

Centre may launch ETF of PSB stocks next financial year

PRESS TRUST OF INDIA
New Delhi, February 19

THE FINANCE MINISTRY is mulling launching an exchange traded fund consisting of PSU bank stocks in the next financial year, an official said.

"We are open to the idea of floating an ETF consisting of stocks of PSU banks. We are studying the price movement of the probable stocks which could form part of the index," the official said.

The bank exchange traded fund (ETF) would be in addition to the two ETFs – CPSE ETF and Bharat-22 ETF – launched by the government which have seen huge investor demand.

The government has raised ₹32,900 crore through Bharat-22 ETF since 2017, and ₹28,500 crore from CPSE ETF since 2014. The official further said the ETF route would bring back investor confidence in the banking stocks. "Individual bank scrips may not be attractive for investors at the moment but bunching of banking stocks through ETFs might see investor demand pick up," he said.

Among the 20 public sector banks, the government holds 58.53% stake in SBI, 70.22% in Punjab National Bank, 70.62% in Canara Bank, 77.23% in Oriental Bank of Commerce and 83.09% in Bank of India.

Besides, it holds 63.74% in Bank of Baroda, 87.01% in Bank of Maharashtra and 67.43% in Union Bank of India.



Centre holds 58.53% stake in SBI

The government has set a disinvestment target of ₹90,000 crore for 2019-20, up from ₹80,000 crore in 2018-19. So far this fiscal, the government has raised ₹53,558 crore from the CPSE stake sale and share buyback.

Earlier, in an interview, secretary in the department of investment and public asset management (DIPAM) Atanu Chakraborty had said that DIPAM would conduct a study to provide risk-free investment option to retail investors in the form of sector-specific ETFs.

"You should not see ETF as an individual share. In an ETF, we bring all the shares together to reduce the systemic risk," he said, adding that DIPAM is looking at the possibility of forming a basket of shares from the same sector and design a theme-based ETF index.