GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UNSTARRED QUESTION NO. 166

TO BE ANSWERED ON MONDAY, THE 20TH JULY, 2026/ASHADHA 29, 1948 (SAKA)

"REVENUE FROM LONG TERM CAPITAL GAINS (LTCG) TAX"

166. Shri Anand Bhadauria:

Will the Minister of FINANCE be pleased to state: -

(a) the details of revenue generated from Long Term Capital Gains (LTCG) Tax on equity transactions during the financial years 2023–24, 2024–25, 2025–26 and 2026–27 till date, year- wise;

(b) whether the Government has recently exempted Foreign Portfolio Investors (FPIs) from LTCG tax to attract inflows while domestic and retail investors continue to pay 12.5 per cent LTCG tax amid the worst two-year performance of the Indian equity markets in the world;

(c) if so, the details thereof and the reasons therefor;

(d) the rationale behind this discriminatory treatment towards Indian investors whose hard- earned savings eroded; and

(e) the time by which the Government would scrap LTCG for retail/domestic investors to revive market sentiment, protect domestic investors and ensure a level playing field between foreign and Indian investors?

ANSWER

**MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a):

Assessment Year (AY)	**Revenue generated from Long Term Capital Gains Tax (LTCG) Tax on equity transactions**
AY 2024-25 (Relevant to the financial year 2023-24)	72,249 Crore
AY 2025-26 (Relevant to the financial year 2024-25)	1,29,158 Crore

*ITRs for AY 2026-27 (Relevant to the financial year 2025-26) and 2027-28 (Relevant to the financial year 2026-27) are yet to be filed and hence the data in respect of these AYs is not available.

(b): The tax rate of 12.5% on LTCG for domestic and retail investors is the same for FPIs for investments in equity. Through the Income-tax (Amendment) Ordinance, 2026, the government has rationalised the tax treatment applicable to investments by FPIs only in Government Securities (G-Secs), by exempting such investments from income tax on any interest or capital gain.

(c) & (d): The exemption is applicable w.e.f. 01.04.2026, i.e. the exemption will apply to any interest or capital gains arising to FPIs on or after 01.04.2026 in respect of investments in G-Secs.
Additionally, this amendment was brought in recognising the importance of a competitive tax regime in attracting global capital. The Government decided to rationalise the tax treatment applicable to investments by FPIs in Government Securities, by exempting such investments from income tax on any interest or capital gain. This step will align the taxation on G-Secs with many comparable jurisdictions. This will ensure stable systematic inflow of durable, patient foreign capital and long-term investors such as pension funds, insurance companies, and Sovereign wealth funds (SWFs).

(e): At present, there is no such proposal under consideration.

The tax policies, including capital gains tax rates, are reviewed periodically as part of the annual budgetary process and legislative revisions after taking into considerations the macro-economic parameters.

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