



RBI Act should mandate disclosure of loan defaulters: AIBEA

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- **AIBEA said the total amount of loan outstanding from 9,331 willful defaulters as on March 31, 2018, stands at Rs 1,22,018 crore**
- **Gross NPAs have grown beyond proportion over the years to touch a staggering Rs 8,95,600 crore as at the end of FY 2017-18**

In view of the recent ruling of the Supreme Court, the government has to amend the Reserve Bank of India (RBI) Act sooner or later and publish the names of loan defaulters periodically, a top official of the All India Bank Employees' Association (AIBEA) said on Monday.

Welcoming the apex court order directing the RBI to disclose its inspection reports of banks and the names of loan defaulters, AIBEA General Secretary C.H. Venkatachalam said the Supreme Court has vindicated the long standing stance of the AIBEA on the issue of banks' non-performing assets (NPAs or bad loans).

"Sooner or later, the government and the RBI have to come out, amend the RBI Act and publish the names of defaulters periodically to let the country know who are these defaulters and cheaters of people's money," he said.

Venkatachalam said the total amount of loan outstanding from 9,331 willful defaulters as on March 31, 2018, stands at Rs 1,22,018 crore.

Gross NPAs in the Indian banking system have grown beyond proportion over the years to touch a staggering Rs 8,95,600 crore as at the end of the financial year 2017-18.

Publication of names of bank loan defaulters becoming reality soon: AIBEA

Hyderabad, Apr 29 (UNI)
UNITED NEWS OF INDIA

The demand of All India Bank Employees' Association over publication of names of loan defaulters was nearing fruition with the Supreme Court directing RBI to disclose the names of defaulters and Inspection Reports under RTI.

This is a notable development and vindicates the demand of AIBEA, its General Secretary Ch Venkatachalam said in a circular to all its Units and Members on Monday.

The AIBEA General Secretary said "We are happy that the direction of Supreme Court is a welcome development. Let us continue our campaign and demand. Sooner or later, the Government and RBI have to come out, amend the RBI Act and publish the names of defaulters periodically to let the country know who are these defaulters and cheaters of people's money".

He said all of us are aware that bulging bad loans have been the main problem faced by the banks and all the Banks are suffering from this ailment. Due to the callous approach of the Government and their unwillingness to take stringent measures to recover the bad loans, borrowers, particularly the big and corporate borrowers, are emboldened to default their loans.

Rather defaulting the loan to the Bank has been developed into an exquisite art, he added.

There are also political overtones in sanction of such huge loans in which one can easily discern the nexus prevailing between corporate borrowers, political authorities, bureaucrats and a section of top managements. Thus bad loans have become the hot bed for corruption too, Mr Venkatachalam pointed out, adding Bad loans, euphemistically called NPA, have grown beyond proportion over the years.

This apart, many of the bad loans are also wilful defaults. That means that knowingly and deliberately, these borrowers have refused to pay the bank loans.

The top union leader said, as per reply given by the Minister in the Parliament, the number of cases of wilful defaulters have gone up and as on 31-3-2018, the amount involved is Rs 1,22,018 crore by 9,331 borrowers.

"From AIBEA we have been demanding stern action to recover these bad loans. But unfortunately, the Government has been talking of 'resolution' of these bad loans. The present Government has brought the new law, IBC – Insolvency and Bankruptcy Code. But all of us know that under these IBC rules, the Banks are compelled to accept huge haircuts. Banks are the losers. All of us also know who has gained in the process, he said.

Because of these alarming bad loans in the Banks, the Banks are compelled to make huge provisions for the bad loans from out of the profits earned by them, he said.

"Since the defaulters are the main villains, AIBEA has been demanding publication of the names of these defaulters to make the people know who these cheaters of public money are. But the Government has been reluctant and RBI was also sitting tight on our demand in the name of secrecy, he said.

No more leeway: on RBI's reluctance to furnish list of wilful defaulters

APRIL 29, 2019 EDITORIAL

THE HINDU

The RBI must set an example on transparency, and serve the national economic interest

The Reserve Bank of India has been given a "last opportunity" by the Supreme Court to stop being in "contempt" of the court's clear and unambiguous order of December 2015. Ruling on a batch of contempt petitions against the RBI, a two-judge bench directed it to furnish all information relating to inspection reports and other material sought by Right to Information (RTI) petitioners, save material exempted by the court's earlier order particularly on the grounds that it had a bearing on the security of the state. The bench made it clear that "any further violation shall be viewed seriously". The banking regulator has repeatedly tried to stonewall multiple requests seeking information ranging from the names of wilful defaulters on bank loans worth hundreds of crores of rupees, to the bank-wise breakup of mark-to-market (MTM) losses and the losses in foreign currency derivatives contract cases. The Central Information Commission too had, in November, directed the then RBI Governor, Urjit Patel, to show cause "why maximum penalty should not be imposed on him" for the central bank's "defiance" of Supreme Court orders on disclosing the names of wilful loan defaulters. The RBI was ticked off by the CIC for failing to uphold the interest of the public and not fulfilling its statutory duty to depositors, the economy and the banking sector, by privileging individual banks' interests over its obligation to ensure transparency.

At a time when the level of bad loans at commercial banks continues to remain worryingly high, worsening their combined capital to risk-weighted assets ratio (CRAR), it is inexcusable that the RBI continues to keep the largest lenders to banks, the depositors, and the public in the dark on the

specific loan accounts that are endangering the banking system's health and viability. The RBI's latest Financial Stability Report shows that the industry-wide CRAR slid to 13.7% in September 2018, from 13.8% in March 2018, with the ratio at the crucial public sector banks declining more sharply to 11.3%, from 11.7% over the same period. For a banking regulator that never tires of stressing the need for greater accountability from the numerous public sector banks, the RBI's reluctance to be more transparent is perplexing. Even its latest Disclosure Policy, posted on its website on April 12 after the Division Bench had concluded hearings in the contempt case and reserved judgment, continues to direct its departments to withhold information that was expressly ordered to be shared by the December 2015 order. As the CIC aptly observed last year, the central bank's intransigence and repeated failure to honour the court's orders ultimately undermines the very rule of law it seeks to enforce as a banking sector regulator empowered by Parliament

Supreme Court gives RBI 'last chance' to alter disclosure policy

NEW DELHI, APRIL 26, 2019
THE HINDU

'Existing guidelines contrary to 2015 ruling on sharing information under RTI Act'

The **Supreme Court** on Friday gave the Reserve Bank of India (RBI) "a last opportunity" to withdraw a November 2016 Disclosure Policy to the extent to which it stonewalls revelation of every other kind of information under the Right to Information Act, including the list of wilful defaulters and annual inspection reports.

A Bench of Justices L. Nageswara Rao and M.R. Shah found the policy of the **central bank** to be directly contrary to the court's judgment of December 2015 that the Reserve Bank could not withhold information sought under the RTI Act.

The Bench was hearing contempt petitions filed against the RBI for not complying with the 2015 judgment.

“We give them a last opportunity to withdraw the disclosure policy insofar as it contains exemptions which are contrary to the directions issued by this court,” Justice Rao said, giving an ultimatum in the 12-page verdict.

<h2>All for transparency</h2> <p>In RBI versus Jayantilal N. Misty, the Supreme Court in 2015 said:</p> <ul style="list-style-type: none">▪ There is no fiduciary relationship between the RBI and the financial institutions▪ RBI has a statutory duty to uphold the interests of the public at large,	<p>the depositors and the country's economy and the banking sector</p> <ul style="list-style-type: none">▪ RBI should act with transparency and not hide information that might embarrass the individual banks, and the RBI is duty-bound to comply with the provisions of the RTI Act	
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The 2015 judgment had rejected the RBI’s argument that it could refuse information sought under the RTI on the grounds of economic interest, commercial confidence, fiduciary relationship or public interest.

‘No fiduciary ties’

The court had observed that there was “no fiduciary relationship between the RBI and the financial institutions”.

The court, in 2015, reminded the RBI that it had the statutory duty to uphold the interests of the public at large, the depositors, the economy and the banking sector.

“This court was also of the opinion that the RBI should act with transparency and not hide information that might embarrass the individual banks,” Justice Rao wrote.

"The RBI is duty-bound to comply with the provisions of the RTI Act and disclose the information... the submission made on behalf of the RBI that the disclosure would hurt the economic interests of the country was found to be totally misconceived," Justice Rao wrote.

The court however said some matters of national economic interest like disclosure of information about currency or exchange rates, interest rates, taxes, the regulation or supervision of banking, insurance and other financial institutions, proposals for expenditure or borrowing and foreign investments could harm the national economy, particularly, if released prematurely.

"However, lower-level economic and financial information like contracts and departmental budgets should not be withheld under this exemption," Justice Rao wrote, referring to the 2015 verdict of the apex court.

Why govt is not directing RBI to disclose details about defaulters and banks' inspections, says Congress

By: PTI | April 28, 2019 FINANCIAL EXPRESS

After that for four long years, the RBI under the direction of this government, clearly wanting to hide things, has procrastinated, has obstructed and has derailed, has avoided, and has given excuses."

The Congress on Sunday asked why the central government was not giving a one-line directive to the RBI to disclose information about annual inspection report of banks and list of wilful loan defaulters. The party's remarks came after the Supreme Court on Friday gave the banking regulator "a last opportunity" to reveal these details under the RTI Act.

"Under Banking Regulation Act and RBI Act, it takes Government of India 15 seconds to direct the RBI to disclose... There are specific provisions of 35A, 35B and 35AA (of Banking Regulation Act) that gives this power to the central government...Why is the government not giving a one-line

simple directive to disclose,” asked Congress spokesperson Abhishek Manu Singhvi.

Addressing a press conference here, he said, “The Supreme Court directed in 2015 that you must disclose. After that for four long years, the RBI under the direction of this government, clearly wanting to hide things, has procrastinated, has obstructed and has derailed, has avoided, and has given excuses.” “Why is the RBI not disclosing...Is it protecting someone,” he questioned.

Singhvi asked if the BJP was trying to protect “crony capitalists” whose names are in the list of RBI’s wilful defaulters. About wilful defaulters who are on the internal RBI list, he said, “Nobody is asking for them to be sent to jail. We are only asking for names...We (Congress) are not afraid of it, so why are you afraid?”

“We had told you a few weeks ago that within 5 years of this (BJP) government, the defaults and NPAs (non-performing assets) have increased...We ask the BJP to give information about all loan defaulters,” he said.

On Friday, the top court made it clear that RBI was “duty-bound to furnish all information relating to inspection reports and other material” under the Right to Information (RTI) Act, 2005, except those which pertained to “matters of national economic interest”. On December 16, 2015, the apex court had asked the RBI to disclose such information under RTI Act. However, the regulator did not do so. Therefore, on Friday, the apex court said that the RBI is in “contempt of this court by exempting disclosure” of such information. However, the court granted RBI “a last opportunity” to rectify it.



ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: PRABHAT NIVAS

Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com

Web: www.aibea.in