Indices rise over 1% as value buying spurs rebound on D-St

Blue-chip oil & gas, banking and auto shares spurred rebounds after facing a massive drubbing on the Budget day

RECOVERY MODE

- BSE-Sensex rallied 943.52pts or (+1.17%) to 81,666.46
- NSE-Nifty climbed 262.95pts or (+1.06%) to 25,088.40
- FIIs offloaded Rs588.34 cr on Sunday

Mumbai

STOCK markets rebounded on Monday with benchmark Sensex jumping by 943 points on value buying in blue-chip oil & gas, banking and auto shares after facing a massive drubbing on the Budget day.

The 30-share BSE Sensex rallied 943.52 points or 1.17 per cent, to settle at 81,666.46. During the day, it surged 1,009.31 points or 1.25 per cent to a high of 81,732.25. The 50-share NSE Nifty climbed 262.95 points or 1.06 per cent to end at 25,088.40. During the day, it advanced 282.65 points or 1.13 per cent to 25,108.10.

Value buying after a sharp correction on Budget day and a steep decline in global crude oil prices helped key indices recover, experts said. From the Sensex firms, Power Grid jumped 7.61 per cent and Adani Ports climbed 4.76 per cent. Bharat Electronics, Reliance Industries, Mahindra & Mahindra, Larsen & Toubro, InterGlobe Aviation, ICICI Bank and UltraTech Cement were among the other major gainers. Axis Bank, Infosys, Tata Consultancy Services, Trent and Titan were the laggards.

Among indices, BSE Utilities jumped the most by 2.66 per cent, followed by power (2.54 per cent), services (2.38 per cent), energy (1.98 per cent), auto (1.98 per cent), oil & gas (1.92 per cent) and metal (1.90 per cent). IT, BSE Focused IT and healthcare were the laggards. India's manufacturing sector activity witnessed a slight recovery in January, amid faster increase in new orders, even as business confidence slipped to its lowest level in three-and-a-half years, a monthly survey said on Monday. The seasonally adjusted HSBC India Manufacturing Purchasing Managers' Index (PMI), rose from a two-year low of 55 in December to 55.4 in January.

> The market witnessed a smart recovery following yesterday's volatile session due to the impact of the STT hike on F&O and the government's higher borrowing plan for FY27. At the same time, the Budget's policy continuity with a clear emphasis on growth and fiscal prudence has helped reinforce confidence in the medium to long 'term earnings outlook'
> - *Vinod Nair*, Head-Research, Geojit Investments Ltd

In the PMI parlance, a print above 50 means expansion, while a score below 50 denotes contraction. Finance Minister Nirmala Sitharaman on Sunday announced measures to boost manufacturing, offered long-term tax incentives for global data centres, and support for agriculture and tourism as she unveiled a Rs 53.5 lakh crore Union Budget for 2026-27, seen as a long-term blueprint for sustaining growth amid rising global risks.

Shunning populist measures despite five key states, including West Bengal and Tamil Nadu, heading to polls, the Budget signalled continued fiscal consolidation and infrastructure spending. But a hike in securities transaction tax on equity derivatives rattled equity markets, with key indices plunging as much as 2 per cent in the special Budget-day trading session, before recovering some ground.

World shares slip as worries over Trump's Fed chief pick and AI weigh on markets

BANGKOK: US futures and world shares skidded on Monday as worries over President Donald Trump's nominee to be the next Federal Reserve chair amplified jitters over a possible bubble in the artificial intelligence boom. South Korea's exchange, which is heavily influenced by tech-related developments, briefly suspended trading as its benchmark Kospi bounced, closing 5.3 per cent lower at 4,949.67. Samsung Electronics gave up 6.3 per cent, while chip maker SK Hynix sank 8.7 per cent.

The Kospi has been forging records for weeks as big tech companies piggybacked on the AI craze with deals with major players like chip maker Nvidia and OpenAI. In early European trading, Germany's DAX edged less than 0.1 per cent lower to 24,528.57. The CAC 40 in Paris shed 0.2 per cent to 8,108.56, while Britain's FTSE 100 declined 0.3 per cent to 10,195.88.

The future for the S&P 500 sank 0.7 per cent, while that for the Dow Jones Industrial Average fell 0.4 per cent. Markets took a hit as investors considered how Kevin Warsh, Trump's nominee to lead the Federal Reserve after Fed Chair Jerome Powell's term ends in May might handle interest rates. Warsh's nomination requires Senate approval. But financial markets fear the Fed may lose some of its independence from Trump, who has pushed hard for more and faster rate cuts.

FPIs offloaded ₹36,000-cr in Jan

Amid global uncertainties, going ahead the sharp increase of STT in futures and options is likely to act as a marginal negative for FPI flows in the near term

New Delhi

FOREIGN Portfolio Investors (FPIs) remained in a selling mode in January, withdrawing nearly Rs36,000 crore (about $3.97 billion) as global uncertainties persisted. Meanwhile, a higher securities transaction tax (STT) proposed in the Union Budget may weigh on overseas investor participation in the near future.

The recent flight of foreign capital followed the worst outflow of Rs 1.66 lakh crore ($18.9 billion) recorded in 2025, triggered by volatile currency movements, global trade tensions and concerns over potential US tariffs and stretched market valuations.

Going ahead, the sharp increase of STT in futures and options is likely to act as a marginal negative for FPI flows in the near term, particularly for high-frequency and derivative-focused global funds, said Aakash Shah, Technical Research Analyst at Choice Equity Broking.

"While the STT hike may help boost tax collections, it risks dampening trading volumes and could slow tactical FPI participation. To meaningfully revive sustained FPI inflows, investors will be looking more closely at macro stability, the rupee movement, and consistency in tax policy rather than just growth optics," he added.

Finance Minister Nirmala Sitharaman, in her Budget speech for 2026-27, announced a proposal to raise the STT on futures to 0.05 per cent from the present 0.02 per cent and STT on options premium and exercise of options to be raised to 0.15 per cent from the present rate of 0.1 per cent and 0.125 per cent, respectively.

According to data from NSDL, FPIs pulled out Rs35,962 crore from Indian equities in January. This continued selling pressure by FPIs reflects a combination of global and domestic drivers impacting foreign investor sentiment.

The key reasons for the FPIs sell-off include US tariff threats on Europe amid the Greenland dispute, which sparked global risk-off sentiment, alongside a stronger US dollar, elevated bond yields, rupee weakness to Rs90-92 levels, and stretched valuations, Vaqarjaved Khan, Senior Fundamental Analyst, Angel One Ltd, said.

> Globally, persistent risk aversion, still elevated interest rates in developed markets, and a strengthening US dollar have encouraged capital to remain on the sidelines or rotate into other markets perceived to offer better risk-adjusted returns
> - *Himanshu Srivastava*, Manager-Research, Morningstar Investment

Himanshu Srivastava, Principal, Manager Research, Morningstar Investment Research India, said, "Globally, persistent risk aversion, still elevated interest rates in developed markets, and a strengthening US dollar have encouraged capital to remain on the sidelines or rotate into other markets perceived to offer better risk-adjusted returns." At the same time, geopolitical uncertainties and ongoing tariff and trade tensions have weighed on emerging market risk appetite, further dampening overseas interest in Indian equities. On the domestic front, mixed corporate earnings momentum and looming macro events such as the upcoming federal budget have prompted caution among foreign funds. The weakening rupee has also magnified the impact of outflows in dollar terms, reinforcing short-term risk aversion, he added.

Gold rebounds as silver extends losses in futures trade

GOLD prices recovered to Rs 1.48 lakh per 10 grams in futures trade on Monday after an early sharp fall that triggered the lower circuit level, while silver extended losses to witness heavy selling for the third consecutive day. On the Multi Commodity Exchange (MCX), gold futures for April delivery opened on a weak note and plunged Rs 10,688, or 7.2 per cent, to hit a low of Rs 1,37,065 per 10 grams during early trade. Later, the metal rebounded strongly, erasing all of its losses to trade higher by Rs 259, or 0.18 per cent, to Rs 1,48,012 per 10 grams in a business turnover of 8,501 lots. In addition, silver futures remained under pressure, opening lower and declining Rs 39,847, or 15 per cent, to hit an intraday low of Rs 2,25,805 per kilogram, also its lower circuit limit on the exchange. The white metal later pared some of its losses to trade at Rs 2,50,242 per kilogram, down 5.8 per cent, or Rs 15,410, in 6,892 lots. In the international market, Comex gold futures for April delivery went up by $5.21, or 0.11 per cent, to $4,750.31 per ounce while silver for March contract rose by $3.33, or 4.24 per cent, to $81.86 per ounce.

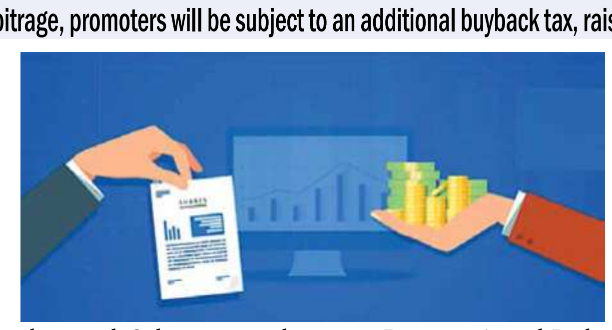
Brent crude slumps over 5% to $65.94/bbl

CRUDE oil prices slumped more than 5 per cent to Rs 5,671 per barrel in futures trade on Monday, tracking a sharp fall in global benchmarks as a strong US dollar and weak market sentiment weighed on the commodity. Crude oil for February delivery declined Rs 309, or 5.17 per cent, to Rs 5,671 per barrel in a business turnover of 12,512 lots. Similarly, the March contract also depreciated Rs 294, or 4.94 per cent, to Rs 5,659 per barrel in 4,027 lots. In the international markets, crude oil futures suffered heavy losses, with the West Texas Intermediate (WTI) for March delivery slipping by $3.38, or 5.18 per cent, to $61.83 per barrel. In addition, Brent Crude for April contract fell $3.38, or 4.88 per cent, to $65.94 per barrel in New York. "Crude oil prices remained highly volatile and slipped from their highs after Kevin Warsh was nominated by President Donald Trump as the next chief of the Federal Reserve. "The nomination boosted the US dollar and bond yields, which weighed on oil prices," Rahul Kalantri, Vice-President of Commodities, Mehta Equities Ltd, said.

Share buybacks to be taxed as capital gains for shareholders

To discourage misuse of tax arbitrage, promoters will be subject to an additional buyback tax, raising the effective tax rate to 22%

New Delhi



IN a move to protect minority shareholders and curb tax arbitrage by promoters, Finance Minister Nirmala Sitharaman on Sunday proposed a major overhaul of the taxation framework governing share buybacks. Presenting the Union Budget 2026-27, Sitharaman said that buybacks will be taxed as capital gains for all categories of shareholders.

To discourage misuse of tax arbitrage, promoters will be subject to an additional buyback tax, raising the effective tax rate to 22 per cent for corporate promoters and 30 per cent for non-corporate promoters, she stated. Sitharaman said, "Change in taxation of buyback was brought in to address the improper use of buyback route by promoters." Market experts believe that the higher tax burden on promoters may lead companies to reassess their capital allocation strategies between dividends and buybacks.

Roop Bhootra, Whole-time Director, Anand Rathi Share and Stock Brokers, said: "The proposed move is a positive for individual shareholders as tax liability reduces from 30 per cent (highest slab rate) to capital gains rates (short term 20 per cent and long-term 12.5 per cent) and negative for corporates and discourages buyback and pushes corporates to use reserves for capital expenditure and/or R&D."

"Revamp of buyback tax framework, and the rise in STT (Securities Transaction tax)on futures and options will influence investor behaviour and short-term sentiments," Parizad Sirwalla, Partner and Head, Global Mobility Services-Tax, KPMG in India, said.

In market parlance, buyback tax is a kind of tax levied on companies that buyback their own shares from shareholders. Generally, governments impose this tax to restrain firms from distributing profits to shareholders through share buybacks rather than paying dividends.

Further uptrend possible from current levels

81,500 and 81,200 will act as immediate support zone, it can move upto 82,200-82,500

Mumbai

THE benchmark indices witnessed a promising pullback rally. The Sensex was up by 944 points. Among sectors, the Capital Market Index outperformed, rallying over 3 per cent, whereas despite strong momentum, the IT index traded into negative territory, shedding nearly 0.50 per cent.

Technically, after an early morning intraday dip, the market took support near 80,400 and bounced back sharply. From the day's lowest point, the market rallied over 1300 points. Additionally, on intraday charts, it has formed a promising reversal pattern, and on daily charts, it formed a bullish candle, which supports a further uptrend from the current levels. Shrikant Chouhan, Head - Equity Research, Kotak Securities, said: "We are of the view that now, 81,500 and 81,200 will act as immediate support zones for the bulls. Above these levels, a pullback formation is likely to continue, with the market potentially moving up to 82,200 or the 200-day simple moving average (SMA). "Further upside could also push the market toward 82,500. On the flip side, if the market falls below 81,200, sentiment could change. Below this level, traders may prefer to exit their long positions."

Dollar weakness could boost FPI inflows as rupee steadies: Report

New Delhi

GLOBAL currency markets are witnessing heightened volatility as the US Dollar continues to lose strength against major currencies, but Indian rupee has found relative stability and weakness in dollar could lead to FII inflows, a report said recently. The report from Emkay Wealth Management Limited said the volatility in global currency markets and decline of dollar is driven by expectations of further US Federal Reserve rate cuts and geopolitical developments.

The US Fed's accommodative stance and expectations of additional cuts helped push the Dollar lower, the report said citing market participants. Meanwhile, the Indian rupee 'appears to have found relative stability around Rs 90 against the US Dollar,' with intermittent two-way volatility observed amid market estimates that the currency may consolidate around current levels in the near term, the report said.

"India's status as a net importer continues to weigh on the Rupee from a trade perspective; however, improving prospects for foreign investment inflows could provide some support," the wealth management firm said.

FIIs have been net sellers in Indian equities for about 18 months, creating more attractive valuations across sectors. Analysts said that deeper rate cuts in the US, could compress dollar yields, and revive investor appetite for emerging markets such as India. "A softer US Dollar, coupled with potential capital reallocation towards emerging markets, creates both opportunities and risks for investors. For India, sustained foreign inflows, supported by stable macro fundamentals, could help the Rupee maintain its current range despite global volatility," said Parag Morey, Head of Sales, Emkay Wealth Management.

Rupee advances 42ps to 91.51/$

As the Budget volatility subsides, the rupee and domestic equities have emerged as regional outperformers

MUMBAI: The rupee gained 42 paise to close at 91.51 (provisional) against the US dollar, a day after the Union Budget 2026-27 was presented, largely as crude oil prices retreated from their elevated levels. Forex traders said the Reserve Bank of India (RBI) seemed to be defending the 92 per dollar level with a lot of resolve. At the interbank foreign exchange market, the rupee opened at 91.95 against the US dollar, then gained some ground to touch an intraday high of 91.45 and a low of 91.95 against the greenback. At the end of the trading session on Monday, the rupee was quoted at 91.51 (provisional) against the greenback, registering a gain of 42 paise from its previous close. On Friday, the rupee hit a record low of 92.02 before ending 6 paise higher at 91.93 against the US dollar. For the rupee, the Budget offered reassurance, not relief, and the government's high borrowing plan is likely to weigh on investor sentiments going ahead. The government is likely to borrow Rs 17.2 lakh crore in the next financial year to fund its fiscal deficit projected at 4.3 per cent of the GDP. "Overall, it looks like a prudent budget, focusing on continuity. Given the geopolitical uncertainties and challenges, it seems the government it seems has chosen to go a bit slow on fiscal consolidation," IFA Global said in a research note. Meanwhile, the dollar index, which gauges the greenback's strength against a basket of six currencies, was trading 0.09 per cent higher at 97.07.

A Budget that rewrites the individual tax experience

This Union Budget 2026–27 marks a quiet but powerful shift in India's personal taxation philosophy

K Naresh Kumar

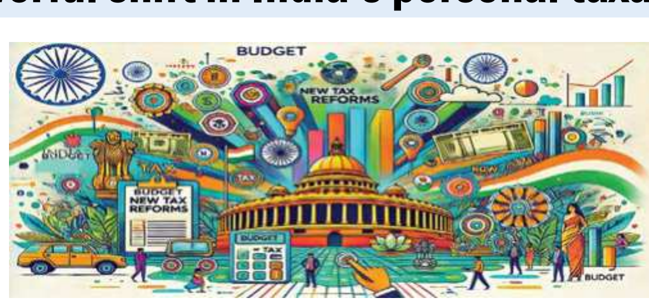
WITH the Budget now placed before Parliament, many who wait anxiously for this annual exercise will likely feel a sense of relief. Personally, I believe the Budget—at least from an individual's perspective—should ideally be a largely non-consequential event, intervening only when course correction or genuinely transformative change is required.Instead, it has gradually evolved into a highly hyped spectacle, one that often inflates expectations and, in turn, breeds disappointment. Over time, this anticipation has made the Budget less about steady governance and more about headline-driven outcomes.

Ironically, some of the most consequential fiscal decisions in recent years have been announced outside the Budget itself—whether it was the corporate tax reductions in 2019 or the personal income tax slab changes in 2024. This shift suggests a deliberate move by the government to decouple major policy actions from Budget Day theatrics, reserving the Budget for consolidation rather than surprise.

This Union Budget 2026–27 marks a quiet but powerful shift in India's personal taxation philosophy—from enforcement-heavy compliance to citizen-centric tax design.At the heart of the Budget lies the Income Tax Act, 2025, replacing a 65-year-old law with one built for a digital, mobile, globally connected taxpayer. Simplified language, redesigned forms, and automation are announced signaling a clear intent: compliance should feel routine, not risky. This is the biggest structural change in decades possibly with less legal interpretation, fewer disputes and easier DIY (Do-It-Yourself) compliance.

The most immediate relief comes through cash-flow friendly measures. By slashing TCS on overseas travel, education, and medical remittances to 2 per cent from 5 per cent, the government addresses a long-standing grievance—money being collected upfront and refunded months later. For families funding education abroad or managing medical emergencies, this relief is tangible relief. It results in lower cash blockages, fewer refunds, and immediate liquidity relief especially for students, families and global Indians. Also, customs duty on imports for personal usage was proposed to cut to 10 per cent from 20 per cent.

In a rare display of empathy, the Budget fully exempts interest awarded by Motor Accident Claims Tribunals from tax. Compensation meant for rehabilitation will no longer be diluted by tax deductions through TDS (Tax Deducted at Source)—a small change with profound human impact. No officer interaction with automated lower/nil TDS certificates for small taxpayers. This removes a major friction for retirees, pensioners, freelancers and investors with multiple income sources. Compliance reforms go beyond rates.



Automated lower-TDS certificates, centralized Form 15G/15H submission via depositories, and extended timelines for revising returns reflect an understanding of how people actually earn, invest, and make mistakes. The system now corrects errors rather than punishing them. ITR (Income Tax Return) revision deadlines are extended to 31st March with a nominal fee. Also, the filing of returns for non-audit business cases & trusts is extended to 31st Aug, lowering stress, fewer penalties and better alignment with real-life realities.

Perhaps the most progressive move is the one-time foreign asset disclosure window. In an era of global careers and digital assets, inadvertent non-disclosure is common. A six-month amnesty-style window is proposed for small foreign income/asset declaration, targeted at students, tech employees, relocated NRIs and first-time global earners. By offering immunity for small assets and a clean-up window without stigma, the government chooses trust over threat. The limit is set at small non-immovable assets less than 20 Lakh under Black Money Act. This is a humane correction mechanism instead of criminalization for genuine mistakes.

Share buy-backs are now taxed as capital gains for all shareholders with an additional tax for the promoter to disincentivize misuse of tax arbitrage. That said, the Budget also nudges behaviour. Higher STT (Securities Transaction Tax) on derivatives reminds retail traders that leverage and speculation carry costs—both financial and systemic. The STT increased on futures by 0.05 per cent and options by 0.15 per cent. The message is subtle but firm: productive investing over churn, thus increasing barriers for frequent traders while long-term investors remain unaffected. Hope retail investors take note. In sum, Budget 2026–27 does not merely tweak slabs or rates. It reimagines the relationship between the individual and the tax system—simpler, fairer, and more aligned with modern economic life. For the honest taxpayer, this is one of the most psychologically reassuring Budgets in recent memory.

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