

FinNFacts

Navigating financial horizons

January Wrap

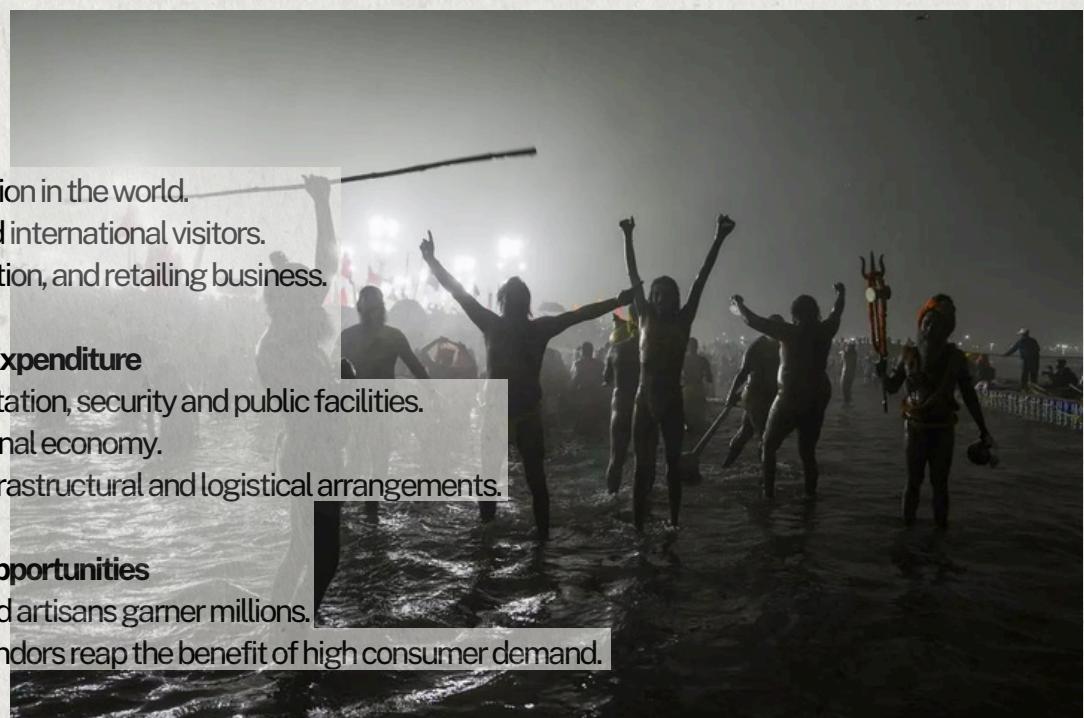
Maha Kumbh Mela: The Financial Tide

The **Maha Kumbh Mela** is a **financial catalyst**, driving **large-scale** economic activity through **tourism, infrastructure** investments, and **market expansion**. With **billions** in revenue generated across **hospitality, transportation, and retail sectors**, it serves as a case study in event-driven economic growth, showcasing the power of religious tourism in shaping financial landscapes.

Major highlights:

1. Economic Significance

- The largest religious congregation in the world.
- Millions of pilgrims, tourists, and international visitors.
- Tourism, hospitality, transportation, and retailing business.



2. Government Infrastructural Expenditure

- Billions of rupees on roads, sanitation, security and public facilities.
- Long-term benefits to the regional economy.
- Rs 7500 crore enterprise for infrastructural and logistical arrangements.

3. Business and Employment Opportunities

- Hotels, restaurants, vendors and artisans garner millions.
- Small businesses and street vendors reap the benefit of high consumer demand.

4. Media & Advertising Revenue

- Ad revenues of Rs million in TV, digital platforms, and newspapers.
- Extensive global coverage enhances festival reach.

5. Religious & International Impact

- Temple, ashrams, and religious institutions get more donations.
- Foreign tourism boosts up; foreign exchange earnings increase

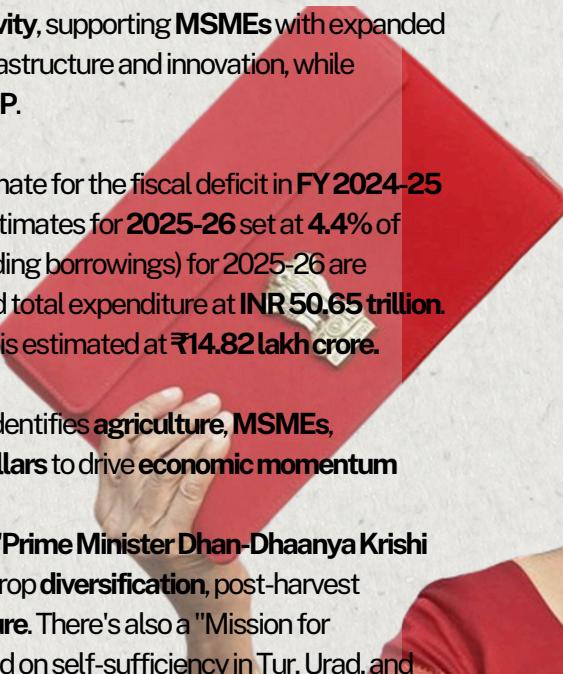
6. Expected Financial Gains (2025)

- Economic impact to be estimated at Rs 2 lakh crore to Rs 4 lakh crore (\$30 billion to \$60 billion).
- 450 million visits during the festival.
- High values coming from tourism and hospitality, transport, and domestic enterprise

Union Budget 2025

The Union Budget 2025-26, themed "Sabka Vikas," prioritizes **agriculture, MSMEs, investment, and exports** to propel **economic growth**. Key initiatives include boosting **agricultural productivity**, supporting **MSMEs** with expanded credit, and fostering **investment** in infrastructure and innovation, while targeting a **fiscal deficit of 4.4% of GDP**.

- **Fiscal Strategy:** The Revised Estimate for the fiscal deficit in **FY 2024-25** was **4.8% of GDP**, with Budget Estimates for **2025-26** set at **4.4% of GDP**. Government receipts (excluding borrowings) for 2025-26 are projected at **INR 34.96 trillion**, and total expenditure at **INR 50.65 trillion**. Gross market borrowing for **FY26** is estimated at **₹14.82 lakh crore**.
- **Key Growth Drivers:** The budget identifies **agriculture, MSMEs, investment, and exports** as key **pillars** to drive **economic momentum**
- **Agriculture:** Initiatives include the '**Prime Minister Dhan-Dhaanya Krishi Yojana**' to enhance **productivity**, **crop diversification**, post-harvest storage, and irrigation **infrastructure**. There's also a "Mission for **Aatmanirbharta** in Pulses" focused on self-sufficiency in Tur, Urad, and Masoor
- **MSMEs & Startups:** The budget includes an expanded credit framework, raising investment and turnover limits for MSMEs. A **Credit Guarantee Cover** aims to facilitate easier access to credit for micro and small enterprises. There's also a Fund of **Funds for Startups** with a **₹10,000 crore** allocation.
- **Exports:** A dedicated Export Promotion Mission aims to integrate MSMEs into global supply chains. The '**BharatTradeNet**' (**BTN**) digital platform will streamline trade documentation and financing solutions.
- **Tax Relief:** The budget includes revisions to taxation policies. Income up to **₹12 lakh** is **tax-free** under the new regime.
- **Additional Tax Measures:** Increased TDS threshold on interest earned by senior citizens from **INR 50,000** to **INR 100,000**. The time limit for filing an updated tax return is extended from **3-5 years**, effective April 1, 2025.
- **Theme:** The Union Budget 2025-26 has the theme "**Sabka Vikas**," stimulating balanced growth of all regions.



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“No, I am not the one who gets taxed. I am the one who taxes”
~ Nirmala Sitharaman

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Volatile Surge

- As of now, the **Nifty 50** index movements are influenced by various market factors and the index is marked at **23,559.95** with a **decline of 2%**.
- Nonetheless, there are indications that a **possible recovery** relief rally may **occur in February**, as the supplementary data reveals. It is **calculated** that **81%** of **Nifty futures** have been rolled over to **February**, which suggests rather significant overall trader confidence. The further rise in trading in key industries like **financial services** and **information technology** only adds to the overall image.
- Even with the **foreign outflows**, the **domestic investors** did manage to provide **support** to the **market**. The increase of **investments** from **Indian retail and other domestic institutions** particularly via **Systematic Investment Plans (SIPs)** did manage to prop up the **equity market**. However, it does pose a question, for how long can the **trend persist**, especially when the market has **sky-high prices** and some of the critical indices have **sharply fallen recently**.

Financial Glossary

A **contingent liability** is a probable obligation that can arise depending on the result of a future event, such as a lawsuit where the liability comes into existence only if specific conditions are met.

Leverage is using borrowed funds to leverage potential returns from an investment. While it heightens the prospect of higher returns, it raises the possibility of major losses should investments perform badly.

Sterilization is the central bank's efforts to offset foreign capital inflows or outflows in terms of their impact on the domestic money supply, which often involves buying or selling government securities to keep the monetary environment stable.

A **liquidity trap** occurs when interest rates are low and savings rates are high, in which case monetary policy is not effective. At such low rates, people will hoard cash instead of spending or investing.