

PRESS RELEASE



RESERVE BANK OF INDIA

PRESS RELATIONS DIVISION, Central Office, Post Box 406, Mumbai 400001
Phone: 2266 0502 Fax: 2266 0358, 2270 3279

www.rbi.org.in
www.rbi.org.in/hindi
e-mail: help@rbi.org.in

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**GOI places Ganesh Bank of Kurundwad Ltd under Moratorium
From Close of business on January 7, 2006**

On an application of the Reserve Bank of India, the Central Government has today issued an Order of Moratorium in respect of the **Ganesh Bank of Kurundwad Ltd** Registered Office: Kurundwad, Kurundwad –416 106, Kolhapur (District), Maharashtra. The Order of Moratorium has been passed by the Central Government in the public interest, in the interest of depositors and the banking system.

The moratorium will be effective from the close of business on Saturday January 7, 2006 up to and inclusive of April 6, 2006 or an earlier date if alternate arrangements are put in place. During this period, Reserve Bank of India will consider the various options, including amalgamation of Ganesh Bank of Kurundwad Ltd with any other bank and finalise the plans in public interest and with a view to protecting public deposits.

During the period of Moratorium, the bank will be permitted to make only those payments that have been specified in the Order of Moratorium and the depositors of Ganesh Bank of Kurundwad Ltd will be permitted to withdraw the balances from their savings bank account or current account or any other deposit account through any of the branches of the bank subject to a ceiling of Rs. 5000/- (Rs. Five thousand only). The customers can withdraw up to the limit specified at any of the branches.

Established in 1920, Ganesh Bank of Kurundwad Ltd., has its headquarters at Kurundwad, Maharashtra. Members of one family are the major shareholders of the bank holding over 30% of the total shares. The bank has a network of 32 branches and its operations are mainly concentrated in Sangli and Kolhapur districts of Maharashtra and Belgaum district of Karnataka. As on March 31, 2005 the head office and 17 branches are computerised but have no inter-connectivity. As on March 31, 2005, the bank's deposits were at Rs. 217.43 crore and advances were Rs. 105.73 crore. Its gross non performing assets were 18.04% while net NPA were 8.32%. The bank's networth had turned negative to (-) Rs.3.05 crore, thereby making its Capital to Risk Weighted Asset Ratio (CRAR) negative at (-) 5.83% as on March 31, 2005. This resulted in erosion of depositors' money. The bank was also unable to come up with any credible plan to raise fresh capital.

**Alpana Killawala
Chief General Manager**

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