Stock markets fall for 2nd day as elevated oil prices, foreign fund outflows weigh

MUMBAI, Sept 29: Equity benchmark indices Sensex and Nifty ended lower for the second day on Tuesday as elevated crude oil prices triggered by uncertainty over the West Asia situation and foreign fund outflows weighed on investor sentiment.

The 30-share BSE Sensex dropped 242.65 points, or 0.33 per cent, to settle at 72,529.07. During the day, it slumped 707.72 points, or 0.97 per cent, to 72,064.

The 50-share NSE Nifty declined 64.05 points, or 0.28 per cent, to end at 22,716.20.

From the 30 Sensex firms, Titan, HCL Tech, Tata Consultancy Services, UltraTech Cement, Hindustan Unilever and Tech Mahindra were among the major laggards.

Adani Ports, Sun Pharma, Tata Steel and Kotak Mahindra Bank were among the winners.

Brent crude, the global oil benchmark, dipped 0.09 per cent to USD 105.1 per barrel.

Foreign Institutional Investors (FIIs) offloaded equities worth Rs 5,353.22 crore on Monday, according to exchange data.

"Domestic equities continue to face correction-led headwinds amid volatile crude prices, US Treasury yields hovering near two-decade highs, and persistent FII outflows exerting pressure on the rupee. Adding to the pressure, the unprecedented pace of IPO fundraising is absorbing incremental liquidity. Investor risk appetite remains subdued against a hawkish global backdrop amid rising odds of additional rate hikes later in the year," Vinod Nair, Head of Research, Geojit Investments Ltd, said.

In Asian markets, South Korea's Kospi, Japan's Nikkei 225 and Hong Kong's Hang Seng index ended lower, while Shanghai's SSE Composite index settled higher.

Markets in Europe were trading in positive territory. US markets ended lower on Monday.

On Monday, the Sensex tanked 1,124.02 points, or 1.52 per cent, to settle at 72,771.72, the lowest closing level since March 30, 2026. The Nifty dropped 360.25 points, or 1.56 per cent, to end at 22,780.25. (PTI)

Nomura projects terminal repo rate of 5.75 pc following October, December hikes

MUMBAI, SEPT 29: The Reserve Bank of India (RBI) is likely to raise rates by 25 basis points in both October and December policy review meetings, reaching a terminal rate of 5.75 per cent, according to Japanese brokerage Nomura.

The terminal rate represents the maximum or minimum target rate expected within a tightening or easing cycle, respectively.

The likelihood of interest rate hikes is expected to decline starting in February 2027, driven by anticipated weaker consumer spending and a softer inflation outlook for the coming year.

"The RBI hikes by 25 basis points in each of October and December to a terminal rate of 5.75 per cent, though there is some risk of a one-and-done hike.

"We see the probability of rate hikes diminishing from February 2027 onwards, because of a potential consumption slowdown and a lower year-ahead inflation outlook," global financial services group Nomura said in a report on Tuesday.

On inflation, Nomura expects cyclical pressures from food and energy prices to push up inflation over the next six months, but said that "as they dampen demand, inflation should return to target".

"We expect CPI inflation to rise from 4.8 per cent year-on-year in August to 6.3 per cent in Q4 and around 5.3 per cent in H1 2027, before moderating below 4 per cent in H2 2027," it said.

"On average, we forecast FY27 CPI inflation at 5.2 per cent year-on-year and FY28 at 4 per cent," it said, adding that core CPI inflation is forecast at 4.3 per cent in FY27 and 4 per cent in FY28.

Food inflation, Nomura said, is "the biggest risk to the near-term inflation outlook". Food prices have been rising this year, "exacerbated by deficient monsoons and poor kharif (summer) sowing," as per the report.

"While government policy actions on sugar (stock limit) and onion (selling at lower prices) may temper some of the price increase, lower crop output suggests upside risks to food prices for now," it said.

On growth, Nomura noted that "India's real GDP growth surprised higher at 7.8 per cent y-o-y in Q2", while credit growth was "in double digits (19.1 per cent y-o-y in August)". However, it said, "we see some emerging downside risks to the economic outlook".

"Deficient rains mean an increased likelihood of lower kharif (summer) and rabi (winter) crop output, which would partly weigh on rural consumption," Nomura said, adding that higher food inflation is likely to squeeze real disposable incomes and result in lower consumption demand for discretionary goods.

The brokerage also flagged the impact of AI developments on India's services sector.

India's software-services surplus stood at USD 51.4 billion in Q2 2026, down from a peak of USD 53 billion in Q4 2025, with the surplus falling 2.9 per cent quarter-on-quarter in Q1 and 0.1 per cent in Q2.

"Considering the unfavourable portfolio flow backdrop, the passing of FCNR(B) inflows and high energy prices, financing India's widening current account could prove challenging," Nomura said. (PTI)

Sebi drops Adani-linked shareholding case against Vinod Adani, finds no proof he controlled offshore funds

MUMBAI, SEPT 29: Markets regulator Sebi said it could not establish that Vinod Adani, brother of Adani Group Chairman Gautam Adani, controlled two offshore funds that invested in four group companies, and therefore dropped minimum public shareholding (MPS) and fraud allegations against him and 11 other noticees.

In an 81-page final order, the Securities and Exchange Board of India (Sebi) said its investigation had failed to establish that Vinod Adani directed the investment decisions of the two foreign portfolio investors, Emerging India Focus Funds (EIFF) and EM Resurgent Fund (EMR), or controlled Opal Investments' investment in Adani Power Ltd.

"The investigation has not been able to prove that Mr. Vinod Adani controlled the decision of investment of two FPIs," Sebi Whole-Time Member Kamlesh Chandra Varshney said in the order.

The case centred on MPS requirement, which mandates at least 25 per cent public ownership in listed companies. Sebi said an MPS violation would arise if shares held by public shareholders were beneficially owned or controlled by a promoter or promoter group and, if counted as promoter holdings, reduced public shareholding below the required threshold.

The regulator said there was no allegation that Vinod or the promoter group was the beneficial owner of the shares held in the names of the two FPIs or Opal. The allegation was that Vinod controlled the shares because the investments were made at his direction.

Sebi said, however, that de facto control must be established through evidence that a person positively directs management or policy decisions and cannot be inferred from suspicion or business or financial relationships alone.

"Merely based on business or financial relationship, it cannot be held that Mr. Vinod Adani is in control of all of them," the order said.

The regulator also found no evidence that Vinod controlled Nasser Ali Shaban Ahli or Chang Chung-Ling and, through them, the investment decisions of underlying investors that invested in Adani group companies.

"Any such conclusion would have unintended consequences for implementation of various securities laws in the capital market," Sebi said.

It was alleged that investments of Gulf Asia, Lingo, Gulf Arij and Mid-East were ultimately funded by Nasser Ali Shaban Ahli through multiple layers of entities, while the investment advice for acquiring shares of the Adani Group Companies was provided by Excel Investment Advisory Services Limited (Excel) which is alleged to be controlled by Vinod.

While EIFF and EMR were the immediate investing FPIs, Global Opportunities Fund Limited (GOFL) functioned as the participating redeemable shareholder of EIFF-Class J. GOFL was the sole investor of the Class J share of EIFF and it is alleged that all investments made by EIFF in Adani Group Companies were made through EIFF Class J. GOFL was also the participating redeemable shareholder of EMR.

It was further alleged that Excel had entered into an investment advisory agreement with Global Macro Asset Management Limited (GMAML), the investment manager of GOFL, under which Excel advised GMAML regarding investments relating to specified underlying investors. It is alleged that, in effect, GMAML merely implemented investment decisions communicated through Excel.

Sebi however said an advisory agreement between Excel, which was under Vinod's control, and GMAML, which took investment decisions for the two FPIs, did not establish such control. The agreement specified that advice was non-binding and did not relate to Excel's group companies, and the investigation found no evidence of advice being given contrary to those provisions.

Sebi also said the investigation had not produced evidence demonstrating Vinod's involvement in the investment decisions of the two FPIs.

"Violation of MPS requirement is not established for the lack of adequate evidence of positively directing management or policy decision of investors in Adani Group Companies," the order said.

With the MPS allegation not established, the related allegations under the Prevention of Fraudulent and Unfair Trade Practices (PFUTP) Regulations also did not survive.

"Once the allegation of MPS violation fails, the subsequent allegation invoking the PFUTP Regulations also does not survive," Sebi said.

Sebi nevertheless imposed penalties of Rs 20 lakh each on Nasser Ali Shaban Ahli and Chang Chung-Ling for failing to furnish correct and complete information. A third noticee, Tejal Ramanlal Desai, was not found liable for that charge.

The order said Chang Chung-Ling's denial of any relationship "points towards deliberate attempt to mislead investigation."

Salso said, "The cooperation from the noticees could have expedited the investigation."

The two penalties are to be paid within 45 days of receipt of the order.

Adani Enterprises Ltd, Adani Power Ltd, Adani Ports and Special Economic Zone Ltd and Adani Energy Solutions Ltd, formerly Adani Transmission, along with Gautam Adani and 13 other directors, had separately settled the MPS proceedings without admission of guilt.

The settlement amount of Rs 1,48,20,000 was paid on August 26, 2026.

Sitharaman holds bilateral meetings with Saudi Arabia, Switzerland, other countries

DOHA, SEPT 29: Finance Minister Nirmala Sitharaman has held bilateral meetings with ministers from Saudi Arabia, Switzerland, Jordan and Nepal on the sidelines of the AIIB annual meeting.

On the first day of her visit to Qatar on September 28, Sitharaman met her Saudi counterpart Mohammed Al-Jadaan who said that Saudi Arabia looks forward to early implementation of the bilateral investment treaty.

"Both ministers welcomed the successful conclusion of negotiations on the India-Saudi Arabia Bilateral Investment Treaty (BIT), which will provide a stronger and more predictable framework for bilateral investments and further strengthen investor confidence," the finance ministry said.

The Union Finance Minister conveyed that Saudi Arabia is India's trusted and valued strategic partner and highlighted the wide-ranging partnership between the two countries across defence, security, trade, investment, energy, technology, healthcare, education, culture and people-to-people exchanges, the ministry added.

Both the ministers discussed further strengthening the strategic partnership between the two countries. The Saudi minister expressed keen interest in welcoming investments from India.

Sitharaman also met AIIB (Asian Infrastructure Investment Bank) Governor from Switzerland Ambassador Pietro Lazzeri and highlighted the National Investment and Infrastructure Fund (NIIF) as a trusted partner for foreign investors seeking to access opportunities in India. She invited Swiss investors to explore NIIF infrastructure funds to gain exposure to India's infrastructure sector.

Ambassador Lazzeri said that Switzerland sees significant opportunities in India for portfolio diversification and investment.

He mentioned the upcoming state visit to India and the 2nd EFTA Prosperity Summit in New Delhi. He said Swiss Foreign Direct Investment (FDI) growth in India is outpacing global FDI, and sought support for finalisation of the Bilateral Investment Protection Agreement.

Lazzeri also expressed interest in cooperation in the financial sector and sustainable finance.

The Union Finance Minister encouraged Swiss investors and financial services entities to explore investment opportunities in India's homegrown financial services centre at GIFT IFSC, which offers financial services and products, tax benefits and a business-friendly environment.

Sitharaman met Nepal Finance Minister Swarnim Wagle, and discussed Nepal's assessment and priorities for reconstruction and recovery following the floods, with emphasis on continued engagement between the teams to work out the specifics of any support that India can provide at this critical time.

The early operationalisation and utilisation of the UPI-NPI linkage was also discussed as an initiative beneficial to both countries.

Sitharaman also met Jordan Minister of Planning and International Cooperation Zeina Zeid Toukan and discussed strengthening bilateral cooperation.

Sitharaman noted that India is the fourth largest trading partner for Jordan and highlighted the target of enhancing bilateral trade to USD 5 billion by 2030. (PTI)

Won't be significant drop in 2026-27 Kharif output despite El Nino, drought & floods: Chouhan

NEW DELHI, Sept 29: Union Agriculture Minister Shivraj Singh Chouhan on Tuesday said there will be no significant drop in Kharif foodgrain production in the 2026-27 crop year (July-June) despite concerns over El Nino, and drought and floods in parts of the country.

Addressing the media after a two-day national conference on preparedness for the upcoming Rabi crop season, Chouhan said planning for the Rabi season is being done with the challenges posed by El Nino, a weather phenomenon that affects rainfall in India.

He said the government began comprehensive preparatory measures as early as April.

The Rabi foodgrain production target for the 2026-27 crop year (July-June) has been set at 177.72 million tonnes, higher than the actual output of 174.51 million tonnes. Wheat is the main Rabi crop.

Chouhan said that although Kharif acreage has declined for some crops, the overall sown area remains broadly comparable to last year. The rainfall deficit currently stands at around 12 per cent, while a situation is generally considered drought only when the shortfall exceeds 20 per cent over the relevant period, he said.

"I do not believe that production will be significantly impacted by this level of deficit," he said, adding that final production estimates will be released shortly.

The Kharif foodgrain production target was kept at 196.21 million tonnes for the 2026-27 crop year (July-June), higher than the actual output of 174.14 million tonnes achieved in a year-ago season.

The steepest decline in acreage has been in paddy, where the area under cultivation has dropped by about 16.32 lakh hectares. Maize, soybean and cotton have also recorded reductions. Acreage has risen under urad, bajra, jowar, sesame, sunflower, moong and tur.

"This indicates a shift towards pulses and coarse cereals," the minister said.

Reduction in cultivated area has been reported from Maharashtra, Tamil Nadu, Telangana, Andhra Pradesh, Rajasthan and Gujarat. Heavy rain and floods in these states have affected crops across about 6.11 lakh hectares, and detailed damage assessments are under way.

Asked about the global forecast of El Nino turning "very strong" by late 2026, Chouhan said the government is holding detailed discussions with states on crops and varieties to be planted under the prevailing conditions.

Crop planning is being adjusted for regional variations in rainfall, water availability and soil moisture, and contingency measures will be adopted wherever drought conditions arise, he said.

"Although rainfall is currently deficient by around 12 per cent, there is no major crisis at the national level," he said, adding that the difficulties are concentrated in particular regions.

Asked whether more states were reeling under drought apart from Karnataka and Maharashtra, the minister said information received so far points to concerns in these two states, parts of Andhra Pradesh, including Rayalaseema and adjoining areas, parts of Telangana and parts of Rajasthan.

Detailed reports from the states are awaited.

A Central team is scheduled to visit Karnataka on October 3 at the state's request.

The Maharashtra Chief Minister has also sought a Central assessment team, which will be sent, Chouhan said.

He added that he would personally visit the affected states and remain in constant contact with their governments.