

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:413

ANSWERED ON:12.05.2006

BANK CHARGES

Bhadana Shri Avtar Singh;Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has received complaints that various public and private banks are levying charges on withdrawal through ATM, and other services in contravention of the Government's directions;

(b) if so, the details thereof; and

(c) the remedial steps taken/proposed to be taken by the Government in this regard ?

Answer

FINANCE MINISTER (SHRI P. CHIDAMBARAM)

(a) to (c) :- A statement is laid on the Table of the House.

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 413 FOR 12TH MAY, 2006 REGARDING BANK CHARGES , TABLED BY SHRI AVTAR SINGH BHADANA AND SHRI S.K. KHARVENTHAN, M.Ps.

(a) & (b) :- Reserve Bank of India (RBI) has reported that they have received representations from the public about unreasonable and non-transparent service charges being levied by banks, especially with respect to non-maintenance of minimum balance in accounts, delayed payment on credit card dues, remittance charges/ATM Debit card related complaints etc.

Even though levy of Service Charges by Commercial Banks was deregulated by RBI from September, 1999 and banks are given the freedom to fix service charges subject to some conditions, representations against unreasonable treatment are referred to concerned banks for redressal.

(c) :- The scope of the Banking Ombudsman Scheme, which came into force with effect from January 1, 2006, has been enlarged to cover: customer complaints in areas such as levying service charges without prior notice to the customer and non-adherence to the fair practices code as adopted by individual banks, credit card complaints, deficiencies in providing the services assured by banks and banks' sales agents, etc. An independent Banking Codes and Standard Board of India (BCSBI) has also been set up by the RBI in February, 2006, under the Societies Registration Act. The Board would function as an autonomous, independent body to effectively monitor and enforce the compliance with Codes and Standards. It has been set up as an independent watchdog to ensure that banks deliver services in accordance with the Codes and Standards to which they have agreed. As announced in RBI's Annual Policy Statement for the year 2006-07 it is proposed to make it obligatory for banks to display and update, in their office/branches as also on their websites, the details of various service charges in a format to be approved by the Reserve Bank.