

# **CREDIT INFORMATION AND BANKING ENVIRONMENT IN INDIA**

*Presentation*

*by*

*Mr. Ram Muivah, Director,  
(Banking Division)*

*Department of Economic Affairs  
Ministry of Finance, Government of India*

*at*

*“Conference on Credit Bureau Development  
in South Asia”*

*on*

*May 10-11, 2004  
Colombo, Sri Lanka*

# INTRODUCTION

- No enactment governing the setting up and operations of Credit Information Bureau.
- Sharing of information among Banks is confined to exchange of 'Bankers Opinion' on their existing customers.

# AMENDMENT IN RESERVE BANK OF INDIA ACT

- Empower RBI to collect and furnish credit information from Banks /Institutions
- May furnish such information to any Banking Company

# RELEVANT STATUTORY PROVISIONS IN OTHER BANKING LAWS

- State Bank of India Act, 1955 provides that Bank shall NOT divulge any information
- State Bank of India (Subsidiary Banks) Act, 1959, provide that a Subsidiary Bank shall NOT divulge any information
- Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970/80 provides that every corresponding new Bank (i.e, Nationalised Banks) shall NOT divulge any information

# CREDIT INFORMATION BUREAU (INDIA) LTD (CIBIL)

- Setup in 2001 by SBI in association with HDFC and two foreign technology Partners viz.,
- M/s Dun & Bradstreet Information Services (India) Ltd.,
- and
- Trans Union International Inc., USA

# CREDIT INFORMATION COMPANIES (Regulation) BILL, 2004

- Currently under preparation
- With a view to strengthen the legal mechanism and to provide legal support for the functioning of Credit Information Companies in the Country
- Some Salient features of the Bill are:
  - The Central Bank (RBI) will be the authority for accepting/rejecting applications, functioning of Credit Information Companies

# FUNCTIONS OF CREDIT INFORMATION COMPANIES

- To collect, process and collate information on trade, credit and financial standing of the borrowers.
- To provide credit information to its specific users.

# AMENDMENT TO CERTAIN ENACTMENTS

- **The establishment of the Credit Information Companies (Regulation) Act, 2004 would necessitate amendments to the :**
  - **State Bank of India Act, 1955,**
  - **State Bank of India (Subsidiary Banks) Act, 1959,**
  - **Banking Companies (Acquisition & Transfer of Undertaking) Act, 1970/80 etc.,**

**THANK YOU**