

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6941
ANSWERED ON:18.05.2012
CASH HANDLING CHARGES
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government / Reserve Bank of India has authorized the scheduled commercial banks to charge cash handling charges from the account holders on each cash deposit in their respective accounts.;
- (b) if so, the details thereof;
- (c) whether this arrangement of levying cash handling charges amounts to devaluation of Indian currency notes issued by Government / Reserve Bank of India (RBI) and dishonour of RBI promise prescribed on currency notes;and
- (d) if so, the corrective measures proposed to be taken by the Government in this regard?

Answer

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

(a) to (d): Reserve Bank of India (RBI) has informed that banks have been advised to ensure that their branches invariably accept cash over the counters from all their customers who desire to deposit cash at the counters. Banks have also been advised to refrain from incorporating clauses in the terms and conditions which restricts deposit of cash over the counters. However, Indian Banks Association (IBA) had advised that banks may be levying charges when very large amounts are deposited across the counter as counting large quantities of cash and handling them have cost elements for banks.

With effect from September, 1999 banks have been given 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.