



The Finance Ministry has extended the deadline for merchant bankers to bid for creation and launch of a debt Exchange Traded Fund (ETF) for PSUs and PSBs till July 2. (Express Photo)

The Finance Ministry has extended the deadline for merchant bankers to bid for creation and launch of a debt Exchange Traded Fund (ETF) for PSUs and PSBs till July 2. In the revised request for proposal (RFP) issued today, the Department of Investment and Public Asset Management (DIPAM) has tweaked the eligibility criteria for bidders, clarifying that they can also bid in consortium. Accordingly, market regulator Sebi or banking regulator [RBI](#) registered “reputed merchant bankers/investment bankers/consulting firms/financial institutions/asset management companies, either singly or as a consortium,” can bid for creation of the ETF.

“The bidders should have been involved in advisory or transaction capacity or have launched an ETF/debt ETF/ debt mutual fund/ index linked fund/corporate bond issuances during the period April 1, 2015, to March 31, 2018, aggregating to the total value of Rs 5,000 crore or more with minimum size of Rs 500 crore in any single issuance,” the DIPAM said while issuing the revised RFP. The DIPAM had earlier on April 18 issued the RFP for engagement of an adviser for creation and launch of debt ETF asking bidders to submit their bids by May 16. Consequently, the pre-bid meeting was held on April 27. The DIPAM today came out with the revised RFP, inviting merchant bankers who are interested to help the government to create and launch the debt ETF.

“The advisor will also analyse, assist and advise on the possible monetisation of the debt of the select CPSEs through market-oriented instruments,” the RFP said, while inviting bids by July 2, 2018, from reputed merchant bankers/investment bankers/consulting firms/financial institutions/asset management companies. They can bid “either singly or as a consortium; to act as advisor/consultant to assist and advise the government in the process,” the RFP said. The debt ETF, for the CPSEs/PSBs/PSUs would help them meet their capital expenditure and business needs by leveraging their aggregate strength.

“This will bring enhanced liquidity, enhanced investors base and transparency and smoothening of borrowing plans of the participating CPSEs/PSBs/PSUs. This will benefit both the investors and the issuers,” the RFP said. Finance Minister [Arun Jaitley](#) had in the Union Budget 2018-19 floated the idea of a debt ETF saying that DIPAM will come up with more ETF offers, including debt ETF. As per official data, 15 central public sector enterprises (CPSEs) have together raised about Rs 3 lakh crore through bonds in the last three years. Of these, 12 companies are ‘AAA’ rated, which is the top investment grade.

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