

In 3 years, banks collect ₹10,000-cr fine for not maintaining minimum balance

Shishir Sinha New Delhi | Updated on July 26, 2019 Published on July 26, 2019

1



Twenty-two scheduled commercial banks (SCB) collected nearly ₹10,000 crore in the last three years as penalty for not maintaining minimum balance in regular saving bank accounts.

These banks include 18 public sector banks, such as SBI, Bank of Baroda and Punjab National Bank, and four major private banks, such as ICICI Bank and HDFC Bank. Collection came down for public sector banks in 2018-19 from 2017-18, while it went up in the case of private sector banks.

A request for response to two private sector banks, ICICI Bank and HDFC Bank, remained unanswered.

Average monthly balance

Regular saving bank account holders are required to maintain an average minimum balance. For example, SBI customers are required to maintain an average monthly balance of ₹3,000 in metro and urban areas, ₹2,000 in semi-

urban, and ₹1,000 in rural areas. Among private sector banks, HDFC Bank customers are required to maintain an average monthly balance of ₹10,000 in metro and urban areas, and ₹5,000 in semi-urban areas, while in rural areas, account holders are required to maintain an average quarterly balance of ₹2,500. Similarly, in ICICI Bank, the average minimum balance is ₹10,000 in metro and urban areas, ₹5,000 in semi-urban locations, ₹2,000 in rural locations, and ₹1,000 in gramin locations. All these charges are only for regular saving bank accounts.

If the average minimum balance is not maintained, SBI charges between ₹5 and ₹15 (plus GST) for various levels of shortfall. For HDFC Bank, penal charges are between ₹150 and ₹600 (plus GST) in metro/urban and semi-urban areas, while it is between ₹270 and ₹450 (plus GST) in rural areas.

In the case of ICICI Bank, charge for non-maintenance of minimum monthly average balance (MAB) in metro/urban/semi-urban/rural locations is ₹100 plus 5 per cent of the shortfall in required MAB. For gramin locations, it is 5 per cent of the shortfall in the required MAB.

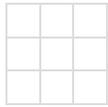
According to Reserve Bank of India (RBI) guidelines, banks do not have any minimum balance requirement for basic savings bank deposit accounts (BSBD), including accounts opened under Pradhan Mantri Jan Dhan Yojana (PMJDY). As on March 2019, there were 57.3 crore BSBD accounts across the country, including 35.27 crore (61.6 per cent) Jan-Dhan accounts.

Exemptions

Apart from these two accounts, many banks have their own list for exemptions from maintaining average minimum balance.

For example, SBI has 10 such categories, including Jan Dhan accounts, no-frills accounts, salary accounts, Phela Kadam & Pheli Udaan accounts, and accounts of all categories of pensioners. It may be noted that SBI reintroduced the charges

in April 2017 after a gap of five years, and then reduced it with effect from October 1, 2017.



Published on July 26, 2019



The banner features the BusinessLine logo on the left, showing a laptop and a tablet displaying the newspaper. The main text reads: "Save 61% on BusinessLine e-Paper". Below this, it says "Now at just ₹ ~~2,100~~ ₹ 799* per year". On the right, there is an orange "SIGN UP" button. The Hindu Group logo is visible in the top right corner of the banner.

[investor grievance](#)

[banking](#)

1

COMMENTS