No proposal to abolish long-term capital gains tax: Finance Ministry

VALUATION DOWN. MoS for Finance Pankaj Chaudhary said market cap of listed firms took a hit of ₹74 lakh cr

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The Finance Ministry on Tuesday categorically ruled out doing away with the long-term capital gain (LTCG) tax.

It also informed the Rajya Sabha that investors lost over ₹74 lakh crore during the recent bear run in the market.

"No proposal to abolish long-term capital gains tax is currently under the consideration of the government," Pankaj Chaudhary, Minister of State in the Finance Ministry, said in a written reply in the Rajya Sabha.

LTCG is applicable on the gains from the sale of listed equity shares and units of equity oriented mutual funds at the rate of 12.5 per cent on over and above gains of ₹1.25 lakh.

According to the Minister, Budget 2024-25 introduced significant changes to rationalise and simplify the LTCG tax regime, including rationalisation of holding periods and rates of taxation for financial and non-financial capital assets.

SCAMS SURGE. The Minister said the total number of stock market frauds in the last 5 years was 6,717

MARKET CAP

On the recent mood in the stock market, Chaudhary said benchmark indices — NSE Nifty-50 and BSE Sensex — showed an consistent upward trend until September 2024, scaling new all-time highs. This trend has, however, moderated since October 2024. "The market capitalisation of all companies listed on NSE and BSE has reduced by around ₹74 lakh crore since October 1, 2024 and till March 18, 2025," he said.

Notwithstanding this fall, Indian equities have consistently performed positively for long-term investments.

The benchmark Nifty-50 index has yielded a price return of 11.13 per cent on compounded annual growth rate (CAGR) basis since its inception in 1996," said Chaudhary.

Further, he said that stock market movements are a function of investor perceptions along with other factors which may include, global economic scenarios such as geopolitical uncertainties affecting foreign capital flows, domestic macro economic parameters and overall corporate performance.

STOCK MARKET FRAUD

Meanwhile, in response to another question, Chaudhary presented data about stock trading frauds in violation of the Securities and Exchange Board of India (SEBI) Act, 1992, under SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, and SEBI (Prohibition of Insider Trading) Regulations, 2015, from 2019-20 to 2023-24.

The total number of such frauds was 6,717.

"Over the past five years, between FY20 and FY24, SEBI has issued directions to disgorge amounts totalling over ₹1,083 crore," Chaudhary said.

He informed that there are regulatory and surveillance frameworks for effecting stable operations and development of the securities markets. SEBI conducts regular surveillance of trends in the securities markets to enhance market integrity and safeguard interest of investors.

In order to detect and prevent such stock trading frauds, the surveillance mechanism generates alerts on insider trading and price/market manipulation, on the basis of which the regulator conducts further probe and takes appropriate enforcement.

At the same time, in co-ordination with stock exchanges and depositories, the regulator carries out regular investor education and awareness programmes across the country.