

Govt likely to sell stake in weak banks

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The government is considering selling controlling stakes in some of the smaller state-run banks in a bid to raise funds to boost spending on programmes for the poor.

The proposal being considered involves offering a majority stake in some of the weaker banks and use the proceeds to fund Prime Minister Narendra Modi's rural housing programme. The details are still being worked out and, if approved, it could be included in the budget to be unveiled on July 5.

Modi's administration is under pressure to raise spending on welfare programmes and revive growth after a resounding mandate in the recently concluded elections. If the plan is finalised, the government will need to amend a law to enable it to sell majority control in state-run banks.

Two calls made to Finance Ministry spokesman DS Malik remained unanswered.

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