Despite market volatility, STT collections jump 75%

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DESPITE THE VOLATILITY in the stock market, the Securities Transaction Tax (STT) collection has shot up by over 75 per cent to ₹44,538 crore as of January 12, 2025, as against ₹25,415 crore raised in the same period in 2024. The rise in collections comes despite a hike in STT on futures & options (F&O) of securities that was levied in a bid to curb speculative market activity in the F&O segment.

The Budget 2024-25, presented by Union Finance Minister Nirmala Sitharaman on July 23, had proposed to double the STT on F&O of securities, effective October 1, 2024. However, STT collection has been on the rise since July and the rise continued even when the stock market rose sharply and then encountered a major correction between July and December 2024. While STT mobilisation was ₹16,634 crore on July 11, 2024, it jumped to ₹30,630 crore on October 10, ₹35,923 crore on November 10 and ₹40,114 on December 17. The BSE Sensex which was at 80,429.04 on July 23 last year hit an all-time peak of 85,978.25 on September 27 last year before correcting to 76,499.63 on January 14, 2025.

The increase in STT, which is levied on transactions in specified securities, came at a time when the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI) raised concerns over the rise in volumes in futures and options segment, which can pose a risk to macroeconomic stability. The increased STT collections are also adding to the revenue kitty of the government.

ADDING TO GOVT'S REVENUE KITTY

- Rise in collections comes despite a hike in STT on futures & options (F&O) of securities that was levied in a bid to curb speculative market activity
- The ₹4,424-crore rise in STT collection to ₹44,538 crore between December 17 and January 12 happened at a time when Sensex saw a correction of over 3,000 points

With ₹44,538 crore collected so far, STT revenue has already breached the Budget Estimate of ₹37,000 crore for the ongoing financial year 2024-25. In the previous financial year 2023-24, the STT revenue was estimated to be ₹32,000 crore (revised estimate) and ₹25,085 crore in 2022-23.

STT on futures and options of securities was increased to 0.02% and 0.1%, respectively. Earlier, the rate of levy of STT on the sale of an option in securities was 0.0625% of the option premium, while the rate of levy of STT on the sale of a future in securities was 0.0125 per cent of the price at which such futures are traded. The rate of levy of STT on delivery trades in equity shares is 0.1% on both purchase and sale transactions.

However, the premium turnover in F&O declined since after the Sebi slapped restrictions on derivative trading in the wake of rampant excessive speculation by retail investors — it declined from ₹54.38 lakh crore in September 2024 to ₹43.99 lakh crore in December 2024, and to ₹17.47 lakh crore in January 2025 (till January 14th) on the NSE. "Retail investors were active in the cash market and mutual funds also pumped money into the market as they received huge inflows despite the volatility in the market. STT collection figures show that it has no correlation with the market fall or rise. STT increased when the market rose and also when it later declined," said an analyst.

In fact, the ₹4,424 crore rise in STT collection from December 17 to ₹44,538 crore by January 12 happened at a time when the BSE Sensex witnessed a correction of over 3,000 points.

Since STT is charged only to the seller, on a round-trip premium turnover of ₹10,000 in options STT increased from ₹6.25 to ₹10. Similarly, in futures, STT led to an increase from ₹1.25 to ₹2 for every ₹10,000 of turnover. When retail investors flooded the F&O segment three years ago, policy makers were worried about losses to them. Nine out of 10 investors were losing money in this segment. While STT collection has increased in the last five months, major market players are lobbying for a reduction in the levy.

Association of Mutual Funds in India (AMFI) in its proposal for the Budget 2025-26 has requested for reduction in STT for arbitrage funds and equity savings funds. "For mutual funds as an investor, the STT on futures and options should be reinstated to the earlier rates," AMFI said in the proposal.

We are living in a 24x7 economy

DHANENDRA KUMAR

A FEW DAYS AGO, L&T chairman SN Subrahmanyan's comments on the 90-hour work week, and "how long can you stare at your wife", followed by company's HR head Sonica Muraleedharan's subsequent clarificatory statement, have sparked widespread public debate.

Several corporate leaders like Anand Mahindra and Adar Poonawala criticised, Amitabh Kant and Mohandas Pai gave their unequivocal support, including many employees who came forward to support. While it is important to hold leaders accountable for their words, it is equally vital to recognise the broader context of their remarks and the reality of the world we live in today.

India is a nation on the rise, and our economy has evolved into one that operates 24x7. From instant delivery platforms like Zomato, Swiggy and Zepto to the seamless connectivity offered by airlines, railways, and internet services, modern life is increasingly defined by constant availability and on-demand access. These advancements are a testament to our collective progress, but they also come with heightened expectations — expectations of services and infrastructure at par with the best in the world.

Meeting these expectations is at the heart of nation-building. Nation-building is not just about constructing roads, bridges or factories; it is about creating an environment where innovation thrives, infrastructure supports growth, and services empower people. Companies like L&T, with over eight decades of contributions to India's progress, play a vital role in shaping this future. Their work in infrastructure, industry, defence and technology has been instrumental in building the foundation of modern India.

However, nation-building extends beyond legacy organisations. Today's start-ups, which are innovating and building solutions tailored to India's unique needs, are equally critical.

And behind these companies are millions of workers, engineers, and professionals who labour tirelessly — on roads, construction sites, in offices, and across digital platforms — to make the 24x7 economy a reality.

Their relentless efforts form the backbone of our nation's growth story. Now, when the nation is marching towards its goal of becoming a Viksit Bharat by 2047, and creating employment for millions every year, it is important that we all work towards full capacity. The example of China and several other developed countries who worked tirelessly post war is an example.

That said, I want to make it unequivocally clear that I do not subscribe to the L&T chairman's remarks about a 90-hour work week. Such a notion is neither practical nor aligned with the balanced work culture that a developed nation must strive for. However, to suggest that firms like L&T are not nation-builders, or that nation-building does not require extraordinary effort and dedication, is equally short-sighted.

The 24x7 economy we live in today reflects the aspirations of a rising India. It challenges all of us — corporates, innovators, and individuals — to contribute with zeal and passion, while ensuring that the pursuit of extraordinary outcomes does not compromise the well-being and dignity of those driving this progress.

Nation-building is, and will always be, a collective effort. It demands ambition, resilience, and a commitment to inclusivity and balance. Together, we Indians can continue to build a nation that exemplifies progress, equity, and opportunity for all.

We have to remember distinct working requirements of L&T, which is a hierarchical organisation like the Army. Discipline and work ethic have been the mantra for its growth and success. It is a role model in construction industry and leagues ahead of its peers.

L&T is best known for its engineering and infrastructure projects, including constructing large-scale buildings, airports, highways, bridges, metro systems, and industrial facilities. Many of its projects are time bound. Suppose that L&T is building a metro facility in a city. If L&T works during the night, this metro will get built in half the time. This means metro getting functional in 5 years vs 10 years, which will make all the difference in building the nation as per schedule, which also means saving on costs and making the facility functional ahead of time for the people.

However, one cannot compromise with the requirements of a work life balance; it may look funny to say "how long can you stare at your wife and how long will the wife stare at the husband", but the family members also expect the head of the family to devote adequate time and attention to their needs.

Altogether, it is a tricky situation when balance is to be reached. It also depends on the specific needs of a situation. During the 26/11 attack on Taj Hotel, the employees went out of the way to make guests safe and at ease, disregarding their personal safety. To rise to the need of the hour is to be ingrained among the employees. Of course while they worked so without any expectation of reward, in the normal course, the extra work has to be suitably recognised and rewarded.

The statement of L&T chairman has to be viewed in the context of needs of every organisation and situation. Nevertheless, the requirements of work life balance in the system cannot be disregarded.

(The author has been the first chairman of the CCI and executive director at World Bank for India, Sri Lanka, Bangladesh and Bhutan. Currently, he is chairman of Competition Advisory Services India LLP)

Modi hails makers of Constitution, lauds EC for impartial polls

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ADDRESSING THIS YEAR'S first edition of his monthly broadcast, Mann Ki Baat, Prime Minister Narendra Modi paid tribute to the makers of the Constitution—B R Ambedkar, Rajendra Prasad and Shyama Prasad Mukherjee, who participated in the Constituent Assembly debates. He also said this year's Republic Day is particularly special as it marks the 75th anniversary of the Indian republic.

The PM hailed the Election Commission and urged citizens to vote in large numbers, without mentioning any specific elections. The broadcast comes just weeks ahead of the crucial Delhi Assembly elections, slated for February 5.

At the beginning of his address on Sunday, he said, "I remember all those great people who gave us the Constitution. Many discussions happened then. They are our heritage. I want to show you the original voice of some of the leaders. Dr B R Ambedkar said many things; I am showing you his words." The episode featured clips from original speeches of the three leaders.

In the 118th episode of the programme, Modi also mentioned the ongoing Kumbh in Prayagraj, stating, "You must have seen that the youth are extensively participating in Kumbh. It is true that when the young generation proudly joins its civilisation, then its roots become stronger and its golden future is assured. This time we are also witnessing the digital footprints on a large scale in Kumbh."

"January 25 marks National Voters' Day, the day the Election Commission of India was established. Over the years, the Election Commission has consistently modernised and strengthened our voting process, empowering democracy at every step," he said.

"They have a bigger place in the country. When the first election happened, people doubted democracy. But it has continued. I thank the ECI for making the process more robust. I congratulate the ECI for their impartial elections. I urge the voters to participate in the elections," he added.

GSI study indicates presence of lithium in Odisha: Official

A RECENT GEOLOGICAL Survey of India study has indicated the presence of lithium — a widely used metal in the production of glass, aluminum products and batteries — in some districts of Odisha, a senior GSI official said on Sunday. Lithium reserves have earlier been found in parts of Karnataka and Jammu and Kashmir, he said.

"As such there is no major finding, but there are some indications of lithium presence (in Odisha). We are in a very preliminary stage, and therefore, should not make any claim. However, speaking geologically, some indications are there in the Eastern Ghat belt like in Nayagarh," deputy DG of GSI Pankaj Kumar said.

—PTI