# BoB plans to tap offshore market with $500 million bond sale

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Indian lenders turn to offshore bond markets to diversify funding sources, particularly amid tightening domestic liquidity. MINT

Bank of Baroda, India's second-largest public sector lender, is preparing to raise about $500 million through an issue of US dollar bonds as part of its $4 billion medium-term note programme, according to a document seen by *Mint*.

The bank has invited bids to appoint joint lead managers for the proposed issuance, signalling the start of the process to access overseas investors through a standalone Reg-S bond issue, which may be executed in one or more tranches, according to the document. Reg-S allows an issuer to sell bonds to non-US investors, primarily in Europe and Asia, without registering the offering in the US.

An email sent to the bank seeking further details on the bond issuance did not elicit a response until publishing time.

While the tenure, coupon and final pricing of the bonds will be determined closer to the launch, the proposed issuance is expected to be fully underwritten by then, with the appointed lead managers responsible for structuring, marketing, bookbuilding and pricing of the deal, the document showed.

Proceeds from the bond sale are likely to be used for general corporate purposes, in line with the bank's broader foreign currency funding strategy, market participants said.

Bank of Baroda said it is updating its medium-term note programme based on its December 2025 financials, a prerequisite for proceeding with the offshore bond sale. The programme has a size of $4 billion, providing the bank flexibility to raise funds periodically from the global markets.

**BoB's proposed dollar bond issue positions it to tap a global investor base once market conditions turn favourable**

The joint lead managers will coordinate with international and domestic legal counsels and ratings firms, manage roadshows and investor meets, and oversee the listing of the bonds on a recognized overseas exchange.

The bank has set 16 February as the deadline for submission of technical and financial bids, with technical proposals to be opened on 17 February and financial bids on 18 February, the document showed.

Indian lenders turn to offshore bond markets to diversify fund sources, particularly amid tightening domestic liquidity and rising credit demand. Bank of Baroda's dollar bond issue positions the lender to tap a broader global investor base once market conditions turn favourable.

"I don't know whether they (Bank of Baroda) are raising funds because there is an opportunity overseas," said Anil Gupta, senior vice president and co-group head, financial sector ratings, at Icra. Generally, when liquidity is tight in the domestic market, it opens a window for Indian banks to raise funds via bonds and lend via ECBs to Indian corporates, he said.

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# No more market fireworks likely on budget day

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The Union budget, once the single biggest policy trigger for stock markets, has increasingly become a non-event in recent years.

But the muted reaction on budget day reflects a deeper shift. Policymaking has become more continuous, predictable and front-loaded, leaving investors to position themselves weeks or months in advance rather than react to a single speech.

With key reforms, incentives and sector-specific measures now rolled out through cabinet decisions, press releases, special packages and the goods and services tax (GST) Council through the year, the element of surprise on budget day has largely faded, according to market experts. Market volatility around the event has declined, expectations are more measured, and investors are increasingly focused on medium-term policy direction rather than one-day announcements.

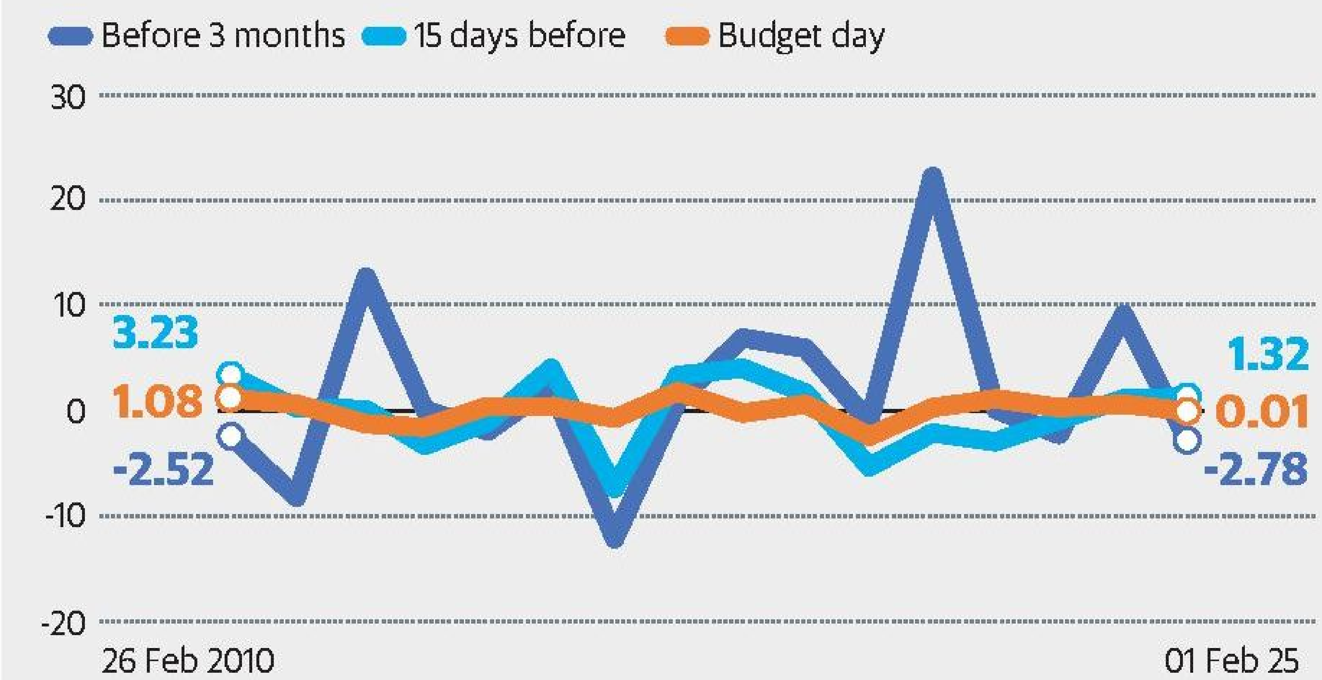
The finance ministry will present the FY27 budget on 1 February 2026, at a time when it appears fairly placed to meet its 4.4% of Gross Domestic Product (GDP) fiscal-deficit target, despite weak nominal GDP growth and sharp cuts in personal income tax and GST.

"The budget is no longer the sole 'Big Bang' now," said Dhiraj Relli, managing director and chief executive, HDFC Securities.

## Less amped up

**Run-up matters more than budget day**

Sensex returns (%) over 3 months, 15 days and on budget day




**Pre-budget phase sees more market stress than budget day**

Sensex fell around the budget over 16 years and % of total

| Period | Number of years Sensex fell | Total years | % of total years |
|---|---|---|---|
| 3 months before budget | 8 | 16 | 50% |
| 15 days before budget | 8 | 16 | 50% |
| Budget day | 4 | 16 | 25% |

*Source: Mint analysis, Bloomberg*

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A *Mint* analysis shows that over the past three years, budget day has failed to stir markets in any meaningful way. The Sensex rose a modest 0.4% on budget day in 2023, gained 0.61% in 2024, and was flat in 2025.

Longer-term data tell the same story. *Mint* analysis of the Sensex's behaviour around the budget announcements over the past 16 years shows that the market usually makes its biggest moves well before budget day, leaving the actual speech with limited impact.

In the run-up to the budget, the Sensex has often seen sharp swings. In 2021, the index rallied 22% in the three months leading up to the budget, only to slip 2% in the final 15 days and remain largely muted on budget day, with a marginal 0.25% move. In 2022, the pattern repeated: the Sensex fell about 3% in the 15 days before the budget, while the three-month return was a modest 0.2% and the Budget-day gain stood at just 1.2%, suggesting that expectations had been priced in.

It is not just about returns, it is more about the magnitude of the market's reaction, whether positive or negative, market participants said. Budget day was once typically marked by sharp market swings rather than lacklustre moves. In 2020, the Sensex fell 2.4% on budget day. In contrast, it rose 1.7% in 2017, while in 2013, it declined 1.5%.

The same dynamic was visible in subsequent years. In 2023, the Sensex delivered negative returns both in the three months before the budget (-2.3%) and in the final 15 days (-1%), before edging up 0.4% on budget day. In 2024, the index rose 9.1% over the three-month run-up and 1.2% in the last 15 days, followed by a limited 0.6% gain on the day of the announcement.

By 2025, this front-loading of market moves became even clearer. Sensex fell 2.8% in the three months preceding the budget, then rose 1.3% in the final 15 days. The reaction on budget day itself was largely flat, underscoring how policy expectations are increasingly absorbed well before the speech.

**Budget day was once typically marked by sharp market swings rather than lacklustre moves**

Simply put, instead of reacting sharply on the day of the budget, investors tend to position themselves in advance. So, the period leading up to the budget has become more important for market direction than the announcement itself.

Since 2010, the three months before the budget have consistently been marked by elevated volatility in the Sensex.

This front-loaded behaviour is visible even over shorter timeframes. In the 15 days leading up to the budget, Sensex has fallen in eight of the past 16 years, including 2014, 2016, 2020, 2021, 2022 and 2024, suggesting that caution builds before the event.

If you are a long-term investor, budget day has historically been a poor day to 'time' the market, Relli said.

This fading 'surprise factor' of the budget, according to Relli, signals that India has moved from event-based governance to 'process-led' policy. Lower volatility is a sign of a maturing market where the road map is clear, the reforms are continuous, and the 'noise' of a single day is finally being replaced by the 'signal' of long-term growth, he said.

So far in the roughly two months ahead of the FY27 budget, the Sensex has fallen over 4%, suggesting that markets have already adjusted and priced in many budget expectations even before the speech, in line with historical pre-budget trends. That said, market participants noted that the budget still influences which sectors lead for the year. For example, 2025's focus on consumption led to a rally in fast-moving consumer goods and automobile stocks, while the defence sector saw profit-booking, some said.

According to Madhavi Arora, chief economist at Emkay Global Financial Services, the budget will be tracked for signals on the trajectory of bond yields, the government's approach to fiscal consolidation and both the pace and quality of capital expenditure and allocations.

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