

OPTYMONEY

Ideas for Wealth



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FROM THE AUTHOR

The Union budget 2026 is not a headline, driven budget. It is a structure, driven one.

Rather than chasing short, term growth impulses, the budget reinforces a steady transition already underway in Indian markets, away from tax arbitrage, speculative excess, and complexity, and towards clarity, compliance, and capital discipline. For investors, this is not a disruptive reset; it is a behavioural one.

Markets today are not rewarding activity; they are rewarding alignment. Alignment with earnings visibility, tax efficiency, and long, term asset structuring. Budget 2026 strengthens this framework by closing loopholes, rationalising taxation, and subtly nudging portfolios toward durability rather than velocity.

At OPTYMONEY, our takeaway is clear: the coming phase will not be about predicting markets, but about constructing portfolios that can endure policy evolution without constant rework.



I. EXECUTIVE SUMMARY

Union budget 2026 reinforces India's macro stability while sharpening the regulatory lens on capital markets and taxation.

Key signals for investors:- Capital market structures are being simplified, not loosened - Tax arbitrage opportunities are steadily narrowing - Long, term investing and clean structuring are being explicitly rewarded - Trading-heavy and leveraged strategies face higher friction costs

For investors, this budget strengthens the case for disciplined asset allocation, tax-aware structuring, and earnings-led equity exposure.

II. BUDGET 2026 – POLICY & MACRO CONTEXT

Budget 2026 adopts a stable, reform-oriented tax strategy, prioritising simplification over rate changes. Direct taxes focus on predictability and ease of compliance under the new regime, while indirect taxes emphasise targeted customs duty relief and GST procedural reforms to support competitiveness and fiscal discipline.

A defining feature of this budget is the implementation of the Income-tax Act, 2025 from April 2026, which introduces clearer language, reduced litigation, faster refunds, and technology-led administration. Rather than using taxation as a short, term stimulus tool, the budget positions tax policy as an enabler of long, term growth, formalisation, and trust between taxpayers and the state.

This calibrated approach signals declining policy risk for long, term investors, even as behavioural discipline becomes more important.

India enters FY 2026–27 from a position of relative macro strength. Growth remains resilient, inflation contained, and domestic liquidity supportive. Budget 2026 builds on this base by prioritising:

- Compliance certainty over discretionary reliefs
- Capital market integrity over speculative participation
- Gradual fiscal consolidation without growth sacrifice

The underlying message is consistent: policy risk is declining, but behavioural discipline is rising.

III. MARKET REACTION TO BUDGET 2026

A. Equity Market Behaviour Post Budget

Equity markets responded to Union Budget 2026 with measured volatility rather than directional disruption. The absence of aggressive tax giveaways or speculative stimulus resulted in a short, term reassessment across sectors, rather than broad risk off behaviour.

Post-Budget market action indicates:- Initial volatility driven by derivative cost increases and taxation clarity - Quick stabilisation supported by domestic institutional flows - Continued preference for earnings visibility over narrative-driven themes

Importantly, market reaction reinforces a familiar pattern: policy clarity may create short, term noise, but it reduces long, term uncertainty.

B. Sectoral Impact – Beneficiaries and Friction Points

Segments likely to benefit: - Large-cap financials & banks: Improved capital allocation clarity and stable credit growth outlook - Quality consumption plays: Predictable taxation supports steady demand visibility - Core infrastructure & capital goods: No adverse policy shocks; continuity favours execution-led growth

Segments facing friction:- Derivative-heavy trading strategies: Higher STT increases cost of churn - Dividend-yield arbitrage strategies: Expense disallowance impacts post-tax yields - Speculative small-cap pockets: Reduced tolerance for leverage and tax arbitrage

The Budget subtly shifts market preference toward balance-sheet strength and cash-flow durability.

C. Why Volatility ≠ Risk for Long, Term Investors

Short, term volatility following policy announcements is often misinterpreted as elevated risk. In reality, Budget 2026 reduces structural risk by:- Closing taxation anomalies - Improving procedural simplicity - Increasing predictability of capital treatment

For long, term investors, volatility represents price movement, not impairment of value. Risk emerges when earnings, governance, or structural demand are compromised—none of which Budget 2026 materially weakens.

OPTYMONEY perspective: Investors aligned with long, term asset allocation should view post-budget volatility as a portfolio rebalancing opportunity, not a signal for reactive decisions.

IV. CAPITAL MARKETS – BUDGET 2026 IMPACT

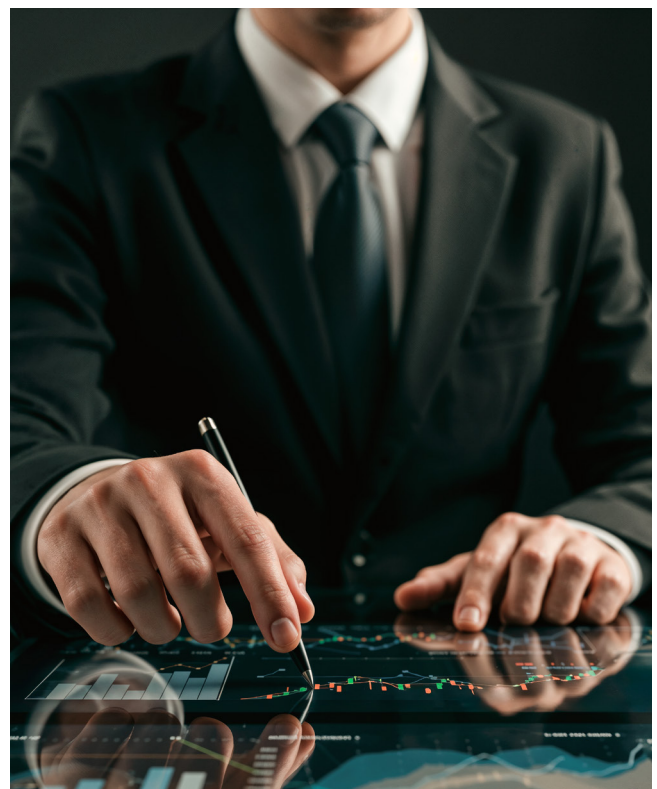
A. Share Buy-Back Taxation: Structural Correction

Effective 1 April 2026, buy-back taxation shifts from dividend income to capital gains taxation.

Key changes:- Buy-back proceeds taxed as capital gains - Cost of acquisition allowed as deduction - Net gains taxable, eliminating the earlier dividend–loss mismatch

Implications:- Public and non-promoter shareholders benefit materially - Buy-backs regain relevance as a capital allocation tool - Additional tax applies to promoter participation, with treaty benefits to be assessed

Investor view: This correction improves fairness and predictability in equity capital returns.



B. Securities Transaction Tax (STT): Higher Cost of Activity

STT rates on derivatives have been revised upward from 1 April 2026:- Options sale: 0.15% - Options exercised: 0.15% - Futures sale: 0.05%

Implications:- Increased costs for high-frequency and derivative-heavy strategies-Encourages selective, conviction-led participation

Market signal: Capital markets favour investment over excessive churn.

V. TAXATION & STRUCTURING – KEY BUDGET CHANGES

A. Sovereign Gold Bonds (SGBs)

- Capital gains exemption on redemption restricted to original subscribers holding till maturity
- Secondary market buyers will be liable to capital gains tax on redemption

Implication: Holding period becomes central to gold tax efficiency.

B. Dividend Income – Expense Deduction Withdrawn

From 1 April 2026, no deduction will be allowed for any expenditure (including interest or commission) against:-

Dividend income - Income from mutual funds or UTI units
Implication: Leveraged dividend strategies lose post-tax efficiency.

C. Income Tax Compliance Updates

Assessment Year applicability clarified

- ITR-1 & ITR-2 (individuals): Filing due date of 31 July will continue from Assessment Year 2027–28 onwards
- Non-audit business cases and trusts: Proposed extended due date of 31 August will also apply from Assessment Year 2027–28 onwards

This change is prospective and does not apply to returns filed during calendar year 2026.

D. NRI Property Transactions – TDS Simplification

A key procedural reform has been announced for property transactions involving non-residents:

- TDS on sale of immovable property by a non-resident shall be deducted and deposited using the resident buyer's PAN
- Removal of TAN requirement will be effective from 1 October 2026

Impact:- Simplifies compliance for resident buyers - Reduces procedural friction in NRI real estate transaction

VI. ASSET ALLOCATION FRAMEWORK – POST BUDGET 2026

Budget 2026 does not demand portfolio overhaul, but it does demand refinement.

Asset Class	Allocation Range	Rationale
Equity	50–60%	Earnings-led growth remains primary wealth driver
Fixed Income	25–35%	Yield stability, tax-aware duration strategies
Gold	10–15%	Strategic hedge, not tactical trade
Cash / Alternatives	0–10%	Liquidity and flexibility

Final allocation should reflect individual risk tolerance, tax profile, and investment horizon.



VII. UPCOMING NFOs & IPOs (FEB–APR 2026)

A. New Fund Offers (NFOs)

Fund Name	Category	Indicative Theme
Edelweiss Financial Services Fund	Equity Sectoral	Financials-led credit growth
Samco Mid Cap Fund	Equity	Earnings-driven mid-cap exposure
Bandhan Gold ETF FoF	Commodity	Gold allocation efficiency
Groww Small Cap Fund	Equity	Long, term small-cap exposure

Investors should evaluate NFOs based on portfolio fit, not novelty.

B. IPO Watchlist

Company	Sector	Timeline	Strategic Note
Tech & Automation Ltd	Technology	Feb 2026	Automation focus
GreenEnergy Infra	Renewables	Mar 2026	ESG infrastructure
Consumer Foods Pvt Ltd	FMCG	Mar 2026	Consumption theme

VIII. INVESTOR QUESTIONS – BUDGET EDITION

Q1: Does Budget 2026 change long, term investment strategy?

No. It reinforces the importance of discipline, tax efficiency, and earnings visibility.

Q2: Should active traders reconsider participation?

Higher costs demand sharper selectivity and risk control.

Q3: Is gold still relevant post SGB changes?

Yes-but structure and holding method matter more than before.

IX. RISK MATRIX

Risk	Impact	Mitigation
Policy tightening	Medium	Clean structuring & compliance
Market volatility	Medium	Staggered allocation
Tax friction	Medium	Periodic portfolio review

X. CLOSING NOTE

Budget 2026 signals a maturing investment ecosystem, one that rewards patience, structure, and informed allocation over speed and speculation.

At OPTYMONEY, we believe wealth is not built by reacting to every policy change, but by designing portfolios resilient enough to absorb them.

Markets will evolve. Policies will refine. Disciplined strategies will endure.

- Team OPTYMONEY