

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1250
ANSWERED ON:02.03.2001
SERVICE CHARGES BY PRIVATE FINANCIAL INSTITUTIONS
ARUN KUMAR

Will the Minister of FINANCE be pleased to state:

(a) the measures taken to redress the complaints regarding charging of money in the name of service charges from the depositors by the private financial institutions; and

(b) the measures taken by the Reserve Bank of India to tackle the highhandedness shown in fixing the maturity period for returning the deposits?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) and (b) Reserve Bank of India (RBI) is the regulatory authority for Non-Banking Financial Companies (NBFCs) including Residuary Non-Banking Companies (RNBCs). RBI has permitted in terms of paragraph 4A of the RNBCs (Reserve Bank) Directions, 1987, the RNBCs to charge to a new depository/subscriber a one time (non-refundable) sum not exceeding Rs. 80/- (Rupees eight only) towards the cost of expenses for issuing brochure, application form and servicing the depositor's account where the aggregate yearly subscription of such deposit is Rs. 500/- or above. Where the amount of deposit collected is less than Rs. 500/-, there shall be a pro-rata reduction in the said one time non-refundable amount of Rs. 80/-. However, no such amount is allowed to be collected on the deposits, received under daily deposit schemes. The NBFCs other than RNBCs are not permitted to levy any service charges on their depositors.