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# Govt can raise up to ₹12,800 cr if it divests in two PSBs: CARE

## OUR BUREAU

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The government could raise between ₹6,400 crore and ₹12,800 crore if it cuts its stake to 51 per cent in two of the four public sector banks (PSBs) - Indian Overseas Bank (IOB), Bank of Maharashtra (BoM), Bank of India (BoI) and Central Bank of India (CBoI) - said to be candidates for disinvestment, according to CARE Ratings.

### Highest equity capital

As per an equity matrix - based on average price (one-year average daily), paid-up capital, number of shares and government ownership drawn up by the credit rating agency - IOB has the highest equity capital (₹16,437 crore), while BoI has the highest market price (₹44.75 per share) relative to the others. Based on

the aforementioned banks' market prices - BoI (₹44.75 per share/ government stake: 89.1 per cent) and IOB (₹9.88/ 95.8 per cent) - if the government were to lower its stake to 51 per cent, which would still leave majority ownership of these banks in the government's hands, then the amount that could be raised

from these two banks would be around ₹12,800 crore, as per CARE's assessment.

BoM (₹11.85 per share/ government stake: 92.5 per cent) and CBoI (₹14.85/ 92.4 per cent) would garner around ₹6,400 crore, it added.

But if the government were to divest fully from these two banks, the amount that could be raised would be around

₹28,600 crore, the agency said.

In her Budget speech, Union Finance Minister Nirmala Sitharaman, said: "Other than IDBI Bank, we propose to take up the privatisation of two public sector banks and one general insurance company in the year 2021-22.

"This would require legislative amendments and I propose to introduce the amendments in this Session itself."

In 2021-22, the government would also bring the initial public offer of Life Insurance Corporation of India, she added. For this also, the government will bring in the requisite amendments in this Session itself.

