

Govt plans to pare stakes in five PSBs, including UCO

THE GOVERNMENT MAY allow lowering its ownership in five state-run banks via stake sales or the lenders themselves selling shares to large investors that will help them meet minimum public holding norms, according a government official.

UCO Bank, Central Bank of India, Indian Overseas Bank, Bank of Maharashtra, and Punjab and Sind Bank are the lenders in which the government could allow share sales by the Department of Investment and Public Asset Management (DIPAM), the official, who asked not to be identified citing rules, told reporters. The banks selling shares to large investors is the other option, said the official, adding that the aim is to bring down the government's holding in the lenders to below 75%.

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LOWERING OWNERSHIP



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have peaked amid a slowing economic growth. Shares of UCO Bank jumped as much as 20%, the most since October 2003. Indian Overseas Bank shares soared 20%, their biggest daily gain since May 2009.

Bank stocks have had an indifferent run over the last year, but investors have shown a preference for state-run lenders. A Nifty gauge of state-owned banks has risen nearly 4% over the last 12 months, compared with a 3.6% decline in

the NSE Nifty Private Bank index.

Shares of the five lenders where the government is planning to dilute its stake are not cheap compared with their larger peers, measured by price-to-book, the common metric for valuing financial firms.

State Bank of India (SBI) is quoting at a price-to-book of 1.44. Central Bank of India, UCO Bank, Indian Overseas Bank, Punjab and Sind Bank and Bank of Maharashtra are quoting at 1.43-3.62 times the book values, according to data compiled by Bloomberg. —BLOOMBERG