

SBI lowers minimum balance requirement to Rs3,000, cuts penalties

SBI said pensioners and minors are exempted from the minimum balance requirement for savings accounts

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In April this year, SBI reintroduced charges on non-maintenance of monthly average balance (MAB) after a gap of five years. Photo: Mint

New Delhi: The country's largest lender State Bank of India on Monday lowered the minimum average monthly balance (MAB) requirement in a savings account to Rs 3,000

from Rs 5,000 and also revised downwards penalties for not maintaining such a balance.

The revised MAB requirement and charges will become applicable from October, the bank said in a statement. The public sector lender also decided to exempt pensioners, beneficiaries of social benefits from government and minors from the requirement of minimum balance in savings account.

In April, the bank had re-introduced MAB and charges for non-maintenance of balance after a gap of five years. In metropolitan areas the minimum balance requirement was Rs 5,000. For urban and semi-urban branches, it was fixed at Rs 3,000 and Rs 2,000, respectively, and for rural branches it was Rs 1,000.

“We have decided to treat the metro and urban centres in the same category and the requirement of MAB in metro centres stands reduced to Rs 3,000,” the bank said. Last week, managing director for national banking group, Rajnish Kumar, had said the lender was reviewing the average monthly balance requirement.

The lender also revised downwards the penalty for non-maintenance of MAB. “For non-maintenance of MAB, the charges have also been revised downwards ranging from 20-50 per cent across all population groups and categories,” the bank said.

Now, the charges at semi-urban and rural centres range from Rs 20 to Rs 40 and at urban and metro centres from Rs 30 to Rs 50, the bank said. Earlier, in the metros, the bank was charging Rs 100 plus GST if the balance fell below 75 per cent of the MAB of Rs 5,000. If the shortfall was 50 per cent or less, the penalty charge was Rs 50 plus GST.

Any shortfall in maintaining minimum average balance in rural areas was attracting a penalty in the range of Rs 20 to Rs 50 plus GST. The bank reiterated that basic savings bank deposit and PM’s Jan-Dhan accounts are not required to maintain the minimum

balance. The lender has 42 crore savings bank accounts of which 13 crore belong to this category.

“It has now been decided to exempt the pensioners, beneficiaries of social benefits from government and accounts of minors. The revision is likely to benefit another 5 crore account holders,” the bank said.

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