges in PMJDY accounts, Senior Citizen accounts and pensioner accounts.

9. Has the Bank made any effort to stop imposing penalty due to non-maintenance of minimum balance? Has any study been conducted in this regard?

Bank's Reply:

The Bank conducts periodic reviews of its service charges. As part of this exercise, a review of the charges related to non-maintenance of minimum balance in general savings accounts has been undertaken. Based on the recommendations of the internal committee, the Bank has decided to discontinue the levy of minimum balance charges. The proposal has been approved by the committee and is currently under consideration for final approval by the competent authority.

10. Is there compounding of dues if the balance remains below the minimum?

Bank's Reply:

No.

11. If the balance in an account has gone to zero, does the bank keep imposing penalty and realise it whenever there is enough balance in the account anytime in future?

Bank's Reply:

Generally, account balance becomes zero due to stopping of transactions by customers. In those cases, account becomes inoperative and bank does not levy minimum balance charges in the Inoperative accounts.

12. What are the charges for various services offered to savings account holders and Jan Dhan Account holder?

Bank's Reply:

Bank does not levy the Minimum Balance charges in Jan Dhan Accounts. In case of General Saving Bank accounts, Bank provides various free service in Saving accounts like- Free

Cheque Book in a Financial Year, no charges for NEFT /IMPS transactions done through digital modes, 3 Free cash deposit transaction in a month, 5 free ATM transactions per month, No issuance charges for pass book, statement and deposit receipt etc. Service charges are applicable beyond the free limits of transactions/services.

13. Any other information that the Bank may like to provide.

Bank's Reply:

Nothing Specific.

LIST OF POINTS																							
Q.1	What are the reasons for imposing penalty for non-maintenance of minimum balance?																						
Ans.	The penal charges for the non-maintenance of minimum balance are applied for the purpose of partially covering the fixed costs incurred by bank in the form of branch set-up, servicing the account, operating costs. Such penal charges are also serves as a deterrent charge to drive ideal customer behavior. It is imperative that the minimum balance requirement for its non-maintenance is to induce a sense of discipline among the depositors while operating their savings accounts. Maintenance of minimum balance in accounts also help small account holders a habit of savings.																						
Q.2	How the does the bank ensures that the account holder has been notified that his balance has gone below minimum, and penalty may be imposed?																						
Ans	Bank is sending SMS on 25 th of every month to all such account holders whose account balances are breaching minimum balance informing them that their balances is below minimum average balance with advice to make up to shortfall so as to avoid applicable MAB charges. Following is the template of this SMS:: <i>"Monthly Minimum Bal is not maintained by you in your SB a/c no ending XXXX. Pl maintain minimum balance in the account to avoid applicable charges-CBoI"</i> From 1st July 2025, there is no minimum Balance Charges in SB Accounts.																						
Q.3	How many times and how often customers are notified when account balance falls below the minimum?																						
Ans	Customer is notified through SMS on their registered mobile number on 25 th of each month till the balance is below the threshold.																						
Q.4	How many days are provided to account holder to replenish their balance before imposing penalty?																						
Ans	Penalty/ MAB charges are imposed in SB account on monthly basis whereas in CD account it is imposed on quarterly basis, therefore customer after notification through SMS has 5/6 days (depending on days in month) to make the shortfall in MAB for SB account and similarly maximum 65/66 days to 5/6 days in each quarter for CD account after Bank notification. It is important to mention here that customer has opportunity to compensate for the shortfall in MAB even on last day of the month (SB) / quarter (CD).																						
Q.5	Is there a limit on how much penalty can a bank impose upon an account holder?																						
Ans	Yes , Bank has prescribed a maximum level of MAB charges that can be recovered from customer.																						
	<table border="1"> <thead> <tr> <th rowspan="2">S. No.</th> <th rowspan="2">Category of Branch</th> <th>Quarterly Min. Balance Charges</th> <th>Monthly Min. Balance Charges</th> </tr> <tr> <th>For CD Accounts</th> <th>For SB Accounts</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Rural</td> <td>200</td> <td>Nil</td> </tr> <tr> <td>2</td> <td>Semi-urban</td> <td>200</td> <td>Nil</td> </tr> <tr> <td>3</td> <td>Urban</td> <td>600</td> <td>Nil</td> </tr> <tr> <td>4</td> <td>Metro</td> <td>600</td> <td>Nil</td> </tr> </tbody> </table>	S. No.	Category of Branch	Quarterly Min. Balance Charges	Monthly Min. Balance Charges	For CD Accounts	For SB Accounts	1	Rural	200	Nil	2	Semi-urban	200	Nil	3	Urban	600	Nil	4	Metro	600	Nil
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1	Rural	200	Nil																				
2	Semi-urban	200	Nil																				
3	Urban	600	Nil																				
4	Metro	600	Nil																				
Q.6	What is the method to calculate the average minimum balance?																						
Ans	For CD account: For sake of arriving the quarterly average balance , CBS calculate the average of the each day closing balances of the account for the quarter and if any shortfall is observed from prescribed minimum balance , it deducts the charges on quarter basis proportionate to the shortfall observed in the account subject to the maximum prescribed by																						

	<p>the bank.</p> <p>For SB Account: For SB accounts the same methodology was used on monthly averages. Since 01.07.2025, MAB in SB accounts have been withdrawn.</p>
Q.7	How is the penalty computed?
Ans	<p>For CD account: Recovery of quarterly minimum balance charges will be on prorate basis based on the short fall in quarterly average balance maintained in Current account. Quarterly minimum balance charges will be in proportion to the extent of Quarterly average account balance shortfall in comparison with the prescribed quarterly average balance to be maintained in the account.</p> <p>For SB Account: For SB accounts the same methodology was used on monthly averages. Since 01.07.2025, MAB in SB accounts have been withdrawn.</p>
Q.8	Has the bank taken any initiative to protect the interest of vulnerable sections who may have opened such accounts by mistake or due to misrepresentation by bank representatives and are now being charged for many services that they are not using?
Ans	<p>Bank has taken into account the the interest of vulnerable sections of society and therefore, certain customer categories are waived from maintaining Minimum Balance, as detail Below:</p> <ol style="list-style-type: none"> i. Senior citizen ii. Pensioners iii. Students iv. Blind/ disabled/ Diyyang & Institution set for their benefit. <p>Further Bank does not charge minimum balance charges in Jan Dhan account and if any customer desires that his /her account should not be imposed MAB charges, than they are given option to convert their respective SB account to Jan Dhan account.</p>
Q.9	Has the Bank made any effort to stop imposing penalty due to non- maintenance of minimum balance? Has any study been conducted in this regard?
Ans	Bank is regularly studying and analysing the rationality of MAB charges and to enhance customer satisfaction, support financial inclusion, customer acquisition and retention, Bank has taken a decision to discontinue levying of MAB charges on all Saving account w.e.f 01.07.2025
Q.10	Is there compounding of dues if the balance remains below the minimum?
Ans	Yes. The unrecovered charges from the previous month, if any is put on chase functionality till it is recovered.
Q.11	If the balance in an account has gone to zero, does the bank keep imposing penalty and realize it whenever there is enough balance in the account anytime in future?
Ans	If available balance is not sufficient to recover the charges, system will recover the available balance and remaining charges to be recovered will be placed under chase functionality to recover the amount whenever credit comes into the account.
Q.12	What are the charges for various services offered to savings account holders and Jan Dhan Account holders?
Ans	The list of service charges is given below. (Annexure A)
Q.13	Any other information that the Bank may like to provide.
Ans	To further enhance customer satisfaction, support financial inclusion, customer acquisition and retention, Bank has taken a decision to discontinue levying of MAB charges on all Saving account w.e.f 01.07.2025

S No	Particulars	Charges																			
1. MAINTENANCE OF LEDGER ACCOUNTS																					
1.1	Minimum Balance Requirement and Charges for Not Maintaining Minimum Balance in the Current Account only.	<p><u>Savings Account:</u></p> <table border="1"> <thead> <tr> <th>S. No.</th> <th>Category of Branch</th> <th>Prescribed Monthly Min. Balance Charges (in ₹.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Rural</td> <td>Nil.</td> </tr> <tr> <td>2</td> <td>Semi-urban</td> <td>Nil.</td> </tr> <tr> <td>3</td> <td>Urban</td> <td>Nil.</td> </tr> <tr> <td>4</td> <td>Metro</td> <td>Nil.</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Since 01.07.2025. 	S. No.	Category of Branch	Prescribed Monthly Min. Balance Charges (in ₹.)	1	Rural	Nil.	2	Semi-urban	Nil.	3	Urban	Nil.	4	Metro	Nil.				
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1.2	Duplicate Passbook / Statement	<p>Passbook/ Statement – Non-Individuals & Individual (All Branches)</p> <table border="1"> <tbody> <tr> <td>With latest Balance only</td> <td>₹100/-</td> </tr> <tr> <td>With previous Entries</td> <td>₹2/- per entry, Min ₹100/- (Max – No limit w.e.f. 24.02.2025)</td> </tr> </tbody> </table> <p>NOTE:</p> <ul style="list-style-type: none"> ➤ Issuance of new passbook shall be free of cost. ➤ In case customer requests for statement through M-Banking / I-Banking /through e-mail & In case of Flexi deposit accounts (Saving & Current) charges shall be NIL. 	With latest Balance only	₹100/-	With previous Entries	₹2/- per entry, Min ₹100/- (Max – No limit w.e.f. 24.02.2025)															
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1.3	Incidental / Ledger Folio / Account Maintenance Charges (Operative Accounts beyond Free of Charge Permissible Entries)	<table border="1"> <thead> <tr> <th colspan="2">Charges On Excess Debits in Account</th> </tr> </thead> <tbody> <tr> <td>Basic Savings Bank Deposit Account (BSBD)</td> <td>₹ 5/- per debits in excess of permitted 6 debits in a month</td> </tr> </tbody> </table>	Charges On Excess Debits in Account		Basic Savings Bank Deposit Account (BSBD)	₹ 5/- per debits in excess of permitted 6 debits in a month															
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1.4	Cheque Book Issuance Charges	<p>SB & PRATHAMIK BACHAT BANK JAMA KHATA CTS-2010 Standard Cheques</p> <table border="1"> <thead> <tr> <th colspan="3">Non-Individuals/ Individuals</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Personalised request through</td> <td>(a) Digital Mode</td> <td>₹3/- per leaf</td> </tr> <tr> <td>(b) Branch</td> <td>₹4/- per leaf</td> </tr> <tr> <td>Non- Personalised</td> <td colspan="2">₹ 5/- per leaf</td> </tr> </tbody> </table> <p>Free Cheque Book: SB A/c: One Cheque book of 20 Leaves free in a Financial Year BSBD Account:20 Cheque Leaves Free in a Financial Year</p> <p>CENT PREMIUM FREE LEAVES:</p> <table border="1"> <thead> <tr> <th>Rural</th> <th>Semi Urban</th> <th>Urban</th> <th>Metro</th> </tr> </thead> <tbody> <tr> <td>60</td> <td>100</td> <td>150</td> <td>200</td> </tr> </tbody> </table>	Non-Individuals/ Individuals			Personalised request through	(a) Digital Mode	₹3/- per leaf	(b) Branch	₹4/- per leaf	Non- Personalised	₹ 5/- per leaf		Rural	Semi Urban	Urban	Metro	60	100	150	200
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Rural	Semi Urban	Urban	Metro																		
60	100	150	200																		

1.5	Standing Instructions	<table border="1"> <thead> <tr> <th data-bbox="643 315 1002 349">Particulars</th> <th data-bbox="1010 315 1342 349">Charges</th> </tr> </thead> <tbody> <tr> <td data-bbox="643 353 1002 461">Registration of SI</td> <td data-bbox="1010 353 1342 461">Within the Bank: NIL Inter Bank: ₹50/- per instruction</td> </tr> <tr> <td data-bbox="643 465 1002 629">Execution of Standing Instruction / remittance to other institutions viz. LIC premium etc.</td> <td data-bbox="1010 465 1342 629">Within the Bank: NIL Inter Bank: ₹50/- per instruction plus Remittance charges plus actual postage</td> </tr> <tr> <td data-bbox="643 633 1002 763">Non-Execution of SI (due to insufficiency of Funds) Applicable to all types of transactions</td> <td data-bbox="1010 633 1342 763">₹100/- per transaction plus Remittance charges plus actual postage</td> </tr> </tbody> </table>	Particulars	Charges	Registration of SI	Within the Bank: NIL Inter Bank: ₹50/- per instruction	Execution of Standing Instruction / remittance to other institutions viz. LIC premium etc.	Within the Bank: NIL Inter Bank: ₹50/- per instruction plus Remittance charges plus actual postage	Non-Execution of SI (due to insufficiency of Funds) Applicable to all types of transactions	₹100/- per transaction plus Remittance charges plus actual postage		
Particulars	Charges											
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Execution of Standing Instruction / remittance to other institutions viz. LIC premium etc.	Within the Bank: NIL Inter Bank: ₹50/- per instruction plus Remittance charges plus actual postage											
Non-Execution of SI (due to insufficiency of Funds) Applicable to all types of transactions	₹100/- per transaction plus Remittance charges plus actual postage											
1.6	Stop Payment Instructions	<table border="1"> <thead> <tr> <th data-bbox="643 808 922 842">Particulars</th> <th data-bbox="930 808 1334 842">Charges</th> </tr> </thead> <tbody> <tr> <td data-bbox="643 846 922 943">SB Accounts</td> <td data-bbox="930 846 1334 943">₹100/- per instrument, Range of Cheque ₹400/- (range of 3 and more cheque)</td> </tr> <tr> <td data-bbox="643 947 922 1043">CD/CC/OD Accounts</td> <td data-bbox="930 947 1334 1043">₹200/- per instrument, Range of Cheque ₹600/- (range of 3 and more cheque)</td> </tr> <tr> <td data-bbox="643 1048 922 1081">Cent Vyavsaay</td> <td data-bbox="930 1048 1334 1081">Free</td> </tr> </tbody> </table> <p data-bbox="571 1093 667 1126">NOTE:</p> <ul data-bbox="571 1131 1426 1290" style="list-style-type: none"> ➤ To be levied only once i.e. at the time of accepting the instructions for stop payment and no charges be levied while actually returning such instruments through clearing. ➤ No charges shall be levied if stop payment instructions made through registered Internet Banking 	Particulars	Charges	SB Accounts	₹100/- per instrument, Range of Cheque ₹400/- (range of 3 and more cheque)	CD/CC/OD Accounts	₹200/- per instrument, Range of Cheque ₹600/- (range of 3 and more cheque)	Cent Vyavsaay	Free		
Particulars	Charges											
SB Accounts	₹100/- per instrument, Range of Cheque ₹400/- (range of 3 and more cheque)											
CD/CC/OD Accounts	₹200/- per instrument, Range of Cheque ₹600/- (range of 3 and more cheque)											
Cent Vyavsaay	Free											
1.7	Cancellation / Revocation of Stop Payment Instructions	₹20/-per instrument; Maximum ₹200/- per instruction										
1.8	Penalty Charges for Depositing Delayed Instalment Recurring Deposit Account	₹ 1/- per 100/- pm irrespective of periodicity of deposits. NOTE: Benefit of waiving penalty for delayed payments against payment of equal number of advance instalments in Recurring deposit account is not available. However, the Interest should be paid at applicable rate after deducting penalty charges										
1.9	Closure of Account	<table border="1"> <thead> <tr> <th data-bbox="643 1693 1110 1727">Particulars</th> <th data-bbox="1118 1693 1350 1727">Charges</th> </tr> </thead> <tbody> <tr> <td data-bbox="643 1731 1110 1794">A. Account Closed within 14 days from the opening of account</td> <td data-bbox="1118 1731 1350 1794">No Charges</td> </tr> <tr> <td data-bbox="643 1798 1110 1861">B. Accounts closed after 14 days but within 12 months of opening</td> <td data-bbox="1118 1798 1350 1861"></td> </tr> <tr> <td data-bbox="643 1865 1110 1899">Savings Bank account</td> <td data-bbox="1118 1865 1350 1899">₹300/-</td> </tr> <tr> <td data-bbox="643 1904 1110 1937">Accounts closed after 12 months</td> <td data-bbox="1118 1904 1350 1937">Nil</td> </tr> </tbody> </table> <p data-bbox="571 1942 667 1975">NOTE:</p> <ul data-bbox="571 1980 1426 2058" style="list-style-type: none"> ➤ No account Closure charges on account of Death of the customer. ➤ Transfer of account from one branch to another branch of the Bank shall not be considered as closure of account, hence no 	Particulars	Charges	A. Account Closed within 14 days from the opening of account	No Charges	B. Accounts closed after 14 days but within 12 months of opening		Savings Bank account	₹300/-	Accounts closed after 12 months	Nil
Particulars	Charges											
A. Account Closed within 14 days from the opening of account	No Charges											
B. Accounts closed after 14 days but within 12 months of opening												
Savings Bank account	₹300/-											
Accounts closed after 12 months	Nil											

		<p>charges will be recovered. Similarly opening of another account in the joint names after closing the existing one and payment in the deceased depositor account shall not be considered as closure of account.</p> <p>➤ If the customer is not happy about his/ her choice of SB/CA a/c or services provided by the bank, he/ she may within 14 days from the opening of account, approach the bank to switch to any of our other accounts. Alternatively, he / she may ask for refund of the amount which will be given back to him / her with any interest it may have earned. The bank will not levy any service charge for closure of the account within 14 days from the date of making the first payment into the account.</p>									
1.10	Operation in the Account	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Individuals</th> <th>Non - Individuals</th> </tr> </thead> <tbody> <tr> <td>Registration / Allowing operations through registration of Power of Attorney</td> <td>₹ 500/- all customers</td> <td>₹ 1000/-</td> </tr> <tr> <td>Change of Authorized Signatory/ Operational instructions in the account/ Recording reconstitution</td> <td>NIL</td> <td>₹ 200/- per occasion</td> </tr> </tbody> </table> <p>NOTE: No charges in case of death of existing signatory/ account holder</p>	Particulars	Individuals	Non - Individuals	Registration / Allowing operations through registration of Power of Attorney	₹ 500/- all customers	₹ 1000/-	Change of Authorized Signatory/ Operational instructions in the account/ Recording reconstitution	NIL	₹ 200/- per occasion
Particulars	Individuals	Non - Individuals									
Registration / Allowing operations through registration of Power of Attorney	₹ 500/- all customers	₹ 1000/-									
Change of Authorized Signatory/ Operational instructions in the account/ Recording reconstitution	NIL	₹ 200/- per occasion									

80-

STATE BANK OF INDIA

Sr No.	List of Points	Our Response												
1	For how long did the Bank impose penalty for non-maintenance of minimum balance?	The bank has been imposing penalty for non-maintenance of minimum balance both in CA and SB Accounts. However, the Bank waived charges for non-maintenance of minimum balance w.e.f.11.03.2020 in respect of Saving Bank Accounts.												
2	How much money was collected as penalty for non-maintenance of minimum balance during that period?	<p>Our bank collected penalty for maintenance of minimum balance charges for the F.Y.2019-20 Rs.640.19 Cr in Saving Bank Accounts and Rs. 465.71 Cr in Current Accounts.</p> <p>The amount of money collected as penalty by the Bank for non-maintenance of minimum balance charges in Current Accounts in the last 5 years is as under:</p> <table border="1" data-bbox="794 1126 1337 1541"> <thead> <tr> <th data-bbox="794 1126 1029 1227">Financial Year</th> <th data-bbox="1029 1126 1337 1227">Charges recovered (in Rs. Cr.)</th> </tr> </thead> <tbody> <tr> <td data-bbox="794 1227 1029 1294">2020-21</td> <td data-bbox="1029 1227 1337 1294">350.75</td> </tr> <tr> <td data-bbox="794 1294 1029 1361">2021-22</td> <td data-bbox="1029 1294 1337 1361">190.68</td> </tr> <tr> <td data-bbox="794 1361 1029 1429">2022-23</td> <td data-bbox="1029 1361 1337 1429">211.47</td> </tr> <tr> <td data-bbox="794 1429 1029 1496">2023-24</td> <td data-bbox="1029 1429 1337 1496">302.95</td> </tr> <tr> <td data-bbox="794 1496 1029 1541">2024-25</td> <td data-bbox="1029 1496 1337 1541">418.40</td> </tr> </tbody> </table>	Financial Year	Charges recovered (in Rs. Cr.)	2020-21	350.75	2021-22	190.68	2022-23	211.47	2023-24	302.95	2024-25	418.40
Financial Year	Charges recovered (in Rs. Cr.)													
2020-21	350.75													
2021-22	190.68													
2022-23	211.47													
2023-24	302.95													
2024-25	418.40													
3	When did the Bank waive off the penalty for non-maintenance of minimum balance?	The bank has waived charges for non-maintenance of minimum balance w.e.f.11.03.2020 in respect of Saving Bank Accounts.												
4	What was the basis for the decision?	The MAB charges were waived to improve customer service standard, to encourage saving habit among small depositors and incentivize customers to stay with SBI.												

5	Was any study conducted prior to the decision? If yes, please provide the details.	An internal research study was conducted on 15.02.2020 by the bank on transaction cost of services rendered and the charges recovered.
6	Has any study been conducted with regard to the overall impact of the decision to waive off penalty on non-maintenance of minimum balance? If yes, please provide details.	The bank has not conducted any specific study on overall impact of the decision to waive off penalty on maintenance of minimum balance.
7	What was the impact on profits and revenue of the Bank due to the said waiver?	While it has impacted short term profitability but has been beneficial to the bank in the long run by improving customer satisfaction thereby attracting more customers and potentially increasing overall business.
8	How is the Bank compensating for the loss of revenue on account of waiver of charges on non-maintenance of minimum balance?	a) Cost reduction by digital push and migrating customer to digital channel. b) Acquisition of higher numbers of customers and c) Increased business level has compensated revenue loss by way of waiver of MAB charges.
9	Has there been an increase in other charges to compensate for the loss of revenue? if yes, please provide details.	No
10	Any other information that the bank may like to provide.	No

Reply to List of Points on Non-Maintenance of Minimum Balance from Canara Bank

Honorable Chairperson, Committee Members, Officials of Ministry of Finance and RBI officials, we thank you for the opportunity to provide a detailed explanation of our approach and the rationale behind our decisions regarding charges/penalties for non-maintenance of minimum balance. Herein are the comprehensive responses to your specific queries.

Point 1: For how long did the Bank impose penalty for non-maintenance of minimum balance?

Canara Bank had been levying charges for non-maintenance of minimum balance since more than 25 years, in accordance with the then prevailing bank's internal policy guidelines and industry practices.

Point 2: How much money was collected as penalty for non-maintenance of minimum balance during that period?

Canara Bank had collected ₹ 2572.04 Cr as penalty for non-maintenance of minimum balance in saving accounts in last 15 Financial Years. The details are given below table:

PENALTY COLLECTED BY BANK AS MINIMUM BALANCE CHARGES IN SAVINGS ACCOUNTS DURING THE LAST 15 YEARS	
FINANCIAL YEAR	AMOUNT (in crores)
2024-25	294.91
2023-24	284.26
2022-23	226.15
2021-22	230.32
2020-21	177.41
2019-20	239.84
2018-19	159.41
2017-18	151.21
2016-17	158.65
2015-16	163.89
2014-15	133.06
2013-14	105.98
2012-13	91.30
2011-12	84.20
2010-11	71.45
TOTAL	2572.04

Point 3: When did the Bank waive off the penalty for non-maintenance of minimum balance?

Canara Bank waived off the penalty for non-maintenance of minimum balance with effect from June 1, 2025. This decision has been implemented across all kinds of savings bank accounts.

Point 4: What was the basis for the decision?

Higher New Account Acquisitions with customer-friendly policy.

- **Young generation now a days have multiple options for investing their money viz. Mutual Funds, Shares, ETF etc. To attract them, the WAIVER OF MINIMUM BALANCE Charges will be an added advantage for the bank.**

Increase in share of low cost deposit for the bank.

- Bank is envisaging to increase the low cost deposit for which this waiver will play a pivotal role.

Point 5: Was any study conducted prior to the decision? If yes, please provide the details.

It is opined that continuing the penalty will pose a barrier for increasing the low cost deposits. Hence, a decision was taken to waive Minimum Balance Charges which is expected to result in increased CASA ratio.

Point 6: Has any study been conducted with regard to the overall impact of the decision to waive off penalty on non-maintenance of minimum balance? If yes, please provide details.

A detailed impact assessment covering profitability, customer retention, and operational costs will be conducted at the end of Financial Year.

Point 7: What was the impact on profits and revenue of the Bank due to the waiver?

On an annualized basis, the revenue forgone is estimated at approximately ₹294 crores (as per last FY data) which previously contributed to the Bank's non-interest income. However, this revenue reduction is being considered a strategic investment in enhancing the Bank's long-term competitiveness and outreach.

Though there is a short-term financial impact, it is expected to be offset in the medium to long term through enhanced customer lifetime value.

Point 8: How is the Bank compensating for the loss of revenue on account of waiver of charges on non-maintenance of minimum balance?

We are expecting a decent increase in our Savings Account portfolio and resultant benefits in the form of higher net interest margin, due to the positive impact of waiver of minimum balance charges and we are confident that the said benefit will compensate the loss of revenue.

Point 9: Has there been an increase in other charges to compensate for the loss of revenue? If yes, please provide details.

Our decision to waive minimum balance charges was a strategic imperative rooted in our commitment to financial inclusion and customer welfare, and it has not led, nor will it lead, to a direct or compensatory increase in other service charges.

Point 10: Any other information that the Bank may like to provide.

We believe that this measure:

- **Strengthens Public Trust:** Reinforces the trust of our customers, especially those from economically vulnerable sections, in the banking system.
- **Stimulated Savings and Digital Transactions:** With the elimination of penalty fears, customers may feel more comfortable using their accounts for smaller transactions, leading to increased digital adoption and a more vibrant digital payment ecosystem.
- **Aligns with National Priorities:** Supports the government's broader agenda of financial inclusion and digitalization.

The bank continually evaluates its policies and services to ensure they remain relevant, fair, and supportive of the diverse needs of our customers, while also maintaining financial health and operational efficiency. We are confident that the long-term benefits of enhanced customer relationships and expanded financial inclusion will contribute significantly to the bank's sustainable growth and its role in national development.

We stand ready to provide any further clarifications or data as required by the esteemed committee members, RBI officials and the Ministry of Finance.

Thank you.
Sincerely,
Canara Bank



Query:

1. **Point 1-** Whether there is any direction from the RBI to the banks for charging or not charging penalty for non-maintenance of minimum balance?

Comments:

Relevant guidelines have been issued for Scheduled Commercial Banks (SCBs) including Regional Rural Banks (RRBs) and State/ District Central Co-operative Banks (StCBs/ DCCBs) vide the following circulars/ Master Circular:

- i) SCBs (excluding RRBs) - Para 5.4, 5.4.1 and 24.7 of Master Circular on 'Customer Service in Banks' dated July 01, 2015.
- ii) RRBs – Para 4.4 of circular dated May 12, 2014, on 'Customer Service in Regional Rural Banks', circular dated December 22, 2014, on 'Levy of penal charges on non-maintenance of minimum balances in savings bank accounts' and circular dated September 10, 2014, on 'Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes'.
- iii) StCBs/ DCCBs – Para 4.4 of circular dated October 22, 2014, on 'Customer Service in State/ District Central Co-operative Banks (StCBs/ DCCBs)', circular dated December 12, 2014, on 'Levy of Penal Charges on Non-maintenance of Minimum Balances in Savings Bank Accounts' and circular dated September 10, 2014, on 'Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes'.

The guidelines mentioned vide above circulars/ Master Circular are as under:

- **Minimum balance in savings bank accounts**

At the time of opening the accounts, banks should inform their customers in a transparent manner the requirement of maintaining minimum balance and levying of charges, etc., if the minimum balance is not maintained. Any charge levied subsequently should be transparently made known to all depositors in advance with one month's notice. The banks should inform, at least one month in advance, the existing account holders of any change in the prescribed minimum balance and the charges that may be levied if the prescribed minimum balance is not maintained. With effect from May 6, 2014, banks are not permitted to levy penal charges for non-maintenance of minimum balances in any inoperative account.

- **Levy of Penal Charges on Non-Maintenance of Minimum balance in savings bank accounts**



With effect from April 1, 2015, while levying charges for non-maintenance of minimum balance in savings bank accounts, banks shall adhere to the following additional guidelines:

(i) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank should notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.

(ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.

(iii) The policy on penal charges to be so levied may be decided with the approval of Board of the bank.

(iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the 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 of account. A suitable slab structure for recovery of charges may be finalized.

(v) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.

(vi) It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

These guidelines should be brought to the notice of all customers apart from being disclosed on the bank's website.

- **Treatment of accounts opened for credit of Scholarship Amounts under Government Schemes**

Banks are advised to ensure that accounts of all student beneficiaries under the various Central/State Government Scholarship Schemes are free from restrictions of 'minimum balance' and 'total credit limit'.

2. In case of Urban Cooperative Banks (UCBs), relevant guidelines have been issued vide Para 5.6 of Master circular dated July 01, 2015, on 'Maintenance of Deposit Accounts – Primary (Urban) Co-operative Banks'. The para states as under:

Levy of charges for non-maintenance of minimum balance

Taking into consideration the recommendations of Damodaran Committee and in the interest of customers, it has been decided that while levying charges for non-maintenance of minimum



balance in savings bank account, UCBs shall be subject to the following additional guidelines with effect from April 1, 2015:

- (i) In the event of a default in maintenance of minimum balance / average minimum balance as agreed to between the bank and customer, the bank should notify the customer clearly by SMS / email / letter etc. that in the event of the minimum balance not being restored in the account within a month from the date of notice, penal charges will be applicable.
- (ii) In case the minimum balance is not restored within a reasonable period, which shall not be less than one month from the date of notice of shortfall, penal charges may be recovered under intimation to the account holder.
- (iii) The policy on penal charges to be so levied may be decided with the approval of the Board of the bank.
- (iv) The penal charges should be directly proportionate to the extent of shortfall observed. In other words, the 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 of account. A suitable slab structure for recovery of charges may be finalized.
- (v) It should be ensured that such penal charges are reasonable and not out of line with the average cost of providing the services.
- (vi) It should be ensured that the balance in the savings account does not turn into negative balance solely on account of levy of charges for non-maintenance of minimum balance.

2. Guidelines pertaining to levy of such charges in inoperative accounts have been issued to all categories of banks vide circular dated January 01, 2024, on 'Inoperative Accounts /Unclaimed Deposits in Banks- Revised Instructions'. Para 8.1 of the circular states "The banks are not permitted to levy penal charges for non-maintenance of minimum balances in any account that is classified as an inoperative account"

Query:

2. Point 2- Under what authority or rule Banks charge penalty for non-maintenance of minimum balance?

Comments: Please refer to our comments for Point 1.

Query:

3. Point 3- What are the steps taken by RBI to protect the interest of vulnerable sections from the penalty imposed by Banks for non-maintenance of minimum balance?



Comments:

In order to protect the interest of customers, RBI has issued guidelines pertaining to aspects of disclosure and transparency of penal charges on non-maintenance of minimum balance in savings account as mentioned in our comments at Sr. No.1.

2. To increase financial inclusion, RBI, vide circulars dated June 10, 2019 on 'Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA)' (applicable to SCBs including RRBs) and circular dated August 02, 2019 on Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account (BSBDA) (applicable to all cooperative banks), has advised banks to offer the following basic minimum facilities in the BSBD Account, free of charge, without any requirement of minimum balance.

- i. The 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 withdrawals
- v. ATM Card or ATM-cum-Debit Card

Query:

4. Point 4 - When Banks are specifically charging for services like RTGS, annual charges etc. then what is the need for keeping such a penalty which mostly affects the poor?

Comments:

The RTGS system is primarily meant for large value transactions. The minimum amount to be remitted through RTGS is ₹ 2,00,000/-. With effect from July 01, 2019, RBI has waived the processing charges and time varying charges levied by it for RTGS outward transactions. Banks are advised to pass on the benefit to its customers¹. Further, banks are advised not to levy any charge on RTGS inward transactions. On outward RTGS transactions, the following cap on charges has been prescribed²:

- i) ₹ 2,00,000/- to 5,00,000/-: not exceeding ₹ 25/- (exclusive of tax, if any)
- ii) Above ₹ 5,00,000/-: not exceeding ₹ 50 (exclusive of tax, if any)

2. With effect from July 01, 2019, RBI has waived the processing charges levied by it for transactions processed in the NEFT system. Banks are advised to pass on the benefit to its

¹ Circular dated June 11, 2019, on 'National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) systems – Waiver of charges'

² Circular dated February 04, 2016, on 'RTGS service charges for members and customers – Rationalisation'



customers³. Banks have been advised not to levy any charge NEFT funds transfers initiated online from savings account⁴. For other NEFT outward transactions, the cap on the charges prescribed by RBI is as under⁵:

- i) For transactions up to ₹10,000: not exceeding ₹2.50 (+ Applicable GST)
- ii) For transactions above ₹10,000 up to ₹1 lakh: not exceeding ₹5 (+ Applicable GST)
- iii) For transactions above ₹1 lakh and up to ₹2 lakhs: not exceeding ₹15 (+ Applicable GST)
- iv) For transactions above ₹2 lakhs: not exceeding ₹25 (+ Applicable GST)

3. Further, the extant statutes/ CBDT instructions (section 10A of Payment and Settlement (PSS) Act, 2007 and CBDT circular no. 16/2020 dated August 30, 2020, on 'Imposition of charge on the prescribed electronic modes under Section 269 SU of the IT Act 1961-reg') prohibit levy of charges on UPI transactions.

Query:

5. Point 5 - Has RBI conducted any impact assessment of this policy?

Comments:

Our comments same as at point 6 below.

Query:

6. Point 6 – Is there a review of the penal charges fixed by the Banks as per Board approved Policy or is the decision of the Board final in this regard?

Comments:

Penal charges for non-maintenance of minimum balance in bank accounts are determined by the respective bank's Board, in line with regulatory guidelines. During supervisory examinations, Board-approved policies, along with other conduct-related aspects, are reviewed to assess compliance with applicable RBI instructions on customer service. Any

³ Circular dated June 11, 2019, on 'National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS) systems – Waiver of charges'

⁴ Circular dated December 16, 2019, on 'Furthering Digital Payments – Waiver of Charges – National Electronic Funds Transfer (NEFT) System'

⁵ Circular dated July 13, 2012, on 'National Electronic Funds Transfer (NEFT) System - Rationalisation of customer charges'



विनियमन विभाग
सूचना अनुभाग

LOPs Study visit of Committee on Petitions

instances of non-compliance are duly taken up with the bank for corrective action, and where warranted, appropriate supervisory or enforcement measures are initiated

Query:

7. Point 7 - Any other information that RBI may like to provide.

Comments:

The Bank has no additional information to submit.

XXXXXXXXXXXX

Ministry of Finance
Department of Financial Services

Background note on Minimum Balance Penalties Charged by Banks

- The Reserve Bank of India (RBI), through its circulars dated 20.11.2014 and 01.07.2015, permits banks to levy service charges, including those for non-maintenance of minimum balance in savings accounts. However, these charges must be reasonable and proportionate, and accounts must not be overdrawn solely due to such penalties. The charges are to be disclosed upfront to the customers by the bank.
- The penal charge structure is based on Board-approved policies, and banks are expected to treat customers fairly and transparently.
- No penalty is levied on Pradhan Mantri Jan Dhan Yojana (PMJDY) accounts, as no minimum balance requirement exists. Over 55 crore account holders under PMJDY continue to enjoy essential banking services free of charge and without any requirement of a minimum balance.
- Representation on the issue of penalties for non-maintenance of minimum balance in bank accounts was submitted by Sh. Parameswaran Krishna Iyer and Lok Sabha Secretariat, vide its OM dated 24th March, 2025 forwarded a copy of the representation to Department of Financial Services for furnishing of the comments. Subsequently Oral Evidence in the matter was held on 28.04.2025. During the meeting, members of the committee expressed their concern on the issue of problems faced by rural depositors and emphasised on need to rationalise minimum balance charges specially in rural and semi urban areas. The Committee on Petitions Branch, Lok Sabha Secretariat forwarded the transcript of the proceedings of the sitting of the Committee on Petitions. Written reply to the queries raised by the Members of the Committee of Petitions was sent.
- Subsequent to this meeting, the Secretary (Financial Services), *vide* D.O. letter dated 5.6.2025, advised Public Sector Banks (PSBs) to have the matter of penalty charges for maintenance of minimum balance examined at their respective Board levels, with a view to rationalising the

penalty structure so as to ensure that such charges are fair, consistent, and sensitive to the needs of customers in rural and semi-urban areas, thereby avoiding undue financial hardship.

Progress so far with respect to Public Sector Banks

- State Bank of India had already waived penal charges across all types of savings accounts since March 2020.
- Recently, seven Public Sector Banks—namely Bank of Baroda, Bank of India, Canara Bank, Central Bank of India, Indian Bank, Punjab National Bank, and Union Bank of India—have also waived charges for non-maintenance of minimum balance.
- In the case of UCO Bank, Indian Overseas Bank, Bank of Maharashtra and Punjab & Sind Bank, the matter is under consideration.

MINUTES OF THE THIRD SITTING OF THE COMMITTEE ON PETITIONS

(EIGHTEENTH LOK SABHA)

The Committee met on Monday, 28 April, 2025 from 1600 hrs. to 1730 hrs. in "Committee Room 3", Extension to Parliament House Annexe, New Delhi.

PRESENT

Shri Chandra Prakash Joshi - Chairperson

MEMBERS

02. Shri Mitesh Patel Bakabhai
03. Shri Raju Bista
04. Smt. Manju Sharma
05. Shri Abhay Kumar Sinha
06. Shri Rajmohan Unnithan

SECRETARIAT

01. Shri Rajesh Ranjan Kumar - Joint Secretary
02. Shri Sujay Kumar - Deputy Secretary

WITNESSES

MINISTRY OF EDUCATION
(DEPARTMENT OF HIGHER EDUCATION)

01. Shri Vineet Joshi - Secretary
02. Prof. Deepak Kumar Srivastava - Chairman ICPR
03. Prof. Sachchidanand Mishra - Member- Secretary, ICPR

MINISTRY OF FINANCE
(DEPARTMENT OF FINANCIAL SERVICES)

1. Shri Nagaraju Maddirala - Secretary
2. Shri Prashant Kumar Goyal - Joint Secretary, DFS

2. At the outset, the Hon'ble Chairperson welcomed the Members to the Sitting of the Committee. The Committee was informed that after approval by Hon'ble Speaker, it has been decided to hold a conference to commemorate the centenary year of the establishment of Committee on Petitions, Lok Sabha. The members were requested to give their suggestions regarding theme of the conference and also contribute articles for the souvenir to be published during the conference.

3. XXX XXX XXX

4. XXX XXX XXX

5. XXX XXX XXX

6. The Committee then took up the next item on the agenda, i.e., Briefing/oral evidence of the representatives of the Ministry of Finance (Department of Financial Services) on the representation of Shri Parameswaran Krishna Iyer regarding levying of bank charges for keeping minimum balance in Bank Accounts.

7. After welcoming the representatives of the Ministry of Finance (Department of Financial Services), the Chairperson invited them to express their views.

8. The representatives of the Ministry of Finance, thereafter, put forth their comments/views regarding levying of bank charges for not maintaining minimum balance in Bank Accounts vis-a-vis Zero Balance accounts.

9. Thereafter, the members sought clarification from the ministry. The members asked about Jan Dhan accounts in the country, reasons for withdrawing money from the accounts without informing account holders, state-wise and bank-wise data of bank charges being levied, lack of uniformity in levying of bank charges by various banks, etc.

10. In the end, the Ministry of Finance was asked to provide written answer to clarifications sought by the members within ten days.

[The representatives of the Ministry of Finance (Department of Financial Services) then, withdrew]

The Committee, then, adjourned.

**MINUTES OF THE EIGHTH SITTING [PERTAINING TO ADOPTION OF REPORT]
OF THE COMMITTEE ON PETITIONS
(EIGHTEENTH LOK SABHA)**

The Committee met on Wednesday, 17 December, 2025 from 1720 hrs. to 1730 hrs. in 'Samanvay 5' Parliament House, New Delhi.

PRESENT

Shri Chandra Prakash Joshi - Chairperson

MEMBERS

02. Shri Rajmohan Unnithan
03. Shri Mitesh Patel Bakabhai
04. Shri Raju Bista
05. Dr. Rajkumar Sangwan
06. Smt. Manju Sharma
07. Shri Abhay Kumar Sinha
08. Smt. Kamaljeet Sehrawat
09. Shri Bastipati Nagaraju

SECRETARIAT

01. Shri Sujay Kumar - Deputy Secretary

2. The Hon'ble Chairperson welcomed the members of the Committee to the sitting of the Committee. The Committee then took up for consideration the following draft Report:-

Draft report on the representation of Shri Parameswaran Krishna Iyer regarding levying of Bank Charges for keeping minimum balance in bank accounts.

3. The Committee adopted the Draft Report without any modification. The Committee also authorised the Chairperson to finalise the draft Report and present the same to the House.

The Committee, then, adjourned.
