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Govt to rake it in as PSBs pay handsome dividends for FY23

BONANZA. Payout to total ₹13,804 crore, up 58% from FY22, as banks post big profits

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Mumbai

Hefty payouts

	FY23 Dividend per share (₹)	Dividend per share (%)	Total dividend (₹ cr)	FY22 Dividend per share (₹)	Dividend per share (%)	Total dividend (₹ cr)
State Bank of India	11.30	1130.0	5,740.14	7.10	710.0	3,606.64
Punjab National Bank	0.65	32.5	523.51	0.64	32.0	515.46
Bank of Baroda	5.50	275.0	1,819.50	2.85	142.5	942.83
Canara Bank	12.00	120.0	1,370.05	6.50	65.0	742.11
Union Bank of India	3.00	30.0	1,712.00	1.90	19.0	1,084.26
Indian Bank	8.60	86.0	855.31	6.50	65.0	646.45
Bank of India	2.00	20.0	668.17	2.00	20.0	668.17
Bank of Maharashtra	1.30	13.0	796.00	0.50	5.0	306.13
Punjab & Sind Bank	0.48	4.8	319.63	0.31	3.1	206.43
			13,804.31			**8,718.48**

The government will rake it in with public sector banks set to payout a total of ₹13,804 crore for FY23. This is about 58 per cent higher than the ₹8,718-crore dividend paid out the previous financial year.

The handsome dividend declaration by state-owned banks comes in the backdrop of robust profits and the comfortable capital position.

Among the 12 PSBs, three declared dividends of over three digits in percentage terms for financial year ended March 31, 2023, with State Bank of India topping with 1130 per cent (on equity share of face value ₹1), followed by Bank of Baroda (275 per cent on equity share of FV ₹2), and Canara Bank (120 per cent on equity share of FV ₹10).

The dividend income for FY23 will form part of the current year's non-tax revenue of the government.

SBI, which reported an all-time high standalone net profit of ₹50,232 crore in FY23, will handover a dividend cheque of about ₹5,740 crore to the government. Six PSBs declared dividends ranging from 4.8 per cent to 86 per cent. However, Central Bank of India, which came out of the RBI's Prompt Corrective Action Framework (PCA) in September 2022, Indian Overseas Bank, and UCO Bank (both came out of PCAF in September 2021), did not declare a dividend.

POSITIVE OUTLOOK

Karthik Srinivasan, Senior Vice-President, Financial Sector Ratings, ICRA, said: "That banks have been making more money and their capital position is also much better than two-three years back, has enabled them to declare higher dividend. And the outlook for the current year is also good. Net-net, it should be a fairly strong year in terms of financial performance for banks."

Emkay Global Financial Services said in a report that most banks it had analysed had reported healthy earnings in the fourth quarter, mainly led by continued strong credit growth, healthy margins, higher recoveries from written-off accounts (for PSBs) and lower lower loan loss provisioning, as asset quality continued to improve. PSBs logged their historically-best quarter, with net profit growth of 98 per cent Year-on-Year/19 per cent Quarter-on-Quarter, it added.

"For FY24, in our view, credit growth/ margins will moderate, as will Pre-Provisioning Operating Profit growth. However, treasury gains for PSBs and continued lower loan loss provisions for most banks should keep net-earnings growth healthy," opined Emkay analysts.