**What is Consortium?**

A group of Independent Companies participating in a Joint Venture for mutual benefit. Companies in a Consortium co-operate with one another, often sharing technology as needed. A Consortium allows the Companies to conduct operations that they would not be able to do individually. It is important to note, however, that a Consortium is not a merger and the Companies remain independent. A group of Organizations that participate in a Joint Venture. Airbus Industries, a European Airplane manufacturer, is a Consortium of four Public and Private Corporations in Britain, France, Spain and Germany. A group of Organizations, sharing the same goals, which combine their resources and risks. Consortium Banking was popular in the late 1970s, when a number of major Banks would combine to form a Merchant-Banking or Finance-Company offshoot. Many of Australia’s Merchant Banks were formed as consortia with European, Asian and US Banks teaming with Australian Banks. Consortium is a coalition of Organizations, such as Banks and Corporations, set up to fund ventures requiring large capital resources. A Consortium is an association of two or more Individuals, Companies, Organizations or Governments (or any combination of these entities) with the objective of participating in a common activity or pooling their resources for achieving a common goal. Consortium is a Latin word, meaning ‘partnership, association or society’ and derives from consors ‘’ Partner”, itself from con- ‘together’ and sors ‘fate’, meaning owner of means or comrade.

**Consortium of Bank**

A Subsidiary Bank owned by several different Banks. Each Owner Bank has an equal share so that no Bank is the majority shareholder. The Owner Banks are often in different countries. A Consortium Bank is created to finance a specific project; once the project is complete, the Consortium Bank dissolves itself. While they are not as common as they once were, they are useful when a project involves multiple currencies.

**Definition**

A Banking Syndicate formed by multiple Banks, often from different countries, for the singular purpose of financing a specific project that is too large for any individual Bank to finance on its own. Under this arrangement participating Banks completion of the project the Consortium Bank is disbanded.

That it means Consortium of Bank itself is a community of interest and member brigs its resources in certain percentage in the common pool. And therefore it shares the security interest in common.

**RBI’s Role in Consortium Finance:-**

Large Lending’s are formed always under Consortiums as per the guidelines issued by DBOD of RBI. That DBOD of RBI as such issues circulars and guidelines from time to time including documentation one of such is enclosed at Annexure I hereunder which please be read as part of this opinion as our opinion Consortium of Bank itself is a community of interest and member brigs its resources in certain percentage in the common pool formed under statutory directives and documents are obtained as per the IBA formats strictly devised as per directions of RBI. That in terms of the guidelines which has statutory force the Consortium of Banks has a force of community of interest.

Now the question springs up for my opinion whether a deed of hypothecation or Mortgage created by a borrower in consortium lending shall be treated as one instrument or separate instruments for the purpose of section 5,6 of Bombay Stamp Act. Whether it is a multifarious instrument covering Several distinct matters? We will have to refer the provisions of Bombay Stamp Act

Where several distinct matters and transactions are embodied in a single Instrument, the Instrument is called the multifarious instrument.