



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

RBI/2015-16/112

DBR.Leg.BC.25./09.07.005/2015-16

July 02, 2015

The Chairman / Chief Executive  
All Scheduled Commercial Banks  
(excluding RRBs)

Dear Sir,

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

Please refer to [our circular DBOD.No.Leg.BC.84/09.07.005/2003-04 dated May 15, 2004](#) advising banks to scrupulously ensure that their branches do not open current accounts of entities which enjoy credit facilities (fund based or non-fund based) from the banking system without specifically obtaining a No-Objection Certificate (NOC) from the lending bank(s). Further, vide [circular DBOD.No.Leg.BC.22/09.07.005/2004-2005 dated August 4, 2004](#), banks may open current accounts of prospective customers in case no response is received from the existing bankers after a minimum waiting period of a fortnight. However, we have been receiving complaints against banks for opening current account without following due diligence as specified in our aforesaid circulars.

2. In this connection, attention is invited to RBI Guidelines on "Early Recognition of Financial Distress, Prompt Steps for Resolution and Fair Recovery for Lenders: Framework for Revitalising Distressed Assets in the Economy" issued on January 30, 2014. In terms of these guidelines, RBI has set up a Central Repository of Information on Large Credits (CRILC) to collect, store, and disseminate data on all borrowers' credit exposures. Banks / Financial Institutions are required to report information to CRILC as advised vide [circular DBS.OSMOS.No.14703/33.01.001/2013-14 dated May 22, 2014](#).

3. Keeping in view the importance of credit discipline, especially for reduction in NPA level in banks, banks are advised to make use of the information available in CRILC and not limit their due diligence to seeking NOC from the bank with whom the customer is supposed to be enjoying the credit facilities as per his declaration. Banks should verify from the data available in CRILC database whether the customer is availing of credit facility from another bank. Further banks may also seek 'No Objection Certificate' from the drawee bank where the initial deposit to current account is made by way of a cheque.

4. As these instructions are aimed at improving credit discipline, appropriate penal action will be taken in case of non-compliance.

Yours faithfully,

(Sudha Damodar)  
Chief General Manager