

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4014

ANSWERED ON:31.07.2009

BANK CHARGES

Nahata Smt. P. Jaya Prada

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

- (a) whether the Commercial Banks are charging heavily on cash deposits in current/cash credit accounts of account holders;
- (b) if so, the reasons therefor;
- (c) whether some complaints are pending with Reserve Bank of India (RBI) on devaluation of Indian currency by the Commercial Bank by imposing the higher charges on cash deposits; and
- (d) if so, the details thereof and the action taken by the RBI thereon?

**Answer**

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

(a) and (b): Reserve Bank of India (RBI) has reported that many commercial banks are charging cash transaction fee. Normally, Commercial Banks do not charge from their customers for depositing money to their own account. However, some of the banks levy charges for cash payment against credit card bills. RBI, vide its circular dated 7th September, 1999 had given freedom to banks to decide on service charges or 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 take care to ensure that customers with low volume of activities are not penalized.

(c) & (d): RBI has received a few complaints particularly in regard to service charges levied by banks on cash payments by their Credit Card customers for settling their credit and dues, RBI has taken up the matter with Indian Banks Association (IB A) in the meeting dated 10th February, 2009. The members of the Sub-Committee on Customer Service and Customer Rights of IBA are not in favour of waiving fees for accepting credit card dues in cash since credit card essentially substitute use of cash and banks incur cost in handling cash. Since banks were making alternate channels for payment of credit card dues, they are not in favour of accepting cash across counter free of charge for credit card dues.