

All about Current Accounts in India

Current Accounts are usually used by Business persons, firms, companies and public enterprises namely.

A current bank account is one of the primary requirements for starting a business. These days, banks offer a number of attractive offers and benefits on current accounts to match the diversified needs of businesses.

Features of a Current Account

- Non-maintenance of the minimum balance can attract penalty charges
- Just like savings account, KYC guidelines are to be followed even for current accounts
- For a single business, there cannot be multiple current accounts
- The prime objective of current account is to facilitate smooth transactions for businesses
- Currents accounts do not earn any interest due to the fluidity they offer.
- Current accounts charge interests on short-term funds the account holder has borrowed from the bank

Benefits of a Current Account

- Allows for prompt business transactions
- No limit on withdrawals
- No limit on deposits in the home branch
- Enables businessmen to make direct payments using cheques, demand drafts, or pay orders
- Provides overdraft facility
- Provides internet banking and mobile banking facilities

Types of Current Account

Standard Current Accounts

It's a non-interest bearing deposit account with minimum balance requirements and a stipulated monthly average balance. It offers cheque books, debit cards, overdraft facility, etc. Other features may include internet banking, SMS banking, Free RTGS and NEFT transactions, etc.

Packaged current accounts

The packaged accounts offer a lots of perks to accountholders. It comes with additional features such as travel insurance, medical support, roadside assistance, etc.

Single column cash book

Simple cash accounts or single column cash book accounts allow for daily transactions but does not provide features such as overdraft facility. It is suited for those businesses that do not maintain bank accounts. It is a cashbook which records the daily transactions under separate columns for debit and credit.

Premium current accounts

It comes with exclusive offers and benefits to accountholders. The account provides a multitude of customized features and it is generally suited for those who carry out high financial transactions.

Foreign currency accounts

For those individuals or businesses that require frequent transactions to be carried out in foreign currencies, a foreign currency account is the best option.

Difference between Current Accounts and Savings Account

Current Account	Savings Account
Currents accounts do not earn any interest due to the fluidity they offer.	Savings Bank Accounts earn interest.
A Current Account is created for Business Purpose	Savings Accounts are opened for savings purpose.
Current Account carries overdraft facility.	Savings Accounts usually do not carry overdraft facility.
There is no limit of transaction in Current Account.	Banks may impose transaction limit on Savings Account.
The Minimum Balance is usually higher in Current Account.	The minimum balance in Savings Account is lower.