

RBI exempts certain accounts from its current account norm

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- **Some of the excluded cases comprise accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016.**

The Reserve Bank of India (RBI) on Monday allowed some accounts to be excluded from the ambit of its circular in August in which the regulator had specified certain rules for opening current accounts with banks.

On 6 August, the central bank said that borrowers with more than ₹50 crore exposure to the banking system should have an escrow mechanism and only banks managing such escrow accounts can open current accounts. Companies with less than ₹50 crore exposure will have fewer restrictions in opening such accounts.

“Upon review, it has been decided to permit banks to open specific accounts stipulated under various statutes and instructions of other regulators/regulatory departments without any restrictions placed in terms of the above-mentioned circular dated 6 August 2020,” RBI said. The excluded cases include accounts for real estate projects mandated under Section 4 (2) I (D) of the Real Estate (Regulation and Development) Act, 2016, for the purpose of maintaining 70% of advance payments collected from the home buyers, nodal or escrow accounts of payment aggregators or prepaid payment instrument issuers for specific activities as permitted by RBI under the Payment and Settlement Systems Act, 2007, accounts for settlement of dues related to debit card, ATM card, and credit card issuers or acquirers.

The exclusions are subject to the condition that the banks ensure these accounts are used for specified transactions only, RBI said. Banks also have to flag these accounts in the core banking solution (CBS) for easy monitoring. “Banks shall monitor all current accounts and CC/ODs regularly, at least on a half-yearly basis, specifically with respect to the exposure of the banking system to the borrower, to ensure compliance with instructions contained in circular dated 6 August 2020.”

On 2 November, RBI had allowed banks time till 15 December to comply with its guidelines on opening current accounts.

The central bank said that banks may compute the aggregate exposure for the purpose of these guidelines based on the information available from central repository of information on large credits (CRILC), credit information companies (CICs), National e-governance Services Ltd (NeSL) and by obtaining customers’ declaration, if required.