

F.No.31/3/2011-BO.II
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, 3rd Floor,
10 Sansad Marg, New Delhi-110001

Dated the 28th December, 2011

To

Chief Executives of all Public Sector Banks.

Subject: KYC requirements and facilitating opening / operations of accounts of the bank customers.

Sir,

Kindly refer to the instructions issued vide Circular of even number dated 22.09.2011 on the subject noted above, advising the banks on the following issues –

- i. *Opening of accounts by close relatives,*
- ii. *Full operational facilities in joint account with spouse,*
- iii. *Account portability / opening of new bank accounts,*
- iv. *Opening of accounts of migratory workers.*

2. Reserve Bank of India (RBI) have indicated their reservations citing some difficulties in implementing the instructions on Inter Bank Account portability. The views of the RBI are under consideration / examination in consultation with the Department of Revenue.

3. The instructions issued by the Government for opening of accounts of the migratory workers are intended to smoothen the process of opening of bank accounts by the migratory workers, who have no proof of current place of residence. However, they still face a lot of difficulties in opening of a bank account. The Ministry of Finance, Department of Revenue and the Reserve Bank of India have issued instructions permitting opening of '*small accounts*' with relaxed KYC, on self-certification basis. Though the banks were expected to aggressively utilize these provisions for opening of bank accounts particularly of the excluded sections of society, a perceptible reluctance has been observed on part of the banks in opening of accounts "on self-certification basis". This has been viewed by the Government seriously and adversely. To allay any gaps in this regard, all the Public Sector Banks (PSBs) will follow the following procedure for opening of bank accounts of migratory workers –

- i. A migratory worker may visit any branch of the bank servicing the area of his / her permanent residence for opening a bank account;
- ii. The branch will open his / her account on self-certification basis, or on introduction basis, and / or on the basis of the documents made available by the individual including a proof of permanent place of residence, as the case may be, and allow operations immediately;

- iii. The bank branch / office opening such an account may get the details / proof of permanent place of residence verified through an '*on-line*' communication to the branch of the bank servicing the area of permanent domicile of the customer, within 30 days of opening of an account, within which the customer may be allowed operations as permissible for '*small account*' to enable him / her to meet basic day-to-day requirements of funds;
- iv. On receipt of '*on-line*' verification of documents, the bank branch will allow full operational facilities in the account, which are available to a normal account.

4. All PSBs are requested to issue appropriate instructions to all their offices / branches and sponsored Regional Rural Banks (RRBs) immediately. A copy of instructions so issued may also be sent by **e-mail** to this office, immediately.

5. The banks may also put-in place an appropriate mechanism to ensure that these instructions are scrupulously followed by all their branches / offices in '*letter and spirit*', including random physical verification / checks at the branches, at regular intervals.

6. This issues with the approval of Secretary (FS).

Yours faithfully,

(D.D. Maheshwari)
Under Secretary to the Government of India
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Copy to:

- 1) CGM, DBOD, RBI, Mumbai with the request to issue similar clarificatory guidelines to all banks including the Private Sector and Foreign Banks.
- 2) Chief Executive, IBA, Mumbai for wider dissemination of these instructions among the Member Banks.
- 3) Chairman, NABARD, Mumbai for issuing appropriate instructions to all Regional Rural Banks.
- 4) Chairmen of all Regional Rural Banks.