

# Business Standard

## Here's what is causing PSU banks to fall

A key reason for the fall is the change in the base rate calculations for the bank, which was announced in December 2015

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Banking stocks, especially the public sector banks, are being hammered in the markets. In fact, banks have led the recent fall in the indices and continue to do so even today. The NSE PSU Bank index has fallen from 3,235.35 to the present level of 2,312, a drop of nearly 28.5% since November 30, 2015. In comparison, the Nifty Bank index, which also has private sector banks in it, has fallen by only 12.8%, highlighting the growing diversion in valuation between the two sectors. For example, SBI is trading at Rs 184, a level last seen in March 2014; PNB is trading close to its ...