

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2703

ANSWERED ON:12.03.2010

‘SERVICE CHARGES BY BANKS AND POST OFFICES’

Reddy Shri Mekapati Rajamohan

**Will the Minister of FINANCE be pleased to state:**

(a) whether the post offices and banks are charging 2 per cent Service Charges for operating the accounts of National Rural Employment Guarantee Act (NREGA) workers; and

(b) if so, the details in this regard and the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE SHRI NAMO NARAIN MEENA:

(a) & (b): Post offices are not charging any service charge for operating the accounts of National Rural Employment Guarantee Act (NREGA) workers.

Regarding service charges of banks, in terms of extant guidelines issued by Reserve Bank of India (RBI), in the context of granting greater functional autonomy to banks, operational freedom has been given to all scheduled commercial banks including private sector banks, on all matters pertaining to banking transactions. With effect from September, 1999 banks have been given the freedom to fix service charges for various types of services rendered by them. While fixing service charges, banks should ensure that the charges are reasonable and not out of line with the average cost of providing these services. In order to ensure transparency, banks have also been advised to display and update on their websites the details of various service charges in a prescribed format. Further, vide RBI's circular dated February 2, 2007, banks have been advised that they should make basic banking services available at reasonable prices / charges to customers. Banks have also been advised to ensure that customers are made aware of the service charges upfront and changes in the service charges are implemented only with prior notice to customers.