

Abolition of Bank Secrecy Act

†1790. SHRI NARESH AGRAWAL: Will the Minister of FINANCE be pleased to state:

- (a) whether Bank Secrecy Act is in force in the country at present;
- (b) if so, the year when it was enacted and its objectives;
- (c) whether the advantages of Bank Secrecy Act are availed only by a few Corporate houses;
- (d) if so, whether Government is considering to abolish it; and
- (e) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI ARUN JAITLEY): (a) to (c) In India, maintenance of secrecy of client information is codified under certain banking sector laws establishing the statutory public sector commercial banks, such as, The State Bank of India Act, 1955, The State Bank of India (Subsidiary Banks) Act, 1959, The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980. It has been provided in such laws that bank shall observe, except as otherwise required by law, the practices and usages customary among bankers, and, in particular, it shall not divulge any information relating to or to the affairs of, its constituents except in circumstances in which it is, in accordance with the law or practice and usage customary among bankers, necessary or appropriate for that bank to divulge such information.

(d) No, Sir.

(e) The duty of bankers as to secrecy concerning their customers' affairs arises out of their contractual relationship and it has been universally accepted as a customary usage in banking and has also been recognised in law.

Differential treatment to State and District-Central Co-operative Banks

1791. SHRI DILIP KUMAR TIRKEY: Will the Minister of FINANCE be pleased to state:

- (a) whether he is aware of the differential treatments meted out to the State Co-operative Banks and District-Central Co-operative Banks by Government departments and Public Sector Undertakings;

†Original notice of the question was received in Hindi.