

Chapter 6: Modalities for setting up of a Credit Information Bureau

6.1 The Group had detailed discussions with Chairmen & Managing Directors of selected public sector banks and financial institutions. The Group also had the benefit of the views of Shri M.S.Verma, Hon. Adviser to the RBI. The views of the Chairmen of banks and financial institutions were sought on the specific modalities for setting up of the Credit Information Bureau, as per the questionnaire at Annexure VI. The imperative need for setting up of a Credit Information Bureau has been recognised by the Chairmen. The Chairmen of banks were of the unanimous view that establishment of a credit information bureau would go a long way towards reducing the growth of NPAs in the banking system. Some Chairmen even alluded to the absence of an effective mechanism for exchange of information among banks and Financial Institutions as the primary cause for the high level of the NPAs in the Indian system. According to them, the need for an institutional mechanism for sharing of information has become pronounced in the context of lending institutions making a foray into retail segment like car financing and financing of durable assets. The Chairmen were of the view that the Bureau should collect not only positive and negative information but also information relating to financial assets in the form of deposits and other assets held by the prospective borrower. Internationally, however, Credit Information Bureaus collect and share information only relating to credit. The Bureaus in these countries have thus been able to track down borrowers who had the propensity to ‘shop around’ for credit and provided an institutional mechanism to the intending lender to have access to information on the credit already availed of by the prospective borrower. Some of the countries, it may be noted, do not even allow sharing of positive data with the Bureaus. Considering the growth of the financial sector and the need for an effective mechanism for mitigating credit risks by enhancing the quality of credit decisions, the **Group is of the view that there is an imperative need for setting up of Credit Information Bureau in the country.**

Legislative Framework

6.2 The Group notes that **within the existing legal framework, it would not be possible to set up a world class Credit Information Bureau.** The legal prohibition on disclosure of information enshrined in various banking Acts would not permit banks and financial institutions to share credit information with the Bureau. The Group notes that the Legal opinions obtained from legal luminaries indicate that even within the powers vested under the RBI Act, 1934, the list of ‘wilful defaulters’ cannot be published by RBI and that in view of the specific statutory prohibition contained in Section 45E of the Act, it is not open to the Reserve Bank to **publish the list of all and every one of the defaulters.** A view has, however, been expressed that the above legal prohibition relates to ‘publication’ of the information by RBI and not to exchange of such information with banks. The Group notes that **the powers vested with the Reserve Bank of India** under Section 45C, Chapter III A of the RBI Act, 1934, to collect and furnish credit information from banks/financial institutions **cannot be delegated by it to another institution. Therefore, amendments would be required in the following enactments :**

- **Section 44 of SBI Act, 1955**
- **Section 52 of SBI (Subsidiary Bank) Act, 1959**
- **Section 13 of Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980.**

6.3 However, under the existing legal framework, information can be disclosed only in respect of the following:

[i] Information relating to such transactions in respect of which banks have filed suits for recovery of their dues;

[ii] Information relating to such transactions in respect of which the constituent has given consent to the bank to disclose/publish or furnish the information about him and his transactions with the bank for the purpose of further disclosure of information by the Credit Information Bureau;

Thus, under the existing legal framework, a Credit Information Bureau (CIB) can be set up to collect, process and share information relating to the following :

- **Information relating to suit filed accounts,**
- **Information on transactions where the constituent has given consent for disclosure.**

Such a Bureau will not be able to collect information relating to other non performing loan assets as also positive credit information. Further, consent of the constituents of banks can be obtained only prospectively. If a clause seeking consent for disclosure is incorporated in all the future loan applications and renewal applications, it would be possible, however, to build up over a period of time, historical data on the credit performance of the borrower. However, pending legislative amendments a beginning may be made for setting up a Credit Information Bureau which can operate initially by pooling the above limited information and the related public domain information which could be shared with the credit institutions. Eventually, the Bureau can become a full fledged world class Bureau when the proposed legal framework is put in place to provide adequate protection to the Credit Information Bureau and the credit institutions as well.

6.4 The Group is of the view that a Bureau set up with information relating to suit filed accounts and consent data would not serve the purpose it was intended to. The Bureau, to become an effective machinery for mitigating the credit risks involved in lending, should be a repository of both positive and negative information. **This would be possible only if a separate legislation is enacted for establishment of Credit Information Bureau** which should provide as suggested in paragraph 5.4 above, for an appropriate legislative framework, ownership/protection of data and accuracy thereof, permissible purposes for usage of data, rights of the customer and service providers, protection available to the Bureau and the credit institutions sharing the data, etc. **The Group accordingly suggests that a master legislation be enacted for the purpose** of drawing upon the Sri Lankan Act and similar other enactments. The master legislation, the Group feels, would take care of the amendments to the various Banking Acts noted above, permitting collection and sharing of information by the Credit Information Bureau. A suggested draft of the master legislation is given in the Appendix I.

Ownership

6.5 The Group has studied the various models of Credit Information Bureaus set up in other countries. As noted earlier, three broad models have been adopted for setting up of Credit Information Bureaus:

- In the private sector, jointly with an international Credit Bureau,
- As a statutory body, and

- As a division of the central bank.

The Group examined various options for setting up the Bureau, such as -

- (i) Whether the CIB should be set up as a statutory body or in the private sector;
- (ii) Whether the CIB should be set up as a wholly owned subsidiary of the RBI or jointly with other banks/institutions;
- (iii) Whether a single Credit Bureau should be formed or the number of Bureaus to be formed should be totally left to market forces;
- (iv) Whether a group of banks and financial institutions should be encouraged to set up a Credit Information Bureau. If so, should one bank or institution be allowed to have controlling stake;
- (v) Whether participation by technology providers should be allowed.

6.6 The Group notes that the central banks in some of the countries have taken a lead in establishing Credit Information Bureaus. The Group is of the view that in spite of the provisions contained in Chapter III A of the RBI Act, 1934 to collect credit information from banking companies and furnish such information to any banking company, it would not be desirable to establish Credit Information Bureau within the Reserve Bank since the Bureau will be required to collect credit information not only from the banking system but also from other sources such as Courts, Registrar of Companies, etc. The information currently being exchanged with banks/financial institutions by Reserve Bank of India is in a consolidated form and that it does not cover an important segment of the system, viz., the retail segment. Further, if the Credit Information Bureau is set up as a separate company by the RBI either as wholly-owned or jointly with other banks/institutions, the Bureau may not get the protection available to RBI under Chapter III A of the RBI Act, unless an amendment is made thereto. A view was expressed that if the Bureau was established under an Act of Parliament, it would lead to the establishment of one single statutory corporation, closing the door for other private initiatives. The Group is of the view that the legislation enacted for the purpose could provide for establishing Bureaus to cater to the needs of different market segments and the large geographical area of the country. During the discussions the Group had with the experts, the unanimous view emerged was that the Reserve Bank should not take the lead in the setting up of the Bureau either as a major promoter or as a participant in the equity share capital of the Bureau. The Group is aware that some of the leading public sector banks such as, SBI and institutions like DFHI, are keen to set up a Credit Information Bureau, taking the lead as a promoter. The Group is also aware that IBA has been considering setting up of a Credit Information Bureau with equity participation from its member banks. The Chairman, IBA, during the discussions with the Group, indicated that IBA is examining the legal permissibility of establishing a subsidiary to function as a Credit Information Bureau. **The Group would accordingly recommend that these initiatives be given a fair trial and that RBI may not take the lead in promoting the Bureau. According to the Group, the role of the Reserve Bank should be that of a facilitator, being instrumental in putting in place an appropriate legal framework for the Bureau.** The Group suggests that the Credit Information Bureau may be set up as a company, under the Companies Act, 1956 or a subsidiary company. The master legislation suggested in Appendix I would enable the Bureau to function effectively and in a professional manner.

6.7 The Group had extensive discussions on the shareholding pattern of the Credit Information Bureau. The main user groups of Credit Information Bureau should be commercial banks,

financial institutions and NBFCs registered with RBI, ECGC and other institutions. Accordingly, participation in the share capital of the Bureau should be from the main user groups. There is logic in the argument that the Credit Information Bureau being a participatory institution, no one institution should have majority stake (i.e., 51 per cent) in the shareholding of the Credit Information Bureau. It may be true that if one institution is given the majority shareholding in the Bureau, that institution may influence the policies and operations of the Bureau. However, if share capital of the Bureau is distributed equally among the participating institutions, there is the sure danger of the institutions lacking the initial push for the early operationalisation of the Bureau. Furthermore, at least in the initial stages of functioning of the Bureau, it would be denied of the benign guidance and protection of a major benefactor. **The Group feels that for setting up of the first Credit Information Bureau in the country, one of the major public sector banks or an institution like DFHI or a term lending institution, may take up a major share in the share capital of the Bureau,** the balance of the shareholding being taken up by banks, FIs and NBFCs. This will ensure that the major shareholding entity will provide the initial impetus needed to push the venture forward, and will also ensure that it remains accountable for setting up of the Bureau within a definite time frame. Later on, when the Bureau becomes viable, the majority stake of that institution can be diluted by public offer or distributed among the shareholders in an agreed manner.

6.8 Entities like telecommunication companies and other credit providers who are not banks or financial institutions, could later be included in the user groups of the Bureau. However, these entities may not be permitted to take up equity share capital of the Bureau.

6.9 In order to benefit from the international expertise available with the multinational Credit Information Bureaus, a foreign technology partner may be included as a collaborator and/or an equity participant. Equity from the technology partner would ensure enhanced commitment, efficiency of operations and upgradation of the technology. During the discussions the Group had with the representatives of the major international Credit Information Bureaus, it was given to understand that each of the Bureaus, viz., Dun & Bradstreet, Equifax and Experian, would be interested to participate in a venture in India. The Group got the impression that some of them would even be willing to provide technical support to the Bureau without participating in its equity share capital. Participation by an international Credit Information Bureau in the domestic Credit Information Bureau would provide much needed technical expertise and skills which are presently not available in the country. Since the Bureau would be the repository of credit information, the multinational partner should be permitted to have only minority shareholding. **Accordingly, it is suggested that a ceiling of 20 per cent of the total equity of the Bureau, as in the case of new private sector banks, could be considered for equity participation by foreign technology providers.**

Start up capital

6.10 The initial capital needed by the Bureau would depend upon the coverage of information proposed and the level of technology adopted. The Group held discussions with representatives of International Bureaus and other experts in the field on the minimum start up capital needed for establishing a Credit Information Bureau. The interactions the Group had with experts indicate that the approximate cost of the project could range from Rs.20 crore to Rs.100 crore. A Bureau

with only negative data base may not have more than 2 million files in the initial phase, and therefore, the project cost may not exceed Rs.20 crore. The Group feels that **the Bureau should have state-of-the-art technology and if it is to be set up as a world class Bureau with positive and negative information, a start up capital of minimum of Rs.50 crore with an authorised capital of Rs.100 crore, would be required.**

Types of Information collected

6.11 The Group is of the view that the **Bureau should collect information relating to credit, trade and financial information including external borrowing – both negative and positive.** The negative information collected may include non-performing advances including suit filed accounts, references to BIFR, DRTs, suspected frauds, compromise settlements entered into by banks/FIs, etc. The positive information may include all credit facilities which should include not only fund based facilities but also non-fund based facilities like guarantees, stand by facilities, acceptances, letters of credit, etc. The trade information should include details of trade credit granted by way of suppliers' credit, deferred payments allowed, instalment credits, etc. The financial information should include the borrowers' exposure to the other segments of the financial system like inter corporate deposits, inter corporate investments, borrowings from NBFCs, foreign exchange liabilities, etc.

6.12 The Bureau will operate in an automated environment, employing state-of-the-art technology. The Group deliberated whether the operations of the Bureau should be covered only to computerised branches of banks and other lending institutions. Banks are required to computerise 70 per cent of their business by 1 January 2001. The Group feels that the **Bureau may initially collect information from those branches which have already been computerised. As and when more branches of banks are computerised, these can be brought within the ambit of the Bureau.** During the transition period, the data in respect of major non-computerised branches could be consolidated at the nodal branches and transmitted to the Bureau on magnetic media.

6.13 The **Bureau should collect and share credit information on both corporate and consumer/retail segments.** There is already a source of published data on negative information on corporates, in the form of statement of suit-filed accounts of Rs.1 crore and above, as on 31 March, every year. **There is, however, a pressing need to have credit information on the retail consumer such as, credit facilities availed of from banks, NBFCs, etc., credit cards held, indebtedness to housing finance companies, mobile phone companies, etc.** The decision making process has to be faster in the case of retail lending, for which on-line access to information is vital. Moreover, the retail segment on account of the size of the client base, would help the Bureau become financially viable. The Bureau should have two Divisions, one each for corporate credit information and consumer credit information, respectively, as data requirements for both segments differ.

Sources of information

6.14 Ideally, the Bureau should have information collected from both its user groups and from the public domain. Information relating to the informal trade sector and inter corporate deposits

would have to be collected from market sources. For this purpose, the Bureau should have an effective market intelligence division with responsibility to track financial information as also validation of information. **Initially, the Bureau should collect information from member banks, Financial Institutions and NBFCs. The data base of the Bureau should be enlarged by collecting information on bankruptcy, court judgements, references to DRTs and BIFR, agreements registered with Registrar of Companies, Stock Exchanges, market sources etc.** Information from the market sources is important since information on defaults in ICDs and inter corporate investments would not be available from any other source.

6.15 The information should be shared by the Bureau only with the specified users. For this purpose, the membership of the Bureau should be enlarged to other lending agencies besides banks, FIs, and NBFCs. The Group notes that information on credit is highly sensitive and therefore, **the Bureau and its members should evolve a code of conduct** which would protect the data and also regulate the use of the data. The Bureau should develop the best international practices. Accordingly, the Group would suggest that the borrower on whom data has been collected should be permitted to verify, at his request, the information collected on him and enable him to undertake through his lender, corrections in the information.

Cut-off limit for collection of information

6.16 Considering the large number of borrowal accounts in the portfolio of banks, financial institutions and NBFCs, it may not be feasible to collect information on all the borrowers from the financial system. Globally, Credit Information Bureaus collect from institutions credit information above a cut-off limit. The Group is of the view that in line with international best practices, the Bureau may collect credit information relating to borrowers/potential borrowers belonging to trade and industry, above the cut-off limit of Rs.10 lakh. As regards the retail customer, the cut-off limit for collecting credit information needs to be fixed in such a manner that it meets the twin objective of bringing maximum number of borrowers under the Bureau and the capacity of the Bureau to collect and disseminate information on this large segment. One view expressed was that the Bureau may collect, to start with, credit information on these retail customers of Rs.1 lakh and above which could be brought down in stages say, to Rs.50,000/-. The Group is of the view that these should be left to the Bureau which may decide the limits based on its technical ability and feasibility.

Updation/Review of Information

6.17 The data collected needs to be updated at periodical intervals. The Group would recommend that the data base with the Bureau should be updated/reviewed at least every month if not earlier, by calling for updates/reviews from credit institutions. Furthermore, the Bureau should also be on the look out for material information on borrowers from the public domain, which may adversely affect the credit profile of the borrower.

Technology aspects

6.18 The sheer size of constituents of banks, whether individuals or corporates, demands that the Credit Information Bureau should function with state-of-the-art information technology

solutions. Storing, processing and maintenance of such a huge database is not possible without appropriate IT solutions. Likewise, to enhance the velocity and efficiency of receipt of data -- whether primary or updates -- the Credit Information Bureau has to necessarily follow automated data collection method and telecommunication solutions. On-line updation as well as enquiry is preferable. The need for instant access to the credit information further accentuates the need for the latest telecommunication technology solutions. The software needed for the Bureau should be capable of creating and maintaining a credible, reliable and efficient database. It should guarantee integrity of data with adequate features for validation and security. It should have the capacity to uniquely identify the entities with the use of sophisticated algorithms and search engines. It should facilitate easy and fast access to the authorised entities. The Bureau should use sophisticated software for file selection, merger and search. As credit data is the base for risk control and prediction scores as well as fraud prevention methods, the software should have adequate provisions for such scalability. The best Credit Bureau software may not be available for sale since it provides the competitive edge to its developers. The Credit Information Bureau should therefore, build up through a reputed service provider, an appropriate technology platform in order to function effectively. The technology partner should preferably be one of the reputed international bureaus, which is well experienced in using information and communication technology in the business of credit information collection and dissemination. The selection of hardware also needs to be decided in consultation with the technology partner. The hardware should be selected keeping in mind the need to have alternative arrangements in case of disaster as also sufficient back up to continue its activities. The central server of the Bureau may be situated at Mumbai or any other convenient location in India . Operational connectivity could be established through a Wide Area Network (WAN) with major financial centres in the country.

6.19 The Committee on Technology Upgradation in the Banking Sector, in its report submitted on May 1999, have identified exchange of the list of defaulting borrowers among RBI and banks as one of the inter bank application to be put on the INFINET network (Para 2.5.1). For improving the effectiveness of INFINET as a financial network, the Committee has suggested enhancement of the transponder capacity with the growth of the demand for its usage and setting up of a high performance fiber backbone initially with 2 mbps and 64/128 Kbps connectivity integrating with VSAT network. The Committee has recommended that INFINET should be a blend of satellite microwave and terrestrial links. The Institute for Development and Research in Banking Technology has been recommended as the nodal agency for executing the scheme of terrestrial network. As per the scheme, there will be high speed land links of 2 Mbps for Mumbai, Chennai, Calcutta, New Delhi, Hyderabad, Bangalore, Ahmedabad and Nagpur. Other cities such as, Bhopal, Guwahati, Chandigarh, Thiruvananthapuram, Kanpur, Patna, Bhubaneswar, Jaipur and Pune will have 64/128 Kbps links (para 2.6.3). **The Group recommends use of above network for transmission of data from registered users of the Bureau located in different cities to the main server and data retrieval in the form of credit reports from the main server by different users across the country.** In para 2.6.6 of its report, the Committee has recommended that “to the extent possible, multiple branches of a bank may be connected to the branch with VSAT through leased lines within a city. Banks may also consider sharing of VSATs by allowing branches of other banks to get connected to their VSATs through leased line links within a city. As and when PSTN link is made available, dial-up connection to VSAT also can be used. Thus viewed, the usage of VSAT backbone needs to be resorted to only for inter-city/inter-region/inter-zone traffic”. **The Group recommends use of**

the above scheme for transmission of data to the nodal branch for onward transmission to the main server of Credit Information Bureau. In case of non-availability of leased line, the branches can transmit data through dial up link or through magnetic storage device like Cartridge tapes, Digital Archive Tapes and Floppies. The branch with VSAT will transmit data, collected from various branches, to the main server at Mumbai either using terrestrial line or through central VSAT hub at Hyderabad . A flow chart of the process of the two-way communication between the Bureau and the user group is given in figures 1& 2 on pages 46 and 47.

Security of data

6.20 The Bureau should build up effective systems to ensure the security of data maintained by it. Standards and specifications are required to ensure security of data interchanged between open systems. The Committee on Technology Upgradation in the Banking Sector in Annexure 9 of its report has given security standards for financial applications prescribed by various institutions like Bureau of Indian Standards, International Standardisation Organisation and American National Standards Institute (ANSI). European Commissions Open Information Interchange (OII) has developed standards to provide approaches to data security pertinent to financial services. Further, security requirements for automatic data processing (ADP) systems have been laid down by Department of Defence (DOD) of USA, to provide technical hardware/firmware/software security criterion and associated technical evaluation methodologies in support of the overall ADP system security policy. Similarly, a group named X9, accredited by the National Standards Institute (ANSI) of USA, develops and publishes voluntary, consensus technical standards for the financial services industry. The Group would recommend that the Bureau should adhere to these security standards.

6.21 The creditability of the Bureau depends on the integrity of data collected by it. It should evolve a proper system of checking the data collected, particularly in respect of retail customers. **The Bureau should evolve a suitable system to cross check the data collected. The identification could be done by reference to an acceptable benchmark like PAN given by Income Tax Authorities or Voter Identity or passport or any other acceptable identity. The access to the data collected by the Bureau should be totally restricted save to institutions which have been accredited by the Bureau. The Bureau should, therefore, evolve an appropriate code for access to its data base.**

Management of the Bureau

6.22 The nature of operations of the bureau demands speedy processing, periodic updation and the necessity for having error-free data at all times in the system. To achieve this objective, **the Bureau has to be a technology-driven and professionally managed company.** It should not function in a bureaucratic manner but should basically be a commercial organisation. It should develop into an institution of excellence, which could, over time, extend its scope to being a provider of macroeconomic data, industry profiles, sectoral analysis and for tracking trends in the national economy. The participants in the equity of the Bureau should have no say in the day-to-day operations of the Bureau. As manual intervention would be kept at a minimum in the organization, the Bureau should be a lean and trim outfit. A strong market research group could be organised in the initial or second stage of its operation, which will collect information on

industry profiles, major economic trends, market information including the business/investment plans of individual corporates, etc. The Bureau would require high degree of skills in data management, financial analysis and information technology. For this reason, a highly selective recruitment process should be put in place by the Bureau to employ only those with the requisite qualifications. The training requirements of the staff could be met by the foreign collaborator.

Viability of the Bureau

6.23 The sources of income for the Bureau would comprise -

- Membership fee,
- Annual renewal fees,
- Charges for enquiry.

During the discussions with the representatives of Dun & Bradstreet, it was indicated to the Group that Dun & Bradstreet had set up a Credit Information Bureau in Mexico, with an initial capital of U.S. \$ 2 million. It took 18 months to complete the project in Mexico. The discussions with international Credit Bureaus indicate that a Bureau will take anything between 3 to 5 years to breakeven. As regards the fee charged by a Bureau per enquiry, it will be inversely proportionate to the number of seekers and number of times information is sought. The fees per enquiry charged by some of the international bureaus are as under:

Name of the Credit Information Bureau		Charges U.S.\$
1. Trans-Union	USA	0.50 - 1.00
	Mexico	1.00 - 3.00
	England	1.00 – 2.00
	Italy & Spain	0.50 – 5.00

2. Experian Statutory Fee of £ 1.00 per report.

3. Dun & Not exceeding US \$ 8.00
Bradstreet per enquiry

The fees and charges levied by the Bureau in the initial stages of its operation need to be higher, which could be brought down over a period of time when the Bureau expands its user base as also its information base. In the long run, **the cost of such enquiries should be reasonable.**

6.24 Considering the level of initial start up capital required, the charges levied by Credit Information Bureau should not only be reasonable but also enable it to make some reasonable profit after the minimum period of gestation. **The Credit Information Bureau, it should be noted, is a commercial organisation and the institutions sponsoring the Bureau should not be required to subsidise its operations.**

Formats for Collection and Supply of information

6.25 The information collected/supplied by the Bureau, on enquiry, could be on the same lines as indicated in paragraphs 2.6 and 2.7. **The Bureau should inherit the best international practices with regard to collection of information, processing of the data and sharing of information.** Typical formats used by a Credit Information Bureau are given in Appendix II.

Agreements with user group

6.26 In order to preserve the credibility of the data collected, **the Bureau should enter into agreements with member banks and other member institutions** to provide for sharing of bonafide information with the Bureau, the purposes for which the information collected by the Bureau will be used as also for updating the information collected at periodical intervals as and when the information undergoes change. The agreement should also provide for the uses for which the information collected will be put to.

Redressal of grievances

6.27 **It would be necessary to provide for redressal of grievances of the customer.** Where a borrower desires to verify the information collected on him, the Bureau, at his request, should make available such information, for a fee. The onus of rectifying mistakes if any, in the data collected by the Bureau should be on the borrower and the lending institution which has supplied the information. Similarly, the liability to the Bureau on account of misuse of data needs to be addressed. Accordingly, in the Draft Bill suggested by the Group, relevant aspects in relation thereto have been suggested.

Regulation of Credit Information Bureau

6.28 Credit Information being a vital input for taking lending decision by credit institutions, an appropriate regulatory framework for Credit Information Bureaus is necessary. As noted in paragraph 4.11 above, internationally Credit Information Bureaus have been set up either as a division of the Central Bank of the country or in the private sector. In countries where Credit bureaus have been set up in the private sector, privacy laws or credit reporting acts have been enacted for protecting the right of persons against arbitrary or unlawful interference with their privacy, family, home or correspondence and for the protection of privacy and individual liberties. The situation in India is quite different from that of other countries. We do not have any Agency which can be considered on par with Office of the Data Protection Registrar of the U.K. or Federal Trade Commission of the U.S. The legislation to be brought in for regulation and functioning of Credit Information Bureaus in India should also include appropriate provisions in relation to data protection, privacy principles, redressal of grievances and the powers of the Regulatory Authority who would administer the provisions of the Act. However such aspects could be considered more appropriately after decisions in regard to setting up of Credit Information Bureaus, regulation thereof, etc. are taken. While an attempt has been made to incorporate these aspects in the proposed Draft Bill, the text of the provisions in relation thereto has been left to be decided at the time of final drafting of the legislation based on the policy decision that may be taken in this regard. **The user group of the Bureau would be mainly credit institutions which are under the regulation/supervision of the Reserve Bank of India.**

The Group is therefore, of the view that since the Bureaus will be collecting credit information from the institutions which are already under the regulation of RBI, it would be a logical step if regulatory oversight over the Bureaus is also vested with the RBI. This would, no doubt impose a heavy regulatory burden on the RBI, but in the considered view of the Group, the additional burden is worth the effort for the sake of building up an efficient channel of information sharing between the Bureau and the credit institutions. In the Draft Bill, it has accordingly been suggested that the RBI be vested with powers for registration of the Bureaus as also other necessary powers concomitant thereto for setting up of Bureaus, data protection, etc.