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# Banks can't get 'blanket relief' from CBI, CVC actions: Raghuram Rajan

By PTI | Updated: Jul 17, 2016, 06.16 PM IST

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MUMBAI: Amid a clamour among [bankers](#) for immunity from action by agencies like [CBI](#) and [CVC](#), [Reserve Bank](#) Governor [Raghuram Rajan](#) has disapproved of any "blanket sort of relief" but wants the decisions on loans given after appropriate due diligence to be protected.

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"I think bankers have expressed some concern that they should not be held liable for actions that are taken in the full spirit of what is needed," he said.

"I think everyone has respected the need that where they take actions based on appropriate due diligence, on a proper application of mind given the situation, they should have some freedom to take actions..."

"Otherwise, we will not get the kind of clean up, the kind of putting over-leveraged projects back on track that the [economy](#) needs," Rajan told a select group of journalists here.

At the recent meeting of the Bank Board Bureau (BBB), a new body constituted by the government to improve governance of PSU lenders, the state-owned banks sought immunity from "unnecessary oversight" from agencies such as the Central Bureau of Investigation (CBI) and the Central Vigilance Commission (CVC) on decisions related to loans that are taken collectively.

Asked about the demand from the bankers, Rajan said there cannot be any "blanket sort of relief, saying whatever actions you take no matter what their character, you should be absolved of any responsibility."

"I think there has to be some responsibility, but the responsibility has to be for making the appropriate due diligence of taking measured decisions.

"As long as somebody has invested the effort in taking the right decision, they shouldn't be held responsible based on which way the decision (goes)... Sometimes, you know, uncertainty creates the possibility that decision turns out wrong," Rajan said.

Best decisions taken under given circumstances should be respected, the outgoing RBI Governor added.

"To my mind, this new group that has been created to examine the process by which the decision was made, will try and give them comfort on that. Beyond that, it's not clear to me that anybody can give a blanket guarantee," he added.

Rajan stressed on a need for an appropriate balance.

"As a society we have to reach that (balance) which is that we have to respect the decision that were made so long as they were made in the right spirit, given the information that was available at that time," he said.

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