



**KCCI**  
MANGALORE

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**ಕೆನರಾ ವಾಣಿಜ್ಯ ಮತ್ತು ಕೈಗಾರಿಕಾ ಸಂಸ್ಥೆ**

ಚೇಂಬರ್ ಬಿಲ್ಡಿಂಗ್, ಬಂದರು, ಪಿ.ಬಿ. ನಂ. 116, ಮಂಗಳೂರು, ಭಾರತ - 575 001.

**KANARA CHAMBER OF COMMERCE & INDUSTRY**

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CIN : U91990KA1940PLC001135

**Ref. No.: 2021-22/0073**

**30<sup>th</sup> July, 2021**

Shri Sunil Mehta  
Chief Executive,  
Indian Banks' Association,  
World Trade Centre Complex,  
6th Floor Centre 1 Building,  
World Trade Centre Complex, Cuffe Parade,  
Mumbai - 400 005.

Dear Sir,

Sub: Unreasonable restrictions imposed by the banks beyond the mandate of  
RBI notification.

**Greetings from Kanara Chamber of Commerce and Industry (KCCI), Mangaluru.**

The Reserve Bank of India has imposed certain restrictions for having Bank Accounts with multiple banks to prevent diversion of funds vide its Notification 6<sup>th</sup> August 2020; Ref no. RBI/2020-21/20 DOR. No. BP.BC/7/21.04.048/2020-21. At the outset, the business community has faced inconveniences due to such restrictions. However, our members have appreciated this move of the Reserve Bank in the broader interest of the nation.

We have been receiving several complaints and grievances from our member business community that such a hurriedly imposed directive from the Reserve Bank is causing difficulties in business operations due to improper implementation by the Banks. It is observed that various banks have gone beyond the directions of the RBI Notification and have imposed multiple restrictions. These restrictions are widely being felt unwarranted and against the spirit of providing quality service to the business community and hampering the smooth conduct of business operations. Some banks are closing the current account abruptly without giving any notice of intimation. The significant grievances of our members are listed here below:-

1. Some banks are not allowing businesses to have a Current Account and Overdraft Account in the same branch. Many business units have established Current Accounts to collect funds from their customers. However, the banks are mandating to either close the current Account or the overdraft account.
2. Some business units have branches in multiple locations and have been maintaining current accounts at these locations. The Bank is not permitting them to have multiple Current Accounts and in different cities.

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3. Some banks do not have branches in cities in which the business units have their branches. In such cases, the banks are not permitting them to open their Collection Account with other banks with branches in such cities.
4. As per the RBI Notification, if the sanctioned amount of loan is less than Rs. 50 crores, collection Accounts can be opened in other banks. In a few instances, we have observed that where the Loan Sanction Limits have been reduced to less than Rs 50 crore, only to accommodate this requirement, the banks have continued to mention the sanction limits as above Rs. 50 crore, thereby adopting an unfair trade practice.
5. In the case of MSMEs, it is customary to maintain a separate current account for online payments to ensure the security of the funds and prevent misuse of funds. Therefore, a separate current account must be permitted in MSMEs who do not have adequate staff and facilities to maintain a centralized single Overdraft Account.

We request you to kindly look into this matter on priority considering the best banking practices in doing business and accordingly inform your member banks to permit opening of multiple current accounts with the same Bank and permit opening the collection account with other banks, as per the notification of RBI. Your instructions will go a long way in facilitating ease of doing business and avoid undue hardships brought about by this RBI Notification.

Yours sincerely,  
For Kanara Chamber of Commerce & Industry

**ISAAC VAS  
PRESIDENT  
DIN 00712781**

Cc:

1. Reserve Bank of India
2. Affiliated bodies of KCCI.

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Affiliated to :

Federation of Indian Chambers of Commerce & Industry, New Delhi,  
Federation of Karnataka Chambers of Commerce & Industry, Bangalore,  
Confederation of Indian Industry, (Southern Region), Bangalore/Chennai,  
Bangalore Chamber of Industry & Commerce, Bangalore &  
Indian Merchants' Chamber, Mumbai.