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The BSE Sensex jumped 5265.74 points or 54.58% in calendar year 2009 to 14,913.05 on 3 July 2009.

From a 3-year closing low of 8,160.40 on 9 March 2009, the Sensex is up 6752.65 points or 82.74% to 14,913.05 on 3 July 2009.

The Union Budget 2009-2010 at 11:00 IST on Monday, 6 July 2009, will play a key role in dictating further market direction as it will help to gauge the new government's policy stance. Hopes of big bang economic reforms by the Congress-led UPA government after its thumping victory in the 15th Lok Sabha elections has triggered a solid pre-budget rally. The broad expectations from the budget are thrust on infrastructure, including easier financing of long-gestation infrastructure projects, a plan for disinvestments, some reforms such as hiking foreign direct investment limit for insurance and a clear road map to rein in the high fiscal deficit in the future.

Consumption is likely to be shored up through the various rural spending programmes. At the same time, the government may rollback tax sops given to sectors doing well such as services. It is expected to emphasize on the 'Aam Admi' theme focusing on the welfare of general public by ways of different tax sops and measures to control the rising **consumer price inflation (CPI), which still is rising in excess of 10% although the WPI is in the negative territory.**

The budget would focus more on infrastructure development and socialist issues like rural development, education reforms, employment generation and healthcare. **Infrastructure, real estate, power and PSU stocks can be in the thick of action as various positive growth measures are expected in the forthcoming budget.** State-run oil marketing companies **HPCL and BPCL may see some action** as a roadmap for decontrolling fuel prices in the country is expected to be presented in the budget. Now since the market is going light into the budget fresh bullish position would be seen building-up on the budget day.

The corporate sector is expecting a **removal of the fringe benefit tax (FBT)**. Under the current dispensation, an employer has to pay FBT at 30% on the fringe benefit. FBT is a tax levied on perquisites or fringe benefits provided by an employer to his employees.

Domestic brokerages and fund houses want the government to remove securities transaction tax (STT) on trading in securities in the Budget. STT, which was introduced in the Union Budget 2004-05 by the then Finance Minister P Chidambaram, taxes every purchase and sale of securities entered into in a recognised stock exchange in India in securities like shares, debentures, bonds, and units of mutual funds. Equity investors pay an **STT of 0.125% for every transaction in cash for the delivery of shares.**

Meanwhile, investors will also be keenly watching the outcome of the Employees' Provident Fund Organisation (EPFO's) apex advisory body meet today. The Central Board of Trustees (CBT) will take a view on the Finance Ministry's proposal to invest 15% of its corpus in equity. **The EPFO has a corpus of about Rs 1,82,000 crore and the permission to invest 15% funds in equity** could have positive implications for the capital market.

Foreign institutional investors (FII) were the key drivers of the recent solid surge on the bourses. FII inflow in the calendar year 2009 amounted to Rs 25,109.90 crore (till 2 July 2009).

The Economic Survey for 2008-09 presented by Finance Minister Pranab Mukherjee in Parliament on 2 July 2009 said that India's industry is recovering from a slowdown in the last financial year. **There are positive signs the Indian industry may have weathered the most severe part of the shock and is moving toward a recovery**, the survey indicated.