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Market Watch

Exempt current a/c held by traders from minimum balance norm, demands traders' body

BY PTI | UPDATED: JUL 09, 2020, 09.33 PM IST

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New Delhi: A traders' body on Thursday asked the [RBI](#) to instruct banks to exempt current accounts held by small businesses from maintaining minimum balance in view of the hardships being faced by them due to the coronavirus pandemic. In a letter to RBI Governor Shaktikanta Das, [the Federation of All India Vyapar Mandal](#) (FAVM) also demanded refund of the penalties imposed for breaching minimum balance charged by banks during the April-June period.

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The body further demanded that on the lines of Basic Savings Bank Deposit (BSBD) Account or 'no frills savings accounts, Basic Current Account with no criterion of minimum balance should also be introduced.

[FAVM National](#) General Secretary V K Bansal said there was no business in the lockdown period and economic activity was at the grassroots level.

During that period small traders withdrew money from their current account to take care of themselves and their staff, and in such cases balance in current account went below the prescribed minimum balance.

"It is very surprising that even in such a situation, the bank recovered the penalty from the traders for not keeping the minimum balance of the current account," said Bansal.



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If the banks continue to charge or continue to fine traders, they will desist in transacting with banks, he said.

"Keeping this in mind, the Reserve Bank has been requested to refund the penalty imposed during April to June 2020 (lockdown period) for violation of minimum balance should be refunded and from July 2020 Banks should be instructed to withdrawal penalty clause on minimum balance," the federation said.

It further said copy of the letter has also been sent to the Prime Minister, the Finance Minister and the Department for Promotion of Industry and Internal Trade under [the Ministry of Commerce](#).

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