

Disappointment over Budget in markets, Sensex three-month low

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IN the worst Budget day since 2009, the BSE benchmark Sensex today tanked 291 points to end below 19,000-level, as the government slapped more taxes on companies as well as super-rich and offered little concessions for large investors.

The 30-share gauge resumed higher and touched a high of 19,332.28, up by almost 170 points. However, as Budget proposals started trickling in, Sensex turned volatile. It fell sharply to settle at 18,861.54, a loss of 290.87 points or 1.52 per cent. This is the lowest close since 18,842.08 on November 27, 2012.

"Markets reacted negatively to higher revenue projection from divestment and spectrum sale could lead to higher-than-estimated deficit number.

Also, amendment to DTA indicating submission of residency certificate would not be sufficient condition for claiming benefit brought the scare of

GAAR back among institutional investors," Rakesh Parikh, Vice President-Equities, Motilal Oswal Securities.

In the post Budget press conference at New Delhi, Finance Minister P

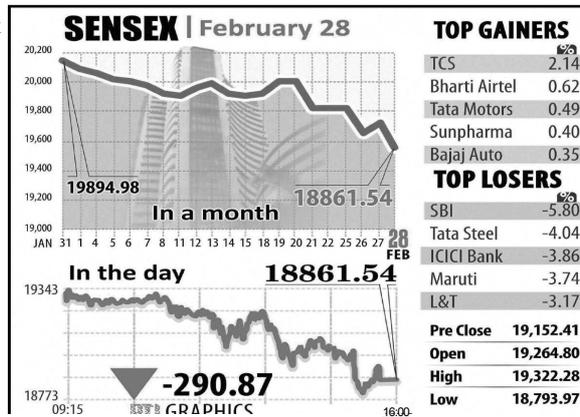
Chidambaram, however, said, the government has not come up with any burden on people

or spooked investors, while exuding confidence that fiscal deficit will be contained.

Profit-booking on the last day of the expiry of February derivative contracts also weighed on the market, traders said.

The 50-issue CNX Nifty of the NSE also plunged by 103.85 points or 1.79 per cent to end below 5,700-mark at 5,693.05, the level not seen since November 26, 2012.

Banking stocks led by SBI and



ICICI Bank suffered heavy losses on liquidity concerns in banking system after government set target for gross market borrowing at Rs 6.29 trillion this fiscal.

The sentiment turned bearish on hike in some taxes despite reduction in Securities Transaction Tax on mutual fund and equity futures transactions.

Auto stocks, including Maruti, saw losses as government announced hiking excise duty on luxury cars and their

parts. RIL, HDFC Bank, L&T, Tata Steel and Bhel also ended down. ITC, however, recouped early losses to close flat after being hit by additional duty on cigarettes.

The fall in the Sensex today was the biggest in the past four years on the Budget day. Previously, it had

tumbled by 869.65 points or 5.83 per cent on July 6, 2009.

Shares from power, banking, capital goods, metal, PSU, realty and refinery sectors suffered the most while from consumer durable and IT segments like TCS registered gains.

Sensex-based counters like ICICI Bank, SBI, HDFC Bank, RIL, HDFC, L&T, HUL, Tata Steel, M&M, Maruti Suzuki, Tata Power, BHEL, Jindal Steel, NTPC, Hindalco and Sterlite Ind

closed down between 1.99-5.80 per cent range. Total 363 shares settled in their lower circuit band.

DR Dogra, MD and CEO, CARE Ratings & Research said: "The stock market movement during the course of the speech was indicative of a rather indifferent reaction to Budget bordering on disappointment.

The reduction of the STT is positive though the commodity market will not be too happy with the introduction of CTT on non-farm products."

However, D K Aggarwal, CMD, SMC Investments and Advisors said, Budget announced by the Finance Minister seems to be a balanced budget considering constraints faced by him.

Globally, Asian stocks finished firm with gains of up to 2.71 per cent on strong closing on Wall Street yesterday after better-than-estimated US economic data bolstered confidence in the global economic recovery. European markets too were trading higher in their early trade.