

RBI relaxes rules on opening current a/c



Bankers say they have already closed the current accounts as the deadline ended on 30 October.

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Mumbai: The Reserve Bank of India on Thursday eased some of the requirements of its current account guidelines for banks issued last year, allowing them to open credit facilities for state-run companies without any restrictions.

The development comes after RBI took into account the feedback received from Indian Banks' Association (IBA) and other stakeholders.

In August, RBI extended the deadline for implementing the new current account norms by three months till October end, following requests from banks. This extension came a year after the central bank introduced guidelines around current account opening to ensure credit discipline and check diversion of funds.

According to the revised rules released by RBI, banks can open current accounts of all financial institutions, including NABARD, National Housing Bank, Exim Bank and SIDBI, without any restriction. Banks can also open current accounts under specific instructions of state and central governments. It can also open accounts attached by the orders of central or state governments, regulatory bodies, courts, investigative agencies, where a customer does not have a say.

This comes as a relief for government enterprises, which criticized banks for closing their current accounts. Some of these firms had even threatened to stop business with banks that closed their accounts. Under the new rules, RBI allowed banks to open collection accounts provided the funds deposited in such accounts will be remitted within two working days to the cash credit or overdraft (CC/OD) account.

RBI said borrowers with exposure over ₹5 crore can maintain current accounts with any one of the banks with which it has CC/OD facility, provided the bank has at least 10% of the borrower's exposure to the banking system.

Borrowers with exposure of less than ₹5 crore to the banking system can open current accounts in any bank, subject to an undertaking from the borrower, it said.

According to the original guidelines, borrowers with ₹5 crore-₹50 crore were also allowed to open current accounts with any bank. This has, however, been removed under the revised guidelines.

RBI also clarified that borrowers not availing CC/OD facility from the banking system shall continue maintaining current accounts as per the August 2020 circular. Here, banks will have to monitor all accounts regularly, at least on a half-yearly basis, specifically concerning the banking system's exposure to the borrower and the bank's share in that exposure, RBI said.