



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2021-22/116

DOR.CRE.REC.63/21.04.048/2021-22

October 29, 2021

All Scheduled Commercial Banks

All Payments Banks

Madam/Sir,

Opening of Current Accounts by Banks - Need for Discipline

Please refer to our [circular DOR.No.BP.BC/7/21.04.048/2020-21 dated August 6, 2020](#) on the captioned subject and associated circulars thereon¹.

2. On a review and taking into account feedback received from Indian Banks' Association (IBA) and other stakeholders, it has been decided that banks may open current accounts for borrowers who have availed credit facilities in the form of cash credit (CC)/ overdraft (OD) from the banking system as per the provisions below:

(i) For borrowers, where the exposure of the banking system is less than ₹5 crore, there is no restriction on opening of current accounts or on provision of CC/OD facility by banks, subject to obtaining an undertaking from such borrowers that they shall inform the bank(s), as and when the credit facilities availed by them from the banking system reaches ₹5 crore or more.

(ii) In respect of borrowers where exposure of the banking system is ₹5 crore or more, such borrower can maintain current accounts with any one of the banks with which it has CC/OD facility, provided that the bank has at least 10 per cent of the exposure of the banking system to that borrower.

Further, other lending banks may open only collection accounts subject to the condition that funds deposited in such collection accounts will be remitted within two working days of receiving such funds, to the CC/OD account maintained with the above-mentioned bank maintaining current accounts for the borrower. In case none of the lenders has at least 10% exposure of the banking system to the borrower, the bank having the highest exposure may open current accounts. Non-lending banks are not permitted to open current accounts.

¹ [DOR.No.BP.BC.27/21.04.048/2020-21 dated November 2, 2020](#), [DOR.No.BP.BC.30/21.04.048/2020-21 dated December 14, 2020](#) and [DOR.CRE.REC.35/21.04.048/2021-22 dated August 04, 2021](#)

3. It is clarified that borrowers not availing CC/OD facility from the banking system shall continue to maintain current accounts as per para 1(v) of the above mentioned circular dated August 6, 2020, as hitherto.

4. Further, banks are permitted to open/ maintain the following accounts, without any restrictions placed in terms of the above-mentioned [circular dated August 6, 2020](#), subject to meeting the conditions specified as at para 2 of [DOR.No.BP.BC.30/21.04.048/2020-21 dated December 14, 2020](#):

(i) Inter-bank accounts

(ii) Accounts of All India Financial Institutions (AIFIs), viz., EXIM Bank, NABARD, NHB, and SIDBI

(iii) Accounts opened under specific instructions of Central Government and State Governments

(iv) Accounts attached by orders of Central or State governments/regulatory body/Courts/investigating agencies etc. wherein the customer cannot undertake any discretionary debits

5. With reference to FAQ 18 of the [circular dated December 14, 2020](#), in line with FAQ 9, banks maintaining collection accounts are permitted to debit fee/charges from such accounts before transferring the funds to the escrow account/CC/OD account of the borrower.

6. With reference to para 3 of the [circular dated December 14, 2020](#) read with FAQ 17, it is clarified that banks shall monitor all accounts regularly, at least on a half-yearly basis, specifically with respect to the exposure of the banking system to the borrower, and the bank's share in that exposure, to ensure compliance with these instructions. If there is a change in exposure of banks or aggregate exposure of the banking system to the borrower which warrants implementation of new banking arrangements, such changes shall be implemented within a period of three months from the date of such monitoring.

7. Banks may implement the necessary changes within one month from the date of this circular. The compliance position thereon will be reviewed thereafter.

8. A consolidated self-contained circular on the subject will be issued soon.
9. All other instructions contained in the circulars ibid remain unchanged.

Yours faithfully,

(Manoranjan Mishra)
Chief General Manager