

FinNFacts

Navigating financial horizons

July Wrap

Union Budget:

Union Budget of India for the fiscal year 2024-25 was presented on July 23, 2024 by Finance Minister Nirmala Sitharaman. This budget is significant as it marks the first of the third term for Modi government and emphasizes certain key aspects to boost economic growth and tackle serious issues like employment and inflation. Here is a snapshot of the Union Budget 2024-25:

- **Total Expenditure:** The proposed expenditure amounts to **₹48.2 trillion** (about **\$575 billion**), which represents an increase of **8.5%** over last year's actual expenditure.
- **Capital Expenditure:** A huge portion of capital expenditure is expected to be allocated in this regard which would be around **₹11.1 trillion** (about **\$132 billion**). This figure corresponds to a **16.9%** increase when compared with revised estimates for 2023-24. Effective capital expenditure is estimated at **₹15.01 trillion**, representing an **18.2%** increase overall compared with last year.
- **Fiscal Deficit:** Fiscal deficit target has been set at **4.9%** GDP down from **5.6%** in previous year's budget. The objective is then to further bring it down to 4.5 percent by the year FY 2025-26.
- **Taxation Changes:** The budget also makes changes in personal income tax including slashing income tax rates between **₹300,000** and **₹700,000** to just **5%**. Besides that, capital gains tax rates were revised in the process leading long-term capital gains tax from **10%** to **12.5%**.

Areas of Focus-

- **Agriculture:** Initiatives include enhancing productivity and resilience through research and development, particularly for climate-resilient crops.
- **Employment and Skilling:** Plans to skill 20 lakh youth over five years and revamp technical education to align with industry needs.
- **Manufacturing and Services:** Support for MSMEs through credit guarantee schemes and improved funding mechanisms to boost industrial output.
- **Urban Development and Infrastructure:** Continued investment in urban infrastructure to support growing urban populations.
- **Energy Security:** Investments aimed at ensuring sustainable energy sources and reducing reliance on imports.
- **Next-Generation Reforms:** Policies aimed at modernizing various sectors to enhance efficiency and productivity.

IMF Press Conference

The press conference of International Monetary Fund (IMF) made some key highlights listed below:

Global Growth Projections: The IMF maintained its global growth forecast at **3.2%** for 2024 in line with what had been done previously. For 2025, this figure is expected to slightly increase to **3.3%**.

Economic Developments: The briefing noted that growth among major advanced economies is becoming more synchronized, while there are signs of cooling down in the US and an upsurge in the euro area. However, emerging market economies led by Asia remain as significant contributors for global economic expansion; with India and China being revised upwards.

Risks and Challenges: When it comes to potential risks to growth outlook, they include geopolitical tensions, inflation dynamics as well as higher interest rates' impacts on economic activities according to the IMF.

Policy Recommendations: As far as managing inflation yet supporting growth during ongoing economic transitions particularly monetary policy vigilance was emphasized by IMF.

The above mentioned reflects IMF's current view on global economy landscape associating it with future trajectories for growth alongside risks.

The International Monetary Fund (IMF) has announced its World Economic Outlook Update where it reiterated the global growth forecast of **3.2%** for this year rising to **3.3%** next year.

Among other things, significant ones are a cooling economy in the US and increased economic growth in the euro zone, as well as upward adjustments for India and China. However, looking ahead over the next five years, growth prospects stay weak while it is anticipated that China's growth will decelerate considerably.



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“Investing should be like watching paint dry or watching grass grow. If you need excitement, you're in the wrong business.”

~ Paul Volcker

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“I will tell you how to become rich. Close the doors. Be fearful when others are greedy.

Be greedy when others are fearful.”

— Warren Buffett

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The biggest Banks in market Capitalization:

The largest banks globally by market capitalization include **JPMorgan Chase (\$571.95 billion)**, **Bank of America (\$306.94 billion)**, and **ICBC (\$267.34 billion)**. Notably, **HDFC Bank** from India has made a comeback to the top ten, pointing at its strong performance in the wake of a merger with Housing Development Finance Corp in July 2023.

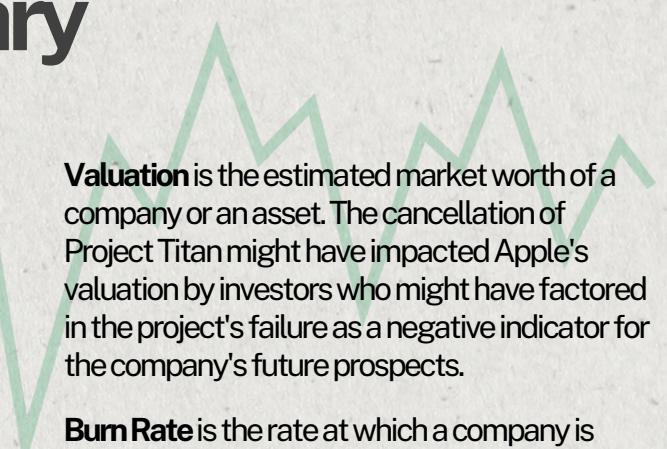
US Banks:

Various financial outcomes were reported by leading US banks such as **Bank of America**, **Goldman Sachs** and **Citigroup**. **Bank of America** stated that it made less profit than before owing to its increased reserves for nonperforming loans, whereas **Goldman Sachs** noted an increase in its profits which exceeded two-folds to **\$3 billion** driven by recovery of deals and solid trading results. In addition, citation showed that 10% rise was reported on its profits amidst surging credit card losses owing to corporate and capital markets divisions.

Financial Glossary

Sunk Costs are expenses that have already been incurred and cannot be recovered. Even though Apple cancelled Project Titan, the vast sums of money spent on research, development, and prototyping during the project's lifespan represent sunk costs for the company.

Opportunity Costs refer to the potential benefit that is given up when one chooses an alternative. By dedicating resources to Project Titan, Apple forwent the opportunity to invest those resources in other potentially more profitable ventures.



Valuation is the estimated market worth of a company or an asset. The cancellation of Project Titan might have impacted Apple's valuation by investors who might have factored in the project's failure as a negative indicator for the company's future prospects.

Burn Rate is the rate at which a company is spending its cash reserves. Project Titan likely had a significant burn rate due to the high costs associated with research and development.