

## **SC Order on 'RBI and RTI'**

### **Why in news?**

The Supreme Court has directed the RBI to disclose certain information under the Right to Information (RTI) Act unless they are exempted under law.

### **What is the case on?**

- In a 2015 judgment, the Supreme Court had rejected the RBI's argument that it could refuse information sought under the RTI.
- RBI said this on the grounds of economic interest, commercial confidence, fiduciary (/trustee) relationship or public interest.
- But the court had observed that there was "no fiduciary relationship between the RBI and the financial institutions".
- It emphasized that RBI had the statutory duty to uphold the interests of the public at large, the depositors, the economy and the banking sector.
- The court thus held that the Reserve Bank could not withhold information sought under the RTI Act.
- But RBI's November 2016 Disclosure Policy was found to be directly contrary to the court's judgment of 2015.
- In this regard, the Bench was hearing contempt petitions filed against the RBI for not complying with the 2015 judgment.

### **What was the information sought?**

- The petitioners had sought details pertaining to the RBI's annual inspection reports of certain banks.
- These include that of ICICI, AXIS, and HDFC Banks and State Bank of India, from 01.04.2011 to the date of filing of the RTI application.
- Information relating to the Sahara Group of Companies and Bank of Rajasthan was also sought from the RBI.
- The RBI did not provide information in view of the exemption from disclosure under Section 8(1)(a) and (b) of the RTI Act.
- It said the disclosure was not in economic interest of the State and would also adversely affect the competitive position of the third party.
- Separately, details of showcause notices and fines imposed by the RBI on various banks were also sought.

## What is the current order?

- The court has now given RBI a last opportunity to withdraw the disclosure policy.
- This is in relation to the exemptions in the policy which are contrary to the directions issued by the court.
- These include the list of wilful defaulters and annual inspection reports.
- The court held that the RBI is duty-bound to comply with the provisions of the RTI Act and disclose the information.
- The court however acknowledged that some matters of national economic interest could harm the national economy, particularly, if released prematurely.
- E.g. information about currency or exchange rates, interest rates, taxes, proposals for expenditure or borrowing, foreign investments, etc

## What is the implication?

- The RBI will be required to provide annual inspection reports and other material (such as details of penalties) unless it is exempted under law.
- This will provide greater transparency about the affairs of banks.
- Greater bank disclosures do help investors and depositors, but it can have unintended consequences as well.
- Information contained in RBI annual inspection reports relating to banks is highly sensitive.
- The central bank through these efforts tries to ensure that the banking system remains smooth with minimum disruptions.
- So the court order has the potential to affect the regulatory process of the RBI.

**Source: Indian Express, The Hindu**