

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3584
ANSWERED ON:16.04.2010
CHARGES ON BASIC BANKING SERVICES
Lagadapati Shri Rajagopal

Will the Minister of FINANCE be pleased to state:

- (a) whether the banks are charging heavily for basic banking services like issuing draft, stop payment, cheque return, minimum balance, penalty etc;
- (b) if so, the details thereof and reasons therefor alongwith the guidelines issued by Reserve Bank of India (RBI) in this regard;
- (c) whether Indian Banks Association (IBA) has submitted its recommendations in this regard; and
- (d) if so, the details thereof alongwith action taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

- (a) & (b) : Reserve Bank of India (RBI) vide its circular dated 7th September, 1999 has given freedom to banks to decide on service charges on various services offered to customers. Banks have been asked to fix service charges having regard to the cost of rendering the services. Banks were also advised to ensure that the charges are reasonable and are not out of line with the average cost of providing these services. They were also advised to ensure that customers with low volume of activities are not penalized. Therefore, service charges are decided by individual banks on their own having regard to cost of rendering various services
- (c) & (d) : Indian Banks' Association (IBA) has formed a working group to examine whether some guidelines could be issued to member banks on ensuring reasonableness of service charges by the member banks. IBA has not submitted any recommendations in this regard.