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[Home](#) / [Industry](#) / [Banking finance](#) / [SBI to raise up to Rs 15,000 crore by March 2017](#)

SBI to raise up to Rs 15,000 crore by March 2017

Public sector lender State Bank of India (SBI) today said it proposes to raise up to Rs 15,000 crore from various means, including public offer and overseas issuance of shares, in the next 14 months.

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Public sector lender State Bank of India (SBI) today said it proposes to raise up to Rs 15,000 crore from various means, including public offer and overseas issuance of shares, in the next 14 months.

The fund raised will help the bank to meet global risk norms, Basel III, which will kick in from March 2019.

The committee of directors, duly authorised by the central board, at the meeting held on January 15 authorised the bank to seek shareholders' approval and to write to government of India and RBI seeking their approval for extending the period of approval for raising capital up to Rs 15,000 crore till March, 2017, SBI said in a regulatory filing with exchanges.

The fund would be raised either through follow on public issue, qualified institutional placement, rights issue, private placement, Global Depository Receipt, American Depository Receipt or combination of these, it said.

The fund raising would be done at the opportune time or as may be approved by the government and RBI, it added.

This enabling approval was required as the one-year window approved last year was coming to an end on March 2016, an official said.

Shares of the bank closed at Rs 184.75 per unit, down 5.64 per cent on the BSE.

Earlier this week, SBI had said it is planning to monetise non-core assets to raise capital for meeting Basel norms.

Public sector banks need Rs 1.80 lakh crore to meet Basel III norms, while the government will provide only Rs 70,000 crore, SBI chairperson Arundhati Bhattacharya had said, adding that the rest will have to be borne by banks through profits and non-core assets.

“For instance, for us, we have a number of non-core assets which we are looking at monetising. We also have very successful subsidiaries which we have not listed. So, we can look at those as well,” she had said.

The bank has already announced plans to lower its stake in insurance ventures — SBI Life Insurance and SBI General.

In its life insurance venture, SBI proposes to sell up to 10 per cent stake, while it may be about 23 per cent in case of its general insurance company.