

Indian market falls over one percent on fund selling

Mumbai - India's benchmark share market index plunged over one percent Friday, dragging its loss to the second consecutive session as overseas and domestic fund operators booked profit in heavyweight equities.

Analysts say the market fall was triggered by large-scale institutional selling in stocks of cement companies after the government urged them to initiate measures to control spiralling prices.

The stock market opened for the day on a bearish note, tracking the downturn in other major Asian stock exchanges. The trading session was depressed all through the session in the absence of fresh institutional buying interest.

The stock market barometer 30-share Bombay Stock Exchange sensitive index or Sensex closed at 12,285.11, a loss of 150.30 points or 1.21 percent from its previous session's close.

'Institutional investors are adopting a cautious approach at sharply higher levels. The market was ripe for a correction after rising sharply higher,' said an analyst with a domestic brokerage firm.

'The sell-off on the bourses at these levels will create fresh buying opportunities for scores of investors who are waiting on the sidelines of the trading ring,' added the analyst.

Massive investments inflows in Asia's second fastest growing economy after neighbouring China on hopes of sustained higher economic growth was helping the index to scale new peaks almost on a regular basis in last few months.

The booming Indian stock market achieved another milestone April 20 with the key index crossing the magical 12,000-mark for the first time in the history of the capital market on massive institutional buying.

Foreign institutional funds, the backbone of India's liquidity starved capital market, pumped in a record \$10.7 billion in the stock market in 2005 and have already bought shares worth over \$4 billion in the current calendar year.

Enthused by surging equity valuations, the overseas funds have invested a whopping \$339.30 million in the first trading week of the current month, as against an investment of \$117.90 million in April.

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