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

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