

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:48

ANSWERED ON:24.11.2006

BANK CHARGES

Sajjan Kumar Shri ;Shiwankar Shri Maha Deo Rao

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has constituted a Committee to rationalise the charges recovered by the commercial banks for extending various services by them;
- (b) if so, the main recommendations of the Committee;
- (c) whether RBI has accepted the recommendations and issued necessary instructions to the banks;
- (d) if so, the details thereof;
- (e) whether the Government has received complaints about over charging by banks on various services provided by them to the customers; and
- (f) if so, the number of such complaints received during the current year and the action taken thereon?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

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

STATEMENT FOR LOK SABHA STARRED QUESTION NO. 48 FOR 24.11.2006 REGARDING BANK CHARGES TABLED BY PROF. MAHADKORAO SHIWANKAR AND SHRI SAJJAN KUMAR .

(a) & (b): Yes, Sir. Reserve Bank of India(RBI) had constituted a Working Group to look into the issue of reasonableness in Bank Charges, under the Chairmanship of Shri N. Sadasivan, ex-Banking Ombudsman, Mumbai. The Group has submitted its report in September 2006 to RBI observing/ recommending, inter alia, asunder :

(i) The Working Group has identified twenty seven basic banking services relating to deposit accounts, loan accounts, remittance facilities and cheque collection and has defined low value transactions for cheque collection and remittance upto Rs. 10,000 in each case and upto \$500 for forex transactions.

(ii) The Working Group has recommended that Reserve Bank may take steps to determine and evaluate the costs for providing the basic banking services.

(iii) The Working Group has suggested broad principles of reasonableness to be adopted by banks based on lower rates for individuals as compared to non-individual entities, lower rates for special categories of individuals such as senior citizens, rural customers, pensioners etc, and on levying charges that are just and supported, by reason.

(iv) The Working Group has also recommended providing the individual customers upfront and in a timely manner, complete information on the charges, as well as the proposed changes in charges, applicable to all basic services.

(c) & (d): The recommendations of the Working Group have been submitted to the RBI.

(e) & (f): The Banking Ombudsmen offices received 34,544 complaints against banks regarding deficiency in banking/ other services, including overcharging by banks, during the period 1st January 2006 to 30th September 2006. 26,639 complaints have been disposed of by the Ombudsmen in the said period.