

Government plans global exchange traded fund to tap pension segment

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The Finance Ministry plans to launch a global exchange-traded fund (ETF) to attract long-term investments from overseas pension funds.

The new ETF, which will be constituted after studying the appetite of large investors, is planned for the next financial year, an official said.

Initially, the Ministry was planning to list Bharat-22 ETF abroad, but decided not to as investors expressed apprehensions over the costs associated with hedging and currency conversion.

“The target is to tap the untapped investors, that is, the

large overseas pension funds. A new ETF is being thought of which will be constituted based on the sectors for which these investors show interest,” the official told PTI.

Scope for dilution

The official said that the PSUs in which there is substantial scope for further dilution of government equity — say, where promoter holding is above 58 per cent — will be included in the proposed ETF for global listing. The government has listed two exchange-traded funds — CPSE ETF and Bharat-22 ETF — on the domestic stock exchanges.

The government has

already raised ₹22,900 crore through two tranches of Bharat-22 ETF, and ₹11,500 crore through three tranches of CPSE ETF.