



Sensex dives below 16K on SBI downgrade

TIMES NEWS NETWORK

Mumbai: The BSE sensex fell 286 points to 15,864 on Tuesday after international rating agency Moody's downgraded the country's largest lender, the State Bank of India, on the grounds that its bad loans would rise.

The rating downgrade may compel the government, which is already financially stretched, to pumping additional capital into the bank. "The downgrade of SBI had a contagion effect on the banking sector, with most stocks ending sharply lower. Also, stocks in sectors like metals and auto were down sharply," said Dipen Shah, head-fundamental research, Kotak Securities. Falling stocks also took their toll on the domestic currency, with the rupee falling over 25 paise to close at 49.40 against the dollar. The downgrade pushed SBI's share price down by 4.08% to a two-year low of Rs 1,786. Bank shares

across the board dropped with the Bankex falling 3.09%.

Among major banks which saw share price fall was ICICI Bank, which fell 4.5% to Rs 800. Until now, SBI was rated a notch higher than other banks because of prime position in banking.