

Notice to Current Account & OD/CC Account Holders

Dear Customers,

It has been our constant endeavour to keep you informed and updated with the latest regulatory guidelines concerning your account. RBI has recently issued a Circular no. DOR.No.BP.BC/7/21.04.048/2020-21 dated August 6, 2020 on 'Opening of Current Accounts by Banks - Need for Discipline', as per which we advise all our customers to adhere to the said RBI guidelines summarised as follows.

1. If you are having OD/CC (with us or any other bank), you are not supposed to maintain Current Account and all transactions shall be routed through the OD/CC account. So current account, if any with us, needs to be closed immediately.
2. If you are having OD/CC relationship with us and if your exposure to CSB is less than 10% of your total exposure in the Banking system, the OD/CC account can only be operated as a collection account* and debits can only be made to your OD/CC account towards credit to your OD/CC account with a bank that has 10% or more of your total exposure to the banking system. In case if your exposure to CSB is more than 10%, then OD/CC account can be operated as a normal OD/CC account
3. In case you have not availed CC/OD facility from any bank, then Current account can be maintained as under
 - a. If your total credit exposure to the Banking system is less than INR 5 Crores, then you can maintain Current Account with CSB, but need to submit a declaration to your CSB-branch that if the exposure exceeds 5 Crore, then you will intimate the bank accordingly and abide by the further actions as per RBI Guidelines.
 - b. If your total exposure to Banking system is between INR 5 Crores & INR 50 Crores, then
 - i. If CSB is a lender to you, then you can maintain Current Account with CSB
 - ii. If CSB is not a lender to you, then Current Account if any, has to be converted into a collection account* and debits will be permitted only to your Current Account with a lender Bank
 - c. If your total exposure to the Banking system is greater than 50 Crores then
 - i. If CSB is not a lender you, then Current Account if any, has to be closed
 - ii. If CSB is a major lender to you, then the lender banks can put in place an Escrow mechanism and CSB may open the Escrow account if agreed by other lenders or a collection account* with debits only to the Escrow account

RBI has subsequently decided to permit banks to open specific accounts which are stipulated under various statutes and instructions of other regulators/ regulatory departments, without any restrictions placed in terms of the above-mentioned circular dated August 6, 2020. An indicative list of such accounts is as given below:

- Accounts permitted under FEMA, 1999. (eg – EEFC account)
- Accounts for the purpose of IPO / NFO /FPO/ share buyback /dividend payment / issuance of commercial papers/allotment of debentures/gratuity, etc. which are mandated by respective statutes or regulators and are meant for specific/limited transactions only.
- 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 (RERA accounts)

**Collection Account – Net/mobile banking transaction facility as well as cheque book facility if already there shall not be provided and shall be discontinued. Credits are permitted in this account and debits are permitted only for transferring the funds to the lender bank/ escrow account of the borrower.*

Individual notices have already been sent to all our esteemed customers in this respect and it is hereby further intimated that the Bank will proceed further as stipulated in the said notices in compliance of the said RBI Guidelines.

For more details/queries, please contact your home branch.