

Business Standard

HOME MARKETS COMPANIES OPINION POLITICS TECHNOLOGY SPECIALS PF PORTFOLIO MY PAGE GALLERY

Today's Paper Latest News Economy Finance Current Affairs International Management The Strategist Weekend Data Stories Chat

TRENDING ON BS #Demonetisation #TataVsMistry #TrumpAtWhiteHouse Search News

You are here: Home » Finance » News » Banks



Heat on RBI, banks to reveal defaulters

The SC dismissed a large number of appeals moved by RBI, ICICI Bank and Nabard, invoking banking rules and confidentiality to deny the information

BS Reporter | New Delhi/Mumbai
December 17, 2015 Last Updated at 00:58 IST



Sharekhan FirstStep program Ad
Open Free Demat A/c with low brokerage fee



The Reserve Bank of India (RBI) and the banking sector may soon have to disclose the name of defaulters to people seeking such data under the Right to Information (RTI) Act. The Supreme Court (SC), on Wednesday, ruled that bankers cannot deny information on defaulters and irregularities on grounds of "economic interest, commercial confidence, and fiduciary relationship."

The SC dismissed a large number of appeals moved by Reserve Bank of India, ICICI Bank and National Bank of Agricultural and Rural Development (Nabard), invoking banking rules and confidentiality to deny the information. The appeals came against orders of the Central Information Commissioner (CIC) in various cases.

"The facts reveal that as banks are trying to cover up their underhand actions, they are even more liable to be subjected to public scrutiny," the court remarked, adding that it has surmised that many financial institutions have resorted to acts which are neither clean nor transparent.

Welcoming the apex court's ruling senior advocate Prashant Bhushan, who appeared for two respondents, said: "The SC's decision shows how public authorities

ALSO READ

SC seeks answers from Goa, Vedanta on renewal of 89 mining leases

Vyapam scam: SC hands over all cases to CBI

Bhushan, Yadav want White Paper on PSB loans

Kejriwal defends his anti-graft credentials at National Council meet

SC strikes down NJAC Act, revives collegium system

Beyond Business GO

Punto Evo - With Cash Ad
Benefits upto ₹ 60,000.
Know More. T&C

LATEST NEWS

ALL	IN THIS SECTION
-----	-----------------

SC refuses to stop various courts from hearing pleas on demonetisation

Govt issues order to attach Rs 18,866 cr properties under PMLA

India must focus on cost-effective launch vehicles: ANTRIX CMD

Chinese app-maker finds Indian market 3 times larger than China's

Bhagwant Mann not to attend Parliament till a decision taken

» More

MORE NEWS

Ads
Get Google Chrome
Fast, simple & secure web browser for all your devices.
Download now!
google.com/chrome

Trade 1 lot CRUDE in 2000
Trade Gold in Rs15000 /lot margin. Trade one lot NIFTY in Rs 5000 only
www.asthatrade.com



and public institutions like the [RBI](#) are trying to defeat the objective of the Right to Information by giving frivolous excuses."

"Companies who are [defaulters](#) with no net worth or who have siphoned off money are sought to be hidden. Why? In fact, this information should be proactively put up on a website by the [banks](#) and [RBI](#) should be encouraging disclosure of information," [Prashant Bhushan](#) said

While [RBI](#) officials were not immediately available for comment, [banks](#) did not want to comment on the ruling. Lawyers say the petitioners can file an appeal for review with the same bench or plead for moving the matter to a larger bench. [RBI](#) could also seek a stay on operation of the order for some time, pending appeal.

Public sector executives and lawyers dealing with bank cases said that [banks](#) will no longer be able to use blanket refusal to provide information. They will have to justify why they can't provide information about [defaulters](#) under safeguards provided in the Right to Information Act.

"We fear that this will lead to a spate of litigations between [banks](#) and borrowers if the [defaulters](#)' names are revealed because there are non-disclosure agreements between [banks](#) and borrowers," said a senior banking official.

Ananda Bhoomik, managing director at India Ratings & Research said: "[RBI](#) and [banks](#) will now have to tighten the provisions of wilful defaulter norms and make it more transparent. This will bring in greater discipline in the system."

The judgment said that the [RBI](#), in association with them (banks), has been trying to cover up their acts from public scrutiny. "It is the responsibility of the [RBI](#) to take rigid action against those [banks](#) which have been practicing disreputable business practices," said Justice M Y Eqbal.

[RBI](#) took the brunt of criticism as it was the regulator and had strongly opposed the invocation of the right to information arguing that it has been exempted from the law and it has discretion as it was the regulator.

It had also contended that the disclosure will prejudicially affect the economic interest of the country. Countering these arguments, the court remarked: "From the past we have come across financial institutions which have tried to defraud the public. These acts are neither in the best interests of the country nor in the interests of citizens. To our surprise, the [RBI](#) as a watchdog should have been more dedicated towards disclosing information to the general public under the Right to Information Act."

[RBI](#), the judgment underlined, has a statutory duty to uphold the interest of the public at large, the depositors, the country's economy and the banking sector. Thus, [RBI](#) ought to act with transparency and not hide information that might embarrass individual banks. It is duty bound to comply with the provisions of the [RTI Act](#) and disclose the information sought by the petitioners. The court described as "totally misconceived" the argument of [RBI](#) that the disclosure would hurt the economic interest of the country.

The judgment went through the facts in a score of cases and upheld the orders of the Central Information Commissioner directing the concerned [banks](#) to give information to individuals who sought them.

READ MORE ON [RBI](#) [BANKING SECTOR](#) [RTI ACT](#) [SUPREME COURT](#)
[DEFAULTERS](#) [PRASHANT BHUSHAN](#) [FINANCE](#) [BANKS](#)

Enjoy Free Stock Trading with Upstox Ad



Banking funds to gain from demonetisation

Yet to open a Sharekhan Account? Ad



Rupee recovers 12 paise to end at 67.82; snaps 4-day losing streak

MOST POPULAR



After State Bank of India, ICICI & HDFC Bank slash deposit rates

Demonetisation: ICICI, HDFC Bank cut deposit rates by 0.25%

Others follow suit: ICICI, HDFC Bank, Canara, United Bank cut FD rates by up to 1%

Banks see surge in card usage; demand jumps for PoS terminals

[RBI](#) lifts restriction on FPI investment in bonds

[RBI](#) lifts restriction on FPI investment in bonds

Demonetisation: LIC extends grace period for premium payment

Demonetisation: Indelible ink use is eyewash, says Bank staff union

Delhi HC seeks Centre, [RBI](#) reply on card payment surcharge

Bad news for FD investors: SBI, Kotak HDFC slash deposit rates

RECOMMENDED FOR YOU

Powered by Google

<p>ICICI Prudential MF</p> <p>Ad icicipruamc.com</p>	<p>Who is Raghuram Rajan? 10 interesting facts</p> <p>business-standard.com</p>	<p>Retirement Planning</p> <p>Ad bigdecisions.com</p>	<p>Full rupee convertibility in few years, says Rajan</p> <p>business-standard.com</p>	<p>I-T Dept to keep record o deposits over Rs 2 lakh</p> <p>business-standard.com</p>
---	--	--	---	--

Advertisements

- Punto Evo - With Cash Benefits upto ? 60,000. Know More. T&C
- Buy New Age Health Insurance with Added Benefits
- New to the stock market? Take your FirstStep
- Fiat Linea - 125PS Power & TouchScreen Navigation System.T&C.
- Intelligent Retail of the Future
- Enjoy Free Stock Trading with Upstox
- Learn the Art of Investing through Sharekhan
- Super Saver Health Insurance for Whole Family
- Open Free Demat A/c with low brokerage fee
- Yet to open a Sharekhan Account?

After State Bank of India, ICICI & HDFC Bank slash deposit rates

Demonetisation: ICICI, HDFC Bank cut deposit rates by 0.25%

Insurers ask ministry for motor third party claim filing

SBI cuts deposit rates by 15 basis points

Rupee recovers 12 paise to end at 67.82; snaps 4-day losing streak

You Might Also Like



Struggled with theatre role post dad's suicide attempt: Kathy



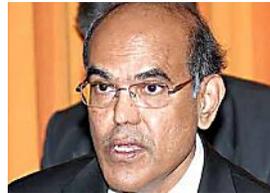
Post-demonetisation, Jaitley likely to relax income tax slabs in Budget



After demonetisation, benami property holders the next target: PM Modi



I-T department checking high-value deposits



Full text of former RBI governor D Subbarao's views on demonetisation



Chartered accountants chip in with creative solutions

Promoted Stories



Planning for an early retirement?
mutualfund.birlasunlife.com



How much to save for retirement?
birlasunlife.com



Tata Sons lists out the reasons why Mistry was replaced
News



**Nusli Wadia has to go, says
Tata Sons**
moneycontrol.com



**Maintaining healthy lifestyle
has many benefits. Know your
health status now!**
www.thyrocare.com



**Take a Virtual Tour Around
Abu Dhabi's Family Friendly
Attractions And Activities**
Abu Dhabi on CNN

Recommended by

