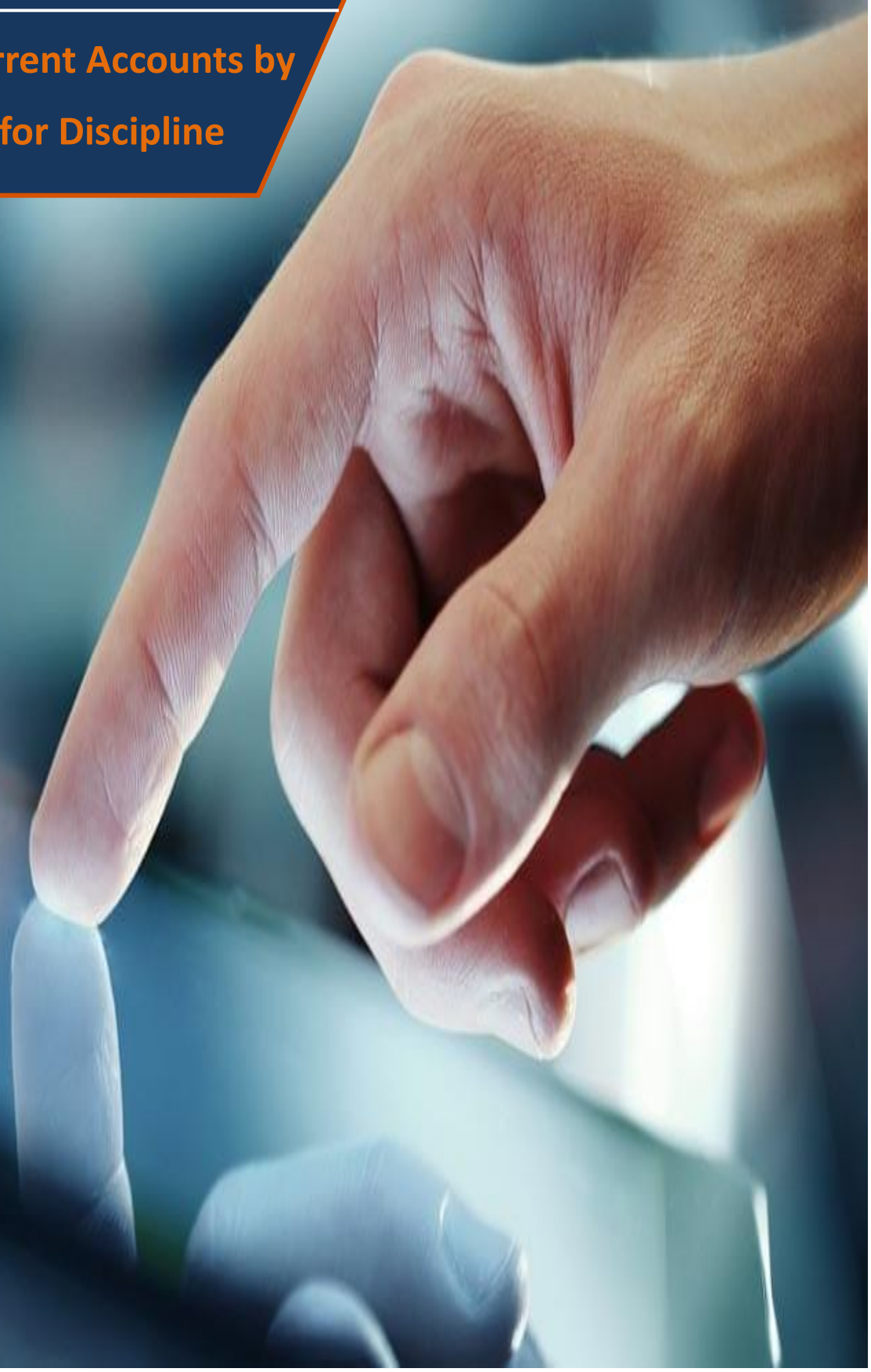


**RBI Notification**

**Opening of Current Accounts by  
Banks -Need for Discipline**



**RBI Notification on Opening of Current Accounts by Banks -  
Need for Discipline**

As per a RBI Notification dated 06<sup>th</sup> August 2020, it has provided Guidelines on Opening of Current Accounts by Banks. As RBI has observed that various borrower have diverted and siphoned the borrower fund by opening number of current account with different banks. To stop these malpractices, RBI has issued new guidelines for opening/operating Current Account.

The following points should be stated in it:

- No Current Account, where Customer Availing Credit Facilities (CC/OD) from banking System
- In Case, customer not availed CC/OD facility from any Bank, Bank may open Current Account as under (Exposure from Banking System):
  - A. With Exposure of Rs.50 Crore or More:
    - Mandatory Escrow Mechanism required
    - Only Escrow managing bank/agent will open the Current account
    - Other lenders can open Collection Accounts
    - Balances in such accounts shall not be used as margin for availing any non-fund based credit facilities.
    - Non-Lending banks shall not open current accounts.
  - B. Exposure More than Rs.5 Crore but less then Rs.50 Crore:
    - Lending Bank: Can open Current Account
    - Non Lending Bank: Can open ONLY Collection Accounts.
  - C. Exposure Less than Rs.5 Crore:
    - Any Bank can open the Current Account Subject to an undertaking (Undertaking that Customer shall inform bank(s) in case the exposure exceeds Rs.5 Crore)

D. Availed No Credit facilities from Banking System:

- Can open Current Account

For further details, please click the link:-

<https://www.rbi.org.in/scripts/NotificationUser.aspx?Id=11945&Mode=0>

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