



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)**

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