

Bill No. LXXIII of 2019

THE PUBLIC CREDIT REGISTRY OF INDIA BILL, 2019

A

BILL

to provide for a public credit registry to serve as a central repository of credit information and to facilitate efficient distribution of credit, increase financial inclusion, improve ease of doing business and control delinquencies and for matters connected therewith and incidental thereto.

BE it enacted by Parliament in the Seventieth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Public Credit Registry of India Act, 2019.

Short title,
extent and
commencement.

5 (2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. (1) In this Act, unless the context requires otherwise,—

Definitions.

10 (a) “borrower” means a person who has been granted credit or any other credit facility by a credit institution, and includes a client of a credit institution;

(b) “client” includes—

(i) a guarantor or a person who proposes to give guarantee or security for a borrower of a credit institution; or

(ii) a person who has obtained or seeks to obtain financial assistance from a credit institution or to raise money by security issues or whose financial standing is assessed by the Reserve Bank in such manner as may be prescribed;

(c) “credit application” means an application for providing credit made to a credit institution; 5

(d) “credit agreement” means an agreement made between a credit institution and a borrower;

(e) “credit information” means any information relating to—

(i) the amounts and the nature of loans or advances, amounts outstanding under credit cards and other credit facilities, both fund based and non-fund based, granted or to be granted, by a credit institution to any borrower and also includes the nature of security and the guarantee taken or proposed to be taken by a credit institution from any borrower for credit facilities granted or proposed to be granted to him; 10

(ii) any other matter as may be prescribed by the Reserve Bank to be collected and maintained by the Registry, in this behalf on the creditworthiness of any borrower of a credit institution; 15

(f) “credit report” means a communication, whether in written or electronic form prepared by the Registry using customer information provided by a credit institution, to assess the creditworthiness of a person, including information on the following,— 20

(i) the person’s history in relation to credit;

(ii) the person’s eligibility to be provided with credit;

(iii) the person’s capacity to repay credit provided to the person; or

(iv) the details of a person that is processed by the Registry in the course of its credit reporting business; 25

(g) “credit information company” means a company as defined in sub-section (20) of section 2 of the Companies Act, 2013 and which has been granted a certificate of registration under sub-section (2) of section 5 of the Credit Information Companies (Regulation) Act, 2005; 18 of 2013
30 of 2005

(h) “credit institution” means a banking company and includes— 30

(i) a corresponding new bank, the State Bank of India, a Co-Operative Bank, the Nationalised Bank and Regional Rural Bank;

(ii) a non-banking financial company as defined under sub-section (f) of section 45-I of the Reserve Bank of India Act, 1934; 2 of 1934

(iii) a public financial institution referred to in section 4A of the Companies Act, 2013; 35 18 of 2013

(iv) a financial corporation established by a State under section 3 of the State Financial Corporation Act, 1951; 63 of 1951

(v) a housing finance institution referred to in sub-section (d) of section 2 of the National Housing Bank Act, 1987; 40 53 of 1987

(vi) a company engaged in the business of credit cards and other similar cards and a company dealing with distribution of credit in any other manner; and

(vii) any other institution which the Reserve Bank may specify, from time to time, for the purposes of this clause.

(i) “information systems” means data sheets related to banking, non-banking-corporate, as may be prescribed by the Reserve Bank. 45

(j) “notification” means a notification published in the Official Gazette of India;

(k) “prescribed” means prescribed by rules made under this Act;

(l) “Registry” means the Public Credit Registry of India as provided under section 3 of this Act;

5 (m) “regulations” means regulations made by the Reserve Bank under this Act;

2 of 1934

(n) “Reserve Bank” means the Reserve Bank of India constituted by the Reserve Bank of India Act, 1934;

10 (o) “specified user” means any credit institution, and includes such other person or institution as may be specified by the Reserve Bank, for the purpose of obtaining credit information from the Registry;

(p) “specified” means specified by regulations made under this Act;

2 of 1934
10 of 1949
30 of 2005
18 of 2013

15 (2) Words and expressions used herein and not defined in this Act but defined in the Reserve Bank of India Act, 1934 or the Banking Regulation Act, 1949 or the Credit Information Companies (Regulation) Act, 2005 or the Companies Act, 2013 shall have the meanings respectively assigned to them in those Acts.

CHAPTER II

PUBLIC CREDIT REGISTRY OF INDIA

20 **3.** (1) The Reserve Bank shall establish, maintain and operate a Registry to be known as the Public Credit Registry of India containing of data base of credit information of Borrowers. Public Credit Registry of India.

(2) Without prejudice to the generality of the provisions in sub-section (1) the Reserve Bank shall hold on the Registry Personal credit information in relation to a borrower and its details linking any borrower who has availed loan or credit facility with any other borrower and shall also include other reports produced by the Reserve Bank, as may be specified.

25 (3) The Central Government shall appoint a Deputy Governor for looking after work of the Registry with the working background in the specialized Department of Statistics and Information Management of the Reserve Bank. Appointment of additional Deputy Governor.

CHAPTER III

OPERATION OF THE REGISTRY

30 **4.** (1) The Reserve Bank may perform the following forms of business for operating the Registry, namely,— Operation of the Registry.

(i) collecting, processing and collating credit information of related material events for each loan and information on trade and financial standing of the borrowers of the credit institution;

35 (ii) preparing credit report;

(iii) providing credit information to its specified users;

(iv) undertaking research project;

(v) providing interoperability and linkages with other information system.

40 (2) The Reserve Bank, for the purposes of operating the Registry may charge such reasonable fees for furnishing credit information to a specified user, as may be specified.

45 **5.** (1) Where the Reserve Bank is satisfied that in the interest of banks, banking policy, borrowers, general public etc., it is necessary to issue directions to credit institutions or specified users generally or to any credit institution or specified user in particular, it may, from time to time, issue such directions as it deems fit, and such credit institutions and specified users, as the case may be, shall be bound to comply with such directions and the Reserve Bank may also seek information pertaining to its business etc. Power of Reserve Bank to give directions.

(2) The Reserve Bank may, modify or cancel any direction issued earlier for reasons to be recorded in writing.

Power of Reserve Bank to inspect credit institution and specified user.

6. (1) Notwithstanding anything contrary to any law for the time being in force, the Reserve Bank, may cause an inspection to be made, by one or more of its officers or through such other persons or agency as the Reserve Bank may determine, of the books and accounts of a credit institution or a specified user and the Reserve Bank shall supply to the credit institution or specified user, as the case may be, a copy of its report of such inspection. 5

(2) It shall be the duty of every director or other officer or employee of the credit institution or the specified user to produce to any officer or person or agency, as the case may be, performing inspection under sub-section (1), all such books, accounts and other documents etc. 10

(3) Any officer of the Reserve Bank or person or an agency making an inspection under sub-section (1) may examine on oath any director or other officer or employee of the credit institution or the specified user, in relation to their business, and may administer an oath accordingly. 15

(4) The expenses of, or incidental to the inspection carried out under sub-section (1), shall be borne by the concerned credit institution or specified user, as the case may be.

Furnishing of credit information by credit institution.

7. The Reserve Bank may, by notice in writing, in such form, as may be specified, require the credit institution, to furnish such credit information and such other information as it may deem necessary in accordance with the provisions of this Act. 20

Period for which information may be held on the Registry.

8. The Information including the personal and credit information related to a borrower held on the Registry shall be held on the Registry for such period as may be specified by the Reserve Bank.

Duty of credit institution to provide information.

9. (1) A credit institution shall provide to the Reserve Bank such personal information and credit information relating to a borrower as is required to be provided by regulations to be specified by the Reserve Bank. 25

(2) Any person or every credit institution may get the credit information from the Registry.

(3) The Credit institutions shall maintain one-month time line for updating information in the Registry if changes like addition or deletion has occurred at the base level credit data. 30

(4) The Reserve Bank shall change the data in the Registry on receiving of request from the credit institution or the specified users.

Access to information on the Registry.

10. (1) A credit institution or a specified user shall make a request to access information held on the Registry in such a manner as may be specified by the Reserve Bank.

(2) No person or institution shall have access to information from the Registry unless authorized by the Reserve Bank in such a manner or as may be specified. 35

Suspected impersonation and settlement of dispute.

11. The Reserve Bank shall specify the framework on suspected impersonation and the manner of setting of the dispute.

CHAPTER IV

INFORMATION, PRIVACY PRINCIPLES AND VERIFICATION OF IDENTITY OF BORROWERS 40

Accuracy and security of credit information.

12. (1) Each credit institution shall provide accurate, complete, duly protected against any loss or unauthorised access to the Reserve Bank.

(2) Every credit institution and specified user, shall adopt the privacy principles as may be notified by the Reserve Bank.

(3) Every credit institution shall take such steps as may be specified by regulations by the Reserve Bank to verify the identity of borrowers.

13. (1) The information collected and maintained by the Reserve Bank for the purpose of the Registry shall be confidential. Confidentiality of information.

5 (2) A credit institution shall not disclose any information provided to the Reserve Bank under this Act:

Provided that this shall not prevent the Reserve Bank or credit institution from disclosing information held by it to the court, tribunal or authority, if it considers that such disclosure is necessary in public interest, or otherwise warranted in the circumstances of the case.

CHAPTER V

OFFENCE AND PENALTY

14. (1) Whoever contravenes the provisions of the Act shall be guilty of the Offence and shall be punished with imprisonment for a term which may extend to two years or with fine of rupees five lakh or with both. Penalty.

(2) Where an offence under this Act has been committed by a company, the director or every person who at the time offence was committed was in-charge of and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purpose of this section,—

(a) “company” a body corporate and includes a firm or other association of individuals; and

(b) “director” in relation to a firm means a partner in the firm.

25 **15.** (1) The Central Government may by notification in the Official Gazette make rules for the purpose of this Act. Power to make rules and regulations.

(2) The Reserve Bank in consultation with Government, may by notification in the Official Gazette, make regulations not inconsistent with this Act to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

(3) Every rule and every regulation made, and every notification issued, under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of this session immediately following the session or the successive session aforesaid, both Houses agree that the rule or regulation or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation or notification.

40 **16.** (1) No suit or other legal proceedings or prosecution shall lie against the Reserve Bank or any credit institution or specified user, or their chairman, director, member, auditor, advisor, officer or other employee, or agent or any person authorised by the Reserve Bank or credit institution or specified user to discharge any function under this Act, for any loss or damage caused or as is likely to be caused by anything which is in good faith done or intended to be done, in pursuance of this Act or any other law for the time being in force. Protection of action taken in good faith.

(2) Nothing contained in sub-section (1) shall affect the right of any person to claim damages against the Reserve Bank, a credit institution or specified user or their chairperson, director, member, auditor, advisor, officer or other employee or agents, as

the case may be, in respect of loss caused to him on account of any such disclosure made by any one of them and which is unauthorised or fraudulent or contrary to provisions of this Act, or practices or usages customary among them.

Bar of jurisdiction.

17. No court or authority shall have, or be entitled to exercise, any jurisdiction, powers or authority, except the Supreme Court and a High Court exercising jurisdiction under articles 32, 226 and 227 of the Constitution, in relation to the matters referred to in the Act. 5

Power of the Central Government to exempt in certain cases.

18. (1) The Central Government may, on the recommendation of the Reserve Bank, by notification in the Official Gazette, direct that any or all of the provisions of this Act shall not apply to any credit institution or specified user, either generally or for such period and subject to such exceptions or modifications, as may be mentioned in that notification. 10

(2) Every notification issued under sub-section (1), shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the notification or both House agree in making any modification in the notification, the notification shall not be issued or, as the case may be, shall be issued only in such modified form as may be agreed upon by both the Houses. 15 20

Application of other laws not barred.

19. The provision of this Act shall be in addition to, and not, save as provided under this Act, in derogation of, the provisions of the Companies Act, 2013 or any other law for the time being in force. 18 of 2013.

Removal of difficulties.

20. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for removing the difficulty: 25

Provided that no order shall be made under this section after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under this section shall be laid as soon as may be after it is made, before each House of Parliament. 30

STATEMENT OF OBJECTS AND REASONS

There is a need for an all-embracing database of credit information for all credit products in the country, from point of origination of credit to its termination (repayments, restructuring, default, resolution, etc.). It should, ultimately, be encompassing all lender-borrower accounts without a size threshold. As of today, information on borrowings from banks, non-banking financial companies (NBFCs), corporate bonds or debentures from the market, external commercial borrowings (ECBs), foreign currency convertible bonds (FCCBs), Masala bonds, and inter-corporate borrowings are not available in a single data repository. The main objective of the Bill is the creation of a Public Credit Registry is to fill this lacuna and capture all the relevant information about a borrower, across different borrowing products, in one place. Moreover, significant parts of this Registry of borrowing contracts and repayment history will be accessible to all stakeholders provided they too share their data with the Public Credit Registry.

The Public Credit Registry in India can be conceived as a data infrastructure that the financial ecosystem within and outside the Reserve Bank would be drawing data from as per the Public Credit Registry's access policy. The prospective users will include lenders like banks and non-bank lenders including the new "fin-tech" lenders; others providing data analytics such as rating agencies and credit information companies; as well as regulators.

Our economy faced difficulties in the context of the corporate non-performing assets (NPA) problem since last 6-7 years. In spite of the private credit bureaus operating for several years and doing a vital job for retail credit scoring, the regulator could not precisely assemble data on the quality of the credit portfolio of banks' large borrowers at an aggregate level. The data are simply not being reported with integrity and full coverage in case of large corporate borrowers. That is where RBI's Central Repository of Information on Large Credits (CRILC), initiated in 2014, made a huge difference. Although it was behind the curve. CRILC provides a timely window on any degradation of credit of a large borrower at a bank to the central bank and to other banks having the same entity as a borrower. It shows that credit information system, as a whole, has many such gaps and it leaves much scope for improvement and the Public Credit Registry will fill the gap.

The Public Credit Registry can also support the reporting entities in credit risk assessment by allowing them access to aggregated information about the indebtedness of their actual and potential borrowers. Under the legal framework, the Public Credit Registry can provide information which can also be utilised for discharging essential functions of the central bank, namely banking supervision, financial stability, monetary policy, research and statistics.

Hence, This Bill.

RAKESH SINHA

FINANCIAL MEMORANDUM

Sub-section 3 of section 3 empowers the Central Government to appoint an additional Deputy Governor of the Reserve Bank for looking after work of the Registry. The Bill, therefore, if enacted would involve expenditure from the Consolidated Fund of India. It is estimated that a recurring expenditure of rupees one crore may be involved. No non-recurring expenditure to the tune of rupees fifty lakh will also be involved.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 15 of the Bill empower the Central Government and the Reserve Bank of India to make rules/regulations to carry out the provision of the Bill. The rules so framed would pertain to matters of administrative detail only, which cannot be laid down in the Bill itself. The delegation, is therefore, normal in character.

RAJYA SABHA

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BILL

to provide for a public credit registry to serve as a central repository of credit information and to facilitate efficient distribution of credit, increase financial inclusion, improve ease of doing business and control delinquencies and for matters connected therewith and incidental thereto.

(Shri Rakesh Sinha, M.P.)