

Information Utilities

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Introduction

What is an Information Utility?

A repository of financial information.

Financial Information: A record of debts, liabilities, secured assets, default, balance sheet and cash flows, etc.

How should it work?

- Company A takes a loan.
- Bank X makes an entry in an IU.
- Unfortunately, company A goes into IRP.
- Court uses entry in IU as *prima facie* evidence of debt and default.

Why do we need them?

- Reduce information asymmetry between creditor and debtor.
 - ① Faster access to information.
 - ② Access to all creditors.
 - ③ Real-time information.
- Maintain sanctity of strict timelines.

The Code

The vision

- Open competitive industry.
- Open API.
- Cost of access limited to telecom charges. Cost of submission borne by creditor and debtor.
- Privacy of information:
 - 1 Identities of creditors hidden.
 - 2 Information of listed entities to be made public.
- Incentives for filing: if the information is in an IU, the creditor needs no other proof to establish default.

What does the Code say?

- Retains requirement for open competitive industry.
- No explicit requirement for open API.
- Silent about cost of access.
- Provides for authentication of information at the time of submission.
- Manner of sharing information to be specified.
- Value of information in an information utility:
 - 1 Allows other evidence to be submitted as proof of default.
 - 2 Not clear whether submission is mandatory.

The major gaps

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- No incentives for filing.
- No clarity on who can access what information.
- No clarity on **how** authentication is to be done.
- No clarity on evidentiary value of information.
- Excessive delegated legislation.

The solution

The solution

- Harness existing infrastructure, but introduce competition.
- Incentivize filing:
 - Clarify evidentiary value of information in an IU.
- Strengthen data privacy provisions.
- Incorporate clear provisions on authentication of information in an IU.
- Incorporate more requirements with respect to governance, data privacy, risk management, etc. in the primary law.

Thank you.