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Levy for not keeping minimum balance in banks should be reasonable: Govt

BY PTI | MAR 28, 2017, 05:35 PM IST

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NEW DELHI: The government today said banks can impose penal charges for not keeping minimum balance in accounts but the levy should be "reasonable" and not out of line with the average cost of providing these services.

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As per the RBI guidelines, banks should inform at least one month in advance existing account holders about any change in the prescribed minimum balance and charges that may be levied, Minister of State for Finance Santosh Kumar Gangwar said in a written reply in the Rajya Sabha.

Several banks impose charges for non-maintenance of minimum balance and also on cash deposits and withdrawals beyond a specified threshold and number of transactions during a month.

With regard to minimum balance, Gangwar said banks can levy penal charges on the amount of difference between the actual balance maintained and minimum balance as agreed upon at the time of opening of account.

"Banks may finalise a suitable slab structure for recovery of charges. Banks should also ensure that such penal charges are reasonable and not out of line with the average cost of providing the services," he said while referring to the RBI guidelines.



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Replying to another question, Gangwar said banks have been allowed to levy service charges on cash withdrawals and deposits beyond a specified threshold.

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