

# Basic Savings Bank Deposit Account – Complex Design, Faulty Implementation

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*Basic savings bank deposit account*



## **Contents**

<b>Executive Summary</b>	<b>1</b>
<b>Abstract</b>	<b>5</b>
<b>Acknowledgements</b>	<b>6</b>
<b>I. Introduction</b>	<b>7</b>
Motivation	
BSBDAs and PMJDY accounts	
Content of the report	
<b>II. Regulatory backdrop</b>	<b>11</b>
BSBDA – the basic bank account	
BSBDA – a tweak in the design	
Understanding BSBDA through RBI’s eye	
Understanding complexity in BSBDA through Banks’ eyes and nays	
<b>III. The Designed Surveys</b>	<b>19</b>
Banks’ true disclosures on BSBDA	
Bank branch survey	
<b>IV. Complex Design, Faulty Implementation</b>	<b>23</b>
Service charges and regulation	
Capacity of banks to offer BSBDA	
RBI’s supervision to ensure compliance	
PMJDY accounts	
The way out	
<b>V. Conclusion and recommendations</b>	<b>29</b>
Conclusion	
Recommendations	
<b>References</b>	<b>31</b>
<b>Appendix A: RBI’s FAQs on Basic Savings Bank Deposit Account</b>	<b>33</b>
<b>Appendix B: Correspondence with RBI Dated December 17, 2015</b>	<b>39</b>
<b>Appendix C: Response from RBI Dated March 30, 2017</b>	<b>43</b>
<b>Appendix D: Banks’ true disclosures on BSBDA</b>	<b>45</b>
<b>Appendix E: Bank branch survey responses on zero balance BSBDA</b>	<b>55</b>



This work is dedicated to all who are deprived of the core knowledge on Basic Savings Bank Deposit Account in the Indian banking system and to promote banker / consumer education and protection in this regard.

# **Basic Savings Bank Deposit Account – Complex Design, Faulty Implementation**

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*June 26, 2017*

## **Executive Summary**

In August 2012, Reserve Bank of India (RBI) introduced Basic Savings Bank Deposit Account (BSBDA) and advised banks to offer this account alongside other variants of savings bank accounts. BSBDA's were mandated by RBI to be considered as a normal banking service available to all. The following minimum common facilities, without any charges, are associated with a BSBDA:

- i. The account shall not have the requirement of any minimum balance.
- ii. The services available in the account will include the usual deposit and withdrawal facilities associated with any savings account along with the facility of ATM card or ATM-cum-Debit Card.
- iii. While there will be no limit on the number of deposits that can be made in a month, account holders will be allowed a maximum of four withdrawals in a month, including ATM withdrawals.

Additionally, no charge will be levied for non-operation/activation of in-operative BSBDA.

Finally, RBI mentions that the banks would be free to evolve other requirements including pricing structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner.

After the initial year of implementation of BSBDA, in view of several queries received from banks and public, in September 2013, RBI clarified (and to a great extent redefined) the features of BSBDA through a list of FAQs. The minimum common facility in a BSBDA that is to be provided by banks to all their customers, without the requirement of any minimum balance and charges, was modified. Banks were now required to provide a minimum of four free debit transactions per month. Also, for a BSBDA, the banks were encouraged to provide additional services so long as they are provided free.

Though the regulation defined BSBDA features explicitly, there were some loose ends. The genesis of this report is based on the author seeking clarification to the following simple question:



*“For a BSBDA, in case a bank's system allows more than four debits/withdrawals in a month, does the RBI regulation allow the BSBDA, held by a customer, be charged for the fifth debit in the month?”*

The objective of this note is to highlight the true features of a BSBDA as per extant regulations. Once the features are known, we focus on the following three aspects.

- First, we show how phrasing of RBI's FAQs have kept the banks in difficulty and in a state of confusion forcing many to become non-compliant of the regulations consciously or unconsciously, detriment to the interest of the depositors and the general public.
- Second, we showcase that RBI could have managed the complex situation by virtue of its responsibility towards consumer education and protection.
- Third, as also highlighted in an earlier report by the author, we recommend redefining BSBDA so as to make it more meaningful in terms of regulation, supervision and compliance. Such a move, in the interest of the depositors, can only facilitate the regulator to put in place a more practical regulation which can not only be complied with, but also be appropriately supervised.

All banks have their regular savings bank account with certain minimum balance requirement failing which a fee is imposed. RBI's imposition on banks to provide a BSBDA in which the minimum balance requirement, with no fee, is zero has some inherent conflict of interests with bank's own commercial considerations. Therefore, banks usually do not showcase BSBDA alongside their other types of regular minimum balance savings bank accounts (that earns the bank revenues in form of cheap deposits or fee income on minimum balance threshold breaches). While the above statement is made on the basis of impressionistic assessment formed from walk in visit to few branches, to say it with more conviction, we undertook a designed survey of bank branches. We also look into the schedule of service charges that banks have disclosed for BSBDA.

During the course of this study, in addition to engaging with RBI for seeking certain clarifications, we involved four major banks to ponder on the complex issues involved in understanding and implementing BSBDA correctly. During this process, three of the banks could comprehend the concerns involved. While deliberating on those, two of the banks have come out with corrective measures in their own way. However, since all banks were not part of the study, many banks still remain ignorant or pretend to be ignorant of the non-compliance in implementation of BSBDA. This means that many banks are imposing service charges on BSBDA, in violation of RBI's definition of a BSBDA, and as per extant regulations these charges should be retrospectively reversed.

Currently, banks are under tremendous pressure due to other major concerns such as NPAs and accordingly one wonders whether directions should be put in place stringently to reverse all service charges imposed on BSBDA. However, the regulation on BSBDA needs to be looked



more holistically, upholding the law and ensuring that it does not encourage non-compliance over those banks that choose to be compliant, though at a cost to them. For example, ICICI Bank on realizing the correct definition of BSBDA reversed all charges retrospectively that were imposed on such accounts. Also, few banks, from the very beginning, imposed no fees on all services that they provided under BSBDA.

Nonetheless, we would like to acknowledge here that the very definition of BSBDA, as it stands now, is very demanding (in IT terms) and thus difficult to implement, in case one would like to provide a fair savings bank product. Resultantly, to be compliant in letter to the RBI's BSBDA regulation, banks may now (getting a cue from SBI's recent move) enforce changes denying any additional service to depositors and possibly disallow debits beyond four in a month. Such a move is not expected to go down well among the 54 crore odd BSBDA holders, which, even after removing multiple accounts per person, cover about a third of our population. Moreover, volumes of such accounts have been opened under PMJDY with intent of financially including the excluded, who would also possibly suffer in the process. Furthermore, SBI's restricting debits to a total of four in a month is like missing the woods for the trees – more so since SBI not only discourages digital transactions in this process, but also loses revenue for every potential debit transaction at merchant location that it would prohibit beyond four in a month. Note that SBI has a significant share of BSBDA's to its credit, of which (as of mid-June 2017) more than 9.9 crore are PMJDY accounts.

Thus, it is time to plug the regulatory gaps in a holistic manner and formulate clear guidelines on BSBDA based on, *inter alia*, recommendations made in this report. This will go a long way in making available to the citizens of India a basic savings account with limited features as envisioned by RBI.

### **Policy recommendations**

(A) Given the extant regulation on BSBDA, RBI may like to ensure its compliance so that no individual is turned away by a bank branch while attempting to open a simple bank account. In other words, RBI may like to plug the current rampant non-compliance of regulation related to opening of BSBDA.

(B) For BSBDA, though RBI has prohibited fee based debits beyond four free debits per month, it may like to reconsider its policy and modify its regulation, so as to allow retaining the account status as BSBDA while imposing reasonable charges beyond the mandated thresholds on cash transactions and certain value added services. Moreover, annually a certain number of cheque leaves may be provided free even under such a modified regulation.

(C) To encourage use of Debit Cards and internet/mobile based digital payments at merchant establishments (thereby issuer bank generating revenue in form of interchange), banks should allow unlimited free electronic debits for purchase of goods and services.



(D) The requirement of BSBDA to provide unlimited free credit transactions may be curtailed for cash deposits. A minimum monthly floor, in value terms, for free cash deposits may be imposed by RBI. Banks would have the freedom to set their free monthly floor higher than what is set by RBI and impose a fee beyond that.

(E) Even though BSBDA is a zero balance account, in order to eliminate unwanted elements, the initial minimum sum required for opening such an account could be higher than zero. It is suggested that banks be given the freedom to set a minimum amount requirement not exceeding Rs 200, just to open the BSBDA. This minimum amount requirement for opening a BSBDA could be further scaled down appropriately for rural locations. It is re-emphasised that this requirement is only to open a bank account and that the minimum balance requirement could continue to be Rs 0.

(F) While showcasing deposit products, many banks at their branches attempt not to place the RBI mandated BSBDA alongside other categories of savings bank accounts with potentially higher minimum balance requirements. It is suggested that RBI mandate banks to have proper disclosure norms (including verbal) at their branches pertaining to their offering basic banking facilities such as zero balance BSBDA.

(G) With the creation of the Depositor Education and Awareness Fund (DEAF) earmarked for promotion of depositors' interest and for such other purposes considered necessary for the promotion of depositors' interests, it is recommended that the funds under DEAF, *inter alia*, be utilised for running campaigns to educate public on the correct features of a BSBDA.



## **Basic Savings Bank Deposit Account – Complex Design, Faulty Implementation<sup>1</sup>**

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*June 26, 2017*

### **Abstract**

This work is a culmination of in-length correspondence with RBI and select banks, regarding how banks had been handling the RBI mandated savings product, the Basic Savings Bank Deposit Account (BSBDA). With about one-third of the savings bank accounts opened (or currently in place) being BSBDA, the banks have done a remarkable job, at least on paper, for opening BSBDA. Nevertheless, there are certain issues, both technical and commercial in nature, which are not taking forward this zero balance savings account product in the right perspective. Based on the queries posed to RBI and four of the study banks and inputs received therefrom, this report has been prepared to facilitate the regulator and the banks come out with meaningful corrections, while taking forward BSBDA.

In the report, (i) we provide the regulatory backdrop in the form of a historical perspective of BSBDA and thereafter understand BSBDA through communications with RBI and banks, (ii) we present findings of a designed survey of bank branches conducted to study the awareness towards BSBDA by bank staff and ease of opening such accounts by citizens, (iii) we study the banks' websites where we look into service charge for BSBDA and disclosures made by them in this regard, (iv) we discuss the service charge regulations and supervisory requirement for ensuring compliance by banks, and (v) we suggest a simple and implementable design changes in BSBDA.

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<sup>1</sup> The views expressed are those of the author and not necessarily of the institution to which he belongs.

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The present report, in form of a confidential draft dated June 12, 2017, was shared among select banks and RBI to receive their valued comments and to point out specific disagreements, if any. The author thanks them for their considered call for sharing their comments.



## I. Introduction

### Motivation

1.1 To facilitate banking for all, Reserve Bank of India (RBI), as early as 2005, introduced a specific type of savings bank account which does not require maintenance of a minimum balance in the account. In other words, for such accounts, the fee for non-maintenance of certain minimum balance was removed. These accounts were initially called basic banking 'no-frills' account and later since August 2012 rechristened and modified to a Basic Savings Bank Deposit Account (BSBDA). This report focuses on full-KYC<sup>3</sup> BSBDA and does not consider simplified KYC 'BSBDA-Small Accounts' which have certain transactional limitations.

1.2 In September 2013, after the initial year of implementation of BSBDA, in view of several queries received from banks and public, RBI clarified (and to a great extent redefined) the features of BSBDA. The minimum common facilities in a BSBDA that is to be provided by banks to all their customers, without the requirement of any minimum balance and charges, was explained meticulously by RBI through a list of Frequently Asked Questions (FAQs).

1.3 BSBDA offers a right of only four free customer initiated debit transactions per month. However, if the bank allows more than four debit transactions per month (complete discretion to allow or not to allow lies with the bank), all those additional debit transactions necessarily have to be provided free of charge. The regulation says that any withdrawals from a BSBDA, after the mandated first four free withdrawals, cannot be considered a withdrawal from a BSBDA unless all such withdrawals (that the bank allows) are also provided free.

1.4 Thus, for a BSBDA, as per extant regulations, banks are not allowed to charge for any number of debit transactions / withdrawals that the customer is able to undertake (own or cross ATM / branch counter / internet / mobile / POS). However, banks usually carry an incorrect impression that once they allow more than four debits through any means in a BSBDA they can charge for the same. There is hardly any bank today which has put restrictions to limit debits in a month to a maximum of four under a BSBDA. However there are many banks that, in violation to RBI regulations, charge fees for various services including for debits beyond four a month, in the BSBDA.

1.5 Though RBI is credited for designing BSBDA, even after passage of four years, BSBDA did not get implemented in proper spirit. One of the reasons for this is the lack of a reasonable business model for banks serving such accounts where actual balances maintained could be low. Notwithstanding the push by government's promotion of Pradhan Mantri Jan Dhan Yojana (PMJDY) since September 2014, which is essentially opening of BSBDA, the other major

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<sup>3</sup> KYC is 'know your customer' norm. Full-KYC implies that customer's id and proof of residence is known to bank.

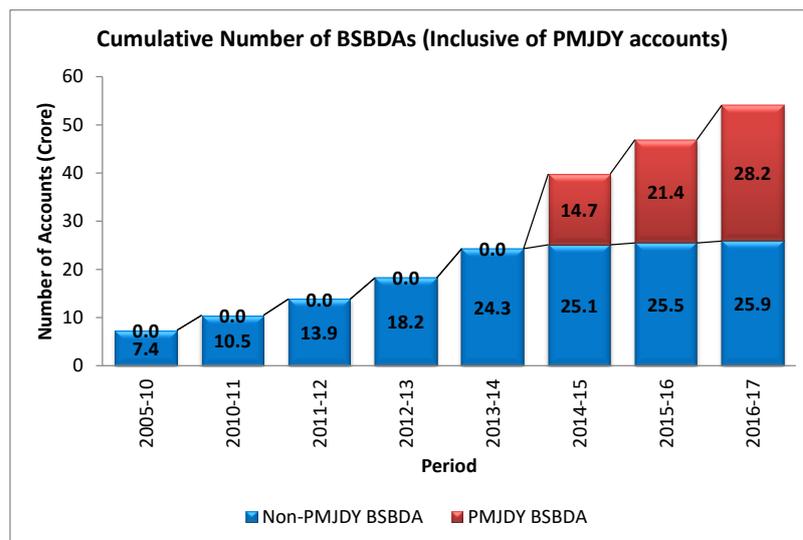


reason for improper implementation of BSBDA has been the incapacity of the banks and the general public to appreciate the true features of BSBDA. As a consequence, till date not only are many banks non-compliant in providing the appropriate services associated with a BSBDA, but the public at large is also being mis-educated by the banks.

### BSBDAs and PMJDY accounts

1.6 It is estimated that as of March 2017 there were a total of about 54 crore<sup>4</sup> BSBDA opened through branches and BC points, of which, more than half were opened under PMJDY. During the one year period April 2016 - March 2017, about 6.74 crore BSBDA under PMJDY were added.

1.7 It is significant to note that since the inception of the PMJDY, the thrust has been to open only BSBDA under the *yojana*. Of the 15.51 crore BSBDA opened during 2014-15 only 0.79 crore were non-PMJDY accounts. Similarly, of the 7.09 crore BSBDA opened during 2015-16, only 0.38 crore were non-PMJDY accounts while the rest were PMJDY accounts. More details are provided later in Section IV.



Source: RBI Annual Report and Department of Financial Services (DFS), Government of India

Chart 1: BSBDA over the period 2005-2017

1.8 Though general public is less familiar with the nomenclature of BSBDA, as of March 2016, of the 135 crore savings bank accounts, 47 crore were BSBDA<sup>5</sup>. Table 1 and Chart 2 provide the trend over the seven years 2010-16. Thus, as on date more than a third of the savings bank

<sup>4</sup> 1 crore = 10 million

<sup>5</sup> As per RBI's Basic Statistical Returns of Scheduled Commercial Banks in India - Volume 45, March 2016, there were 1,350,522 thousand savings accounts as of March 31, 2016. Also, as per RBI's Annual Report for the Year 2015-16, the number of BSBDA's as of end-March 2016 is 46.9 crore.



accounts are BSBDA. These numbers may not contain in them the inactive or inoperative accounts listed for the purpose of Depositor Education and Awareness Fund (DEAF)<sup>6</sup>.

Table 1: BSBDA and Savings Bank (SB) Accounts  
(No. of Accounts in crore)

Year	No. of BSBDA	No. of SB Accounts	No. of non-BSBDA	Percent BSBDA	Percent non-BSBDA
	(1)	(2)	(3)	(4)	(5)
Mar-10	7.3	56.0	48.6	13.1	86.9
Mar-11	10.5	62.4	51.9	16.8	83.2
Mar-12	13.9	70.3	56.4	19.7	80.3
Mar-13	18.2	82.3	64.1	22.1	77.9
Mar-14	24.3	97.8	73.5	24.9	75.1
Mar-15	39.8	117.0	77.2	34.0	66.0
Mar-16	46.9	135.1	88.2	34.7	65.3

Source: RBI's Annual Reports and Basis Statistical Returns data

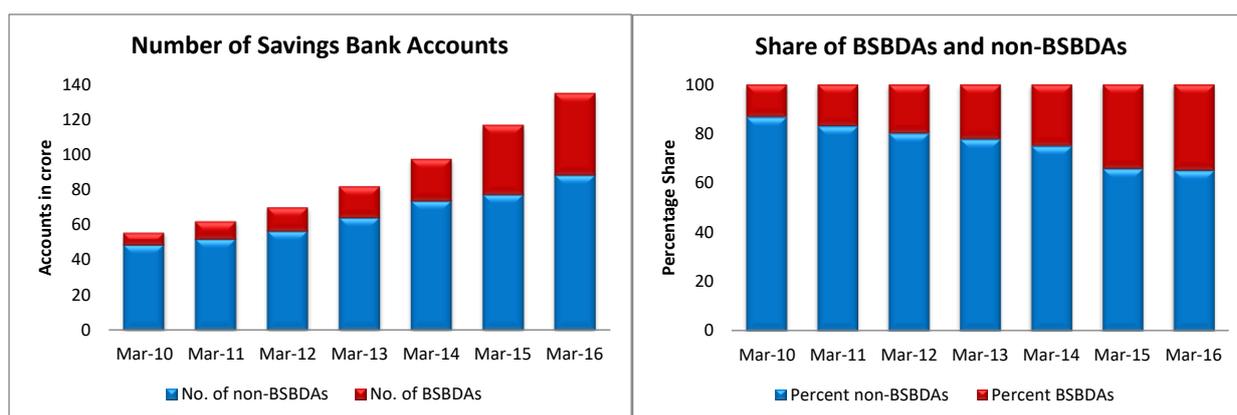


Chart 2: Number of Savings Bank Accounts and their share in BSBDA and non-BSBDA

## Content of the report

1.9 The report is based on in-length correspondence with RBI and select banks, regarding how banks had been handling the RBI mandated savings product, the BSBDA. With about one-third of the savings bank accounts opened (or currently in place) being BSBDA, the banks have done a remarkable job, at least on paper, for opening BSBDA. Nevertheless, there are certain issues, both technical and commercial in nature, which are not taking forward this zero balance savings account product in the right perspective. Based on the queries posed to RBI and four of the study banks and inputs received therefrom, this report has been prepared to facilitate the regulator and the banks come out with meaningful corrections, while taking forward BSBDA.

<sup>6</sup> DEAF Scheme was established in 2014 and was inserted in the Banking Regulation Act, 1949 empowering the central bank. All banks are required to transfer money lying in accounts that have been inoperative for at least 10 years to the DEAF according to specific guidelines.



1.10 In what follows, first of all the report tries to explain the existing design features of a BSBDA in terms of its benefits and restrictions. With this backdrop, we look at the major non-compliance of the regulations by banks at the cost of expenses incurred by gullible depositors and RBI's approach towards the same. Finally, we suggest some design changes to make BSBDA a more acceptable form of savings product.

1.11 In Section II, we provide the regulatory backdrop in the form of a historical perspective of BSBDA and thereafter understand BSBDA through communications with RBI and banks. Section III presents findings of a survey of banks' websites where we look into service charge for BSBDA and disclosures made by them in this regard. We also discuss findings from a designed survey of bank branches conducted to study the awareness towards BSBDA by bank staff and ease of opening such accounts by citizens. In Section IV, we discuss the service charge regulations and supervisory requirement for ensuring compliance by banks. We also suggest a simple and implementable design changes in BSBDA. Finally in Section V we give our conclusions and recommendations.



## II. Regulatory backdrop

### BSBDA – the basic bank account

2.1 BSBDA is a type of deposit account that is intended to give access to basic banking facility to the citizens with no associated fees. Introduced more than 58 months back, on August 10, 2012, RBI advised banks to offer such an account alongside other variants of savings bank accounts. Based on the August 2012 regulation, the following minimum common facilities, without any charges, are associated with a BSBDA:

- i. The account shall not have the requirement of any minimum balance.
- ii. The services available in the account will include the usual deposit and withdrawal facilities associated with any savings account along with the facility of ATM card or ATM-cum-Debit Card.
- iii. While there will be no limit on the number of deposits that can be made in a month, **account holders will be allowed a maximum of four withdrawals in a month**, including ATM withdrawals.

Additionally, no charge will be levied for non-operation/activation of in-operative BSBDA.

Finally, RBI mentions that the banks would be free to evolve other requirements including pricing structure for additional value-added services beyond the stipulated basic minimum services on reasonable and transparent basis and applied in a non-discriminatory manner. In essence, BSBDA were mandated by RBI to be considered as a normal banking service available to all<sup>7</sup>.

2.2 That BSBDA holders will be allowed a maximum of four withdrawals in a month for free was based on a report of the Committee on Customer Service in Banks. The Committee, chaired by Shri M. Damodaran, was constituted by RBI in May 2010 and the Committee submitted its report in July 2011. Advocating *inter alia*, a basic banking account, the Committee indicated that:

*“Every bank should offer a basic account which permits a minimum number of transactions without penalty for non-maintenance of a minimum balance. Such a penalty is seen by a number of customers as a very broad punishment imposed by a bank. A customer would then have a choice of maintaining a higher balance or paying transaction charges, if the number of transactions exceeds the permissible level.”*

The Damodaran Committee recommendations also specified that:

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<sup>7</sup> Holders of BSBDA are not eligible for opening any other savings bank deposit account in that bank. If a customer has any other existing savings bank deposit account in that bank, he/she will be required to close it within 30 days from the date of opening a BSBDA.



*“Bank should offer a basic bank account with certain privileges like number of transactions (say three per month), cheque facility, ATM Card, etc. without any prescription of minimum balance. This would be a regular account with full KYC and the bank should clearly indicate the transaction charge for each type of transaction above the permissible number of transactions. Banks may then prescribe Average Quarterly Balance of various slabs with offer of higher privileges and facilities.”*

2.3 Comparing the format of BSBDA as introduced by RBI and as envisioned in the Damodaran Committee recommendations, it is clear that there are few disconnects.

### **BSBDA – a tweak in the design**

2.4 After a year of implementation of BSBDA, in view of several queries received from banks and public, on September 11, 2013, RBI clarified (and to a great extent redefined) the features of BSBDA. The minimum common facilities in a BSBDA that is to be provided by banks to all their customers, without the requirement of any minimum balance and charges, was explained by RBI through a list of [“Frequently Asked Questions \(FAQs\)”](#) on the subject. These FAQs have been provided in Appendix A.

2.5 Based on a series of interactions with RBI, the major implications of the FAQs that get highlighted are:

- a) A BSBDA can be opened not only by poor and weaker sections of population but also by other without any restrictions imposed on age and income. The BSBDA should be considered as a normal banking service available to all customers, through branches. Thus it is conceived to be broader than the financial inclusion objective of the country.
- b) The type of services available free in the BSBDA include deposit and withdrawal of cash; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques at bank branches as well as ATMs.
- c) While there are no restrictions on the number and amount of free deposits (cash or electronic) that can be made in a month in BSBDA, **banks are required to provide free of charge minimum four withdrawals**, through ATMs and other mode including RTGS/NEFT/Clearing/Branch cash withdrawal/transfer/internet debits/standing instructions/EMI etc. Banks should offer the ATM Debit Cards free of charge and no Annual fee should be levied on such Cards.



d) Banks are free to offer more facilities than those prescribed for BSBDA, as above. However, the decision to allow services beyond the minimum prescribed has been left to the discretion of the banks who can either offer additional services free of charge or evolve requirements including pricing structure for additional value-added services on a reasonable and transparent basis to be applied in a non-discriminatory manner with prior intimation to the customers. However, the FAQs specify that such accounts enjoying additional facilities will not be treated as BSBDA.

e) If BSBDA customers have more than four withdrawals and request for cheque book at additional cost, the account would cease to be a BSBDA. However, if the bank does not levy any additional charges and offers more facilities free than those prescribed under BSBDA, without minimum balance requirement, then such accounts can continue to be treated as a BSBDA.

**f) So long as the account is a BSBDA, the banks cannot charge for any additional service (like more than four withdrawals, cheque book, etc.) that it may provide beyond the mandated free services.**

2.6 It may be noted that a major deviation (to the original definition of BSBDA) brought in through the FAQs is the relaxation in the maximum number of debit transactions, so long as such transactions are provided by banks free of any charge. This literally means that banks have to decide on a threshold for allowing free debit transactions beyond the mandated four transactions. Banks have the freedom not to allow debit transactions beyond four (or any number that is greater than four) if they would not like to give more debits for free. However, a careful look would show the positive aspects of the revised regulation for situations where a bank, in its own interest and in the interest of the BSBDA holder, would like to provide certain category<sup>8</sup> of debit transactions for free even beyond four in a month.

2.7 Today, there are one set of banks that are compliant to the BSBDA regulation and are actually giving unlimited free transactions without quite disclosing the same explicitly<sup>9</sup>. These banks are able to go this way since they have created an environment where BSBDA are explicitly discouraged by keeping their existing / potential depositors mis-informed of its true features. The other set of banks charge for additional services and have mis-led their depositors by being non-compliant to the BSBDA regulation.

2.8 It was noticed during the course of this study that both type of banks neither engaged with RBI to highlight some of the operational constraints pertaining to BSBDA, nor did they tweak their computer softwares for correctly implementing the product. Implementing such changes in the product by tweaking the underlying IT systems can turn out to be expensive for banks.

<sup>8</sup> For example, card, internet and mobile based merchant transactions, for which banks earn interchange revenue.

<sup>9</sup> Banks had been indicating that first four withdrawals are free in a month and are silent on the charges, if any, beyond four. This has a flavour of banks being compliant, which may not necessarily be the case.



Keeping overall profit and loss considerations, banks usually remain passive. This is preventing promotion of the BSBDA product as envisioned by RBI.

### Understanding BSBDA through RBI's eye

2.9 It has been quite some time since BSBDA came into existence. After 15 months of its inception, during November 2013, it was first pointed out to RBI that the banks are, on one pretext or the other, shooing away potential savings bank customers who express inability to guarantee maintenance of certain minimum balances that banks' otherwise prescribe<sup>10</sup>. The banks were not prompting such potential customers to open the RBI mandated BSBDA. Moreover, the lack of transparency and mis-information in dissemination of the correct features of BSBDA has been rampant.

2.10 In the meantime, starting November 2015, the author engaged with RBI<sup>11</sup> to bring in more clarity on the features of a BSBDA. Accordingly, to begin with, a simple query was initiated which, in essence, read as follows:

#### Major query-I

*For a BSBDA, in case a bank's system allows more than four debits/withdrawals in a month, does the RBI regulation allow the BSBDA, held by a customer, be charged for the fifth debit in the month?*

The full correspondence that followed this query is provided in Appendix B. Subsequently, a more pointed query was raised to RBI's Department of Banking Regulation (DBR) on December 17, 2015. The gist of the query was:

#### Major query-II

*(A) With reference to the circulars/FAQs on BSBDA, is it not that if a bank charges a fee beyond four debits, the account is no longer a BSBDA?*

*(B) Thus, so long as the account is a BSBDA, is it not that the bank cannot charge a fee for whatever additional facilities it may desire to provide?*

*In short, for a BSBDA holder, the regulation is clear that the bank cannot charge in case the bank unilaterally provides additional facilities beyond the mandated four free debits.*

*If you are in sync to what I write above and what is written in my earlier mail, as below, I would request you to kindly see how best to address the situation.*

<sup>10</sup> Banks Violating Prevention of Money-Laundering Act for Excluding the Excluded. IIT Bombay Technical report. November 26, 2013. <http://dspace.library.iitb.ac.in/jspui/handle/100/14418>

<sup>11</sup> Consumer Education and Protection Department (CEPD) and Department of Banking Regulation (DBR) of RBI.



2.11 On the basis of some follow-ups, RBI after almost 16 months responded with an answer (correspondence provided in Appendix C). An answer to the above query would not only educate but also protect BSBDA holders from the mis-information spread by banks. RBI's Consumer Education and Protection Department (CEPD) also need to pitch-in to protect the depositors and educate them about this basic banking product designed by the central bank.

2.12 DBR of RBI has categorically answered the above query as “yes”. In other words, RBI implicitly addresses the Major query-I leading to the realization that for a BSBDA, in case a bank's system allows more than four debits/withdrawals in a month, the RBI regulation does not allow the BSBDA, held by a customer, be charged for the fifth debit in the month.

2.13 Such an answer exposes the undue service charges imposed by several banks on BSBDA, even while there are systems in place to supervise the banks for such non-compliance of regulatory mandates. Such a lapse hurts the public, especially those who do not have the same resources and opportunities that are available to better-offs. Needless to say, the answer to the query also showcases that there was enough scope to improve the drafting of the RBI's FAQs on BSBDA. Such FAQs meant for banks and public should not be drafted in a manner that has scope of mis-informing the people or misrepresenting the truth<sup>12</sup>.

### **Understanding complexity in BSBDA through Banks' ayes and nays**

2.14 Starting early April 2017, HDFC Bank, SBI, Axis Bank and ICICI Bank were selected to seek answers to the following questions:

*Backdrop--*

- 1. The so called savings account product BSBDA, introduced and defined by RBI, is a mandated savings product which all banks are required to offer.*
- 2. As per the definition, so long as an account is a BSBDA, the bank cannot charge a fee for whatever additional facilities it may desire to provide beyond the four free debits per month.*
- 3. In case the bank desires to charge any fee for any service other than the mandated four free debits, it has to first re-categorise or convert the account into a non-BSBDA and then possibly impose any reasonable fee to this non-BSBDA for any service.*
- 4 In short, for a BSBDA holder, the regulation is clear that the bank cannot charge in case the bank unilaterally provides additional facilities beyond the mandated four free debits.*

<sup>12</sup> The drafting of the BSBDA regulation contains some redundant and confusing statements, like highlighting reasonable and transparent service charges, etc. for a non-BSBDA account, which do not apply to a BSBDA.



*With the above backdrop, my questions are as follows:*

*Q1. Do you disagree to any of the 4 points mentioned above?*

*Q2. In case answer to Q1 is no, why is your bank highlighting and possibly executing service charges for BSBDA holders, during past several and current year(s)?*

*Q3. In case answer to Q1 is yes, where is the disconnect?*

### 2.15 HDFC Bank

Answer to Q1 in case of HDFC Bank is ‘**yes**’. They mention that

*“As per the regulatory guidelines, Banks need to give 4 free cash withdrawals which we provide. The additional cash transaction is charged not only for BSBDA but for all Savings customers... the Bank needs to provide 4 free cash withdrawal to customers across all channels & Unlimited cash deposits.”*

HDFC Bank perhaps does not (want to) realize its non-compliance to the extant BSBDA regulations.

### 2.16 SBI

Answer to Q1 in case of SBI is ‘**no**’. They mention that

*“As per RBI guidelines, SBI provides Basic minimum banking service free of charges to BSBD account holders. Under BSBD Account, we provide ATM-cum-Debit Card as well as four withdrawals (including branch and alternate channels) in a month without any charges. If the customer wants additional facilities, he should get his account converted into Regular SB account.”*

Accordingly, the bank claims to have aligned their BSBDA product in the true and correct spirit of the RBI regulations and accordingly plans to limit withdrawals to not more than four (via all channels) in a month. SBI has recently corrected its service charge disclosures on its website. Appendix D provide the corrected disclosure, as well as their earlier disclosure that was misleading and non-compliant to the BSBDA regulation. Nevertheless, it may be noted that SBI while disseminating their revised information on BSBDA (under schedule of service charges), writes:

*“BSBD account holders will be provided services as mandated by the RBI. No further services will be available to BSBD account holders. In case of need, they may get their account converted to Normal Savings Bank account with full services at applicable service charges.”*

This gives a misleading impression, as if RBI has capped the number of debits to four per month, under all circumstances. For more details on the revised payment restrictions<sup>13</sup> see <https://www.sbi.co.in/portal/web/personal-banking/basic-savings-bank-account>.

<sup>13</sup> SBI writes: Maximum 4 withdrawals in a month, including ATM withdrawals at own and other Bank's ATMs and other mode including RTGS/NEFT/Clearing/Branch cash withdrawal/transfer/internet debits/standing instructions/EMI, etc. No further customer debits would be allowed during the month. Cheque book will not be issued.



Furthermore, though SBI has now realized that the bank cannot charge for any additional facilities that they may provide, over and above the mandated fee facilities, the bank is silent to address Q2, which could be a bit tricky, having wide ranging implications, in terms of their dissemination of mis-information and undue service changes imposed on the BSBDA holders.

### 2.17 Axis Bank

Answer to Q1 in case of Axis Bank is ‘no’. They mention that

*“The August 2012 guidelines seen in combination construe that while it is important to build and provide for free minimum services in the BSBDA account, banks can design reasonable pricing structure for additional incremental services provided to the customer in a transparent manner. We also acknowledge that subsequently in the FAQ on BSBDA published by RBI, under Query 14, RBI does mention that such account with additional facilities ceases to remain as Basic Savings Account.*

*At the same time, keeping customer inconvenience in mind of transferring the account to non-BSBDA account (as and when the number of permissible transactions conducted beyond 4), which may also require the customer to maintain requisite balance, failing which he would be charged towards non-maintenance fee, the bank took a customer centric call to allow additional withdrawals, in the same account. The same is being communicated to the customer in a transparent manner before opening the account.”*

Axis Bank realizes its non-compliance to the extant BSBDA regulations but tries to justify its action in the interest of customer service. However, based on our interactions, the bank has indicated that it will review the existing pricing policy and product offering and make changes, post internal deliberation. However, Axis Bank is also silent to address Q2, which could be a bit tricky, having wide ranging implications, in terms of their dissemination of mis-information and possible reversal of undue service changes imposed on the BSBDA holders.

### 2.18 ICICI Bank

Answer to Q1 in case of ICICI Bank is ‘no’. They mention that

*“...we are in process of aligning the website details as per the RBI guidelines.”*

ICICI Bank realized its non-compliance some time back and accordingly stopped charging on any services that it offered for a BSBDA, atleast since the beginning of the year 2017. Furthermore, the bank has indicated that it, on realizing the correct definition of BSBDA, reversed all charges retrospectively that were imposed on such accounts.

However, even ICICI Bank is silent to address Q2, which could be a bit tricky, having wide ranging implications, in terms of their dissemination of mis-information and undue service changes imposed on the BSBDA holders during some earlier time period (pre- July 2016).

Nevertheless, ICICI Bank has, effective June 2017, corrected its service charge disclosures on its website. Appendix D provide the corrected disclosure, as well as their earlier disclosure that was misleading and non-compliant to the BSBDA regulation.



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### **III. The Designed Surveys**

#### **Banks' true disclosures on BSBDA**

3.1 The bank disclosures on service charges for BSBDA were surveyed for few select banks. Based on the banks' website, we provide the misrepresented information on service charges for BSBDA in case of many prominent banks. Among the select banks, SBI, ICICI Bank, HDFC Bank, Axis Bank and Yes Bank are (or had been till recently) providing information on service charges for BSBDA in violation to RBI regulations. While banks like Kotak Mahindra Bank, Standard Chartered Bank and HSBC do not make incorrect disclosures, however, Kotak Mahindra Bank and HSBC keep things vague, by remaining silent, on service charges beyond certain free services that they indicate. Furthermore, most of the public sector banks still fall in line with SBI's non-compliant disclosure, while indicting non-zero service charges for BSBDA – more so since they along with few other banks did not get an opportunity, in this study, to address the questions posed to the select four banks.

3.2 We provide in Appendix D the website information on fees and charges for BSBDA. These are provided for the banks mentioned above. Only the initial or relevant pages are shown, while the banks' service charges link is provided to access full information.

3.3 If a bank adopts BSBDA in the manner stipulated in the RBI regulation and prominently discloses the zero service charges for all the regular services (including debits beyond four a month) provided under a savings account, the practice would be counterproductive. This is so since on the one hand it defeats the spirit behind the regulation, which in intent is to provide a basic banking product with only few minimum basic services and promoting easy and cost controlled banking; while on the other hand it creates unnecessary cost burden on banks. Banks, in order to reduce this burden do not promote BSBDA and discourage their branches to open such accounts.

#### **Bank branch survey**

3.4 In order to have an on-field experience of how things stand with regards BSBDA, four students of IIT Bombay were given the task of undertaking a survey study in the months of April-May 2017. The task given to each of the surveyors was to open one BSBDA in a bank and undertake visits in other banks to experience the frictions towards BSBDA, if any.

3.5 The approach adopted had the following steps:



- i. Walk into a branch and express interest to open a savings bank account.
- ii. After initial interactions indicate that you have the required documents for full-KYC, so that discussions do not digress to unrelated issues.
- iii. Make a note of whether among the various savings account types, any zero balance account is mentioned.
- iv. If not, indicate that you are not in a position to guarantee maintenance of the minimum balance as suggested.
- v. Seek for their help to open an account with whatever money is available now.
- vi. As and when you hit the wall, prompt for a zero balance account, like BSBDA, etc.
- vii. Note the reaction and all explanations provided thereafter.
- viii. When a saturation point reaches in your discussions with the officer, and you still remain unsatisfied with responses offered, request for approaching the next higher official in line. This exercise should be followed repeatedly till the branch manager is approached.
- ix. At any point when you find that the branch is ready to open the account and you are in a position to fill the required papers for the same, excuse yourself for paucity of time.

3.6 In Appendix E, we present a verbatim survey report as received from the surveyors. It highlights the experience of the surveyors in their own language. The students who acted as surveyors hail from small towns and accordingly rather than looking at the correctness of the language, the gist of the expression may be assimilated.

### 3.7 Summary of the bank branch survey results:

- i. Based on the available resources, we tried to cover different parts of the country ranging from metro region to rural region.
- ii. As one walks into a bank branch and expresses desire of opening a savings bank account, it is rampant to find that the officers would eagerly explain all types of savings accounts available, but for a BSBDA.
- iii. The offices given the task of opening savings bank account would just not prompt for a BSBDA, in its true sense, even if one expresses dissatisfaction to the savings account variants shown, thus far.
- iv. Even after specifically prompting ones inability to guarantee maintenance of their said minimum balance at all times (and resultantly pay monthly minimum balance maintenance fees in the range of Rs 50 to 500 for every month of default), the bank officials appear to have been trained to show helplessness rather than impart knowledge of BSBDA.
- v. What happens if after the bank's non-disclosure of the BSBDA, one prompts to the bank branch official of the account type BSBDA? There is a sudden distaste and avoidance that gets reflected by the bank branch, and at the end you would be mis-educated to such an extent that



you would be left with a feeling that BSBDA is hardly a savings bank product for you to manage.

vi. What mis-education are we talking about? Well, starting from messing it up with limitations of 'Small Accounts' (even when full-KYC is not an issue), highlighting salary clauses, linking it necessarily with financial inclusion and PMJDY, highlighting negatives (though actually non-existent) of the account in terms of limitations of its use, etc.

3.8 Thus the survey informs us that (i) several banks (at least at the branch level) do not promote zero balance BSBDA; (ii) the front desk staffs are not well versed with general zero balance accounts and thus are not pro-active in mentioning the same; (iii) there are instances where it is mentioned that the range of savings accounts starts with a minimum balance of Rs 1000 (or more) and not zero; (iv) in urban centres it is observed that banks insist for self-signed cheque to open an account; and (v) many banks willing do not place BSBDA alongside accounts with potentially higher minimum balance requirements.



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## IV. Complex Design, Faulty Implementation

### Service charges and regulation

4.1 As discussed, RBI has prescribed mandates for zero service charges for a BSBDA. However, for non-BSBDA products, other than certain mandates on service charges for ATM and NEFT/RTGS usage and Cheque clearing, there exists no explicit mandate on service charges. Banks usually provide additional free services based on what minimum balance requirements are set for such non-BSBDA products.

4.2 It has been perceived for long that it is necessary for banks to provide certain minimum number of basic transactions for free in a savings bank account since banks have differentiated the rate of interest on the Time Component of the savings bank deposits and the Time Component of the term deposits. Under the premise that on an average there would be some reasonable amount of money in the account, the differentiated rate of interest has been the basis of identifying nature and quantum of ‘basic transactions’ to be provided free by banks.

4.3 There is a cost to bank while providing transaction facilities in a savings account. In the interest of the banking system and the depositors, such a facility should not ideally be provided free. Accordingly, revenue is generated for such transactions in form of a direct or indirect fee. Indirect fee is attributed through maintenance of minimum balance (for non-BSBDA) and low interest paid on savings account vis-à-vis MCLR<sup>14</sup> / term-deposit rates of bank. Banks on an average maintain more than 92% of their savings account deposits under Time component of the Demand and Time liabilities. This indirect fee/revenue provides for the minimum free debit transactions.

4.4 Keeping in view that RBI has mandated *Ensuring Reasonableness of Bank Charges*<sup>15</sup> (see, Box 1), either banks have to correctly migrate to prudent pricing by limiting certain transactions, or RBI has to intervene in the interest of banking and public policy and refine/reorient its directives on BSBDA.

#### **Box 1: Fixing of service charges by banks**

The practice of Indian Banks’ Association (IBA) fixing the benchmark service charges on behalf of member banks has been done away with and the decision to prescribe service charges are now taken by banks themselves with approval from their Board. While fixing service charges for various types of services like charges for cheque collection, etc., banks should ensure that the charges are reasonable and are not out of line with the average cost of providing these services. Banks should also ascertain that customers with low volume of activities are not penalised.

<sup>14</sup> MCLR is the Marginal Cost of funds based Lending Rate.

<sup>15</sup> Master Circular on Customer Service in Banks. RBI/2015-16/59 DBR No.Leg.BC.21/09.07.006/2015-16 July 1, 2015 <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/59FM04072F58B1DD44DFADD486B9B0A59E9D.PDF>



## Capacity of banks to offer BSBDA

4.5 The regulatory requirement to offer BSBDA in the present form and manner is counterproductive. In spirit, the regulation intends to provide a product with only few minimum basic services for free. The intent of regulation is not to create unnecessary burden on banks.

4.6 To remain compliant to the BSBDA regulation and to limit costs, a way out for banks could be to enforce changes denying any additional service to depositors and possibly disallow debits beyond four in a month. Such a move is not expected to go down well among the 54 crore odd BSBDA holders, which, even after removing multiple accounts per person, could cover a third of our population. Moreover, volumes of such accounts have been opened under PMJDY with intent of financially including the excluded, who would also possibly suffer in the process. Furthermore, with the government's focus on digital payments for every day merchant transactions, SBI's move to follow the regulation in letter and restrict debits to a total of four in a month is like missing the woods for the trees – more so since SBI not only discourages digital transactions in this process, but also loses revenue for every potential debit transaction at merchant location that it would prohibit beyond four in a month<sup>16</sup>. Note that SBI has a significant share of BSBDA to its credit, of which (as of mid-June 2017) more than 9.9 crore are PMJDY accounts.

4.7 As an alternative to the approach adopted by SBI, banks could have systems in place to convert the BSBDA to a non-BSBDA when breaches happen to the prescribed minimum free services after say, a warning. This though is feasible is not at all practical and is also detrimental to a BSBDA holder's interest. Putting systems for immediate conversion of BSBDA to regular accounts (with a requirement of certain minimum balance) and then allowing further debits in the month may just not be feasible. Furthermore, it may require branch visits and other time consuming exercise, both for customers and bank officials alike.

4.8 The above options also create unnecessary burden to the banks in form of software updates and logistic changes which are expensive. As an avenue, we need regulations in place which are implementable and invoke least inconvenience to customers. We refer to two reports which suggested modifying the definition of a BSBDA. The RBI and the IBA were apprised of the same way back in November, 2013 [[Banks Violating Prevention of Money-Laundering Act for Excluding the Excluded](#)] and later reiterated in September, 2014 [[The Art of Living for ATMs in India](#)]. However, no appropriate correction was done and banks preferred to go in the direction of non-compliance and letting a scenario of unawareness prevail, hurting the depositors in various ways.

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<sup>16</sup> Every merchant transaction using SBI's account (Debit Card) fetches it a share in interchange fee.



4.9 What is bank's gain in promoting the correctly executed BSBDA, other than simply complying with the RBI mandate? BSBDA has been perceived by banks as if the account would necessarily maintain low balances— though the account holder may in fact maintain balances more than the minimum that is required even for a regular non-BSBDA. From a customer's perspective, BSBDA is a means to protect against possible situations when, once in a while, the balances are low and thus the bank imposes a minimum balance non-maintenance fee.

4.10 Thus, how does a bank go about showcasing a BSBDA on its own merit rather than the current practice of hiding the same? Though banks should set thresholds on number of free debit transactions for a BSBDA, it should not force a situation where either

(i) the bank prohibits further debits of any type; or

(ii) the bank prohibits further debits despite balances being much higher than even the minimum required under regular accounts; or

(iii) the bank converts the account into a non-BSBDA instantly and then imposes a charge (subject to regulations that apply for non-BSBDA savings account) without a scope to reconvert the account automatically to BSBDA in the subsequent month; or

(iv) the bank allows all services free of charge, even beyond the threshold since it considers options (i), (ii) and (iii) highly customer unfriendly; or

(v) the bank converts the account into a non-BSBDA instantly and then imposes a charge (subject to regulations that apply for non-BSBDA savings account) with a scope to reconvert the account automatically to BSBDA in the subsequent month, and the cycle continues.

4.11 Though each of the options (i)-(v) are doable they would require significant IT intervention. It would only serve the purpose from the regulatory standpoint, but would essentially be a real waste of resources with possibly no major gains either to savers or bankers. Instead RBI could consider modifying its regulation on BSBDA, so as to allow retaining the account status as BSBDA while imposing reasonable charges beyond the mandated thresholds on cash transactions and certain value added services. Moreover, few cheque leaves may be provided free under such a modified regulation.

### **RBI's supervision to ensure compliance**

4.12 Unlike the largest bank SBI, which till recently had kept its regular savings bank accounts with no requirement of minimum balance, almost all other banks have their regular savings bank account with certain non-zero minimum balance requirement failing which a fee is imposed. RBI's imposition on banks to provide a BSBDA in which the minimum balance requirement, with no fee, is zero has some inherent conflict of interests with bank's own commercial



considerations. Therefore, banks usually do not showcase BSBDA alongside their other types of regular minimum balance savings bank accounts (that earns the bank revenues in form of cheap deposits or fee income on minimum balance threshold breaches).

4.13 As observed through the branch survey, banks (at least at the branch level) do not promote zero balance BSBDA. Why are bank branches not disclosing in letter and spirit the RBI mandated zero balance account while listing other categories of non-zero minimum balance savings bank account? The regulator, specially the CEPD of RBI has an important role to play. So far regulation, supervision of regulatory norms and more importantly customer education and protection issues pertaining to BSBDA have not been adequately addressed.

### **The PMJDY accounts**

4.14 The Government of India launched PMJDY on August 28, 2014, for extending formal financial services to the excluded population. The major features of the scheme include: (i) the facility to open a BSBDA in any bank branch or BC outlet; (ii) accidental insurance cover (Rs 1 lakh<sup>17</sup>) and life insurance cover (Rs 30 thousand); and (iii) an overdraft (OD) facility after satisfactory operation of the account for six months.

4.15 Though PMJDY accounts are meant primarily for financial inclusion (with a greater view to check the menace of banking untouchability for those who do not have the same resources and opportunities available to others), BSBDA have a much broader perspective and can be opened by anyone – not only by certain types of individuals like poor and weaker sections of the population but also other sections of the population without any restrictions imposed on income. It is considered as a normal basic banking service available to all customers.

4.16 As of March 2017, it is estimated<sup>18</sup> that there are a total of about 54 crore BSBDA opened through branches and BC points of which more than half are opened under PMJDY. During the one year period April 2016 - March 2017, about 6.74 crore BSBDA under PMJDY were added. It is significant to note that since the inception of the PMJDY, the thrust has been to open only BSBDA under the *yojana*. Table 2 shows that of the 15.51 crore BSBDA opened during 2014-15 only 0.79 crore were non-PMJDY accounts. Similarly, of the 7.09 crore BSBDA opened during 2015-16, only 0.38 crore were non-PMJDY accounts while the rest were PMJDY accounts. For more details with respect to bank-wise Analysis of PMJDY accounts, one may refer to a recent report, '*Analyzing Data of Pradhan Mantri Jan Dhan Yojana*' by Dutta and Das (2017).

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<sup>17</sup> 1 lakh = 100 thousand

<sup>18</sup> Based on past data, an estimate of the number of non-PMJDY BSBDA opened during 2016-17 is 0.39 crore.



Table 2: Annual addition of BSBDA

(No. of Accounts in crore)

Period	Number of PMJDY BSBDA	Number of non-PMJDY BSBDA	Total BSBDA	Cumulative Sum of Total BSBDA
2005-10	0.00	7.35	7.35	7.35
2010-11	0.00	3.13	3.13	10.48
2011-12	0.00	3.37	3.37	13.85
2012-13	0.00	4.36	4.36	18.21
2013-14	0.00	6.09	6.09	24.30
2014-15	14.72	0.79	15.51	39.81
2015-16	6.71	0.38	7.09	46.90
2016-17	6.74	0.39	7.13	54.03
Total	28.17	25.86	54.03	

Source: RBI's Annual Reports and DFS's dissemination of weekly PMJDY data

Note: For year 2016-17, 0.39 is an estimate based on past data

4.17 The above data demonstrates beyond doubt that, but for the PMJDY we would not have seen the BSBDA volumes that exists today. There is a strong impression that many such PMJDY accounts were not opened whole heartedly by the banks, but was done more to accomplish the government's mission on financial inclusion. This has also led to a significant percentage of BSBDA to remain inactive. Resultantly, the true BSBDA as envisioned by RBI are not prevalent. Predominantly, banks need to be prompted to offer this product. The frictions surrounding BSBDA should be appropriately addressed so that its prime objectives do not get diluted.

### The way out

4.18 Currently, banks are under tremendous pressure due to other major concerns such as NPAs and accordingly one wonders whether directions should be put in place stringently to reverse all service charges imposed on BSBDA. However, the regulation on BSBDA needs to be looked more holistically, upholding the law and ensuring that it does not encourage non-compliance over those banks that choose to be compliant, though at a cost to them. For example, ICICI Bank on realizing the correct definition of BSBDA reversed all charges retrospectively that were imposed on such accounts. Also, few banks, from the very beginning, imposed no fees on all services that they provided under BSBDA.

4.19 Nevertheless, the banking supervisor may like to ensure compliance of its own instructions on BSBDA so that no individual is turned away by a bank branch while attempting to open a simple bank account. In other words, RBI may like to plug the current rampant non-compliance of regulation related to opening of BSBDA.



4.20 To make BSBDA a valuable product for depositors as well as banks, the following recommendations are made:

i. For a BSBDA, the present requirement of complete ban to allow debits with a fee beyond four free debits per month is at a loss not only to banks but to customers alike. As also mentioned in the 2013 report, it is pertinent to reiterate that though RBI has defined BSBDA in a certain way, prohibiting fee based debits beyond four free debits per month should be relooked at. RBI could consider modifying its regulation on BSBDA, so as to allow retaining the account status as BSBDA while imposing reasonable charges beyond the mandated thresholds on cash transactions and certain value added services. Moreover, annually a certain number of cheque leaves may be provided free even under such a modified regulation.

ii. To encourage use of Debit Cards and internet/mobile based digital payments at merchant establishments (thereby issuer bank generating revenue in form of interchange), banks may like to allow unlimited free electronic debits for purchase of goods and services.

iii. The requirement of BSBDA to provide unlimited free credit transactions may be curtailed for cash deposits. A minimum monthly floor, in value terms, for free cash deposits may be imposed by RBI. Banks would have the freedom to set their free monthly floor higher than what is set by RBI and impose a fee beyond that.

iv. Even though BSBDA is a zero balance account, in order to eliminate unwanted elements, the initial minimum sum required for opening such an account could be higher than zero. A minimum amount requirement to open the account could be set at not exceeding Rs 200. This minimum amount requirement for opening a BSBDA could be further scaled down appropriately for rural locations, with it being Rs 100, say. It is re-emphasised that this requirement is only to open a bank account and that the minimum balance requirement could continue to be Rs 0.

v. While showcasing deposit products, many banks at their branches attempt not to place the RBI mandated BSBDA alongside other categories of savings bank accounts with potentially higher minimum balance requirements. It is suggested that RBI mandate banks to have proper disclosure norms (including verbal) at their branches pertaining to their offering basic banking facilities such as zero balance BSBDA.

vi. Finally, with the creation of the DEAF earmarked for promotion of depositors' interest and for such other purposes considered necessary for the promotion of depositors' interests, it is recommended that the funds under DEAF, *inter alia*, be utilised for running campaigns to educate public on the correct features of a BSBDA.



## V. Conclusion and recommendations

### Conclusion

5.1 BSBDA is an account that provides basic banking services to individuals with no associated fee that all banks are mandated to offer. This comes with a mandated facility of four free debits in a month. In case a bank's system allows more than four debits/withdrawals in a month, the RBI regulation does not allow the BSBDA to be charged for the fifth or subsequent debit(s) in the month. Now that we understand this, what are the implications of such precise information?

5.2 Does it mean that if a bank charges for the fifth debit, BSBDA has to shed its name? If so, what does the account become? The understanding of the product designer (RBI), the product provider (banks) and the product user (BSBDA holder) is yet to sync. A customer opens a BSBDA with clear understanding that such an account by definition has certain monthly debit limitations, does not impose any service fee, and balances as low as zero can be maintained. Banks, under the extant regulation, do not have their own discretion to provide the BSBDA holder with more additional facilities and a fee for the same. This report highlights that such a practice by banks is prevalent throughout the country.

5.3 A BSBDA cannot (or rather should not) fluctuate between being a BSBDA and turning to a non-BSBDA (by imposition of a fee) at the drop of hat and that too at bank's sole discretion, else we would not know how many BSBDA's are there in the country today. This has raised the questions

*1. Do the banks offer opening of a BSBDA as per its mandated definition and fee structure?*

*2. Do the banks offer an exclusive BSBDA which would not impose any fee as per the definition of a BSBDA?*

*3. Are the declared service charges for a BSBDA, as announced at the banks' website/branches, correct?*

5.4 The above questions are the basis of the recommendations that follow. RBI may like to work towards measures which would educate and protect the consumers.



## Recommendations

- i. Given the extant regulation on BSBDA, RBI may like to ensure its compliance so that no individual is turned away by a bank branch while attempting to open a simple bank account. In other words, RBI may like to plug the current rampant non-compliance of regulation related to opening of BSBDA.
- ii. For BSBDA, though RBI has prohibited fee based debits beyond four free debits per month, it may like to reconsider its policy and modify its regulation, so as to allow retaining the account status as BSBDA while imposing reasonable charges beyond the mandated thresholds on cash transactions and certain value added services. Moreover, annually a certain number of cheque leaves may be provided free even under such a modified regulation.
- iii. To encourage use of Debit Cards and internet/mobile based digital payments at merchant establishments (thereby issuer bank generating revenue in form of interchange), banks should allow unlimited free electronic debits for purchase of goods and services.
- iv. The requirement of BSBDA to provide unlimited free credit transactions may be curtailed for cash deposits. A minimum monthly floor, in value terms, for free cash deposits may be imposed by RBI. Banks would have the freedom to set their free monthly floor higher than what is set by RBI and impose a fee beyond that.
- v. Even though BSBDA is a zero balance account, in order to eliminate unwanted elements, the initial minimum sum required for opening such an account could be higher than zero. It is suggested that banks be given the freedom to set a minimum amount requirement not exceeding Rs 200, just to open the BSBDA. This minimum amount requirement for opening a BSBDA could be further scaled down appropriately for rural locations. It is re-emphasised that this requirement is only to open a bank account and that the minimum balance requirement could continue to be Rs 0.
- vi. While showcasing deposit products, many banks at their branches attempt not to place the RBI mandated BSBDA alongside other categories of savings bank accounts with potentially higher minimum balance requirements. It is suggested that RBI mandate banks to have proper disclosure norms (including verbal) at their branches pertaining to their offering basic banking facilities such as zero balance BSBDA.
- vii. With the creation of the DEAF earmarked for promotion of depositors' interest and for such other purposes considered necessary for the promotion of depositors' interests, it is recommended that the funds under DEAF, *inter alia*, be utilised for running campaigns to educate public on the correct features of a BSBDA.



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[http://www.rbi.org.in/financialeducation/content/GUIDE310113\\_F.pdf](http://www.rbi.org.in/financialeducation/content/GUIDE310113_F.pdf)
8. Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account. DBOD.No. Leg. BC.35/09.07.005/2012-13 dated August 10, 2012.  
<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/BC35100812SF.pdf>
9. Report of the Committee on Customer Service in Banks (Chairman Shri M. Damodaran). July, 4, 2011.  
<https://www.rbi.org.in/scripts/PublicationReportDetails.aspx?ID=645>
10. Financial Inclusion by Extension of Banking Services – Use of Business Correspondents (BCs). DBOD.No.BL.BC.43 /22.01.009/2010-11 dated September 28, 2010.  
<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/CPC28092010.pdf>
11. Financial Inclusion. DBOD.No.Leg.BC. 44/09.07.005/2005-06 dated November 11, 2005.  
<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/67155.pdf>



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## Appendix A: RBI's FAQs on Basic Savings Bank Deposit Account

### 1. Query

Whether the guidelines issued on 'no-frills' account with 'nil' or very low minimum balances will continue even after the introduction of 'Basic Savings Bank Deposit Account'?

### Response

No. In supersession of instructions contained in circular DBOD.No.Leg. BC.44/09.07.005/2005-06 dated November 11, 2005 on No Frill accounts, banks have now been advised to offer a 'Basic Savings Bank Deposit Account' to all their customers vide DBOD.No.Leg.BC.35/09.07.005/20012-13 dated August 10, 2012, which will offer minimum common facilities as stated therein. Banks are required to convert the existing 'no-frills' accounts' into 'Basic Savings Bank Deposit Accounts'.

### 2. Query

Can an Individual have any number of 'Basic Savings Bank Deposit Account' in one bank?

### Response

No. An individual is eligible to have only one 'Basic Savings Bank Deposit Account' in one bank.

### 3. Query

Whether a 'Basic Savings Bank Deposit Account' holder can have any other saving account in that bank ?

### Response

Holders of 'Basic Savings Bank Deposit Account' will not be eligible for opening any other savings account in that bank. If a customer has any other existing savings account in that bank, he / she will be required to close it within 30 days from the date of opening a 'Basic Savings Bank Deposit Account'.

### 4. Query

Can an individual have other deposit accounts where one holds 'Basic Savings Bank Deposit Account'?

### Response

Yes. One can have Term/Fixed Deposit, Recurring Deposit etc., accounts in the bank where one holds 'Basic Savings Bank Deposit Account'.

### 5. Query

**Whether the 'Basic Savings Bank Deposit Account' can be opened by only certain types of individuals like poor and weaker sections of the population?**

### Response

**No. The 'Basic Savings Bank Deposit Account' should be considered as a normal banking service available to all customers, through branches .**

### 6. Query

**Whether there are any restrictions like age, income, amount etc criteria for opening BSBDA by banks for individuals?**

### Response

**No. Banks are advised not to impose restrictions like age and income criteria of the individual for opening BSBDA.**

### 7. Query

Is the 'Basic Savings Bank Deposit Account' a part of the Financial Inclusion plans of banks?

### Response

The aim of introducing 'Basic Savings Bank Deposit Account' is very much part of the efforts of RBI for



furthering Financial Inclusion objectives. All the accounts opened earlier as 'no-frills' account vide DBOD Circular dated DBOD.No.Leg.BC.44/09.07.005/2005-06 dated November 11, 2005 should be renamed as BSBDA as per the instructions contained in paragraph 2 of our Circular DBOD. No. Leg. BC. 35/09.07.005/2012-13 dated August 10, 2012 and all the new accounts opened since the issue of our circular DBOD.No.Leg.BC.35 dated August 10, 2012 should be reported under the monthly report of the progress of Financial Inclusion plans submitted by banks to RPCD, CO.

**8. Query**

What are KYC norms applicable to BSBDA accounts? Are there any relaxations in KYC norms for BSBDA's?

**Response**

The 'Basic Savings Bank Deposit Account' would be subject to provisions of PML Act and Rules and RBI instructions on Know Your Customer (KYC) / Anti-Money Laundering (AML) for opening of bank accounts issued from time to time. BSBDA can also be opened with simplified KYC norms. However, if BSBDA is opened on the basis of Simplified KYC, the accounts would additionally be treated as "BSBDA-SMALL account" and would be subject to the conditions stipulated for such accounts as indicated in para 2.7 of Master Circular DBOD.AML.BC.No. 11/14.01.001/2012-13 dated July 2, 2012. .

**9. Query**

Can I have a 'Small Account' in ABC Bank as per the Government of India Notification No.14/2010/F.No.6/2/2007-E.S. dated December 16, 2010. Can I have additionally a 'Basic Savings Bank Deposit Account'?

**Response**

No, the BSBDA customer cannot have any other savings bank account in the same bank.. If 'Basic Savings Bank Deposit Account' is opened on the basis of simplified KYC norms, the account would additionally be treated as a 'Small Account' and would be subject to conditions stipulated for such accounts as indicated in paragraph 2.7 of Master Circular DBOD.AML.BC.No.11/14.01.001/2012-13 dated July 02, 2012 on 'KYC norms / AML standards / Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002'.

**10. Query**

What are the conditions stipulated for accounts which are additionally to be treated as 'BSBDA-Small Account'?

**Response**

As notified in terms of Govt of India notification dated December 16, 2010, BSBDA-Small Accounts would be subject to the following conditions:

- i. Total credits in such accounts should not exceed one lakh rupees in a year.
- ii. Maximum balance in the account should not exceed fifty thousand rupees at any time
- iii. The total of debits by way of cash withdrawals and transfers will not exceed ten thousand rupees in a month
- iv. Foreign remittances can not be credited to Small Accounts without completing normal KYC formalities
- v. Small accounts are valid for a period of 12 months initially which may be extended by another 12 months if the person provides proof of having applied for an Officially Valid Document.
- vi. Small Accounts can only be opened at CBS linked branches of banks or at such branches where it is possible to manually monitor the fulfilments of the conditions

**11. Query**

**What kinds of services are available free in the 'Basic Savings Bank Deposit Account'?**

**Response**

**The services available free in the 'Basic Savings Bank Deposit Account' will include deposit and withdrawal of cash; receipt / credit of money through electronic payment channels or by means of deposit / collection of cheques at bank branches as well as ATMs.**

**12. Query**

Is there requirement of any initial minimum deposit while opening a BSBDA as per the circular dated August 10, 2012?



Response

There is no requirement for any initial deposit for opening a BSBDA.

**13. Query**

**Whether banks are free to offer more facilities than those prescribed for ‘Basic Savings Bank Deposit Account’?**

**Response**

**Yes. However, the decision to allow services beyond the minimum prescribed has been left to the discretion of the banks who can either offer additional services free of charge or evolve requirements including pricing structure for additional value-added services on a reasonable and transparent basis to be applied in a non-discriminatory manner with prior intimation to the customers. Banks are required to put in place a reasonable pricing structure for value added services or prescribe minimum balance requirements which should be displayed prominently and also informed to the customers at the time of account opening. Offering such additional facilities should be non - discretionary, non-discriminatory and transparent to all ‘Basic Savings Bank Deposit Account’ customers. However such accounts enjoying additional facilities will not be treated as BSBDA.**

**14. Query**

**If BSBDA customers have more than 4 withdrawals and request for cheque book at additional cost, will it cease to be a BSBDA?**

**Response**

**Yes. Please refer to response to the above query (Query No.13). However, if the bank does not levy any additional charges and offers more facilities free than those prescribed under BSBDA a/cs without minimum balance then such a/cs can be classified as BSBDA.**

**15. Query**

**Whether the existing facility available in a normal saving bank account of Five free withdrawals in a month in other banks ATMs as per IBA (DPSS) instructions will hold good for BSBDA?**

**Response**

**No. In BSBDA, banks are required to provide free of charge minimum four withdrawals, through ATMs and other mode including RTGS/NEFT/Clearing/Branch cash withdrawal/transfer/internet debits/standing instructions/EMI etc It is left to the banks to either offer free or charge for additional withdrawal/s. However, in case the banks decide to charge for the additional withdrawal, the pricing structure may be put in place by banks on a reasonable, non-discriminatory and transparent manner by banks.**

**16. Query**

**Are the banks free to levy Annual ATM Debit Card charges?**

**Response**

**Banks should offer the ATM Debit Cards free of charge and no Annual fee should be levied on such Cards.**

**17. Query**

**Whether Balance enquiry in ATMs also should be counted within the four withdrawals permitted under BSBDA?**

**Response**

**Balance enquiry through ATMs should not be counted in the four withdrawals allowed free of charge at ATMs.**

**18. Query**

**If a customer of BSBDA agrees not to have ATM Debit card should the bank give ATM debit card by force?**



Response

ATM debit cards may be offered at the time of opening BSBDA and issued if the customer requests for the same in writing. Banks need not force ATM debit cards on such customers.

19. Query

What about customers who are illiterate or old who may not be in a position to safe keep and use the ATM debit card and PIN associated with it?

Response

Banks while opening the BSBDA should educate such customers about the ATM Debit Card, ATM PIN and risk associated with it. However, if customer chooses not to have ATM Debit Card banks need not force ATM debit cards on such customers. If, however, customer opts to have an ATM Debit card, banks should provide the same to BSBDA holders through safe delivery channels by adopting the same procedure which they have been adopting for delivery of ATM Debit card and PIN to their other customers.

20. Query

Whether Passbooks are also to be offered free to BSBDA holders?

Response

Yes. BSBDA holders should be offered passbook facility free of charge in line with our instructions contained in Circular DBOD. No. Leg. BC.32 /09.07.005 /2006-07 dated October 4, 2006.

21. Query

If a customer opens a BSBDA but does not close his existing Savings Bank Account within 30 days, are banks then free to close such savings bank accounts?

Response

While opening the BSBDA customers' consent in writing be obtained that his existing non-BSBDA Savings Banks accounts will be closed after 30 days of opening BSBDA and banks are free to close such accounts after 30 days.

22. Query

**In certain accounts like NREGA where disbursements are made weekly and if a month has five weeks, it may result in more than four withdrawals. In such cases can banks permit five withdrawals?**

Response

**In BSBDA, banks are required to provide free of charge minimum four withdrawals, including through ATM and other mode. Beyond four withdrawals, it is left to discretion of the banks to either offer free or charge for additional withdrawal/s. However pricing structure may be put in place by banks on a reasonable, non-discretionary, non-discriminatory and transparent manner by banks.**

23. Query

What is the prescribed rate of interest payable on balances in such 'Basic Savings Bank Deposit Account'?

Response

Our instructions contained in circular DBOD.Dir.BC.75/13.03.00/2011-12 dated January 25, 2012 on Deregulation of Savings Bank Deposit Interest Rate, are applicable to deposits held in 'Basic Savings Bank Deposit Account'.

24. Query

**In terms of RBI circular DPSS. CO.CHD. No. 274/03.01.02/2012-13 dated August 10, 2012, if "payable at par" / "multi-city" cheques are issued to BSBDA customers based on their request, can banks prescribe minimum balance requirements?**

Response

**BSBDA does not envisage cheque book facility in the minimum facilities that it should provide to BSBDA customers. They are free to extend any additional facility including cheque book facility free of charge (in**



which case the account remains BSBDA) or charge for the additional facilities (in which case the account is not BSBDA).

**25. Query**

**What is the definition of “Basic Savings Bank Deposit Account”(BSBDA)?**

**Response**

All the existing ‘No-frills’ accounts opened pursuant to guidelines issued vide circular DBOD. No. Leg. BC. 44/09.07.005/2005-06 dated November 11, 2005 and converted into BSBDA in compliance with the guidelines issued in circular DBOD.No.Leg.BC.35/09.07.005/20012-13 dated August 10, 2012 as well as fresh accounts opened under the said circular should be treated as BSBDA. Accounts enjoying additional facilities under the reasonable pricing structure for value added services, exclusively for BSBDA customers should not be treated as BSBDA.

**26. Query**

What is the time frame available to banks for converting “No-Frills” Account as Basic Savings Bank Deposit Account? What is the time frame available to banks for issuing ATM Cards to all the existing Basic Savings Bank Deposit Account holders?

**Response**

All the existing “No-Frill” accounts may be treated as BSBDA accounts from the date of the circular i.e., August 10, 2012 and banks may offer the prescribed facilities as per the circular such as issuing ATM card etc., to the existing ‘No-Frill’ account holders as and when the customer approaches the bank. However, for customers opening new accounts after the issue of our circular should be provided with the prescribed facilities immediately on opening of the account.

**27. Query**

**Whether the normal saving bank account can be converted into BSBDA at the request of customer?**

**Response**

**Yes. Such customers should give their consent in writing and they should be informed of the features and extent of services available in BSBDA.**

**28 Query**

**Whether Foreign Banks in India are also required to open BSBDA for customers? Whether Circular dated August 10, 2012 on BSBDA is applicable to Foreign Banks having branches in India?**

**Response**

**RBI instructions/guidelines contained in circular dated August 10, 2012 on BSBDA is applicable to all scheduled commercial banks in India including Foreign Banks having branches in India.**



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## Appendix B: Correspondence with RBI Dated December 17, 2015

### RE: BSBDA

**Ashish Das** <ashishdas.das@gmail.com>

Thu, Dec 17, 2015 at 6:49 PM

To: "Mehrotra, P K" <pkmehrotra@rbi.org.in>, cgmicdbr@rbi.org.in

Cc: "Varma, Sadhana" <sadhanavarma@rbi.org.in>

Dear Sir:

Thank you for your prompt response.

With reference to the circulars/FAQs on BSBDA, is it not that if a bank charges a fee beyond four debits, the account is no longer a BSBDA? (expected answer YES)

Thus, so long as the account is a BSBDA, is it not that the bank cannot charge a fee for whatever additional facilities it may desire to provide? (expected answer YES)

In short, for a BSBDA holder, the regulation is clear that the bank cannot charge in case the bank unilaterally provides additional facilities beyond the mandated four free debits.

If you are in sync to what I write above and what is written in my earlier mail, as below, I would request you to kindly see how best to address the situation.

Please let me know.

With regards,

Ashish

On Thu, Dec 17, 2015 at 6:04 PM, Mehrotra, P K <pkmehrotra@rbi.org.in> wrote:

Dear Sir

Please refer to the trailing mail.

In furtherance, we advise that in BSBDA, banks are required to provide free of charge minimum four withdrawals, through ATMs and other mode including RTGS/NEFT/Clearing/Branch cash withdrawal/transfer/internet debits/standing instructions/EMI etc It is left to the banks to either offer free or charge for additional withdrawal/s.

With regards

Prabhat Kumar Mehrotra  
Assistant General Manager

From: Ashish Das [ashishdas.das@gmail.com]

Sent: Wednesday, December 16, 2015 5:59 PM

To: Mehrotra, P K; DBR, CGM In-Charge

Cc: Varma, Sadhana; Korde, A Y

Subject: Re: BSBDA

Dear Sir,

Thank you for your response.

May I request you to kindly provide your simple (non-technical) answer in terms of yes/no to my original question, i.e.,

"For a BSBDA, in case the bank's system allows more than four debits/withdraws in a month, does the RBI regulation allows the BSBDA holder to be imposed a non-zero service charge for the fifth debit in a month?"

Where does your response take us?



Key words: "value-added services"; "reasonable pricing structure for value added services"; "transparent"; "non-discriminatory"; "prescribe minimum balance"; "displayed prominently"; and most important "with prior intimation".

So, BSBDA can shed its name by drop of hat. And what does it become? But providers (RBI/Banks) understanding and users understanding has to sync.

A farmer opens a BSBDA with a clear understanding that such an account by definition has certain monthly debit limitations if the bank so desires, does not allow imposition of any service fee and can maintain balances as low as zero. The bank cannot at its own discretion provide the BSBDA holder with more additional facilities and entice one to use the same for a fee and that too in the name of BSBDA.

A BSBDA should not fluctuate between a BSBDA and a non-BSBDA at the drop of a hat and that too at bank's sole discretion without a mandate in clearer terms, else we would not know how many BSBDA's are there in the country today.

A recently financially included customer would like to have a BSBDA, as per the definition of a BSBDA and which always remains a BSBDA, wherein the bank either does not allow to have more than 4 debits in a month or does not allow additional debits at a non-zero fee.

Thus, it raises the questions

1. Does the banks offer opening of a BSBDA as per its definition and fee structure?
2. Does the banks offer an exclusive BSBDA which would not impose any fee as per the definition of a BSBDA?
3. Are the declared service charges for a BSBDA, as announced at the banks' website/branches, correct?

Would appreciate a quick response on the clarity of the product called BSBDA created by RBI, as highlighted above.

With best regards,

Ashish

On Fri, Nov 20, 2015 at 1:29 PM, Mehrotra, P K <[pkmehrotra@rbi.org.in](mailto:pkmehrotra@rbi.org.in)<mailto:pkmehrotra@rbi.org.in>> wrote:  
Dear Sir

Query regarding Basic Savings Bank Deposit Account (BSBDA)

Please refer to your e-mail dated November 9, 2015 on the captioned subject.

2. In this connection, we advise that banks are free to offer more facilities than those prescribed for 'Basic Savings Bank Deposit Account'. However, the decision to allow services beyond the minimum prescribed has been left to the discretion of the banks who can either offer additional services free of charge or evolve requirements including pricing structure for additional value-added services on a reasonable and transparent basis to be applied in a non-discriminatory manner with prior intimation to the customers. Banks are required to put in place a reasonable pricing structure for value added services or prescribe minimum balance requirements which should be displayed prominently and also informed to the customers at the time of account opening. Offering such additional facilities should be non - discretionary, non-discriminatory and transparent to all 'Basic Savings Bank Deposit Account' customers. However such accounts enjoying additional facilities will not be treated as BSBDA's.

3. Further, it is to be noted that if the bank does not levy any additional charges and offers more facilities free than those prescribed under BSBDA a/cs without minimum balance then such a/cs can be classified as BSBDA.

4. You may refer to a list of 'Frequently Asked Questions (FAQs)' on BSBDA issued vide RBI Circular DBOD.No.Leg.BC.52/09.07.005/2013-14 dated September 11, 2013, which is available on RBI web-site [www.rbi.org.in](http://www.rbi.org.in)<<http://www.rbi.org.in>><<http://www.rbi.org.in/>>

Prabhat Kumar Mehrotra  
Assistant General Manager

---

From: Korde, A Y  
Sent: Friday, November 20, 2015 1:28 PM  
To: Mehrotra, P K  
Subject: FW: BSBDA



From: DBR, CGM In-Charge  
Sent: 09 November 2015 10:08  
To: Korde, A Y  
Subject: FW: BSBDA

From: Ashish Das [mailto:[ashishdas.das@gmail.com](mailto:ashishdas.das@gmail.com)<mailto:[ashishdas.das@gmail.com](mailto:ashishdas.das@gmail.com)>]  
Sent: 08 November 2015 07:02  
To: DBR, CGM In-Charge  
Subject: Fwd: BSBDA

----- Forwarded message -----

From: Ashish Das <[ashishdas.das@gmail.com](mailto:ashishdas.das@gmail.com)<mailto:[ashishdas.das@gmail.com](mailto:ashishdas.das@gmail.com)><mailto:[ashishdas.das@gmail.com](mailto:ashishdas.das@gmail.com)>>>  
Date: Sat, Nov 7, 2015 at 1:30 PM  
Subject: BSBDA  
To: CGM CEPD <[cgmcepd@rbi.org.in](mailto:cgmcepd@rbi.org.in)<mailto:[cgmcepd@rbi.org.in](mailto:cgmcepd@rbi.org.in)><mailto:[cgmcepd@rbi.org.in](mailto:cgmcepd@rbi.org.in)>>>  
Cc: [cgmdbd@rbi.org.in](mailto:cgmdbd@rbi.org.in)<mailto:[cgmdbd@rbi.org.in](mailto:cgmdbd@rbi.org.in)><mailto:[cgmdbd@rbi.org.in](mailto:cgmdbd@rbi.org.in)>>>

Dear Sir:

I seek the following clarification.

For a BSBDA, in case the bank's system allows more than four debits/withdraws in a month, does the RBI regulation allows the BSBDA holder be charged for the fifth debit in the month same?

Regards,

Ashish

--

Ashish Das  
Department of Mathematics  
Indian Institute of Technology Bombay  
Powai, Mumbai 400076  
Phone: +91-22-25767486<tel:%2B91-22-25767486><tel:%2B91-22-25767486>  
E-mail: [ashish@math.iitb.ac.in](mailto:ashish@math.iitb.ac.in)<mailto:[ashish@math.iitb.ac.in](mailto:ashish@math.iitb.ac.in)><mailto:[ashish@math.iitb.ac.in](mailto:ashish@math.iitb.ac.in)>>  
<mailto:ashish@math.iitb.ac.in>>>



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## Appendix C: Response from RBI Dated March 30, 2017

### BSBDA

Mehrotra, P K <pkmehrotra@rbi.org.in>

Thu, Mar 30, 2017 at 1:08 PM

To: "ashishdas.das@gmail.com" <ashishdas.das@gmail.com>, "ashish@math.iitb.ac.in" <ashish@math.iitb.ac.in>

Cc: "Yadav, Shrimohan" <shrimohanyadav@rbi.org.in>, "S S, Barik" <ssbarik@rbi.org.in>, "Chugh, Sonika L" <slchugh@rbi.org.in>, "T, Hariharan" <hariharant@rbi.org.in>

Dear Sir,

#### Basic Savings Bank Deposit Account (BSBDA)

-

Please refer to your email dated December 17, 2015 and March 2, 2016 on the captioned subject. In this connection, it may be mentioned that we have issued Circular DBOD.No.Leg.BC.52 /09.07.005/2013-14 dated September 11, 2013 on 'Financial Inclusion-Access to Banking Services- Basic Savings Bank Deposit Account' (BSBDA)-FAQs. Query Nos. 13, 14 & 15 of the Circular and its Response are reproduced below:

**13. Query**

*Whether banks are free to offer more facilities than those prescribed for 'Basic Savings Bank Deposit Account'?*

**Response**

*Yes. However, the decision to allow services beyond the minimum prescribed has been left to the discretion of the banks who can either offer additional services free of charge or evolve requirements including pricing structure for additional value-added services on a reasonable and transparent basis to be applied in a non-discriminatory manner with prior intimation to the customers. Banks are required to put in place a reasonable pricing structure for value added services or prescribe minimum balance requirements which should be displayed prominently and also informed to the customers at the time of account opening. Offering such additional facilities should be non - discretionary, non-discriminatory and transparent to all 'Basic Savings Bank Deposit Account' customers. However such accounts enjoying additional facilities will not be treated as BSBDA.*

**14. Query**

*If BSBDA customers have more than 4 withdrawals and request for cheque book at additional cost, will it cease to be a BSBDA?*

**Response**



*Yes. Please refer to response to the above query (Query No.13). However, if the bank does not levy any additional charges and offers more facilities free than those prescribed under BDBDA a/cs without minimum balance then such a/cs can be classified as BSBDA.*

**15. Query**

*Whether the existing facility available in a normal saving bank account of Five free withdrawals in a month in other banks ATMs as per IBA (DPSS) instructions will hold good for BSBDA?*

**Response**

*No. In BSBDA, banks are required to provide free of charge minimum four withdrawals, through ATMs and other mode including RTGS / NEFT / Clearing / Branch cash withdrawal/transfer/internet debits/standing instructions/EMI etc It is left to the banks to either offer free or charge for additional withdrawal/s. However, in case the banks decide to charge for the additional withdrawal, the pricing structure may be put in place by banks on a reasonable, non-discriminatory and transparent manner by banks.*

In view of our above instructions our reply to your questions is "Yes". However, the discretion to charge for the same lies with the bank and in case the banks decide to charge for the additional withdrawal, the pricing structure may be put in place by banks on a reasonable, non-discriminatory and transparent manner by banks. However, such accounts on which charges are levied for additional facilities will not be treated as BSBDA.

Further, no charges have been envisaged for opening BSBDA. Our circular DBOD.No.Leg.BC.35/09.07.005/ 2012-13 dated August 10, 2012 on BSBDA contain instructions with regard to certain minimum common facilities offered to the customers without the requirement of any minimum balance and any charges.

This has been issued with due approvals.

Yours faithfully

(P.K. Mehrotra)

Assistant General Manager

**Appendix D: Banks' true disclosures on BSBDA****SBI:**

<https://www.sbi.co.in/portal/documents/28392/54637/SBI+site+upload-Service+Charges-2017++june+2017+%28REVISED%29.pdf/39774a45-8800-43c7-990b-b23422d1c763> (Accessed 17-05-2017)

<b>A (iii) Service Charges for Basic Savings Bank Deposit (BSBD) accounts</b>	
Issue of Cheque book	10 Leaf Cheque Book at Rs. 30/- + ST 25 Leaf Cheque Book at Rs. 75/- + ST 50 Leaf Cheque Book at Rs. 150/- + ST
Issue of ATM Card	Only RuPay classic card will be issued free of cost
Withdrawals	Four withdrawals in a month including ATM withdrawals free of charges. <b>Beyond 4 withdrawals:</b> At Branch- Rs 50/- + ST per transaction. At other bank ATMS- Rs. 20/- + ST per transaction. Our Bank ATMs- Rs. 10/- + ST per transaction.

Modifying their earlier charges which came into effect from April 1, 2017, this was announced in late April 2017 with an effective date of June 1, 2017.

**Based on the present study, SBI modified its position as follows**

[https://www.sbi.co.in/portal/documents/28392/54637/SBI+site+upload-Service+Charges-2017++june+2017+%28REVISED%29\\_22052017.pdf/efd6465a-3524-437f-8dd6-4ff75816e567](https://www.sbi.co.in/portal/documents/28392/54637/SBI+site+upload-Service+Charges-2017++june+2017+%28REVISED%29_22052017.pdf/efd6465a-3524-437f-8dd6-4ff75816e567) (Accessed 06-06-2017)

and

<https://www.sbi.co.in/portal/web/personal-banking/basic-savings-bank-account> (Accessed 26-06-2017)

<b>A (iii) Service Charges for Basic Savings Bank Deposit (BSBD) accounts</b>	
Issue of Cheque book	No cheque book will be issued and no charges
Issue of ATM Card	Only RuPay classic card will be issued free of cost
Withdrawals	Four withdrawals in a month including ATM withdrawals free of charges. <b>Beyond 4 withdrawals:</b> No further withdrawals
BSBD account holders will be provided services as mandated by the RBI. No further services will be available to BSBDA account holders. In case of need, they may get their account converted to Normal Savings Bank account with full services at applicable service charges.	

Though the bank continues to indicate the effective date as June 1, 2017, due to the required IT changes, the bank could implement restrictions on debits, to four per month, only on a later date.



**ICICI Bank:**

<https://www.icicibank.com/service-charges/basic-savings-bank-account.page?> (Accessed 17-05-2017)

**Basic Savings Bank Account**

<b>Available to</b>	All cities
<b>Eligibility</b>	Person resident in India, >18yrs
<b>Minimum Monthly Average Balance (MAB)</b>	Nil
<b>Charges for non maintenance of MAB</b>	Not applicable
<b>Cash Deposits in Accounts at Base Branch (Branch where the account is opened)</b>	Unlimited without any charges
<b>Cash Deposit at Non-Base branches within the Base City (Branches in same city where the account is opened other than Base branch)</b>	Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 in the same month.
<b>Cash Withdrawals in Account at Base Branch</b>	Nil for the first 4 withdrawals in a month; thereafter Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 in the same month.
<b>Cash Withdrawal at Non-Base branches within the Base City</b>	Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 in the same month.
<b>Anywhere Cash Withdrawals by customer or customer's representative by debiting the customer's own savings Account at a non-base branch outside the Base City</b>	Nil for the first cash withdrawal of a calendar month; Thereafter in the month, Rs.5 per thousand rupees or part thereof, subject to a minimum of Rs.150 (Maximum withdrawal limit – Self: Any Amount , Third party: Rs.15,000 per day)
<b>Anywhere Cash deposit by customer or customer's representative to the credit of the customer's own savings Account at a non-base branch outside the Base City</b>	<b>At Branch</b> -Rs. 5 per thousand rupees or part thereof, subject to a minimum of Rs. 150 (Maximum deposit limit –Self: Any Amount, Third party: Rs. 50,000 per day) <b>At Cash Acceptance Machine</b> –Nil for the first cash deposit of a calendar month; thereafter in the month, Rs. 5 per thousand rupees or part thereof, subject to a minimum of Rs. 150.
<b>ATM Interchange (Transactions at Non ICICI Bank ATMs)</b>	First 5 transactions (inclusive of financial and non financial) in a month - Free Thereafter, Rs.20 (exclusive of service tax) per financial transaction and Rs. 8.50 (exclusive of service tax) per non financial transaction
<b>Transactions at ICICI Bank ATMs</b>	First 5 transactions (inclusive of financial and non financial) in a month - Free Thereafter, Rs.20 (exclusive of service tax) per financial transaction and Rs. 8.50 (exclusive of service tax) per non financial transaction
<b>Issue of DD drawn on ICICI Bank by cheque/transfer</b>	Rs.50 per D.D. up to Rs.10,000;Rs.3 per thousand rupees or part thereof for DD of more than Rs.10,000, subject to a minimum of Rs.75 and maximum of Rs. 15,000
<b>Statement</b>	No Statement Passbook facility available at base branch free of cost
<b>Debit Card Annual Fees</b>	Free
<b>Debit Card limit</b>	Daily spending/withdrawal limit: Rs. 10,000/ Rs.10,000
<b>Cheque Books</b>	Nil for 15 payable-at-par cheque leaves in a Year; Rs. 20 for every additional cheque book of 10 leaves.
<b>Charges for Multicity cheque payment</b>	Nil
<b>Value Added SMS alert facility</b>	Rs. 15 per quarter + taxes.
<b>Outstation cheque collection – through ICICI bank branch locations</b>	Upto Rs. 5,000 - Rs. 25 per instrument, Rs. 5,001 to Rs. 10,000 - Rs. 50 per instrument, Rs. 10,001 to Rs. 1 lakh - Rs 100 per instrument, Above Rs. 1 lakh - Rs. 200 per instrument
<b>Outstation cheque collection – through non ICICI bank branch locations</b>	Upto Rs. 5,000 - Rs. 25 per instrument, Rs. 5,001 to Rs. 10,000 - Rs. 50 per instrument, Rs. 10,001 to Rs. 1 lakh - Rs 100 per instrument, Above Rs. 1 lakh - Rs. 200 per instrument

**Note:**

1. Common service charges applicable to all [Savings Account](#) variants except for Wealth Management / ICICI Bank Private Banking and the ones mentioned above. [Click here](#).
2. Taxes at prevailing rates as per Govt rules shall be applicable over and above the mentioned charges. The charges indicated above are subject to period revision.



**Based on the present study, ICICI Bank modified and corrected its position as follows**

<https://www.icicibank.com/service-charges/basic-savings-bank-account.page> (Accessed 05-06-2017)

Basic Savings Bank Account	
Available to	All cities
Eligibility	All Indian residents
Minimum Monthly Average Balance (MAB)	Nil
Charges for non maintenance of MAB	Not applicable
Cash Deposits in Accounts at Base Branch (Branch where the account is opened)	Unlimited without any charges
Cash Deposit at Non-Base branches within the Base City (Branches in same city where the account is opened other than Base branch)	Nil
Cash Withdrawals in Account at Base Branch	Nil
Cash Withdrawal at Non-Base branches within the Base City	Nil
Anywhere Cash Withdrawals by customer or customer's representative by debiting the customer's own savings Account at a non-base branch outside the Base City	Nil
Anywhere Cash deposit by customer or customer's representative to the credit of the customer's own savings Account at a non-base branch outside the Base City	Nil
ATM Interchange (Transactions at Non ICICI Bank ATMs)	Nil
Transactions at ICICI Bank ATMs	Nil
Issue of DD drawn on ICICI Bank by cheque/transfer	No Charges
Statement	Passbook facility available at base branch free of cost
Debit Card Annual Fees	Free
Debit Card limit	Daily spending/withdrawal limit: Rs. 10,000/ Rs.10,000
Cheque Books	Nil
Charges for Multicity cheque payment	Nil
Value Added SMS alert facility	Nil
Outstation cheque collection – through ICICI bank branch locations	Not applicable
Outstation cheque collection – through non ICICI bank branch locations	Not applicable

Note:

1. Common service charges applicable to all [Savings Account](#) variants except for Wealth Management / ICICI Bank Private Banking and the ones mentioned above. [Click here](#).
2. Taxes at prevailing rates as per Govt rules shall be applicable over and above the mentioned charges. The charges indicated above are subject to period revision.



**HDFC Bank:**

<http://www.hdfcbank.com/personal/products/accounts-and-deposits/savings-accounts/basic-savings-bank-deposit-account?accordname=accordian3> (Accessed 17-05-2017)

**Enclosed below are HDFC Bank Basic Savings Bank Deposit Account fees and charges**

Address Confirmation	<b>Rs 50/- per instance</b>
Stop Payment Charges	Particular cheque - Rs. 100 (free through NetBanking), range of cheques - Rs. 200 (free through NetBanking)
Standing Instructions	Rs. 25 per transaction plus remittance charge ( w.e.f 1st July'13 )
Unarranged overdraft	NA
Old records/copy of paid cheques	Upto 1 year - Rs. 50 per record, Above 1 year - Rs. 100 per record
Activation of dormant account	No charges
Number of Cash transactions(Cumulative of Deposit and Withdrawal)	4 free cash transactions per month  5th transaction onwards - Rs.150/- per transaction (plus taxes & cess) would be levied
Value of Cash transactions(Cumulative of Deposit and Withdrawal)	<b>Home Branch</b> 2 lakh ---Free per month per account. Above 2 lakh---Rs.5/- per thousand or part thereof, subject to a minimum of Rs.150/-(plus taxes & cess)  <b>Non-Home Branch:</b> Cash transactions value upto Rs.25,000/- per day –No charge Above Rs.25,000/- ---Rs.5/- per thousand or part thereof, subject to a minimum of Rs.150/- (plus taxes & cess)
Third party Cash transaction (Cumulative of Deposit and Withdrawal)	Upto a limit of <b>Rs.25,000/-</b> per day --- <b>Rs.150/-</b> (plus taxes &cess) Above Rs.25,000/- not allowed  For Senior Citizen customers, Kids/Minor Accounts, while the limit of Rs.25000/- per day will be applicable , the accounts will not be charged
Cash Handling charges	Withdrawn effective 01st March, 2017
Local Cheque deposited for outstation accounts	No Charge
Phonebanking - IVR	Free
Phonebanking - Non IVR	<b>Rs. 50 per call (Agent assisted calls).</b>
Rupay Card	Free



ATM / Debit Card - Transaction Charge	HDFC BANK ATMs	Other Bank ATMs
	First 5 Transactions Free across all Cities	First 5 Transactions Free across all Cities
<p>Please check with your respective corporate for details of the offer</p> <p>Transactions over and above free limit will be charges as under:          Cash withdrawal - Rs. 20 plus taxes per transaction          Non-Financial Transaction - Rs. 8.5 plus taxes per transaction</p>		
Debit Card - Transaction Charge - Non HDFC Bank International ATMs	<p>Rs. 25 per balance enquiry &amp; Rs. 125 per cash withdrawal (plus taxes and cess)</p> <p>The Bank will charge cross-currency mark-up of 3.5% on foreign currency transactions carried out on Debit Cards. The exchange rate used will be the VISA/Master Card wholesale exchange rate prevailing at the time of transaction</p>	
PIN regeneration charge	Rs. 50(plus taxes and cess)	
Decline charge for insufficient balance	<p>Transactions declined at other Bank ATMs anywhere in the world or at a Merchant outlet outside India due to insufficient funds will be charged at Rs. 25 per transaction (plus taxes and cess)</p>	

**The above provides an abstract of the many more charges indicated for various services under BSBDA, in violation to RBI's extant regulations.**

**The bank also provides a Basic Savings Bank Deposit Account for Farmers which indicates service charges beyond four withdrawals at branches. See link**

<http://www.hdfcbank.com/personal/products/accounts-and-deposits/rural-accounts/basic-savings-bank-deposit-account-farmers> (Accessed 17-05-2017)



**Axis Bank:**

<http://test.axisbank.com/FeesAndChargeMaster/pdf/FeesandCharges-BasicSavingsAccount.pdf>

(Accessed 17-05-2017)

<b>BASIC SAVINGS ACCOUNT (SBBSA)</b>	
<b>ACCOUNT TARIFF STRUCTURE</b>	
(Service tax applicable will be levied on all charges, and would be rounded off to the next rupee)	
<b>Basic Service Fees</b>	
Initial Funding	Nil
Average Balance Required (Metro)	Nil
Account Service Fee (Metro)	NA
Average Balance Required (Urban)	Nil
Account Service Fee (Urban)	NA
Average Balance Required (Semi Urban)	Nil
Account Service Fee (Semi Urban)	NA
Average Balance Required (Rural)	Nil
Account Service Fee (Rural)	NA
Total Relationship Value (for all locations)	NA
Primary Debit Card: Type	Rupay Debit Card*
Primary Card: Issuance Fees	Nil
Primary Card: Annual Fees	Nil
Joint Debit Card: Type	Rupay Debit Card*
Joint Card: Issuance Fees	Nil
Joint Card: Annual Fees	Nil
My Design Card Issuance	NA
CHIP & PIN enabled card - Issuance	NA
Chequebook Issuance: No. of Chequebooks Free	One multicity Cheque Book Free per annum (20 leaves)
Account Closure	Rs 500**
DD/PO Issuance: No. of free DD/PO	0
*Terms and conditions	* For children below 10 years age, free ATM card is issued i.e. Nil Issuance and Annual Fees. ** Charges are levied if account is closed between 14 days and 6 months. No charges would be levied if account is closed within 14 days of account opening or after 6 months. Service Tax applicable on the above charges will be additional.
NetSecure with 1 Touch Issuance fee	Rs.800
<b>Transaction Fees</b>	
Daily withdrawal limit and Shopping limit	Daily ATM Withdrawal Limit of Rs.40,000, Daily POS transaction Limit of Rs.100,000
Monthly Cash Transaction Free Limits (Metro/Urban)	Free Cash deposits (across any Axis bank branch) up to a value of Rs 1 lakh and 4 free cash withdrawal transactions (Includes Branch Cash and Axis/Other ATM cash withdrawal transactions)
Monthly Cash Transaction Free Limits (Semi-Urban/Rural)	Free Cash deposits (across any Axis bank branch) up to a value of Rs 1 lakh and 4 free cash withdrawal transactions (Includes Branch Cash and Axis/Other ATM cash withdrawal transactions)
Fees on Cash Deposits and Withdrawals above limits	Rs.5 per Rs.1000 or Rs.150, whichever is higher
Outstation Cheque Collection Fees:	Upto Rs.5,000: Rs.25 per cheque, Rs.5,001 - Rs.10,000: Rs.50 per cheque, Rs.10,001 - Rs.1 Lakh: Rs.100 per cheque, Above Rs.1 Lakh: Rs.200 per cheque
RTGS Fees (Branch)	Rs.2 to Rs.5 Lakhs: Rs.25 per transaction, Above Rs.5 Lakhs: Rs.50 per transaction
RTGS Fees (Online)	NA
NEFT Transaction Limits (how many free per quarter)	0
NEFT Fees (Branch)	Upto Rs.10,000: Rs.2.5 per transaction, Rs.10,000 - Rs.1 Lakh: Rs.5 per transaction, Rs.1 Lakh - Rs.2 Lakhs: Rs.15 per transaction, Above Rs.2 Lakhs: Rs.25 per transaction
NEFT Fees (Online)	Upto Rs.10,000: Rs.2.5 per transaction, Rs.10,000 - Rs.1 Lakh: Rs.5 per transaction, Rs.1 Lakh - Rs.2 Lakhs: Rs.15 per transaction, Above Rs.2 Lakhs: Rs.25 per transaction
IMPS Fees	Upto Rs.1 Lakh - Rs.5 per transaction, Rs.1 Lakh to Rs.2 Lakh - Rs.15 per transaction
Speed Clearing Fees	Free upto cheque amount of Rs.1 lakh, Above Rs.1 lakh- Rs.150
Axis Bank ATM: No. of Free Transactions	4 free cash withdrawal transactions (Includes Branch Cash and Axis/Other ATM cash withdrawal transactions)
Non - Axis Bank ATM : No of Free Transactions	4 free cash withdrawal transactions (Includes Branch Cash and Axis/Other ATM cash withdrawal transactions)
Axis/Non-Axis ATM: Cash Withdrawal (Financial transaction) fees beyond limits	Rs.20 per transaction



**Yes Bank:**

<https://www.yesbank.in/pdf/basicssavingsbankdepositaccountenglishpdf> (Accessed 17-05-2017)

<h2 style="margin: 0;">Schedule of Charges</h2> <h3 style="margin: 0;">Basic Savings Bank Deposit Account</h3> <p style="margin: 0;">Effective Date: May 01, 2016</p>				
<b>Minimum Average Balance Maintenance</b>		<b>INR</b>	<b>Remittance Services *</b>	
Average Monthly Balance (AMB)	Nil	Foreign Outward Remittance	₹ 200 plus SWIFT Charges	
FD requirement for Nil AMB**	N.A.	Foreign Inward Remittance	Free	
AMB Non-maintenance charges	N.A.	<b>Collection Services</b>		
<b>Payment Services</b>		Intra-Bank Fund Transfer Collection	Free	
Intra-Bank Fund Transfer-Branch	Free	RTGS Collection	Free	
Intra-Bank Fund Transfer - NetBanking/ Mobile Banking	Free	NEFT Collection	Free	
RTGS Payment-Branch	Per Transaction Charges ₹ 25- Above ₹ 2 Lacs and upto ₹ 5 Lacs; ₹ 50- Above ₹ 5 Lacs	IMPS Inward	Free	
RTGS Payment - NetBanking/Mobile Banking	Free	Cheque Collection - Local Clearing	Free	
NEFT Payment - Branch	Per Transaction Charges ₹ 2.5- upto ₹ 10K; ₹ 5- ₹ 10,001 upto ₹ 1 Lac; ₹ 15- ₹ 1,00,001 upto ₹ 2 Lacs; ₹ 25- Above ₹ 2 Lacs	Outstation Cheque Collection - Yes BANK locations	Free (plus ₹20 courier charges)	
NEFT Payment - NetBanking/Mobile Banking	Free	Outstation Cheque Collection - Correspondent Bank locations (Instrument value)	Up to and including 5,000; ₹25 / Instrument	
IMPS Outward	Netbanking- Rs. 5 per transaction Mobile Banking- Free		Above 5,000 and up to including 10,000; ₹50 / Instrument	
Payable At Par Cheque Usage	Free		Above 10,000 and up to including 1,00,000; ₹100 / Instrument	
DD payable at YES BANK locations - Branch	4 Per Month Free; ₹ 50 / Instrument thereafter	Outstation Cheque Collection - Other locations (Instrument value)	Above 1,00,000; ₹ 150 / Instrument	
DD payable at YES BANK locations - NetBanking/Mobile Banking	Free (plus ₹ 20 courier charges)		Up to and including 5,000; ₹25 / Instrument	
DD payable at Correspondent Bank locations	1 Per Month Free; ₹ 2.5 / ₹ 1,000 thereafter (Min. ₹ 50 and Max. 5,000)		Above 5,000 and up to including 10,000; ₹50 / Instrument	
Cash Withdrawal	4 Txns per month Free, ₹ 2 / ₹ 1,000 thereafter (Min ₹ 20)	Cash Deposit	Free	
<b>Foreign Exchange Services *</b>		<b>Debit Cum ATM Card</b>		
DD Issuance - FCY	₹ 2 / ₹ 1,000 (Min. ₹ 250, Max. ₹ 1,000)	Card Type	Domestic	
Traveler's Cheque Issuance ^	1% Commission	Annual Fee	Nil	
Cheque Collection - FCY	₹ 2 / ₹ 1,000 (Min. ₹ 250, Max. ₹ 1,000)	PIN Regeneration	₹ 50 / Instance	
<b>Foreign Exchange Services *</b>		Charge Slip retrieval	₹ 250 / Instance	
DD Issuance - FCY	₹ 2 / ₹ 1,000 (Min. ₹ 250, Max. ₹ 1,000)	Replacement of lost / stolen Debit Card	₹ 149 / Instance	
Traveler's Cheque Issuance ^	1% Commission	Cross Currency Mark-up	3%	
Cheque Collection - FCY	₹ 2 / ₹ 1,000 (Min. ₹ 250, Max. ₹ 1,000)	<b>Transactions at ATM</b>		
<b>Foreign Exchange Services *</b>		<b>At Own Bank ATMs</b>	Free	
DD Issuance - FCY	₹ 2 / ₹ 1,000 (Min. ₹ 250, Max. ₹ 1,000)	Financial Txns + Non-Financial Txns	Free	
Traveler's Cheque Issuance ^	1% Commission	<b>At Other Bank ATMs</b>	Financial Transactions -First 5 per month Free. Thereafter Rs. 20 per Financial Txn Non-Financial Txn- Unlimited Free	
Cheque Collection - FCY	₹ 2 / ₹ 1,000 (Min. ₹ 250, Max. ₹ 1,000)	Financial Txns + Non-Financial Txns	Rs. 20 per Financial Txn Non-Financial Txn- Unlimited Free	
<b>Foreign Exchange Services *</b>		ATM Declines due to insufficient funds	₹ 25 / Instance	

\* See guidelines for details

^ Please check with the branch for the availability of this service



**Kotak Mahindra Bank:**

[http://www.kotak.com/sites/default/files/service\\_charges/gsfcb\\_sbsbda\\_small\\_account\\_jun16.pdf](http://www.kotak.com/sites/default/files/service_charges/gsfcb_sbsbda_small_account_jun16.pdf)

(Accessed 17-05-2017)

Particulars	Type of Savings Account	
	Basic Savings Bank Deposit Account	Small Account
Average Monthly Balance (AMB)	Nil	Nil
<b>Debit transactions - Withdrawals / Transfers / Outward Remittance</b>		
DD at Branch Location / Pay Order	Up to 4 withdrawals in a month - Free (Includes ATMs withdrawals, RTGS, NEFT, IMPS Clearing, branch, cash withdrawal, transfer, internet debits, standing instructions, EMI, etc.)	Up to 4 withdrawals in a month - Free (Value of all withdrawals should not exceed - ₹ 10k in a month)  (Includes ATMs withdrawals, RTGS, IMPS Clearing, branch, cash withdrawal, transfer, internet debits, standing instructions, EMI, etc)
DD at other than Branch Location		
DD/ PO through Net Banking		
Fund Transfer		
NEFT (Per Transaction) **		
RTGS (Per Transaction)		
Cash Withdrawal at Home & Non Home Location		
Cash Withdrawal at own ATM##		
Cash Withdrawal at other Domestic ATM##		
Standing Instruction - Execution		
<b>Credit Transactions - Collection / inward Remittances / Deposits</b>		
Local Clearing Cheque	Free	Free
Outstation Cheque Collection Charges -Branch Location / other than Branch location (Per Instrument)	Free	Free
Cash Deposit at Home & Non Home Location	Free unlimited no of txn. Up to ₹ 100000 per month.	Free unlimited no of txn. Subject to maximum limit of ₹ 100000 during a Financial year
<b>CHEQUE RELATED CHARGES</b>		
At-par Cheque Book Charges	Free - One Cheque book of 5 leaves in a Financial year	Free - One Cheque book of 5 leaves in a Financial year
<b>DEBIT CARD ISSUANCE / ANNUAL CHARGE</b>		
Classic Debit Card - Primary	Free	Free
<b>STANDING INSTRUCTION</b>		
Standing Instruction - Set-up / Amendment	Free	Free
<b>CERTIFICATE &amp; REPORT ISSUANCE CHARGES</b>		
Current & Previous year Balance and Interest Statement	Free	Free
Signature Verification Certificate / Photo Attestation / Address confirmation / Duplicate TDS certificate	Free	Free
<b>ACCOUNT STATEMENT &amp; PASSBOOK</b>		
Physical Account Statement (Quarterly)	Free	Free
Monthly E-mail Account Statement	Free	Free
Duplicate /Ad-hoc Statement Branch Banking (90 days)	Free	Free
Pass Book (In Lieu of Account Statement)	Free	Free
Duplicate Passbook	Free	Free
<b>OTHER FEATURES &amp; CHARGES</b>		
Non Maintenance Charge (Monthly)	Nil	Nil
Net Banking / Mobile Banking / Phone Banking	Free	NA
Balance Enquiry at other Domestic ATM	Free	Free
Regeneration Of PIN (ATM / Phone / Net)	Free	ATM pin - Free; Phone & Net pin - NA
Classic Debit Card Replacement of Lost / Stolen Card	Free	Free
Account Closure	Free	Free
Tax Collection Charge through Internet Banking / Branch	Free	NA
Record Retrieval Charges	Free	Free
<b>PENAL CHARGES</b>		
ECS Return / Cheque Issued & Returned (Financial Reason)	150 / return	150 / return
ASBA application rejection due to insufficient funds	150 / rejection	NA
Cheque Issued & Returned (Technical Reason)	Free	Free
Cheque Deposited & Returned (INR)	100	100
Decline In ATM/POS transaction due to insufficient balance	20 / txn	20 / txn
Standing Instruction - Failure	25	25
DD / PO / BC Revalidation / Cancellation - INR	100	100
Stop Payment - Single / Range of Cheques	100; Free Over Net Banking	100



**Standard Chartered Bank:**

<https://www.sc.com/global/av/in-bsbda-sosc-apr17.pdf>

(Accessed 17-05-2017)

	Basic Savings Bank Deposit Account		Basic Savings Bank Deposit Account
<b>MINIMUM BALANCE REQUIREMENT</b>		Annual Fee (per card)	Free
Monthly Average Balance (MAB)	NA	<b>Platinum Debit Card</b>	
Account Maintenance charges	NA	First Year Fee	Free
		Annual Fee (per card)	Free
<b>GENERAL CHARGES</b>		<b>m-Commerce Platinum Debit Card /Titanium Debit Card</b>	
<b>Account statements</b>		First Year Fee	NA
Quarterly Statements	Free	Annual Fee (per card)	NA
Monthly Statements	Free*	<b>Lost Card re-issuance</b>	
**Available at domicile branch for*		ATM Card	INR 150
*Customer-in-Person** (CIP)		Shop Smart debit card	INR 200
Passbook	Free*	Platinum Debit Card	INR 799
**Available at domicile branch for*		*m-Commerce Platinum Debit Card /Titanium Debit Card*	NA
*Customer-in-Person** (CIP)		<b>Manual Cash withdrawal</b>	
Duplicate passbook issuance	Free	At designated VISA partner bank branches in India	NA
		At designated VISA partner bank branches outside India*	NA
<b>Cheque book</b>		*Subject to Reserve Bank of India guidelines	
Personalized cheque book (local)	Free	<b>Replacement of PIN</b>	Free
Multicity Cheque Book (Personalised)	Free	<b>BRANCH TRANSACTION CHARGES</b>	
		Cash Deposit / Withdrawal	Free
<b>ATM Usage</b>		Pay order / demand draft	Free
Standard Chartered ATM's in India	Free	<b>PHONE BANKING SERVICE CHARGES</b>	
Non Standard Chartered ATM's in India		Self-service IVR calls	Free
First 5 (Financial & Non-financial <sup>^</sup> ) transactions	Free*	Non IVR calls attended by phone banking officers	Free
Above First 5 (Financial & Non-financial <sup>^</sup> ) transactions in a month (per transaction)*	Free*	<b>OTHER ACCOUNT RELATED CHARGES</b>	
<sup>^</sup> Balance enquiry is considered as non financial transaction		<b>Duplicate statement</b>	
* The maximum cash you can withdraw using your Debit Card at other bank ATM's is INR 10,000 per transaction. However, this limit may vary as per the discretion of the other Bank*		Statement upto 3 months old	Free
ATM's outside India*	Free	Statement more than 3 months old	Free
*Cash withdrawal subject to RBI guidelines		<b>Account closure</b>	Free
<b>ATM Cards</b>		<b>Stop payment</b>	
First Year Fee	Free	Single cheque	Free
Annual Fee (per card)	Free	Range of cheques	Free
<b>Corporate Platinum Card</b>		<b>Cheque return</b>	
First Year Fee	Free	Due to technical reasons	Free
Annual Fee (per card)	Free	Cheque issued by the customer (due to financial reason)	Free
<b>ShopSmart Debit Card</b>			
First Year Fee	Free		



**HSBC:**

[http://www.hsbc.co.in/1/PA\\_ES\\_Content\\_Mgmt/content/website/pdf/personal/bsbda\\_tariff\\_schedule.pdf](http://www.hsbc.co.in/1/PA_ES_Content_Mgmt/content/website/pdf/personal/bsbda_tariff_schedule.pdf)

(Accessed 17-05-2017)

<b>Basic Savings Bank Deposit Account (BSBDA) - Terms of Use</b>	
With effect from: 1 January 2014	
Services	Terms
Account Opening	No funding cheque or cash required
Internet Banking	No charges applicable
PhoneBanking	No charges applicable
Cheque Book	No charges applicable
Cash or Cheque Deposit	No charges applicable
Withdrawal from Account	Free withdrawals per month across demand drafts, pay orders, cheque issuances, electronic transfers*, ATM withdrawals and cash withdrawal requests placed through any of our branches
Debit Cards	No charges applicable
Debit Card Daily Withdrawal Limits	Cash withdrawal - ₹25,000 Purchase - ₹10,000

\*RTGS/NEFT

As a BSBDA holder, you are not eligible to have or open any other savings account with HSBC in India. If you have any other existing savings account with HSBC in India, you are required to close the same within 30 days from the date of opening the Basic Savings Bank Deposit Account, or else we will be constrained to close such other savings accounts that you hold with HSBC India.

**HSBC**

BSBDA TS WEB 12/15



## Appendix E: Bank branch survey responses on zero balance BSBDA

Surveyor: PIYUSH KUMAR (1)

### ICICI BANK

ICICI Bank Limited, Hiranandani Gardens, Powai, **Mumbai**  
13:00, Saturday, 29Apr2017



**Interaction: 3 employees**

I am currently, doing post-graduation in IIT Bombay. Today, I went for opening of a **Basic Savings Bank Deposit account(BSBDA)**. As per RBI guidelines, this account shall not have the requirement of any minimum balance.

These are my experiences in opening of a simple BSBDA account: -

- A bank employee clearly denied me that this type of services doesn't provided by this bank.
- I told him that I have gone through the ICICI Bank website, and there it is clearly mentioned that ICICI Bank provides BSBDA services. After saying this he told me that Yes, it is provided but not in this branch.
- I have said him that this is urban city why would bank doesn't provide this service. He suggested that bank only provide a regular savings bank account at a minimum balance Rs.10, 000/-.
- By saying, that I am a IITB students, he said that we don't provide society based account.
- Since, I am a student and I don't have much money to be opting a regular savings bank account. But he didn't listen me and continuously he denied. And after, that he disappeared and was doing his work.
- I met to branch manager, manager also convincing me that we provide only regular savings account. And by saying that I am IITB student, she passed silly argument to me that we (the branch) don't provide account to campus student since they have their product in canara bank. What does this mean, Am I have no right of opting for another bank account?
- I told the manager if she doesn't listen me, then I would have to go to RBI for this issue. After that she someway agreed.
- In the above situation, I have faced much more difficulties on a simple work only of account opening. Since I am studying in IIT Bombay thus I have much more academic work to do. In the above happened things, I have lost my 2 hours, even I spent money of my phone balance on talking to knowledgeable person in banking areas.



I am thinking about the situation as I am an educated person cannot open BSBDA account for himself without getting help, then what happened for a poor uneducated person who don't have money, awareness etc. So, what is the motive behind RBI to introduce these types of saving account in which bank doesn't cooperate with local people and discouraging the poorer sections of society to start saving without any burden of charges and fees?



**Surveyor: PIYUSH KUMAR (2)**

**INDUSIND BANK**

**IndusInd Bank Ltd. Gayatri Mandir Road, Kankerbagh Colony, Patna**

**14:00, Monday, 15May2017**



**Interaction: 3 employees**

Today, I went for opening of a **Basic Savings Bank Deposit account (BSBDA)**. As per RBI guidelines, this account shall not have the requirement of any minimum balance.

These are my experiences in opening of a simple BSBDA account: -

- After asking to him about I want to open an account he firstly gave me the option for regular saving account having initials deposit of Rs. 20,000/- and average monthly balance of Rs. 10,000/-
- Then I asked her about is there any provision of zero balance account then he clearly said NO, and by adding that he told that this type of services closed many days back. Nowadays, no banks provide this type of facilities. So, he suggested me to open the above-mentioned regular savings bank account.
- After all that discussion, I have asked for BSBDA, then he somewhat understand that I am not unaware about zero balance account due to that, he agreed to open a no-frills account. And for further queries, he sent me to another employee.
- Another employee asked me the purpose of opening of BSBDA I told him it is because of getting scholarship. He told me that Bank can open a small zero balance account, I asked him when I am providing the full KYC to the bank then why I pursue the small zero balance account?
- I asked him can you please provide me the fees and charges of services under BSBDA, he told me I will give you the print copy of BSBDA service charges but by regular surfing through the IndusInd bank website he didn't get anything about BSBDA. At last, I said that please email me when you will get. I had provided my email id to him. Frankly speaking, I felt that he has somewhat lack of proper knowledge about the various types of accounts provided by IndusInd bank.
- Finally, I step to the branch manager and told him that I am here to open zero balance account then he perceived that I am talking about Jan-Dhan yojana account. I clearly state that I want



BSBDA but he said that the Jan-Dhan yojana is BSBDA. And by adding that he said that if you want ATM card then you must pay for its issuance, and same for cheques also. Plus, apart from all that one should not exceed his account balance over Rs. 50,000/-.

- I asked to branch manager for visiting card for further queries in future but he denied giving me. And he provided me his employee card which has lack of knowledge of all that.

After looking to all event, I want to mention here that if I am unaware of BSBDA then I think the working people in the bank confuse me in-between small zero balance account, BSBDA, Jan-Dhan yojana etc.

Please consider the above matter and make the process of account opening easy and clear so that no one confuse and understand what one should want to opt. In the above case if I am unaware then I have Jan-Dhan yojana account which I doesn't want.



**Surveyor: PIYUSH KUMAR (3)**

**UCO BANK**

**UCO Bank, Kankarbagh Branch, Patna**  
**15:15, Wednesday, 24May2017**



**Interaction: 1 employee**

Today, I went for opening of a **Basic Savings Bank Deposit account (BSBDA)**. As per RBI guidelines, this account shall not have the requirement of any minimum balance.

These are my experiences in opening of a simple BSBDA account: -

- ❖ I stepped to the account opening section of the bank, and I told the employee sitting there that I wanted to open an account he said fine, this is the account opening form and I should submit it with Aadhar Card and Pan Card.
- ❖ I asked to him that Is there any Minimum balance required to maintain the account, he said you have to make a deposit of Rs.1,000/- as an initial at the time of account opening and you have to maintain Rs.500/- as an Average Monthly balance Requirement.
- ❖ I said that I am not much able to maintain Rs.500/- as an AMB. Is there any Zero balance account in which it is not mandatory to maintain the AMB then he said that there is no such type of account for common man, it is facilitated for the students, MNREGA etc. type of people. Plus, if you are in below poverty line then you will be eligible for Zero balance account.
- ❖ I said that I am not sure that I would maintain or not the AMB. He asked me what is your purpose behind to opt for a saving bank account , I stated that since I am a student having no source of money for me and something if I got then it would be from my scholarship so that's why I am inclined towards Zero Balance account.
- ❖ After all that , I said that Is there any BSBDA account in which any one can open account with zero balance and no need to maintain any AMB. He said that BSBDA is that



account which I have discussed in the third point. And, he told that there are many limitations in BSBDA.

- ❖ He was regular convincing me for the regular savings bank account, he suggested that try one month regular saving bank account, if you will not unable to do that (to maintain AMB) then he will convert it into a student based account.
- ❖ I asked Can I meet to the bank manager, he said that the manager was gone for training and nowadays, he is in charge of the bank.
- ❖ I have asked for the visiting card, he has provided his visiting card.



**Surveyor: SHUBHAM SAINI (1)**

**AXIS BANK**

**Axis Bank, Hiranandani Gardens, Powai, Mumbai**

**15:00, Saturday, 29Apr2017**



**Interaction: 6 employees**

My experience at axis bank Hiranandani branch for opening of BSBDA account.

- I and my friend went to bank for opening of a BSBDA then authorities told me that you can't open BSBDA in any axis bank in India. If you want to open any account then you must maintain minimum account balance of 10,000/- rupees for first three months.
- I have gone through the axis bank website about BSBDA, it states that One can open BSBDA account if he has no saving account in that bank. And in future he is not eligible for opening of any other saving bank account.
- I asked her(employee) that I want to meet to BANK MANAGER she did not allowed me and she took me to her senior.
- Her Senior agreed to open BSBDA but he said that he don't have a kit for BSBDA so you must go to our other branch at Chandivali, that branch may have the kit.
- We went to Chandivali branch and met employee then he said the same that you cannot open BSBDA account here
- I asked him that I want to meet branch manager but he replied that bank manager is not there she will come in half an hour
- I said him that I have gone through your bank website.
- He agreed and said that there are so many charges that you would have to pay in BSBDA account after activating account .and said you should open your regular savings account that will be good for you
- So, we waited for her, after half an hour she came and we meet her. And asked her to provide BSBDA account so she replied that this branch is new and this branch is in posh area only rich people used to come here so they also don't have the kit.
- We told her that we visited Hiranandani branch also and they suggested to visit Chandivali branch



- She said that Hiranandani branch is older than our branch how they can have sent you to us. and she talked to Hiranandani bank branch manager and said him to open our account without kit. And sent us again to Hiranandani branch.
- after all these arguments, they said that we can open your account without a kit but we must face so many problems to verify your address without kit that's why we can't provide your account then we said that it is not a valid reason as it is their duty to provide account
- Finally, they agreed for opening our account, filled our form and took needed document from us.
- They said that we have filled your form but because this account is opening without a kit so there may be some chance to verify our details by coming to our location after two or three days
- So, they will call me if they will come to verify our location otherwise they also inform us when my account will be activated.



**Surveyor: Shubham Saini (2)**

**Kotak Mahindra Bank**

**Kotak Bank, Hiranandani Branch, Powai, Mumbai**  
**14:30, Tuesday, 02May2017**



**Interaction: 2 employees**

My experience at Kotak Mahindra bank Hiranandani branch for opening of BSBDA account:

- I went to the branch for opening of a saving bank account. I met the first employee and asked her to open saving bank account.
- She suggested me to open a regular saving account in which I must maintain minimum account balance Rs. 10,000/-
- I said her that I cannot maintain as much amount after that I asked her that Is there any zero-balance account?
- She said me there is no facility to open zero balance account and suggested me to another scheme in which we must maintain minimum account balance of Rs. 2,000.
- Then after some conversation she said that I only provide you the form of zero balance account but you have to visit another branch for opening of the account.
- Then I said her that I have to go to home tomorrow ,thus she suggested me to open account after coming back.
- Then another senior employee sitting nearby her said me that I can open your account but it would take around seven days to verify your identity, since I had to go home tomorrow.
- Then I again asked him, Will you open my zero-balance account when I will come back from home. He agreed and clearly said me yes and he went to another work.
- Then I said to first employee that I have go through the bank website and there is a BSBDA and asked her about this. She agreed and explained me some information and then she said me to wait for two minutes and after that she came up with a SMALL BSBDA form.
- Then I asked her What is the SMALL BSBDA? Then she said that this is same as BSBDA.
- After some talk she went for consulting to her senior and then she came with a BSBDA form and gave me the form. And said me to come with this form when you want to open BSBDA.

In the above situation, I felt that the first employee (she) has lack of knowledge about BSBDA. So, she confused me in between SMALL BSBDA and BSBDA. But after consulted by her senior she came to know that she had done mistake and she come up with the BSBDA form and agreed to open the BSBDA in her branch



**Surveyor: Shubham Saini (3)**

**Bank of India**

**Bank of India, Raipur Branch, Bhagwanpur, Uttarakhand  
12:26, Thursday, May 11, 2017**



**Interaction: 2 employees**

My experience at Bank of India, Raipur branch for opening of BSBDA account: -

- I went to the branch for opening a saving bank account. Where, I met with the branch manager and asked her to open a saving bank account.
- She send me to other employee for opening saving account.
- I went and asked her to open a saving bank account.
- She asked me for adhar card, I said that I have voter id not adhar card.
- She told me that we can't open any account without adhar card.
- I said that I will provide my adhar card later.
- So, she told me about saving account in which I must maintain Rs.500/-
- I said that I cannot maintain as much amount. Is there any other saving account for less then Rs.500/-?
- She said that we can't open any saving account in less than 500/- minimum balance. You must maintain minimum 500/- balance in that account.
- So, I feel that a common person can't open BSBDA in that branch because she directly refused to open any saving account with the balance less than 500/-
- Now I talked to her like I know about BSBDA.
- I said that I have gone through the bank website and there is a BSBDA and asked her about this.
- Now She agreed and told me that this is a zero-balance saving account but there are too many conditions in BSBDA that is not good for me and suggested me to open a regular saving account in which I must maintain minimum account balance Rs. 5,00/-
- I said that I want to open only BSBDA then she said that the employee who open BSBDA is not present yet. When he will come he will open your BSBDA.
- Then I went to branch manager and asked for email id and contact details.

I felt that the employees don't want to tell about BSBDA to common person who comes to open saving account.



**Surveyor: Shubham Saini (4)**

**Canara Bank**

**Canara Bank, Bhagwanpur branch, Uttarakhand**

**11:50, Thursday, May 18, 2017**



**Interaction: 2 employees**

My experience at Canara Bank, Bhagwanpur branch for opening of BSBDA account: -

- I went to the branch for opening a saving bank account. Where, I met with the employee and asked him to open a saving bank account.
- He asked for pen card, Rashancard, photo, Aadhar card.
- I said that I have only voter id card and photo so he said no, all are required to open an account.
- Now I asked about the charges of saving account.
- He told me that you have to maintain minimum 500 balance in your account and there are some other charges too.
- I asked for another saving account he replied that there is no another saving account.
- I asked for zero balance saving account he again refused me and said that there is only one saving account in which you must maintain 500 / minimum balance.
- I asked to meet branch manager so he sent me to branch manager.
- I said to branch manager that I want to open a saving account.
- He also said the same that you must maintain minimum 500 / balance in your account.
- I said that I want to open zero balance saving account.
- He told me that I can open zero balance saving account under jandhan saving account. But there are too many limits on this account.
- He said that you cannot withdraw more than three time from ATM in a month, your transection can not exceed 50,000 balances in a year. And we will give you ATM only not cheque book. Also, you cannot use internet banking in zero balance saving account.
- I asked what is BSBDA then he told that BSBDA is same as jandhan saving account.
- I asked for contact details then he gave me his card.



**Surveyor: Shubham Saini (5)**

**ICICI Bank**

**ICICI Bank, Bhagwanpur branch , Uttarakhand**

**11:30, Thursday, May 18, 2017**



**Interaction: 2 employees**

My experience at ICICI Bank, Bhagwanpur branch for opening of BSBDA account: -

- I went to the branch for opening a saving bank account. Where, I met with the employee and asked her to open a saving bank account.
- She told me about a saving account in which I must maintain minimum 5,000 / balance.
- I said that I cannot maintain that much amount .and asked for another saving account.
- She said this is the only saving account in our branch. if you want to open a saving account than you must maintain minimum 5,000 /. In account.
- I asked can I meet to branch manager she agreed and sent me to branch manager.
- I said to branch manager that I want to open a saving account but your employee said you must maintain minimum 5,000 /.
- He also said same to me that this is necessary if you want to open saving account in our branch.
- I asked that there is no another saving account less than 5,000 / minimumbalance?
- he told me that before this the criteria were10,000 /. We already reduced it to 5,000/.
- I said I cannot maintain 5,000 /. Then he said I will open your account on 2,000 /. Minimum balance if you are a student.
- I refused and said I can't maintain 2000 too.
- So, he said that I can't open your account less than 2000 minimum balance.
- ThenI said that I have gone through the bank website and there is a BSBDA and asked him about this.
- He told me about BSBDA. thenI asked what is the disadvantage of BSBDA
- he said that there BSBDA have advantage and have not much disadvantage but there are many limitations in that account like you can't exceed 50000 balance in your account. if you did then you will be in trouble and have to show some documents like income certificate etc.
- he said that if you want to open BSBDA then you should go to our other branch (Roorkee branch or Saharanpur branch). In our branch, we can open only saving account on minimum balance 5,000 /.
- He suggested me to open normal account to avoid limitation on account.
- I asked for contact details then he gave me his card.



*Basic savings bank deposit account*

Employee direct refused to open any saving account of less than 5,000 minimum balance .and when I asked about BSBDA branch manager told me everything about BSBDA but did not opened. and preferred me to other branches for BSBDA.



**Surveyor: Shubham Saini (6)**

**Union Bank of India**

**UBI, Bhagwanpur branch, Uttarakhand**

**11:05, Thursday, May 18, 2017**



**Interaction: 3 employees**

My experience at Union Bank, Bhagwanpur branch for opening of BSBDA account: -

- I went to the branch for opening a saving bank account. Where, I met with the branch manager and asked him to open a saving bank account. He sent me to another employee.
- I asked to open a saving account. He started telling me about the documents. Then I asked about different types of saving accounts.
- He told me that there are three types of saving accounts. general saving account, current saving account and jandhan saving account.
- I asked what is the difference between these accounts. then he indicates to another employee and said that she will tell you.
- I went to that employee and asked about these saving account. She told me about these accounts. In general, and current account, there will be some minimum balance required to open account and in jandhan account no minimum balance required.
- But there are some limits in jandhan saving account like you can't exceed 50000 per year. And one-time transaction amount will not be more than 10000.
- I asked what is BSBDA then she replied that BSBDA is same as jandhan saving account.
- I asked can you open BSBDA and she replied yes, she can open.
- Then I asked about branch manager contact details so she sent me to branch manager.
- I went to branch manager and asked about contact details but he refused me.
- I asked about contact number and email so he said telephone is not working and email is not working too.
- I asked what I did if I want to contact you he replied that you must come to branch. I can't give you any details.
- He also said that you can find my name and details in branch site.

I felt that the employees had lack of knowledge about BSBDA and if someone wants to open zero balance account then they would open jandhan saving account and will not tell anything about BSBDA.



**Surveyor: Shubham Saini (7)**

**State Bank of India**

**SBI, Bhagwanpur branch, Uttarakhand**

**10:45, Saturday, May 20, 2017**



**Interaction: 2 employees**

My experience at SBI Bank, Bhagwanpur branch for opening of BSBDA account: -

- I went to the branch for opening a saving bank account. Where, I met with the employee and asked him to open a saving bank account.
- He said me that you have to pay 1,000 rupees to open a saving account. And you must maintain this at all time in your account. If this will reduce then you have to pay some charges.
- I told that I can't maintain 1,000 rupees and asked for another saving account in which minimum balance is less than 1,000 rupees.
- He refused me and replied that this is the only saving account in which you must maintain minimum 1,000 balance.
- I asked to meet branch manager then he sent me to branch manager.
- I told the branch manager that I want to open saving account but the employee said that you must maintain minimum 1,000 balance in that saving account.
- Branch manager also said the same and told me that if you want to open zero balance saving account then go to private bank they will open it. In our branch we cant open zero balance saving account. He directly refused me.
- Now I talked about BSBDA. I said that I have gone through the bank website and there is a BSBDA and asked him about this.
- He told me that now rules has been changed. that account can open only in village.
- I asked when is the rules have been changed? then he replied from 1<sup>st</sup> April.
- I asked is it rural branch? he replied yes and told me that in rural branch minimum balance is 1,000, in semi-rural branch it is 2,000 and in urban branch it is 5,000 for opening saving account.



- He told me that now It is necessary to maintain minimum 1,000 balance if you want to open saving account in our branch. We can't open any zero-balance account.
- I knew that he will not open BSBDA. so, I asked about his card and came back.

I felt that they will not open BSBDA of any person. when I asked about BSBDA they directly refused to open BSBDA.



**Surveyor: Shubham Saini (8)**

**Punjab National Bank**

**PNB, Bhagwanpur branch, Uttarakhand**

**11:25, Saturday, May 20, 2017**



**Interaction: 3 employees**

My experience at PNB Bank, Bhagwanpur branch for opening of BSBDA account: -

- I went to the branch for opening a saving bank account. Where, I met with the employee and asked her to open a saving bank account.
- She sent me to another employee who was opening account.
- I went but he was not present there so I went to one another employee and asked about saving account.
- He said me If you want to open saving account then you must maintain minimum 1,000 balance in that account.
- I told him I can't . Is there any other saving account in which minimum balance is less?
- He refused me and replied this is the only saving account. you must maintain minimum 1,000 balance if you want to open saving account in our branch.
- I asked to meet branch manager but he told me that branch manager is not present. He has gone in a meeting in Dehradun.
- I asked about visiting card of branch manager but he said that we don't have card yet. And said me to come on Monday.
- So, I decided to go on Monday again to meet branch manager.
- I went again on Monday.
- I asked to employee who opening account to open a saving account.
- He replied that there is a minimum balance criteria for opening saving account. You have to maintain minimum balance 1,000 in your account.
- I asked for another saving account then he reduced it to 5,00 rupees.
- I asked him to meet branch manager but branch manager was not present today too.



- Now I asked him about BSBDA then he told me about that and replied that you don't need to maintain minimum balance in this BSBDA.
- I asked him to open BSBDA then he agreed to open BSBDA.
- I asked him about branch manager contact card but he did not give.

I felt that if someone don't know about BSBDA then employee will not tell him about that.



**Surveyor: Kancharla Suharshan (1)**

**Axis Bank**

**Axis Bank, Hiranandani Gardens, Powai, Mumbai**

**15:00, Saturday, 29Apr2017**



**Interaction: 6 employees**

**EXPERIENCE IN OPENING A BASIC SAVINGS BANK DEPOSIT ACCOUNT (BSBDA) IN AXIS BANK**

1. BSBDA Account is especially for the people who cannot maintain minimum balance in their accounts (i.e., poor people)
2. When I went to open a BSBDA account, the account opening authorities firstly said that their bank is not providing such type of accounts. Moreover, they said that they can provide account in which I must maintain minimum balance of Rs.10000
3. I argued for some time with them for Basic savings account and finally they said that they will provide basic savings account based on Salary certificate for job holders and not for students
4. I thought of meeting the branch head for the same but they did not allow me to meet him
5. They finally guided me to other branch saying that there is possibility to open a basic account in that branch and the same happened there
6. After lot of arguments and facing lot of difficulties the branch which I first went provided me basic savings account.

**WHAT I UNDERSTOOD IS:**

1. The banks are not providing basic savings account to the individuals (especially poor people) whereas there are lot of benefits with basic savings account than regular savings account.
2. Most of the people don't know about this account and when they ask bank authorities to provide an account, they are immediately providing regular savings account in which we must maintain minimum balance.



3. Even an individual doing master's in IIT like me faced so many difficulties to open a basic savings account then how can common people will open this account and when they will get to know about this?
4. It is complete responsibility of bank authorities to tell the customers about the accounts they are providing but they not doing for their benefits.
5. Common people in India must and should know about this basic savings account and must maintain this type of account only, since they can't maintain minimum balance.
6. Finally what I came to know is it is very difficult for an individual to open a Basic savings account even everyone of this nation is eligible to open a basic savings account when don't have a regular savings account in that bank.



**Surveyor: Kancharla Suharshan (2)**

**SVC BANK**

**Shamrao Vithal Co-Operative Bank Ltd., M.G Road, Krishna Nagar, Vijayawada  
10:30 am, Wednesday, 17th May 2017**



**Interaction: 2 employees**

Today, I went to open a Basic **Savings Bank Deposit account(BSBDA)** i.e., the account for which there is no maintenance of minimum balance criteria.

These are my experiences in opening of a BSBD Account: -

- First I went to the Officer who will give accounts in their bank and I said him that I want to open an account in your bank. Then he told me to bring Xerox copy of Aadhar Card, Pan card and two Passport size photos and I will provide you account.
- Then I told him that I want BASIC SAVINGS BANK DEPOSIT ACCOUNT ( BSBDA ) and not regular savings account. He replied that he will provide BSBDA but they can't provide net banking , mobile banking for that account and the ATM card for that account is not useful for swiping. And he said that for this account PAN card is not needed.
- Then I went to Manager to ask him why they can't provide these facilities for the Basic Savings Account.
- When I first went to Manager's Cabin. He firstly asked me why you want BSBDA? Then I said that I can't maintains minimum balance. So I am interested in opening a Basic Savings Account which is much better for me than Regular Savings Account in terms of Service Charges also.
- Then he said that minimum monthly maintenance in their bank is Rs1000/- and you can open that also but why you are specially asking for BSBDA and then he asked me about my profession.



- Then I told him about myself and listed him the benefits of Basic savings account over Regular savings account. And I told him that I can't maintain even Rs1000 and that too there are lot of benefits in Basic Savings Bank. So, I want BSBDA.
- Then they were ready to provide me a BSBDA and he asked me my address. My address was 80 kms far from this branch. Then he said that they will provide any type of account to nearby localities of their branch and even for 35 kms distance also they can't provide.
- Then I argued with him that even in another state also they are providing an account and your branch is just 80 kms from my house and why you can't provide account? Then he said we have to enquire your address by coming to your house and it is very difficult for us. Then I said Aadhaar card is enough for address proof and why you want to enquire again.
- Finally he said that there is rule in their bank to enquire about address and they won't provide accounts to the individuals who are staying very far from their branch. He is no more interested to talk to me and he started doing his work and asked me to leave.



**Surveyor: Kancharla Suharshan (3)**

**BANK OF BARODA**

**Bank of Baroda, Srinilayam, Bapatla Road , Pedanandipadu , Guntur**  
**10:15 am, Saturday, 20th May 2017**



**Interaction: 2 employees**

Today, I went to open a **Basic Savings Bank Deposit account(BSBDA)** i.e, the account for which there is no maintenance of minimum balance criteria.

These are my experiences in opening of a BSBDA Account: -

- First I met the person who will provide accounts in the branch and said him that I want to open an account in your bank.
- Then he asked my village and I said my village name and he said that you can open in the sbi which is located in your village.
- Then I said that I want to open in Baroda bank and that's why I came here and that too I want Basic Savings Bank Deposit Account (BSBDA) .
- Then he asked me what is Basic Savings Account and I told him that it is one of the savings account in which there is no minimum balance maintenance criteria
- Then he said that we are not providing that type of accounts from long time. The account which we are providing has a minimum balance maintenance criteria and it is Rs.1000/- and if you want this account we can provide you.
- I asked him , can I meet manager?. He agreed and showed me Manager's cabin and I told the manager that I want open BSBDA.
- He too asked me the same i.e, what is BSBDA (Basic Savings Account) then I told him the same what I said to incharge of accounts about non maintenance of minimum balance.
- Then he said that , that type of accounts are no more provided after demonetisation and to open an account in their bank monthly maintenance of Rs.1000/- is must and should and PAN card is also necessary to open an account
- After this I showed him in their website about the service charges of regular savings account and basic savings account and said him about BSBDA once again and I said that I was eligible for Basic savings account.



- I said him according to the rules of RBI your bank should provide me a BSBDA and I was eligible for it so please provide me BSBDA.
- Then he said that it was a rule after demonetisation that not to provide this type of account and in my bank minimum balance maintenance is Rs.1000/- and charges if you can't maintain is Rs.25/- per month.
- Finally he said if you want to open an account, you can open this regular savings account and we are not providing BSBDA.



**Surveyor: Bhukya Rajender (1)**

**HDFC Bank**

**HDFC Bank, Hiranandani Gardens, Powai, **Mumbai**  
15:00, Saturday, 29Apr2017**



**Interaction: 6 employees**

**EXPERIENCE IN OPENING BASIC SAVINGS BANK ACCOUNT IN HDFC Hiranandani**

- When I asked the employee to open BSBD Account. They directly refused to open an account with 0 balance. They asked to open a Savings Account with minimum balance Rs 10000.
- I said that I don't have money. I want only BSBA Account with zero balance they are trying to convince me that there is no such type of service in HDFC
- After few minutes of arguing, some other superior employee told me to block my existing IIT CANARA Bank account to open BSBD Account in HDFC.
- She told me that BSBD Account can't be opened if one has existing student account or BSBD account and asked me to block IIT CANARA bank account.
- After talking to you, they took a declaration form from me that I don't have an existing account in HDFC Bank and agreed to open BSBD.
- They asked me to provide them with PAN Card Number and told me that it is a compulsory requirement to open BSBD Account.
- When asked about the information about BSBD Account services, service charges, limitation etc., they directly refused to tell any of it. For any kind of information, they asked me to go to website and search for the same.
- What I found out is that HDFC Bank is not interested to provide BSBD Account and related services and try to fool people telling excuses, wasting time and diverting them towards other accounts. If a person doesn't have complete information and backup for BSBD Account, won't be able to open the same.

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