

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4773
ANSWERED ON:18.12.2009
CHARGES ON CASH DEPOSITS
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Will the Minister of FINANCE be pleased to state:

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- (a) whether the commercial banks in the country including Haryana are charging heavily on cash deposits in current accounts;
- (b) if so, whether the Reserve Bank of India (RBI) has received complaints in the matter;
- (c) if so the details thereof;
- (d) whether the licence granted by RBI to these banks permits the same;
- (e) if not, whether the Government would conduct any enquiry and pass necessary directions to reimburse such charges; and
- (f) if not, the reasons therefor?

Answer

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

(a) to (c) : - As per the information made available by Commercial Banks, they have prescribed cash handling charges on deposits above Rs.1,00,000/- in current accounts. The charges are uniformly applicable to all the branches across the country. The charges levied is to compensate the additional expenditure involved in handling the cash such as counting, processing, remittance to currency chests etc.

The Reserve Bank of India (RBI) advised the banks that while fixing charges, they 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 been advised to display and update on their websites the details of various service charges in a prescribed format. However, RBI has received a few complaints regarding cash deposit charges which are included under the broader category of complaints related to deposits accounts (under the Banking Ombudsman Scheme) against commercial banks in the country. The details of the complaints received during the last three years are as under: -

No. of complaints received	During 2006-07	During 2007-08	During 2008-09	During July,09 - Nov., 09
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Deposit accounts	5803	5612	706	1515
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(d) to (f) : - In the context of granting greater functional autonomy to banks, operational freedom has been given to 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. Acceptance of large cash deposits from customers forms part of the services provided by banks and banks collect cash handling charges, generally above a threshold limit, as per the guidelines prescribed by their Boards.