



## RTI Exemption for Banks

**For Prelims:** RTI Act 2005, NPA, Right to Privacy.

**For Mains:** Reasons for Banks Seeking Exemption from RTI

### Why in News?

Recently, the Supreme agreed to examine a plea by various Banks for the exemption from **RTI (Right to Information)**.

- Various Public and Private Sector banks want to be exempted from disclosing an array of financial information relating to **Non-Performing Assets (NPAs), losses from trading operations, show-cause notices, and penalties.**

### What is the Issue?

- The legal battle for the disclosure of inspection reports and defaulters list started when **RTI activist Jayantilal Mistry sought information under RTI Act, 2005** from the RBI about a Gujarat-based cooperative bank in 2010. The matter went up to the SC as Mistry's appeals were not **entertained by several layers of the RTI process.**
- In 2015, the Supreme Court had come down on the RBI for trying **to keep the inspection reports and defaulters list confidential**, paving the way for the public disclosure of such reports of the RBI, much against the wishes of the banking sector.
- The SC had said the **RBI has no legal duty to maximize the benefit of any public sector or private sector bank**, and thus there is no relationship of 'trust' between them. It added that the RBI was duty-bound to uphold the public interest by revealing these details under RTI.
- The central bank then allowed **making such reports public following the Supreme Court order.**
- Now the SC says, the 2015 judgment did not take into consideration **the aspect of balancing the right to information and the right to privacy**, and thus, the court is duty-bound **to give banks an opportunity to argue their case on merits.**

### What is the Argument Provided by Banks?

- As banks are involved in dealing in money, they fear any adverse remarks — especially from the regulator RBI — will **affect their performance and keep customers away.**
- **Banks are driven by the "trust and faith" of their clients** that should not be made public.
- Banks also argued that **privacy is a fundamental right**, and therefore, should not be violated by **making clients' information public.**

### What is the RTI Act, 2005?

- **About:**
  - Right to Information Act or RTI is a central legislation, which enables the citizens to procure

information from a public authority.

- It provides **the mechanism for obtaining information under the control of public authority** so that transparency and accountability can be increased.
- **Sec 8 of the RTI ACT:** Sec 8 deals with **exemption from disclosure of information.**
  - Information which would prejudicially affect the sovereignty and integrity of India
  - Information which has been expressly forbidden to be published by any court of law
  - Information, the disclosure of which would cause a breach of privilege of Parliament or the State Legislature.
  - Information including commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information
  - Information available to a person in his fiduciary relationship, unless the competent authority is satisfied that the larger public interest warrants the disclosure of such information.

### UPSC Civil Services Examination Previous Year Question (PYQ)

**Q.** “The Right to Information Act is not all about citizens’ empowerment alone, it essentially redefines the concept of accountability.” Discuss. **(2018)**

**Source:** HT

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