

Foreign investors take out ₹10,000 crore from Indian stock market after Budget. Here's why

By [HT News Desk](#)

Jul 26, 2024 10:14 AM IST

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As per stock exchange data, FPIs sold equities worth ₹2,975 crore on July 23, another ₹5,130 crore on July 24 and ₹2,605 crore on July 25.

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Foreign portfolio investors (FPIs) have pulled out almost ₹10,710 crore from the Indian stock market in three days since the Union Budget after the government raised taxes on derivatives trades and on capital gains from equity investments. As per stock exchange data, FPIs sold equities worth ₹2,975 crore on July 23, another ₹5,130 crore on July 24

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Stock market: A bird flies past a screen displaying the Sensex results on the facade of the Bombay Stock Exchange (BSE) building in Mumbai.(Reuters)

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Ahead of the Budget, FPIs had bought equities worth around ₹18,000 crore between July 12 and 22 as they anticipated a host of reform measures. In the Budget, Nirmala Sitharaman made major announcements with respect to capital gains tax whereby the rate of tax on long-term capital gains (LTCG) is proposed to be made 12.5 per cent for all types of assets, irrespective of the transferor being a resident or a non-resident.

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Yes

No

Cannot say

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A report from Nishith Desai Associates, "While this simplification of the capital gains regime is a welcome move, and in some cases the rates have decreased, the non-resident investors will suffer from a higher rate of LTCG tax across all types of assets. Even for FPIs, the tax rate for listed securities has been increased from 10 per cent to 12.5 per cent in case of LTCG and 15 per cent to 20 per cent in case of STCG."

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VK Vijayakumar, Chief Investment Strategist, Geojit Financial Services, said, “the most significant feature of institutional equity flows into the Indian market is the erratic nature of FPI flows and the steady growth nature of DII flows. DIIs have been sustained buyers in all months of CY 24 so far whereas FPIs alternated between buying and selling.”

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