

**PRESS RELEASE**



**RESERVE BANK OF INDIA**

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**Draft Scheme of GTB - OBC Amalgamation**

Global Trust Bank Ltd., (GTB) has been placed under an Order of Moratorium on July 24, 2004 which is effective upto October 23, 2004 or an earlier date if alternate arrangements are in place. During the period of moratorium, the Reserve Bank of India has to decide the future set up of GTB.

GTB had been given time to arrange for infusion of capital as also to explore the options of raising required capital or voluntary merger with any domestic bank. GTB's proposal for infusion of capital by a consortium of investors was not found acceptable. The bank also indicated its inability to raise required capital from domestic investors as also voluntary merger with any domestic bank. The option of voluntary merger is not available now.

The other option available with the Reserve Bank is compulsory merger under section 45 of the Banking Regulation Act, 1949. Interest has been expressed on the issue by Oriental Bank of Commerce (OBC). The Reserve Bank has also received informal enquiries from other public sector banks expressing interest in the matter. OBC's perception on the issue has been examined by the Reserve Bank of India keeping in view its financial parameters, its retail network and its synergies as well as strategic advantages. Taking into account the interests of the millions of depositors of GTB, as well as the bank's strengths and weaknesses, the Reserve Bank has prepared a draft scheme of amalgamation of GTB with OBC. It has been forwarded to both banks today. The banks have been given two weeks time up to August 7, 2004, to consider the draft scheme.

The draft scheme has been put in public domain and will be notified in the newspapers for suggestions and comments which have to be received by the banks and the Reserve Bank by Saturday, August 7, 2004. The Reserve Bank will take a view soon thereafter.

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Manager

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