



**SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions—  
*Imposition of Discriminatory and Unreasonable Charges for Transacting Digitally in a BSBDA***

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### **Protecting the deprived – The PMJDY**

‘Basic Savings Bank Deposit Account’ was introduced to financially include our marginalized fellow-countrymen. This report highlights System’s laxity in ensuring consumer protection to such depositors even after passage of nearly a decade. Do we need to care for these marginalized depositors? Article 51A (Part-IV.A) of the Indian Constitution emphasises that it is our Fundamental Duty to **“Develop scientific temper, humanism and the spirit of inquiry and reform”**.

This report provides estimates on the collections made by SBI from Basic Savings Bank Deposit Account holders on UPI and RuPay debit card digital transactions, when charged @ Rs.17.70 per transaction. Such collections that have been estimated to be over Rs 164 crore (for the period April 2017 through December 2019) are shown to have been exploitative and unreasonably charged. SBI is still holding back these funds.

**There is no second opinion that SBI is the **JEWEL** of India in the financial world. However, it should not add glitter to the jewel using poor men’s sweat.**



## **SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions— Imposition of Discriminatory and Unreasonable Charges for Transacting Digitally in a BSBDA**

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### **Summary for common man**

1. Two major milestones under the financial inclusion drive of the country were the institution of the Basic Savings Bank Deposit Account (BSBDA) by Reserve Bank of India (RBI) in August 2012 and introduction of the Pradhan Mantri Jan Dhan Yojana (PMJDY) by the government in August 2014. In September 2013, clarifying the definition of a BSBDA, RBI said that banks cannot impose any charges in a BSBDA, and if they do, the account is not a BSBDA. Such a definition lasted till end-June 2019. The PMJDY facilitated opening of BSBDA's by unbanked households based on the guiding principles of banking the unbanked and securing the unsecured.
2. Among the public sector banks (PSBs), State Bank of India (SBI) is credited to be the major contributor towards the country's financial inclusion mission. SBI's contribution is noteworthy as they did a commendable job by opening the largest number of accounts under the PMJDY. Alongside opening of such new accounts, it is also pertinent to keep track of issues surrounding customer centricity and protection of such a vulnerable group, in line with the letter and spirit behind regulations framed for them.

### **The contention**

3. There had been a systematic breach in the RBI regulations when SBI imposed extortionate charges onto BSBDA customers who transacted digitally. Since June 1, 2017, unlike any other bank in India, SBI charged @ Rs 17.70 for every debit transaction beyond four a month.<sup>2</sup> This adversely impacted the BSBDA customers of SBI who, on the call of the government and RBI, embraced digital means of financial transactions. These relatively vulnerable, gullible and marginalized fellow-countrymen who were thrust with charges @ Rs 17.70, for transacting digitally, was in sheer defiance of the definition of the BSBDA. Moreover, imposition of such charges was not only unreasonable but unjust too.

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The views expressed in the report are those of the author and not necessarily of the institution to which he belongs.

<sup>2</sup> The phrase 'debit transaction' means any withdrawal transaction that includes cash withdrawal, UPI, IMPS, NEFT, RTGS, pre-authorised standing instruction, cheque, etc.



## ***SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions***

4. The principles of reasonableness in fixing service charges has been framed by RBI. The Board of Directors of SBI has been vested with the responsibility to ensure that charging Rs 17.70 for every UPI/ RuPay debit card digital transaction is reasonable as per the principles laid down by RBI. SBI favoured a biased treatment towards the Prime Minister's financial inclusion initiatives when it came to BSBDA's vis-à-vis a normal savings bank account. SBI continued to find it appropriate to charge Rs 17.70 for digital transactions in a BSBDA despite the fact that even for the normal savings bank accounts, where such charges were not imposed, either the minimum balance requirement had been zero, or a monthly charge of only Rs 10 was imposed for maintaining less than Rs 250 as monthly average. Thus, on the one hand the bank found it reasonable to provide unlimited number of free UPI/ RuPay debit card digital transactions to a normal savings bank account, even when it maintained meagre balances, while on the other hand the bank adopted a discriminatory approach for BSBDA's by charging an exorbitant Rs 17.70 for such digital transactions. Moreover, this had been so despite SBI having over 12 crore BSBDA's under the PMJDY with average balances of Rs 2457, as of end-March 2020.
5. RBI made no efforts to ensure that the undue money taken since 2017 from the gullible depositors is returned by SBI, though Shri S. S. Mundra, the then Deputy Governor of RBI, in 2017 said – *“While banks have been granted autonomy in fixing minimum average balance or for charging for premium services, it should not be used as an excuse to deny service or to drive away common man.”*. He, representing RBI, further said that *“... RBI would be extensively focused on ..., imposition of usurious service charges during the current year's supervisory cycle”* and that *“... RBI has specifically established a department for examining the instances of regulatory violations with a view to taking enforcement actions on the errant banks.”*
6. As early as April 2020, RBI and the management of SBI was apprised of the imposition of usurious and illegal transaction charges on prescribed digital payment modes that include transactions done through, (i) the UPI and (ii) the RuPay debit card. However, SBI's management, overseen by SBI's Board of Directors, completely ignored the plight of their BSBDA customers and continued charging unreasonably. **SBI took shelter under the pretext that their Board of Directors approved the same, having ensured that a charge of Rs 17.70 for a UPI/ RuPay debit card digital transaction fell within the definition of reasonability as laid down by RBI, and therefore should continue.**
7. Due to this attitude of SBI and subsequent to RBI remaining noncommittal, in mid-August 2020, the Finance Ministry was approached for addressing the concern. The Ministry was prompt in their actions and the Central Board of Direct Taxes (CBDT) by end-August 2020, advised SBI to refund the charges collected since January 1, 2020 on transactions carried out using the prescribed digital payment modes. In adherence to the CBDT directive, as late as February 17, 2021, SBI initiated refunds @ Rs 17.70 for the UPI and RuPay debit card digital transactions to the BSBDA customers.



### **The undue interest enrichments**

8. During the period January 1 - April 6, 2020 and July 1 - September 14, 2020, SBI had about 222 crore UPI transactions and about 6.8 crore RuPay (POS and eCom) debit card digital transactions. Of these UPI and RuPay debit card digital transactions, only 2.23% of the transactions, i.e., 5.1 crore transactions were charged by SBI @ Rs 17.70 per transaction, exclusively from the BSBDA customers. In this process, SBI collected Rs 90.2 crore, which was subsequently refunded much later in February-March 2021.
9. However, even as SBI refunded the charges, it unduly subjected the large number of the BSBDA customers to monetary (interest) loss of over Rs 2.1 crore. Moreover, by withholding the collections made for so long (about a year), SBI also made interest gains of at least Rs 2.6 crore, which actually belongs to the BSBDA customers, who were unduly charged for these UPI and RuPay debit card digital transactions.

### **Exploitation of the unprotected marginalized section of the society**

10. More seriously, for the prior 33 months, i.e., April 2017 through December 2019, SBI's collections from imposition of charges on at least 9 crore UPI and RuPay debit card digital transactions is estimated to be over Rs 164 crore. Again, **SBI has still not refunded this amount of over Rs 164 crore collected through imposition of usurious charges on to the BSBDA customers.** SBI is holding back these funds.
11. Given that it costs a bank disproportionately more to provide an ATM cash withdrawal service than to provide the UPI/ RuPay debit card digital transaction facility, SBI's imposition of a uniform charge of Rs 17.70 for both the ATM cash withdrawal and the UPI/ RuPay debit card digital transaction is grossly unreasonable and in breach of RBI regulations. While having embraced digital means for transacting, the BSBDA customers remained an unprotected lot since SBI's actions amounted to exploitation of this marginalized section of the society through imposition of usurious service charges. The Board of Directors of SBI failed in undertaking their specific responsibility that required them to explicitly ensure that charging Rs 17.70 for every UPI/ RuPay debit card digital transaction is reasonable as per principles laid down by RBI. SBI breached RBI's regulatory direction, unless of course, RBI can establish that charging such amounts from such category of persons for undertaking day-to-day digital transactions is reasonable, as per their laid principles.
12. Though SBI has stopped charging now, however, during April 2017 to September 2020, SBI collected over Rs 254 crore towards at least 14 crore UPI/ RuPay transactions by charging Rs 17.70 for each of these transactions done by the BSBDA customers under the PMJDY. On directions from the government, **SBI has returned just about Rs 90 crore, thereby unjustifiably withholding the bigger chunk of at least Rs 164 crore with itself.**



### **Acknowledgements**

The author is thankful to SBI, RBI and DFS for some very interesting and informative interaction. This report is a follow-up of the two related articles by the author on BSBDA that appeared on April 11, 2021 and April 18, 2021. The April 18, 2021 article provides a rebuttal in form of a '*Statement of Facts*' to SBI's "Statement of clarification on media reports based on the Study by IIT Bombay". In the present report all-possible care has been taken to project the correct picture using the data gathered. Deviations, if any, are inadvertent.

A draft version of the report was shared with SBI, DFS and RBI on August 26, 2021 (and again on October 29, 2021) to receive possible comments/dissent. Since some of the writings in the report could be sensitive and our intention is to portray true facts, SBI was requested to disapprove (value-add) any of the material covered in the report, in case found inappropriate or inaccurate.

Till the time of release of the report, no comments were received.



## **I. Introduction**

1. Two major milestones under the financial inclusion drive of the country were the institution of the Basic Savings Bank Deposit Account (BSBDA) by Reserve Bank of India (RBI) in August 2012 and introduction of the Pradhan Mantri Jan Dhan Yojana (PMJDY) by the government in August 2014. The PMJDY facilitated opening of BSBDA's by unbanked households based on the guiding principles of banking the unbanked and securing the unsecured.

2. Data from RBI's Annual Reports and weekly PMJDY data from the Department of Financial Services (DFS), Ministry of Finance, show that upon introduction of the PMJDY, there had been a significant growth of BSBDA's in the country. As of December 2020, 64.9 crore BSBDA's have been opened through branch and Business Correspondent (BC) points, of which, nearly two-thirds (41.6 crore) have been opened under the PMJDY. From the inception of the PMJDY, the thrust has been to open only BSBDA's under the *Yojana*. As of March 2020, 173 crore savings bank accounts were opened, of which, 60 crore accounts were BSBDA's. Thus, more than a third of the savings bank accounts are BSBDA's.

### **I.1 BSBDA - the backdrop**

3. RBI introduced the BSBDA in August 2012. Banks were advised to offer a 'Basic Savings Bank Deposit Account', which will offer the following minimum common facilities:

- *The account shall not have the requirement of any minimum balance;*
- *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; and*
- *The account shall provide the facility of ATM card or ATM-cum-Debit Card.*

These facilities were required to be provided in a BSBDA without any charges.

Note that throughout, the word '*withdrawal*' means any debit transaction that includes debits via cash withdrawal, UPI, IMPS, NEFT, RTGS, pre-authorised standing instruction, cheque, etc.

4. Furthermore, RBI in their August 2012 definition of BSBDA indicated that 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.

5. As per the mandate, minimum common facilities include "*account holders will be allowed a maximum of four withdrawals in a month*". Therefore, at least in this mandate, the question of "Banks are free to levy reasonable charges in BSBDA's beyond 4 free transactions" does not



arise because of the explicit and non-superfluous words “*allowed a maximum of*” in the mandate “*allowed a maximum of four withdrawals*”.

6. Nevertheless, after a year of the introduction of BSBDA, in September 2013, RBI issued detailed guidelines (clarification-circular) on how to interpret the August 2012 circular on BSBDA. While defining the features of a BSBDA, the September 2013 circular or the July 2015 Master Circular explains the characteristic features of a BSBDA unequivocally. A salient refinement in the definition of BSBDA then, had ‘allowed more than four withdrawals’ in a month, **at the bank’s discretion**, provided the bank does not charge for the same. RBI is clear to mention that in a BSBDA, banks cannot charge, and if they do, the account is not a BSBDA.

7. Thus, the regulatory requirements made it amply clear that **in addition to mandatory free banking services (that included four withdrawals per month), so long as the savings deposit account is a BSBDA, banks cannot impose any charge even for value-added banking services that a bank may like to offer at their discretion.**

Select FAQs of September 2013 Circular – Highlighting features of a BSBDA, and as to  
**Why Banks Cannot Charge in a BSBDA so long as the Account is a BSBDA**

**Query-11:** 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.

**Query-13:** 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.**

**Query-14:** 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.**





**Query-15:** 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.

**Query-24:** 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).**

**Query-25:** 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.**

8. It took RBI nearly six years to recognise the serious defects in the formulation of the BSBDA as a savings deposit product. Subsequent to highlighting lacuna in the regulation on BSBDA, effective July 1, 2019, RBI further refined the definition of BSBDA. This time, for a BSBDA, RBI allowed banks to impose service charges (if they so desire) on debit transactions (beyond four a month) subject to extant laws and reasonableness of the charges. For insights into the genesis of this change in definition of BSBDA, see Das (2017, 2018).

## **I.2 Mandates set by RBI towards ensuring reasonableness in service charges**

9. RBI in their extant July 2015 notification on ‘Master Circular on Customer Service in Banks’ sets mandates onto banks towards ways and means of Fixing Service Charges and Ensuring Reasonableness of Bank Charges. The actions required to be taken by banks is indicated under the column ‘action points for banks’ in the Annex I to the above-mentioned master circular. The actions include:



- A. 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**. The **Bank's Board of Directors has been vested with the responsibility to ensure the reasonableness of such charges**.
- B. Regarding **Ensuring Reasonableness of Bank Charges**, in order to guarantee fair practices in banking services, RBI had constituted a Working Group to formulate a scheme for ensuring reasonableness of bank charges. Based on the recommendations of the Group, action required to be taken by banks is indicated in the Master Circular. The actions include:

**i) Identification of basic banking services**, where the prime parameter for identifying the basic banking services relates to deposit accounts and remittance services. Telegraphic Transfer, ECS, NEFT and EFT are among the then identified basic remittance services, and would additionally include services considered appropriate towards basic services for deposit accounts and remittance services. Accordingly, IMPS, UPI, BHIM-UPI, and debit cards (merchant payments), each fall under basic banking services. **When transactions occur in different delivery channels, for the purpose of pricing, they are to be treated on a separate footing. (This had been in breach.)**

**ii) Offering basic banking services outside the scope of bundled products**. Here, some of the banks do not levy charges on each individual product or service. Products and services are bundled and offered to a customer as a composite offering. The bank recovers the cost of these operations through net interest income. The bank achieves break-even levels through higher average balances in customer accounts which yield healthy interest margins or by imposing charges for keeping inadequate balances. **In so far as the basic services are concerned, the banks' objective should be to ensure that these are made available to the users at reasonable prices/charges and towards this, the basic services should be delivered outside the scope of the bundled products. (This had been in breach.)**

**iii) Principles for ensuring reasonableness in fixing the service charges include**

- a. For basic services rendered to special category of individuals (such as individuals in rural areas, pensioners and senior citizens), banks will levy charges on more liberal terms than the terms on which the charges are levied to other individuals. **(This had been in breach.)**
- b. For the basic services rendered to individuals, banks will levy charges only if the charges are just and supported by reason. **(This had been in breach.)**
- c. For the basic services to individuals, the banks will levy service charges ad-valorem only to cover any incremental cost and subject to a cap.



10. RBI has emphasised that banks have to adhere to the guidelines on reasonableness of service charges. Under these principles mandated by RBI, as an illustration, when a bank imposes a charge of Rs 20 for an unassisted online- and mobile-based digital transaction, the bank has to establish that such charges are not out of line with the average cost of providing the unassisted digital services. Moreover, if the bank charges the same Rs 20 even for a cash withdrawal transaction carried out at an ATM, or microATM, **the question of ensuring the RBI's fundamentals on reasonableness of the charges towards digital transactions (charging the same Rs 20) becomes more difficult to meet.** More so, since it is well established that for banks, cash is a cost intensive mode to transact than the relatively cheaper digital transfer of funds. Also, the RBI's mandate had always been to motivate and encourage BSBDA customers (including all account holders under the PMJDY) to adopt digital means of payments vis-à-vis the cash transactions.

11. The Board of Directors is vested with the responsibility to ensure the reasonableness of such service charges. The board's dereliction, if any, in ensuring reasonableness while approving fixation of the charges for debit transactions via digital means like NEFT, IMPS, UPI, BHIM-UPI, and debit cards (merchant payments) needs an in-depth understanding.

### **I.3 The theme**

12. While defining the features of a BSBDA (for the period September 2013 through June 2019), the regulatory requirements made it amply clear that in addition to mandatory free banking services (that included four withdrawals per month), so long as the savings bank account is a BSBDA (rather than a non-BSBDA savings bank account), the banks cannot impose any charge even for value-added banking services that a bank may like to offer at their discretion; and RBI considers a withdrawal, beyond four a month, a value-added service.

13. There had been a systematic breach in the RBI regulations on BSBDA's by few banks, most notably by State Bank of India (SBI) that hosts the maximum number of BSBDA's. Unlike any other bank in India, SBI charged @ Rs 17.70 for every debit transaction beyond four a month. Such transactions comprised even the non-cash digital transactions done through NEFT, IMPS, UPI, BHIM-UPI and the debit card for merchant payments.

14. We assess the dereliction in SBI's duty towards the PMJDY when their BSBDA customers under the PMJDY, brought into the reach of financial inclusion, were unduly (and against the extant regulations) forced to part with such high charges for their day-to-day (non-cash) digital debit transactions that the bank determinedly imposed. These relatively vulnerable, gullible and marginalized fellow-countrymen being thrust with charges @ Rs 17.70, every time they transacted digitally (unassisted non-cash means), is shown to be grossly unreasonable, exploitative and unjust.



## ***SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions***

15. We analyze the extent of SBI's undue enrichments through imposition of usurious charges on the use of UPI and RuPay debit card by the BSBDA customers for transacting digitally.



## **II. PMJDY Depositors – the Unprotected Prey**

16. The PMJDY facilitated opening of BSBDA by unbanked households based on the guiding principles of banking the unbanked and securing the unsecured. The *prime minister's yojana* was a significant step towards the country's financial inclusion drive by bringing in a culture of using a bank account to save ones hard earned money and to consequently use that money for day-to-day expenditures. Today we have over 65 crore BSBDA, which constitutes about 35% of savings bank accounts in India.

### **II.1 The contribution of Public Sector Banks towards PMJDY**

17. The public sector banks (PSBs) have significantly contributed towards the Prime Minister's mission on financial inclusion. The PMJDY mission of the government, in their FAQs on PMJDY explains that PMJDY accounts are BSBDA in nature with additional benefits of RuPay Debit card, accident insurance coverage, and an overdraft facility. As per DFS's weekly PMJDY data, at the end of calendar year 2020, of the PMJDY accounts opened, 97% is attributed to the 12 PSBs in India. The contribution from the 21 private sector banks is a bare minimum of 3% of the PMJDY accounts opened.

18. Among the 12 PSBs, SBI has significantly contributed in the financial inclusion drive of the PMJDY. As of end-December 2020, SBI had 12.8 crore PMJDY accounts to their credit (**with average balances of Rs 2700**), which is about 39% of the PMJDY accounts among PSBs and 31% among all banks. The four banks, Bank of Baroda, Punjab National Bank, Bank of India and Union Bank of India (henceforth called the *big four*) together contributed to a total of 13.3 crore PMJDY accounts (just a bit more than SBI's tally of 12.8 crore).

19. RBI publishes the BSBDA data in their annual report, where they categorise such accounts as "through branches" and "through BCs". As of December 2020, data shows that 55% of the BSBDA are categorised as "through BCs".

### **II.2 Overall collections toward service charges from BSBDA depositors by PSBs**

20. In order to remain informed on the approach taken by PSBs towards extracting a fee for day-to-day debit transactions in a BSBDA, we collected information from the 12 PSBs. The specific queries related to the amount of service charges collected from BSBDA customers during the period 2014-20. In response to the specific queries, most of the PSBs responded, which is summarised in Table 1.

21. Among the 12 PSBs, seven major banks like Bank of Baroda, Bank of India, Union Bank of India, Central Bank of India, UCO Bank, Bank of Maharashtra and Punjab & Sind Bank, in compliance of the RBI regulation, *did not* impose any service charges on BSBDA and



accordingly their service charge collection had been Nil. However, among the rest, the information prominently highlights that SBI collected more than Rs 300 crore over the five financial years (2015-20), and collected more than Rs 265 crore over the three financial years (2017-20). The four others banks collected bare minimum amounts.

**Table 1: Service charges collected by PSBs in BSBDA**

Charges collected (Rs Cr)	2014-20	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
SBI	308.32	4.73	12.44	26.31	<b>34.74</b>	<b>72.07</b>	<b>158.03</b>
Bank of Baroda	<b>Nil</b>	Nil					
Punjab National Bank	9.90	0.66	1.40	1.17	1.44	2.18	3.05
Bank of India	<b>Nil</b>	Nil					
Union Bank of India	<b>Nil</b>	Nil					
Indian Bank	?						
Canara Bank	?						
Central Bank of India	<b>Nil</b>	Nil					
UCO Bank*	<b>Nil</b>	Nil					
Bank of Maharashtra	<b>Nil</b>	Nil					
Indian Overseas Bank	5.28	0	0	0.01	0.42	2.46	2.39
Punjab & Sind Bank	<b>Nil</b>	Nil					

\*There is a certain lack of clarity in UCO Bank's response

? Complete data not available

Source: Written response from banks based on RTI queries. Refer to Das (2021a) for details.

**Notes:**

- SBI data pertains to PMJDY accounts. SBI did not provide data on BSBDA - branch channel accounts.
- Punjab National Bank data pertains to BSBDA other than PMJDY accounts. No charges were collected for accounts under PMJDY.
- Indian Bank data in an explicit form is not available for BSBDA. However, no charges were collected for accounts under PMJDY.
- Canara Bank data in explicit form not available.
- Before merger, Oriental Bank of Commerce had also responded as 'Nil'.
- Before merger, United Bank of India had also responded as 'Nil'.

22. While the *big four* together served more PMJDY accounts (13.3 crore) than what SBI did (just about 12.8 crore), in terms of service charge collections, SBI collected over Rs 300 crore against near nil collections by the *big four*. In Table 2, SBI is considered 100% under the columns corresponding to 'Proportion relative to SBI'. For other 11 PSBs, the revenue collected (in %) is negligible, if not zero, whereas the number of accounts served (in %) is significantly large. Therefore, it transpires that there exists a significant bias, to the disadvantage of the 11 PSBs (vis-à-vis SBI), just because, majority of the PSBs had been compliant to the BSBDA regulations that prohibited imposition of service charges.



**Table 2: Service charges collected by PSBs in BSBDA relative to SBI**

Public Sector Banks	Revenue collected 2014-20 (Rs Cr)	Proportion relative to SBI revenue (%)	No. of Accounts (Cr)	Proportion relative to SBI Accounts (%)
SBI	308.32	-	12.8	-
Bank of Baroda	Nil	0	4.8	37.6
Punjab National Bank	9.90	3.2	3.9	30.9
Bank of India	Nil	0	2.5	19.5
Union Bank of India	Nil	0	2.0	16.0
Indian Bank	?	?	1.8	13.9
Canara Bank	?	?	1.4	10.7
Central Bank of India	Nil	0	1.4	11.0
UCO Bank*	Nil	0	1.0	7.6
Bank of Maharashtra	Nil	0	0.7	5.2
Indian Overseas Bank	5.28	1.7	0.5	4.1
Punjab & Sind Bank	Nil	0	0.1	1.0

*Source: DFS's weekly PMJDY data as of 30/12/2020 and Table 1*

23. In breach of RBI's extant regulations that is framed under the Banking Regulation Act, 1949, SBI charged the gullible lot – the BSBDA customers. This imposition of service charges resulted in undue collections to the tune of over Rs 300 crore from among nearly 12 crore BSBDA customers of SBI during the period 2015-20, of which the period 2018-19 alone saw collection of Rs 72 crore and the period 2019-20, Rs 158 crore.



***SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions***

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### **III. Charges Imposed on UPI and RuPay Transactions- Extent of Undue Enrichment**

24. Among the PSBs, SBI is credited to be the major contributor towards the country's financial inclusion mission. SBI's contribution is noteworthy as they did a commendable job by opening the largest number of accounts under the PMJDY. Alongside opening of such new accounts, it is also pertinent to keep track of issues surrounding customer centricity and protection of such a vulnerable group in line with the letter and spirit behind regulations framed for them.

25. As of June 2019, SBI had about 11.2 crore BSBDA's under the PMJDY. SBI currently has over 12 crore BSBDA's categorized as "through BCs", which are mostly the PMJDY accounts. Additionally, SBI has nearly two crore BSBDA's categorised as "through branches".

26. Given the size of such BSBDA's opened by SBI, our primary focus is on how SBI mishandled such accounts in breach of the fundamentals laid down by RBI to protect people brought under the ambit of the government's and the Prime Minister's financial inclusion drive.

27. To begin with, a regulation had clearly been set (August 2012) that a monthly maximum of 4 debit transactions are allowed in a BSBDA, which are to be provided free of any charge. Thereafter, just to accommodate the bank's desire to offer more than 4 debits in a month, RBI refined the regulation (September 2013) and provided for a minimum of 4 free debits in a month for a BSBDA. This gave banks the freedom, if they so desired, to allow more than 4 free debits in a month. That became the definition of a BSBDA, which inherently intends to protect such accounts against being charged for debit transactions. It was only from July 2019 that RBI allowed banks to reasonably charge a BSBDA beyond four free debits in a month.

#### **III.1 SBI's unreasonableness in fixing a charge of Rs 17.70 for every digital transaction**

28. Even if we keep aside the technicalities involving RBI's September 2013 circular, the question still remains as to how SBI could have been compliant with respect to the RBI's August 2012 and July 2015 mandates on "Principles for ensuring reasonableness in fixing the service charges"? Such reasonableness of charges was to be ensured by the banks' Board of Directors based on the regulatory principles as mandated by RBI (see, Section I.2). Under such principles mandated by RBI, when SBI imposes a charge of Rs 17.70 for every unassisted debit card-, online- and mobile-based digital transaction, are such charges just? **The charge of Rs 17.70 for an unassisted digital debit transaction, is neither reasonable nor just.**

29. Moreover, SBI adopted a step motherly biased treatment towards the Prime Minister's financial inclusion initiatives when it came to BSBDA's vis-à-vis a normal savings bank account. SBI continued to find it appropriate to charge Rs 17.70 for the non-cash digital transactions in a BSBDA despite the fact that even for the normal savings bank accounts, where such charges were not imposed, the minimum balance requirement had been zero since March



11, 2020. In fact, even prior to March 11, 2020, SBI had a monthly charge of only Rs 10 (for Rural since April 1, 2018), if a normal savings bank account maintained less than Rs 250 as the average monthly balance. Thus, on the one hand the bank found it reasonable to provide unlimited number of free UPI/ RuPay debit card digital transactions to a normal savings bank account, even when it maintained meagre balances, while on the other hand the bank adopted a discriminatory approach for BSBDAs by charging an exorbitant Rs 17.70 for such digital transactions. Moreover, this had been so despite SBI having over 12 crore BSBDAs under the PMJDY with average balances of Rs 2457, as of end-March 2020.

### **III.2 Government makes SBI liable to refund over Rs 90 crore for charges imposed**

30. Effective January 1, 2020, the Payment and Settlement Systems (PSS) Act, 2007, prohibited SBI to charge on any debit transaction done using UPI (BHIM-UPI) and RuPay debit card (for merchant payments). In breach of this law, SBI consciously charged @ Rs 17.70 for UPI and RuPay debit card digital transactions from the gullible BSBD-BC channel account holders during the period January-September 2020.

31. On August 30, 2020, the Central Board of Direct Taxes (CBDT) advised banks to refund the charges collected since January 1, 2020 on transactions carried out using the prescribed digital payment modes that include (i) the UPI and (ii) the RuPay debit card, and not to impose charges on future transactions carried out through such modes. In adherence to the CBDT directive, starting February 17, 2021, SBI initiated limited refunds @ Rs 17.70 for the UPI and RuPay debit card digital transactions to the BSBDAs customers. The refund process was completed on March 31, 2021. **SBI refunded Rs 90.2 crore that they had collected towards the charges imposed during January-September 2020 for 5.1 crore UPI and RuPay debit card digital transactions.**<sup>3</sup>

32. Irrespective of what CBDT invoked under the PSS Act, 2007, SBI is still silent on the question of ensuring reasonableness in fixing a charge @ Rs 17.70 for every digital transaction, as per RBI's July 2015 mandates. The Board of Directors of SBI, who is supposed to have ensured the reasonableness in fixing the service charges found it appropriate to consider an ATM/microATM cash withdrawal cost for the bank to be at par with an unassisted digital transfer through means like UPI, BHIM-UPI, RuPay debit card, NEFT, etc. This appears to be a sheer oversight in assessing 'reasonableness'.

### **III.3 Extent of SBI's undue interest gains from charges imposed on UPI/ RuPay debit card digital transactions**

33. NPCI disseminates monthly UPI and RuPay POS/eCom digital transaction volumes. Table 3 provides the number of monthly UPI transactions (with SBI as the remitter bank), and the

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<sup>3</sup> As provided by SBI (see, Appendix), the exact figure of refunds for service charges imposed on 5,09,53,806 UPI and RuPay debit card digital transactions is Rs 90,19,04,466.



number of monthly RuPay (POS and eCom) debit card digital transactions (with SBI as the issuer bank).

**Table 3: UPI and RuPay Transactions – Overall and that of SBI**

Month	UPI – Overall and SBI (Remitter Bank)			RuPay – Overall and SBI (Issuer Bank)		
	Total Volume (Crore)	SBI Volume (Crore)	% SBI Volume	Total Volume (Crore)	% SBI Volume*	SBI Volume (Crore)
Jan-20	130.50	34.75	26.62	14.04	10	1.40
Feb-20	132.57	34.98	26.39	13.16	10	1.32
Mar-20	124.68	33.82	27.12	11.67	10	1.17
Apr-20	99.96	29.85	29.86	7.25	10	0.73
May-20	123.45	36.56	29.62	9.11	10	0.91
Jun-20	133.69	39.06	29.22	10.09	10	1.01
Jul-20	149.74	43.93	29.34	10.71	10	1.07
Aug-20	161.88	44.70	27.61	11.54	10	1.15
Sep-20	180.01	51.02	28.34	12.21	10	1.22
Oct-20	207.16	59.92	28.93	13.36	10	1.34
Nov-20	221.02	60.79	27.50	12.79	10	1.28
Dec-20	223.42	64.16	28.72	12.91	10	1.29
Monthly Average	157.34	44.46	28.27	11.57	10	1.16
Year 2020	1888.09	533.55	28.26	138.84	10	13.88

\* The % SBI Volume for RuPay debit card digital transactions is taken as 10%

Source: NPCI and author's computation

34. In the year 2020, there were 1888.08 crore overall UPI transactions, of which a total of 533.55 crore UPI debit-transactions were carried out by SBI alone. This indicates that 28.26% of UPI transactions in the year 2020 can be attributed to UPI debit-transactions of SBI. In Table 3, the monthly % contribution of SBI's UPI Volume is provided for the 12 months. SBI's monthly average % UPI Volume is 28.27%, with a standard deviation  $\sigma$  of 1.14%. The share of SBI in the overall RuPay transaction figures is taken as 10%. Accordingly, in Table 3, for the year 2020, we have derived a column representing the monthly contribution of SBI Volume towards RuPay (POS and eCom) transactions.

35. The marginalized section of the BSBD-BC Channel account customers of the bank have been charged in a discriminatory fashion. SBI charged for UPI/ RuPay debit card digital transactions for nearly six months in 2020, i.e., during January 1 - April 6, 2020 and during July 1 - September 14, 2020. We work out the enrichment derived by SBI due to the charges imposed and subsequent delayed refund of the same.

36. Though 5.1 crore is the number of UPI and RuPay debit card digital transactions on which SBI imposed charges during January-September 2020, and subsequently refunded @ Rs 17.70 per transaction, SBI could not provide the breakup for each of UPI and RuPay debit card digital transactions separately. In 2020, SBI had about 222 crore UPI transactions and about 6.8 crore



**SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions**

RuPay debit card digital transactions during the periods when SBI had imposed the charges. Of these UPI and RuPay debit card digital transactions, only 5.1 crore transactions, i.e., 2.23% of the SBI's UPI/ RuPay debit card digital transactions were charged by SBI @ Rs 17.70.

37. SBI unduly deprived the customers of their money. Even at the bare minimum savings rate of interest, the extent of this loss is Rs 2.1 crore. Furthermore, SBI took advantage through investment of the collected funds, say at Reverse Repo (bare minimum). The extent of this enrichment alone is at least Rs 2.6 crore. Table 4 provides the corresponding calculations, considering (4a) the Reverse Repo and the Savings Bank rates, (4b) the number of days that generated interest at the various rates (computed from middle of every month till March 11, 2021), and finally (4c) the interest that got derived from the undue UPI/ RuPay debit card digital charges collected during January-September 2020. **SBI has withheld the advantage gained of the undue interests (Rs 2.1 crore and Rs 2.6 crore) that actually belongs to their depositors.**

**Table 4: SBI's gains through interest from undue charges imposed during Jan-Sep 2020**

4a: Reverse Repo and the Savings Bank rates

R Repo Rate in 2020-21		SBI's Savings Bank Rate in 2020-21	
Rate During		Rate During	
01 Jan 2020 - 26 Mar 2020	4.9	01 Jan 2020 - 13 Mar 2020	3.25
27 Mar 2020 - 16 Apr 2020	4	14 Mar 2020 - 18 Apr 2020	3
17 Apr 2020 - 21 May 2020	3.75	19 Apr 2020 - 30 May 2020	2.75
22 May 2020 - 31 Mar 2021	3.35	31 May 2020 - 31 Mar 2021	2.7

Source: RBI and SBI

4b: Number of days that generated interest at the various rates

Month	Reverse Repo				Savings Bank				Reverse Repo				Savings Bank			
	Bank Rate	Repo Rate	SB Days	R Repo Days	Bank Rate	Repo Rate	SB Days	R Repo Days	Bank Rate	Repo Rate	SB Days	R Repo Days	Bank Rate	Repo Rate	SB Days	R Repo Days
Jan-20	3.25	4.9	58	71	3	4	36	21	2.75	3.75	42	35	2.7	3.35	285	294
Feb-20	3.25	4.9	28	41	3	4	36	21	2.75	3.75	42	35	2.7	3.35	285	294
Mar-20	3.25	4.9	7	13	3	4	27	19	2.75	3.75	42	35	2.7	3.35	285	294
1-6 Apr 2020	-	-	-	-	3	4	15	13	2.75	3.75	42	35	2.7	3.35	285	294
Jul-20	-	-	-	-	-	-	-	-	-	-	-	-	2.7	3.35	239	239
Aug-20	-	-	-	-	-	-	-	-	-	-	-	-	2.7	3.35	208	208
1-14 Sep 2020	-	-	-	-	-	-	-	-	-	-	-	-	2.7	3.35	185	185



4c: Interest gains from the undue UPI/ RuPay debit card digital transaction charges collected

Month	No. UPI Debit Txn (Crore)	No. RuPay Digital Txn (Crore)	No. UPI/RuPay Txn (Crore)	Total amount refunded (Rs Crore)	Savings interest (Rs Crore)	R Repo interest (Rs Crore)	Total enrichment (Rs Crore)
Jan-20	34.75	1.40	36.15	14.25	0.46	0.60	1.07
Feb-20	34.98	1.32	36.30	14.31	0.42	0.55	0.97
Mar-20	33.82	1.17	34.99	13.79	0.37	0.47	0.85
1-6 Apr 2020	5.97	0.15	6.11	2.41	0.06	0.08	0.14
Jul-20	43.93	1.07	45.00	17.74	0.31	0.39	0.70
Aug-20	44.70	1.15	45.86	18.08	0.28	0.35	0.62
1-14 Sep 2020	23.81	0.57	24.38	9.61	0.13	0.16	0.29
<b>Total Txns</b>	<b>221.96</b>	<b>6.83</b>	<b>228.79</b>	90.19	2.04	2.60	<b>4.65</b>
<b>Charges imposed on</b>	<b>5.10</b>						
<b>% of Txns charged on</b>	<b>2.23</b>						
<b>Charges per Txn</b>	<b>Rs 17.70</b>						

Source: Tables 3 and author's computation

**III.4 Extent of SBI's exploitation from UPI/ RuPay debit card digital transactions**

38. SBI's imposition of Rs 17.70 for an unassisted digital debit transaction cannot be considered reasonable, and thus is in breach of the RBI's July 2015 mandates. Accordingly, SBI should technically refund such charges to the BSBDA customers that they recovered in respect of digital debit transactions with effect from April 1, 2017, rather than only for the period January 1, 2020 to September 14, 2020 (for which Rs 90.2 crore has been refunded).

39. We assess the amount of money collected by SBI during financial years FY18, FY19 and FY20, towards charges imposed on UPI and RuPay debit card digital transactions. To derive the same, we use the fact that the monthly average percentage of SBI volumes for UPI transactions is 28.27% of the overall UPI volumes, with a standard deviation  $\sigma$  of 1.14% (Table 3). Thus, the  $2\sigma$  lower bound for the monthly average percentage of SBI volumes for UPI transactions is 25.99%. Similarly, for RuPay debit card digital transactions, as a conservative estimate, we have taken the SBI's share of transaction volume for POS-eCom combine as 10% of the overall RuPay debit card digital transaction volume. We use these statistics to arrive at the amount of service charges collected by SBI of the UPI and RuPay debit card digital transactions from the BSBDA customers during the three financial years 2017-20.

40. Table 5 shows the workout of the undue and unreasonable UPI/ RuPay debit card digital transaction charges collected by SBI that has still not been refunded. In FY18, FY19 and FY20, SBI collected an undue sum of about Rs 10.1 crore, Rs 60.1 crore and Rs 137.1 crore respectively, when they charged @ Rs 17.70 per UPI transaction. Of the UPI charges collected in FY20, SBI refunded about Rs 40.8 crore only, while withholding nearly Rs 96.3 crore. Thus, SBI did not refund a total of  $(10.1 + 60.1 + 96.3 =)$  Rs 166.5 crore, which is the undue sum collected for 33 months in the three financial years 2017-2020 of the UPI transactions. Even if we give a benefit of doubt to SBI and consider the  $2\sigma$  lower limits of 25.99% as the SBI's UPI contribution, then too the withheld undue amount is at least Rs 153 crore (Table 5). In order words, we can say with at least 95% confidence that SBI has collected more than Rs 153 crore



**SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions**

towards charges collected for UPI transactions that it has still not returned back to our marginalized countrymen.

41. The bottom half of Table 5 derives the undue collections of RuPay debit card digital transactions carried out during FY18, FY19 and FY20, as Rs 2.4 crore, Rs 4.4 crore and Rs 5.8 crore, respectively. Of the RuPay debit card digital transaction charges collected in FY20, SBI refunded about Rs 1.5 crore only, while withholding nearly Rs 4.3 crore. Thus, SBI did not refund a total of  $(2.4 + 4.4 + 4.3 =)$  Rs 11.1 crore, which is the undue sum collected for 33 months in the three financial years 2017-2020 of the RuPay debit card digital transactions. It may be noted that charges imposed on the BSBDA customers for transacting digitally using a RuPay debit card is outrageous. More so, since for every RuPay transaction, SBI as an issuer bank earned payment card interchange in the range of 0.15% - 0.65% of the transaction amount.

42. SBI imposed charges @ Rs 17.70 per transaction during June 2017 through December 2019 and @ Rs 5.90 per transaction for April-May 2017. From Table 5, we see that during the 33 months April 2017 through December 2019, SBI has collected anywhere between Rs 164 crore and Rs 177 crore towards charges imposed on at least 9 crore UPI and RuPay debit card digital transactions done by BSBDA customers. SBI has still not refunded this amount of over Rs 164 crore that has been improperly collected through imposition of usurious charges on to the BSBDA customers. SBI is holding back these funds.

**Table 5: Extent of charges collected for UPI/ RuPay debit card digital transactions**

Period →	Jan-Mar 2020	Apr-Dec 2019	FY19	FY18	FY18-FY20 Withheld Collections (Rs Cr)
Overall UPI Txn (Cr)	387.76	864.11	539.15	91.52	
SBI's UPI Txn @ 28.27% of overall Txn (Cr)*	103.55	244.31	152.44	25.88	
SBI's UPI Txn @ 25.99% of overall Txn (Cr)*	103.55	224.61	140.14	23.79	
2.23% of SBI's UPI Txn @ 28.27% (Cr)	2.31	5.44	3.39	0.58	
Average : SBI's UPI Txn charges collected (Rs Cr)	40.82	96.31	60.09	10.08	166.47
2.23% of SBI's UPI Txn @ 25.99% (Cr)	2.31	5.00	3.12	0.53	
2σ Lower Limit : SBI's UPI Txn charges collected (Rs Cr)	40.82	88.54	55.24	9.26	153.05
Overall RuPay POS and eCom Txn (Cr)	38.87	109.20	112.71	66.77	
SBI's RuPay Txn @ 10% of overall Txn (Cr)	3.89	10.92	11.27	6.68	
2.23% of SBI's RuPay Txn @ 10% (Cr)	0.09	0.24	0.25	0.15	
Average : SBI's RuPay POS and eCom Txn charges collected (Rs Cr)	1.53	4.30	4.44	2.41	11.15

\* For Jan-Mar 2020 the exact figures of SBI's UPI Txn, as provided by NPCI, is used

Source: NPCI and author's computation

**Note:** Though we have throughout considered '2.23' as the percentage of the SBI's UPI/ RuPay debit card digital transactions that were charged, we need to apply a caveat. The '2.23' percentage figure is based on transactions in the year 2020. The knowledge of such exorbitant charges being imposed got registered over time (from 2017 through 2020) and accordingly many BSBDA customers subsequently stopped using such digital means for transacting. As a result, the figure of '2.23' percentage is more likely to be an underestimate for the earlier periods, April 2017 - December 2019. Therefore, the corresponding estimates of the collection amounts derived are also expected to be underestimates.



#### **IV. A summary and some concluding remarks**

43. There had been a systematic breach in the RBI regulations when SBI imposed extortionate charges onto BSBDA customers who transacted digitally. Since June 1, 2017, unlike any other bank in India, SBI charged @ Rs 17.70 for every debit transaction beyond four a month. This adversely impacted the BSBDA customers of SBI who, on the call of the government and RBI, embraced digital means of financial transactions. These relatively vulnerable, gullible and marginalized fellow-countrymen who were thrust with charges @ Rs 17.70, for transacting digitally, was in sheer defiance of the definition of the BSBDA. Moreover, imposition of such charges was not only unreasonable but unjust too.

44. RBI made no efforts to ensure that the undue money taken since 2017 from the gullible depositors is returned by SBI, though Shri S. S. Mundra, the then Deputy Governor of RBI, in 2017 said<sup>4</sup> – “*While banks have been granted autonomy in fixing minimum average balance or for charging for premium services, it should not be used as an excuse to deny service or to drive away common man.*”. He, representing RBI, further said that “... *RBI would be extensively focused on ..., imposition of usurious service charges during the current year’s supervisory cycle*” and that “... *RBI has specifically established a department for examining the instances of regulatory violations with a view to taking enforcement actions on the errant banks*<sup>5</sup>.”

45. As early as April 2020, RBI and the management of SBI was apprised of the imposition of usurious and illegal transaction charges on prescribed digital payment modes that include transactions done through, (i) the UPI and (ii) the RuPay debit card. However, SBI’s management, overseen by SBI’s Board of Directors, completely ignored the plight of their BSBDA customers and continued charging unreasonably. SBI took shelter under the pretext that their Board of Directors approved the same, having ensured that a charge of Rs 17.70 for a UPI/ RuPay debit card digital transaction fell within the definition of reasonability as laid down by RBI, and therefore should continue.

46. Due to this attitude of SBI and subsequent to RBI remaining noncommittal, in mid-August 2020, the Department of Revenue, Ministry of Finance, was approached for addressing the concern. The Department of Revenue was prompt in their actions and the CBDT on August

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<sup>4</sup> Keynote address “*Customer Service in Banks: Time to Raise the Bar!*” delivered by Shri S. S. Mundra, Deputy Governor, Reserve Bank of India at the Annual Conference of Principal Code Compliance Officers organized by the Banking Codes and Standards Board of India in Mumbai on May 30, 2017.  
[https://www.rbi.org.in/Scripts/BS\\_SpeechesView.aspx?Id=1040](https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1040)

<sup>5</sup> RBI formalized a framework for taking enforcement action against banks for non-compliance with guidelines and instructions issued by it. Accordingly, a separate Enforcement Department has been created within the RBI in April 2017. RBI states that “The core function of the Department is to undertake enforcement action against the entities regulated by RBI on the basis of supervisory reports and regulatory references in an objective and consistent manner, **to ensure compliance with regulations within the overarching principle of financial system stability, greater public interest and consumer protection.**”.



30, 2020, advised SBI and other banks to refund the charges collected since January 1, 2020 on transactions carried out using the prescribed digital payment modes. The banks were advised not to impose charges on future transactions carried out through such modes. In adherence to the CBDT directive, as late as February 17, 2021, SBI initiated limited refunds @ Rs 17.70 for the UPI and RuPay debit card digital transactions to the BSBDA customers.

#### **IV.1 Exploitation of the unprotected marginalized section of the society**

47. During the period January 1 - April 6, 2020 and July 1 - September 14, 2020, SBI had about 222 crore UPI transactions and about 6.8 crore RuPay (POS and eCom) debit card digital transactions. Of these UPI and RuPay debit card digital transactions, only 2.23% of the transactions, i.e., 5.1 crore transactions were charged by SBI @ Rs 17.70 per transaction, exclusively from the BSBDA customers. In this process, SBI collected Rs 90.2 crore, which was subsequently refunded much later in February-March 2021. The exercise of such refunds by SBI demonstrated their operational capacity and feasibility in identifying and refunding the undue amounts collected for the 5.1 crore transactions. However, even as SBI refunded the charges, it unduly subjected the large number of the BSBDA customers to monetary (interest) loss of over Rs 2.1 crore. Moreover, by withholding the collections made for so long (about a year), SBI also made interest gains of at least Rs 2.6 crore, which actually belongs to the BSBDA customers, who were unduly charged for these UPI and RuPay debit card digital transactions. This undue enrichment of SBI, at the cost of the depositors, has not been assessed or audited yet.

48. More seriously, for the prior 33 months, i.e., April 2017 through December 2019, SBI's collections from imposition of charges on at least 9 crore UPI and RuPay transactions is estimated to be over Rs 164 crore. Again, **SBI has still not refunded this amount of over Rs 164 crore collected through imposition of usurious charges on to the BSBDA customers.** SBI is holding back these funds.

#### **IV.2 Concluding remarks**

49. Given that it costs a bank disproportionately more to provide an ATM cash withdrawal service than to provide the UPI/ RuPay debit card digital transaction facility, SBI's imposition of a uniform charge of Rs 17.70 for both the ATM cash withdrawal and the UPI/ RuPay debit card digital transaction is grossly unreasonable and in breach of RBI regulations. While having embraced digital means for transacting, the BSBDA customers remained an unprotected lot since SBI's actions amounted to exploitation of this marginalized section of the society through imposition of usurious service charges. The Board of Directors of SBI failed in undertaking their specific responsibility that required them to explicitly ensure that charging Rs 17.70 for every UPI/ RuPay debit card digital transaction is reasonable as per principles laid down by RBI. SBI breached RBI's regulatory direction, unless of course, RBI can





establish that charging such amounts from such category of persons for undertaking day-to-day digital transactions is reasonable, as per their laid principles.

50. Though SBI has stopped charging now, however, during April 2017 to September 2020, SBI collected over Rs 254 crore towards at least 14 crore UPI/ RuPay transactions by charging Rs 17.70 for each of these transactions done by the BSBDA customers under the PMJDY. On directions from the government, **SBI** has returned just about Rs 90 crore, thereby **unjustifiably withholding the bigger chunk of at least Rs 164 crore with itself.**

51. On the one hand the country envisages a less-cash society, while on the other hand the BSBDA customers had been disincentivised in their digital transactions for day-to-day payments. While having embraced digital means for transacting, the BSBDA customers remained an unprotected lot since SBI's actions amounted to exploitation of this marginalized section of the society through imposition of usurious service charges for digital transactions.

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Appendix



भारतीय स्टेट बैंक  
भारतीय स्टेट बैंक  
STATE BANK OF INDIA

To,  
Ashish Das  
B-115 White House,  
IIT Bombay, Powai,  
Mumbai,  
Pin:400076

Letter No. D&TB-JVC/RV/2021-22/ 13  
Date: 20.04.2021

Dear Sir,

RIGHT TO INFORMATION ACT, 2005  
RTI REFERENCE NO: SBIND/R/E/21/00232  
APPEAL NO: SBIND/A/E/21/00100  
ORDER NO: 01/2021-22

With reference to First Appellate Authority & General Manager Order No. 01/2021-22 dated 17.04.2021 under the provisions of the RTI Act, 2005, our reply is as under:

Sr	Query	Our Reply
1	The number of UPI/BHIM-UPI transactions for which refunds got applied by SBI on BSBD-BC Channel accounts.	Total number of Refunds effected by SBI for BSBD-BC Channel customers through digital transactions including UPI/BHIM UPI/ RuPay Card for the period 01.01.2020 to 14.09.2020 is 5,09,53,806.
2	The number of RuPay debit card transactions done at POS/eCom for which refunds got applied by SBI on BSBD-BC Channel accounts.	
3	The total amount of refunds associated under each of the points 1 and 2, above.	Rs. 90,19,04,466 (Total Amount as required in point 1 and 2)
4	The date when the IT developments were completed and the refunds to the BSBD-BC Channel accounts were initiated by SBI.	17.02.2021
5	The date when all refunds to the BSBD-BC Channel accounts were completed by SBI	31.03.2021

Please acknowledge receipt.

Yours faithfully,

(Rajendra Kumar Verma)  
Central Public Information Officer &  
Dy. General Manager (D&TB-JV Co-ordination)

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डी. एवं टी. बी - उत्पाद  
स्ट्रैटेजी एवं डिजिटल बैंकिंग विभाग  
कॉरपोरेट केंद्र,  
9वां मंजिल, एअर इंडिया बिल्डींग,  
नरिमन पॉइंट,  
मुंबई - 400021

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मुंबई - 400021

D & TB - Products  
Strategy & Digital Banking Department  
Corporate Centre,  
9<sup>th</sup> Floor, Air India Building,  
Nariman Point,  
Mumbai - 400021



भारतीय स्टेट बैंक  
STATE BANK OF INDIA

Shri Ashish Das  
B- 115, White Das,  
IIT Bombay, Powai  
Mumbai  
Pin: 400076

Speed Post

Letter No FI&MM/OPS/188

Date: 24.05.2021

Dear Sir,

**RIGHT TO INFORMATION ACT, 2005**  
**REF. No: SBIND/R/E/21/00847**

With reference to your RTI request dated 06.05.2021, received by us through online under the provisions of the RTI Act, 2005, we give related information relates to our Bank:

Queries No: 1	Corresponding to the figure of 5,09,53,806 towards the total number of Refunds (as informed by SBI under above mentioned reference), kindly provide a break-up of the total number of Refunds effected by SBI for BSBD-BC Channel customers: (i) through UPI/BHIM UPI digital transactions, (ii) through RuPay Card digital transactions, and (iii) through other digital transactions (if any).	The information sought is not complied/maintained, in ordinary course of Business and collection/compilation of this would disproportionately divert the resources of the Public Authority, hence disclosure of the same is exempted under section 7(9) of the RTI Act 2005.
Queries No: 2	The total number of distinct BSBD-BC Channel customer accounts to which at least one such Refund (as in point 1 above) got effected.	Total number of refunds are 5,09,53,806.
Queries No: 3	The total number of Refunds, which was due for Refund to the BSBD-BC Channel customers, that could not be refunded due to technical reasons.	Nil
Queries No: 4	The total amount of money, which was due for Refund to the BSBD-BC Channel customers that could not be refunded due to technical reasons.	Nil

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कॉरपोरेट केन्द्र,  
वित्तीय समावेशन एवं सूक्ष्म बाजार,  
द्वितीय तल, एनबीसीसी प्लेस, लोधी रोड,  
नई दिल्ली-110003



Corporate Centre  
Financial Inclusion & Micro-Market  
2nd Floor, NBCC Place, Lodhi Road  
New Delhi - 110003



**SBI's Undue Enrichment from Exploitative Charges on UPI and RuPay Transactions**

Queries No: 5	During the period January 01 - September 14, 2020, which period (if any) did SBI stop charging towards digital transactions in the BSBD-BC Channel customer accounts, and thus there arose no refunds corresponding to that period.	Bank stopped charging from 15.09.2020.
Queries No: 6	The various savings bank interest rates offered by SBI during the period January 01, 2020 through March 31, 2021	From 01.01.2020 to 13.03.2020 up to Rs 1.00 Lakh @ 3.25% Above Rs 1.00 Lakh @3.00%  From 14.03.2020 to 18.04.2020 @3.00%  From 19.04.2020 to 30.05.2020 @2.75%  From 31.05.2020 to 31.03.2021 @2.70%

2. In terms of Section 19(1) of the Right to Information Act, 2005, the First Appellate Authority and General Manager (FI), Financial Inclusion and Micro Market Department, Corporate Office, State Bank of India, 2<sup>nd</sup> Floor, NBCC Place, Lodhi Road, New Delhi, Pin 110003 designated as the Appellate Authority.

3. Please acknowledge receipt.

Yours faithfully,

  
(Vinod Kumar Mishra)  
Central Public Information Officer &  
Deputy General Manager (Operations)



भारतीय स्टेट बैंक  
STATE BANK OF INDIA

STATE BANK OF INDIA  
FIRST APPELLATE AUTHORITY  
FI&MM DEPARTMENT, 2<sup>ND</sup> FLOOR, NBCC PLACE, LODHI ROAD NEW DELHI-110003

UNDER SECTION OF THE RIGHT TO INFORMATION ACT, 2005

DECISION No 2021-22/03  
APPEAL No FI&MM/2021-22/03

Name and Address of the Applicant : Shri Ashish Das, B- 115 White House, IIT Bombay Powai, Mumbai, Maharashtra, Pin 400076

Name of the CPIO and Public Authority : Shri Vinod Kumar Mishra, Deputy General Manager (Ops), SBI, FI&MM Corporate Centre, New Delhi

The present appeal dated 13.06.2021 has been preferred by Shri Ashish Das hereinafter referred to as the appellant, against the decision of the CPIO & Deputy General Manager (Ops), SBI, FI&MM Corporate Centre, New Delhi conveyed vide letter no FI&MM/OPS/188 dated 24.05.2021.

**2. Facts:**

The appellant had sought certain information from the CPIO & Deputy General Manager (Ops) through his RTI application dated 06.05.2021 (Registration no SBIND/R/E/21/00847). The queries raised by the appellant were duly replied to by the CPIO & Deputy General Manager (Ops) vide letter no FI&MM/OPS/188 dated 24.05.2021.

The queries and response of the CPIO & DGM (Ops) are as under:

**3. Query of the Appellant & response of the CPIO**

The appellant in his application dated 06.05.2021 has sought following information under

Queries No 2: -

"The total number of distinct BSBD-BC Channel customer accounts to which at least one such Refund got effected".

Queries No 5: -

"During the period January 01 - September 14, 2020, which period (if any) did SBI stop charging towards digital transactions in the BSBD-BC Channel customer accounts, and thus there arose no refunds corresponding to that period".

**4. Response of the CPIO:**

In responses of information sought by the appellant, CPIO and DGM (Ops) has provided the information as under:

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 +91 11 24309604  
 cgm.fimf@sbi.co.in

कॉरपोरेट केन्द्र,  
वित्तीय समावेशन एवं सूक्ष्म बाजार,  
द्वितीय तल, एनबीसीसी प्लेस, लोधी रोड,  
नई दिल्ली-110003



Corporate Centre  
Financial Inclusion & Micro-Market  
Floor, NBCC Place, Lodhi Road  
Delhi - 110003



Queries No 2: -

"Total number refunds are 5,09,53,806".

Queries No 5: -

"Bank stopped charging from 15.09.2020.

**5. Ground for Appeal:**

Queries No 2: -

"Information sought has not been correctly provided. The information sought had asked for the number of distinct accounts and not the number of refunds".

Queries No 5: -

"Information sought has not been correctly provided. SBI in an official communication had indicated that they had stopped charging sometime in April 2020 due to Covid-19. However, SBI restored imposition of the charges sometime later (around June-July 2020). Finally, effective September 15, 2020, the Bank again stopped imposition of the charges. Kindly provide the correct information on the exact dates before September 15, 2020 (starting January 1, 2020), when the bank had stopped imposition of the charges due to Covid-19 or any other reasons.

**6. Relief sought:**

CPIO has not provided information of my application.

**7. Decision:**

The undersigned has examined the matter and observed that the CPIO & Deputy General Manager (Ops) has sent a reply to the appellant vide letter no FI&MM/OPS /188 dated 24.05.2021.

Queries No 2: -

"Data not available. Total number of refunds effected are 5,09,53,806".


Queries No 5: -

"Bank stopped recovering charges from 07.04.2020 to 30.06.2020, in view of the extra ordinary circumstances prevailing in the country on account of Covid -19 pandemic.

8. The Appeal is disposed of accordingly.

9. A copy of this order to <sup>be</sup> forwarded to the appellant and the CPIO & DGM (Ops).

State Bank of India  
Corporate Centre,  
New Delhi  
Date: 22.06.2021

  
(S.N. Kulkarni)  
APPELLATE AUTHORITY  
General Manager (FI)

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