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# Banking stocks surge after govt plans panel to address NPAs, value buying

In the past one month, the Nifty PSU index and BSE Bankex fell 2.74 per cent and 4.19 per cent, respectively till November 26.

By: [FE Online](#) | New Delhi | Updated: November 27, 2015 5:21 PM





The Nifty PSU index closed 3.52 per cent, or 109.40 points, up at 3217.05. Leading the pack of gainers was Oriental Bank of Commerce which zoomed 9.85 per cent, followed by Bank of Baroda (up 9.25 per cent). (Express Photo)

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Banking stocks were in demand in Friday's trade as they surged as much as 10 per cent ahead of some expectation from the Reserve Bank of India (RBI) on rate cut in the upcoming monetary policy review meeting on December 1 and value buying. Banking stocks also got a boost after the government said that it is planning to set up a high-level panel to effectively deal with the issue of mounting bad loans.

The Nifty PSU index closed 3.52 per cent, or 109.40 points, up at 3217.05. Leading the pack of gainers was Oriental Bank of Commerce which zoomed 9.85 per cent, followed by Bank of Baroda (up 9.25 per cent), Union Bank (up 7.82 per cent), State bank of India (up 7.10 per cent) on the NSE.

In the past one month, the Nifty PSU index and BSE Bankex fell 2.74 per cent and 4.19 per cent, respectively till November 26.

Among private sector banks, Federal Bank, ICICI Bank and HDFC Bank gained 3.26 per cent, 2.39 per cent and 1.35 per cent, respectively. 

“Basically some expectation from the Reserve Bank of India on rate cut and bargain buy supported banking stocks today as they were continuously down for the last 1 month. I don’t expect rate cut before Fed meeting. RBI will wait for outcome of Fed meeting in December,” said, G Chokkalingam, founder of Equinomics Research and Advisory.

According to Bank of America Merrill Lynch, the Reserve Bank is likely to hit the pause button in its policy review meeting on Tuesday, but a 25 basis point cut is likely in February.

Fitch on Thursday said that Indian banks are stable but there will be challenges ahead for state-owned banks given weak core capitalisation and slow earnings recovery.

The benchmark Nifty 50 index closed 0.75 per cent up at 7,942.70.

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