
CASE COMMENT ON “FROM TRANSPARENCY TO PRIVACY: RECONCILING RBI V. JAYANTILAL MISTRY IN RE HDFC BANK V. UNION OF INDIA”

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ABSTRACT

This paper analyzes the Supreme Court's ruling in Reserve Bank of India v. Jayantilal N. Mistry alongside the pivotal decision in Justice K.S. Puttaswamy v. Union of India. Supreme Court's Puttaswamy v. Union of India judgment along with the Digital Personal Data Protection Act of 2023 (DPDP Act). The Jayantilal judgment increased access to information by ordering the Reserve Bank of India to release regulatory data in public interest because it did not accept the bank's claims of fiduciary duty and commercial confidentiality under the RTI Act's Section 8. The ruling came before Puttaswamy when the court recognized privacy as a fundamental right under Article 21 and established the proportionality framework for violations. The analysis examines Jayantilal's relationship with the three-pronged proportionality framework and prior rulings including Govind, Sharda, and Rajagopal which demonstrate that privacy protection has its limitations. The DPDP Act through Section 44(3) alters the RTI landscape by eliminating the public interest exception from Section 8(1)(j) which disrupts the carefully maintained transparency versus privacy equilibrium set forth in Jayantilal. The research examines political feedback along with criticism from Congress MP Jairam Ramesh who warns about potential erosion of institutional accountability due to such changes. The paper contends that Jayantilal stands as a legally valid decision yet its reliability continues to be doubtful due to new privacy regulations and continuous judicial examination. A sophisticated framework that balances transparency alongside privacy rights is essential for protecting India's democratic governance system.

Keywords: Accountability, Data Protection, Disclosure, Information Privacy, Public Interest, Transparency.

Facts of the case

The case of Reserve Bank of India v. Jayantilal N. Mistry emerged from multiple Right to Information (RTI) requests submitted between 2009 to 2011 by several applicants including the main respondent Jayantilal N. Mistry who practices as a Chartered Accountant. The applications demanded release of essential financial data from the Reserve Bank of India alongside other financial bodies. The requested data comprised detailed inspection reports for cooperative and commercial banks along with information on RBI's penalties and regulatory actions and the names of willful loan defaulters. The RBI rejected all requests by relying on the exceptions provided by Sections 8(1)(a), (d), and (e) of the RTI Act, 2005. The RBI stated that releasing these details would damage state economic interests and break commercial trust while failing fiduciary duties because this data came from confidential regulatory activities. The Central Information Commission (CIC) decided in several rulings that transparency's public interest takes precedence over RBI's cited concerns and consequently mandated the disclosure of the requested details. The Central Information Commission denied the Reserve Bank of India's fiduciary claim by stressing public transparency rights and financial regulatory accountability needs. Several writ petitions were filed by the RBI in various High Courts including Delhi and Bombay to contest the disclosure orders based on directions from the CIC. The Supreme Court moved these petitions to itself for consolidation under Transfer Case Nos.. 91 to 101 of 2015 to avoid conflicting rulings and maintain consistent interpretation. The Supreme Court affirmed the CIC's rulings while dismissing the RBI's claims about fiduciary links and commercial secrecy. The Supreme Court decided that RBI's status as a statutory regulator in the public interest prevents it from using confidentiality as a shield when public funds or banking stability matters are at stake.

According to the Court's ruling, requested information under the RTI Act covered public institution operations and was essential to support financial accountability and democratic monitoring. This court decision represents a turning point in Indian RTI law as it established that regulators cannot use broad exceptions to prevent transparency when the information affects systemic risks and public welfare.

The Court's decision created enduring changes in how the RTI Act was understood and applied by broadening its relevance to financial governance matters. The decision proved that transparency constitutes a fundamental aspect of regulatory accountability. The legal stance

was reevaluated in *HDFC Bank Ltd. v. Union of India* through a writ petition that sought to reassess the judgment given in *Jayantilal*. The Supreme Court granted the petition based on the maxim *ex debito justitiae* (as a matter of right) to evaluate HDFC's plea against the Reserve Bank of India's requirements for disclosing confidential financial information. The ongoing debate about transparency versus privacy in regulatory disclosure continues to evolve through constant judicial examination.

Issues discussed

1. The main legal question in *Jayantilal Mistry* involved whether the Reserve Bank of India (RBI) could refuse disclosure of information requested under the Right to Information Act, 2005 by citing Section 8(1)(a), (d), and (e) regarding national interest, commercial confidence and fiduciary capacity.

2. Whether The Supreme Court's ruling in *Jayantilal N. Mistry vs RBI* needs to be evaluated for its effectiveness in balancing the Right to Information and the Right to Privacy after the case of *Puttaswamy vs Union of India* and whether the Digital Personal Data Protection Act, 2023's privacy focus weakens the transparency principles established by this decision.

Analysis of the case

Right to information has been recognised as one of the fundamental rights under Article 19(1) of the Constitution, ¹as the Court acknowledged in *State of Uttar Pradesh v. Raj Narain*, "the people of this country have a right to know every public act, everything that is done in a public fashion, by their public servants²." The Reserve Bank of India, acting as a public regulator, cannot withhold regulatory information merely on the basis of fiduciary duty or commercial confidentiality, according to the Court's ruling in *Jayantilal*, which strongly echoes this fundamental principle of open government.

The Supreme Court's decision in *Reserve Bank of India v. Jayantilal N. Mistry*³ must be analyzed with the considerations brought forth by the *Puttaswamy* case that recognized privacy as a fundamental right under Article 21 of the Indian Constitution⁴. This development initiates

¹ Article 19(1) of the Constitution.

² *State of Uttar Pradesh v. Raj Narain*, (1975) 4 S.C.C. 428 (India).

³ *Reserve Bank of India v. Jayantilal N. Mistry*, (2016) 3 SCC 525 (India).

⁴ INDIA CONST. art 21

a complex constitutional debate between privacy rights and the right to information (RTI). Individual liberty and dignity alongside transparency both rely on democratic frameworks yet these principles are not inherently exclusive. In Justice K.S. Puttaswamy v. Union of India (2017)⁵ strongly endorsed institutional transparency by ruling that the Reserve Bank of India (RBI), functioning as a public regulator, could not withhold regulatory information based solely on fiduciary relationship or commercial confidentiality.

The Court emphasized that the public deserves transparency about the management of financial institutions that handle public money. The expanded constitutional protections for privacy and personal information must be evaluated within the scope of the Puttaswamy verdict. Instead of establishing privacy as an inalienable right, the Puttaswamy ruling subjected its violation to a three-part method: The three-part method subjects privacy violations to evaluation based on (1) the existence of a law for legality, (2) the pursuit of a legitimate state interest for legitimate aim, and (3) a reasonable relationship between objectives and methods used to establish proportionality. Although the Jayantilal judgement predates Puttaswamy it adheres to the established standard through several methods. The authority of this regulation derived from the RTI Act of 2005 and aimed to advance transparency within public regulatory responsibilities⁶. The ruling mandated disclosure only when public interest markedly surpassed confidentiality needs for proportionality. Indian courts have consistently confirmed that privacy rights have limitations.

The Court recognized that strong state interests can restrict privacy rights according to the ruling in Govind v. State of Madhya Pradesh (1975)⁷. The Court established through its ruling in Sharda v. Dharmpal (2003)⁸ that specific legal circumstances require individual liberty to be subordinate. The 1994 ruling in R. Rajagopal v. State of Tamil Nadu⁹ states that information related to official duties can limit the right to privacy. The need to balance privacy with transparency emerges as a constitutional principle validated by these legal cases especially when institutional interests are at stake. The Constitution now mandates courts to enforce stronger protection of individual privacy whenever personal data becomes a factor. The

⁵ Justice K.S. Puttaswamy (Retd.) v. Union of India, (2017) 10 SCC 1 (India).

⁶ The Right to Information Act, No. 22 of 2005, INDIA CODE (2005).

⁷ Govind v. State of Madhya Pradesh, (1975) 2 SCC 148 (India).

⁸ Sharda v. Dharmpal, (2003) 4 SCC 493 (India).

⁹ R. Rajagopal v. State of Tamil Nadu, (1994) 6 SCC 632 (India).

disclosure system used in Jayantilal becomes complicated by this development. The Jayantilal judgment demonstrated this reasoning by opposing RBI's wide interpretation of "fiduciary relationship" and declared that public financial regulators need to show accountability. The Court failed to adequately address circumstances where regulatory information includes third-party personal or sensitive financial details. The Puttaswamy case established standards ensuring that similar situations undergo meticulous examination.

The Digital Personal Data Protection Act, 2023 (DPDP Act) triggered substantial debate since it significantly changed privacy and transparency regulations¹⁰. Section 44(3) of the DPDP Act eliminates the "public interest" exception that allowed personal data sharing under certain conditions by revising Section 8(1)(j) of the RTI Act¹¹. The legislative change represents an important shift as it establishes information privacy as the principal concern even when dealing with data about public officials or institutions. The updated provision has essentially abandoned the balancing approach between public knowledge rights and privacy protections which formed the central theme of Jayantilal. Leaders of the opposition along with groups from civil society have expressed intense criticism of this policy change. The RTI Act will face destruction through this change according to Congress MP Jairam Ramesh. The letter to Minister Ashwini Vaishnaw stated that transparency in governance needs public interest override because removing it allows institutions and officials to deny valid RTI requests by claiming privacy. A report from The Hindu on March 21, 2024, indicates that critics believe the change will diminish citizens' power to hold large institutions accountable for corruption and regulatory failures¹². The change represents a troubling shift away from the democratic principles which support both Jayantilal and Puttaswamy.

Although Puttaswamy emphasized protecting citizens from state surveillance scrutiny it did not endorse privacy as a barrier to public accountability.

The DPDP Act's comprehensive prohibition does not allow for public interest evaluation which creates tension with constitutional jurisprudence needing proportionate rights application

¹⁰ The Digital Personal Data Protection Act, No. 22 of 2023, INDIA CODE (2023).

¹¹ Digital Personal Data Protection Act § 44(3), No. 22 of 2023, INDIA CODE (2023).
Right to Information Act § 8(1)(a), (d), (e), (j), No. 22 of 2005, INDIA CODE (2005).

¹² Jairam Ramesh, *Stop 'Destruction' of RTI Act: Jairam Ramesh Tells Vaishnaw*, THE HINDU (Mar. 21, 2024), <https://www.thehindu.com/news/national/stop-destruction-of-rti-act-jairam-ramesh-tells-vaishnaw/article69364900.ece>.

within specific contexts. Future legal contests could force courts to affirm that data protection rules must prevent bureaucratic secrecy while harmonizing updated RTI requirements with the principles established in Puttaswamy. The Jayantilal case primarily addressed institutional data which included regulatory findings and inspection reports and penalty decisions instead of private personal data. The DPDP Act enables RBI and similar entities to argue that official and customer personal information remains within institutional correspondence which results in deferred disclosure. The situation creates ambiguity in implementing transparency requirements while enabling intentional non-cooperation. The DPDP Act eliminates the interpretive powers previously given to the Central Information Commission (CIC) and High Courts through the Jayantilal case which enabled them to direct disclosures in the public interest. The court now faces a challenging issue: The legal system needs to protect DPDP Act privacy safeguards while maintaining RTI Act transparency goals and prevent either from being used for opportunistic purposes. Future legislative amendments or judicial interpretation could restore the public interest exception in the RTI regulations as a potential resolution. The creation of court guidelines can help distinguish between data that institutions release publicly and genuinely personal information to ensure that personal data remains protected while public data remains accessible. Uncertainty exists concerning Jayantilal's personal future trajectory.

The judiciary is currently reviewing the ruling due to the Supreme Court's decision to restore the case concerning *HDFC Bank Ltd. v. Union of India*¹³. The Court allowed HDFC's appeal against the RBI's directive to disclose private financial data by employing the legal principle *ex debito justitiae* which signifies "a matter of right."¹⁴ The ongoing review grants the Court the opportunity to reexamine Jayantilal through a mature constitutional and statutory context that includes Puttaswamy and the DPDP Act. The legal system of transparency in India will experience lasting consequences from the Court's choice to either maintain or modify its existing position.

Conclusion

The *RBI v. Jayantilal N. Mistry* ruling maintained constitutional soundness at its inception because of proportionality and public interest principles but now faces challenges from shifting

¹³ *HDFC Bank Ltd. v. Union of India*, (pending before the Supreme Court of India).

¹⁴ *Ex debito justitiae* (from a duty of justice) — a principle that allows reopening of a case when justice so demands.

See *M.S. Ahlawat v. State of Haryana*, (2000) 1 SCC 278 (India).

legal and political conditions. The Puttaswamy decision involving privacy expansion brings forth legitimate concerns which demand meticulous resolution. The DPDP Act as a legislative solution may have excessively favored secrecy over transparency. Without a public interest exception the RTI system may face potential weakening. Without corrective legal or legislative steps this modification could destroy the democratic accountability which the RTI Act and Jayantilal established. The judiciary needs to balance conflicting demands during the forthcoming years to protect both institutional openness and individual dignity.