Facts on GTB investigation

A report has appeared in certain section of the press today alleging that the RBI has closed the chapter on trying to unearth any alleged wrong doing by GTB or its promoters in the capital market. We wish to clarify that the report is totally baseless, mischievous and intended to mislead the public.

The facts of the case are:

- The RBI noticed some unusual price movements in GTB share prices in November last and requested SEBI, the regulator of capital markets to look into the matter.
- SEBI in February wrote to RBI that it has prima facie found evidence of price rigging in GTB share prices; and that it would shortly give the RBI a detailed report.
- Meanwhile, the RBI received an application from GTB and UTI bank, duly approved by their respective boards, about their proposed merger.
- RBI wrote to SEBI to expedite the investigations and send the findings to RBI by end-March 2001.
- In the wake of the happenings in the market, the RBI also asked UTI to get the valuation of the proposal done by another independent valuer.
- RBI received another interim report from SEBI on March 30, 2001 stating that the detailed investigations to come to final findings would take some more time.
- RBI received a letter from GTB on April 4, 2001 stating that it desires to withdraw the merger proposal.
- RBI wrote on April 4, 2001 itself to UTI enclosing a copy of the letter received from GTB adding that the RBI is treating the matter in regard to approval of merger of GTB and UTI Bank as closed. A copy of the same letter was endorsed to UTI Bank and SEBI for information.

The sequence of events clearly indicates that the RBI had at no point in time given an informal or formal approval for the merger proposal; nor had it ignored the aspect of alleged rigging of share prices of GTB but had in fact written to UTI to go in for a fresh and independent valuation as regards swap ratio and also requested SEBI to expedite its enquiries in the matter and furnish its report before end March 2001. The RBI awaits the final report from SEBI on its investigations in fluctuations in GTB share prices.

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