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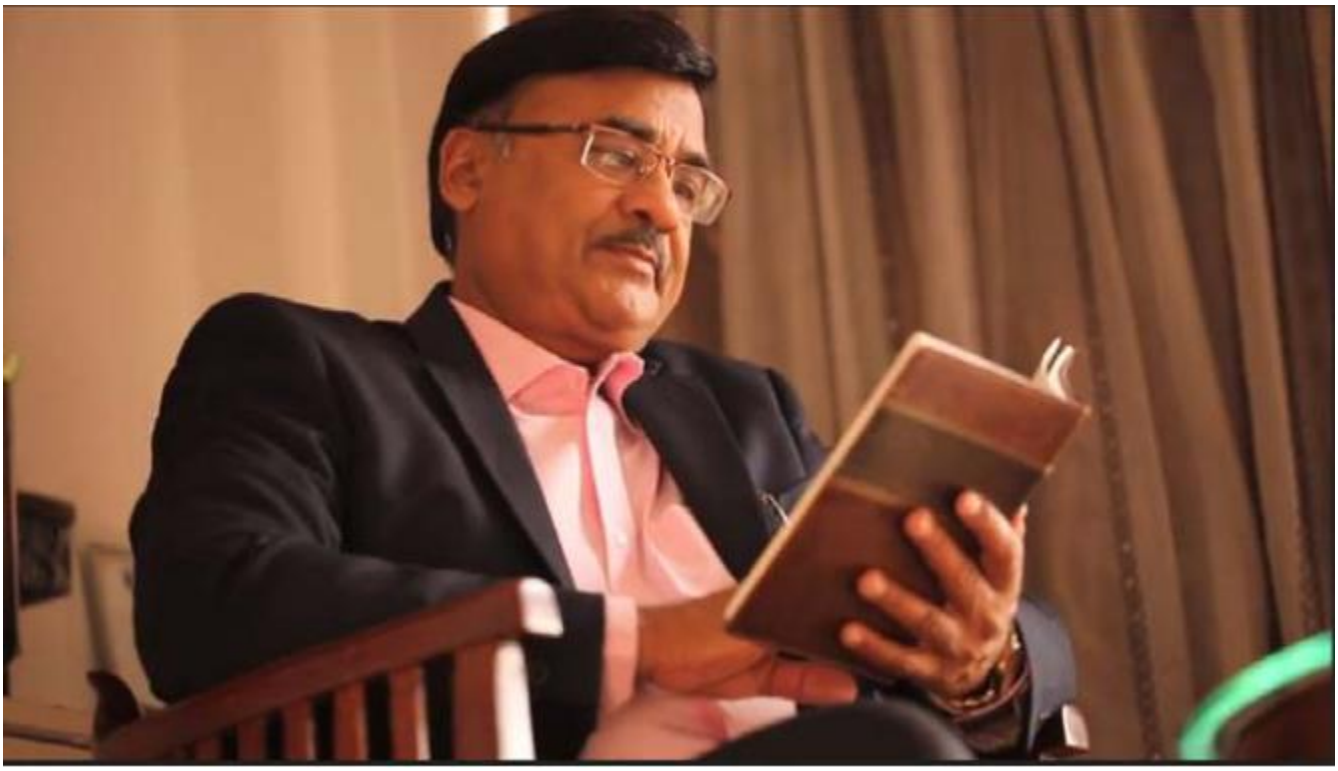

**CA (Dr.) Ashok Ajmera's Weekly Column as on February 01st, 2025**

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**"Indian stocks market ended the week on a positive note, as budget tax relief offsets capex fears."**

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## CA (Dr.) Ashok Ajmera's Weekly Column

Indian equities closed slightly changed on Saturday, as investors were thrown off by a smaller-than-expected increase in government capital expenditure and efforts to encourage consumption by lowering personal taxes. Benchmark equity indices Nifty 50 up 1.69%. This week, the Nifty Midcap 100 and Nifty Small cap 100 also up 0.42% and 0.14%, respectively.

The top gainers in the Nifty 50 index were Trent (up 12.73%), M&M (up 9.83%), Bajaj Auto (up 8.98%), Hero Motocorp (up 8.64%) and Maruti Suzuki (up 7.93%). The major losers in in the Nifty 50 index were HCL Tech (down 5.51%), Wipro (down 4.78%), Tech Mahindra (down 4.45%), Sun Pharma (down 4..39%), and Tata Motors (down 3.75%).

### FII and DII activity

In the week gone by, FII were net sellers at Rs. 19,621.61 Crores and DII were net buyers at Rs. 20,471.68 Crores. In the previous week FII were net sellers at Rs. 22,504.08 Crores and DII were net buyers at Rs. 17,577.36 Crores. In the month of January 2025, FIIs had net sold equities worth Rs. 87,374.66 Crore and DIIs had net bought equities worth Rs. 86,591.80 Crore.

### Sector Movement

The outperforming sector was Nifty Reality, up by 11.59% and the worst performing sector was NIFTY IT, down by 3.43%.

### Global Market and Major Developments

US stocks finished the volatile week mostly lower, although the Dow Jones Industrial Average rose modestly to notch its third straight week of gains. The second week of the Trump administration also brought a slew of political headlines that appeared to influence sentiment, particularly regarding the administration's plans for global tariffs. President Donald Trump reiterated his plan to impose 25% tariffs on Mexico and Canada, the US's top two trading partners, by February 1, while also threatening to levy an additional 10% tariff on goods from China. This comes after the prior week's comments from the president, which seemed to give investors hope that he would take a softer-than-anticipated stance on global tariffs. Meanwhile, the Federal Reserve concluded its first meeting of 2025 on Wednesday and announced it would be holding its policy rate range steady at 4.25% to 4.50%, as was widely expected. According to the Fed's post-meeting statement, US economic activity "has continued to expand at a solid pace," while "labor market conditions remain solid" and inflation "remains somewhat elevated." As expected, the ECB reduced its key deposit rate by a quarter of a percentage point to 2.75%. ECB President Christine Lagarde noted that the disinflation process was "well on track" and that the decision was unanimous. She also said that policy was still "restrictive," adding that "we are not at the neutral rate." Lagarde drew back from indicating how long the ECB might keep cutting rates, saying that "it would be premature at this point in time to talk about the point where we have to stop." Relative to the third quarter of 2024, the eurozone economy stalled in the final three months of last year, according to a first estimate that fell short of consensus expectations for a 0.1% expansion. However, the full-year growth rate of 0.7% was in line with the ECB's forecast. The bloc's largest economies—Germany and France—contracted versus the third quarter. Italy's gross domestic product (GDP) was flat. Spain, on the other hand, experienced GDP growth; with its economy expanding 0.8%.The European Union-harmonized 12-month inflation rate for January came in at 1.8% in France, stayed at 2.8% in Germany, and accelerated to 2.9% in Spain. Domestic stocks were also pressured by the Bank of Japan's (BoJ) hawkish stance (it raised interest rates for the third time within a year and revised its inflation forecasts upward at its January 23–24 monetary policy meeting). The central bank's base case, reiterated by BoJ Deputy Governor Ryozo Himino during the week, is that it will raise rates if the economy and prices move in line with its forecasts. Government data released on Monday showed that China's economy kicked off 2025 on weak footing. The official manufacturing Purchasing Managers' Index (PMI) unexpectedly fell to 49.1 in January, according to the country's statistics bureau.

| Particulars | Close (01/02/2025: Saturday) | Open (27/01/2025: Monday) | Previous Close (24/01/2025: Friday) | Change (%) |
|---|---|---|---|---|
| **Nifty 50** | 23482.15 | 22940.15 | 22092.20 | +1.69% |
| **Sensex** | 77505.96 | 75700.43 | 76190.46 | +1.73% |
| **Nifty Midcap 100** | 53486.15 | 52757.10 | 53262.95 | +0.42% |
| **Nifty Small cap 100** | 16979.75 | 16768.60 | 16956.05 | +0.14% |
| | | **Sectoral Indices** | | |
| **Nifty Bank** | 49506.95 | 47881.65 | 48367.80 | +2.36% |
| **Nifty Auto** | 23305.45 | 22055.15 | 22171.05 | +5.12% |
| **Nifty IT** | 42030.30 | 42986.90 | 43524.10 | -3.43% |
| **Nifty PSU Bank** | 6216.80 | 6120.75 | 6152.95 | +1.04% |
| **Nifty Fin Services** | 23170.25 | 22357.40 | 22513.50 | +2.92% |
| **Nifty Pharma** | 21334.80 | 21786.00 | 21872.40 | -2.46% |
| **Nifty FMCG** | 58396.05 | 55832.05 | 56069.35 | +4.15% |
| **Nifty Metal** | 8298.50 | 8333.45 | 8438.80 | -1.66% |
| **Nifty Realty** | 952.50 | 849.05 | 853.55 | +11.59% |
| **Nifty Media** | 1615.10 | 1630.05 | 1643.40 | -1.72% |
| **Nifty Energy** | 33172.60 | 33074.60 | 33263.55 | -0.27% |
| **Nifty Private Bank** | 24425.50 | 23538.55 | 23750.45 | +2.84% |
| **Nifty Infra** | 8254.35 | 8204.65 | 8243.65 | +0.13% |
| **Nifty Commodities** | 7981.60 | 7969.65 | 8027.00 | -0.57% |
| **Nifty Consumption** | 11464.95 | 10819.80 | 10875.95 | +5.42% |
| **Nifty PSE** | 8995.00 | 9017.45 | 9068.95 | -0.82% |
| **Nifty Serv. Sector** | 30648.65 | 29973.80 | 30220.95 | +1.42% |
| **Nifty Healthcare** | 13775.35 | 13923.00 | 13992.20 | -1.55% |
| **Nifty Oil & Gas** | 10438.20 | 10412.80 | 10472.55 | -0.33% |
| **Nifty INDIA MFG** | 13273.35 | 13051.20 | 13138.35 | +1.03% |
| | | **US Indices** | | |
| **Dow Jones** | 44544.66 | 44148.84 | 44424.25 | +0.27% |
| **S&P 500** | 6040.52 | 5969.04 | 6101.25 | -1.00% |
| **NASDAQ 100** | 21478.05 | 21000.17 | 21774.01 | -1.36% |
| | | **Commodities** | | |
| **Gold (in Rs./ 10 gram)** | 82304 | 79859 | 80026 | +2.85% |
| **Brent Crude oil** | 76.40 | 78.24 | 78.44 | -2.52% |

## Major Developments in Domestic Markets

1. India's economy is likely to continue its sluggish pace of growth next fiscal year weighed down by global risks, according to a finance ministry report that has called on states to pursue business reforms to boost economic activity.
2. Indian banks' loan growth moderated for a sixth straight month in December, central bank data showed, as the impact of the Reserve Bank of India's tighter lending norms for unsecured loans continued to ripple through the system.
3. India's fiscal deficit, for April-December was 9.14 trillion rupees ($105.58 billion), or 56.7% of the estimate for the financial year, government data showed.
4 India's infrastructure output , growth slowed in December, as the rise in cement output eased, government data showed.
5. Bank of Baroda, India's third-largest state-run lender by assets, aims to double its balance sheet in five years while gaining market share and curtailing costs, its chief executive said.
6. Indian solar module maker Waaree Energies, is confident of US demand and is positioned to manage possible import tariffs under President Donald Trump, thanks to its operations in the state of Texas, CEO Amit Paithankar said.
7. India's sugar output during the 2024/25 marketing year ending in September 2025 may fall to 27.27 million metric tons, down 14.7% from a year ago, as mills are likely to divert more sugar for ethanol production, a trade body said.
8. India's Larsen & Toubro (L&T), reported a profit that fell short of market estimates in a seasonally weak quarter but said its orders hit a record high due to strength in its international business, while the domestic economy slowed.
9. India's Tata Consumer Products, reported a smaller-than-expected third-quarter profit on Thursday, hurt by elevated domestic tea prices that squeezed the company's margins.
10. Indian carmaker Tata Motors', shares plummeted about 9% to a 14-month low on Thursday, after its third-quarter results set off growth and margin concerns for its luxury Jaguar Land Rover (JLR) segment.

## Union Budget 2025 Highlights

**Tax relief for middle-class, budget 2025 revises FY25 capex, promises incentives for EVs, social security for gig workers, and major infrastructure projects in Bihar, including a Greenfield airport and a Makhana Board.**

Finance Minister Nirmala Sitharaman presented the eighth consecutive budget on Saturday, February 1, 2025. The government will introduce a new Income Tax bill next week to take forward the “trust first, scrutinise later” concept.

- **Tax reforms: Increased exemptions, simplified system**

The budget increased the income tax exemption level to ₹12 lakh, providing significant relief for taxpayers, also announced lower TDS thresholds and a four-year extension for updating tax filings. Finance Minister Nirmala Sitharaman, stated that the streamlining of income tax laws, with a new Income Tax Bill to be published next week. These initiatives are intended to improve tax compliance and convenience of filing.

**New tax slabs**

Upto ₹4 lakhs: Nil
₹4 lakhs - ₹8 lakhs: 5%
₹8 lakhs - ₹12 Lakhs: 10%
₹12 lakhs - ₹16 lakhs: 15%
₹16 lakhs - ₹20 lakhs: 20%
₹20 lakhs - ₹25 lakhs: 25%
Above ₹25 lakhs: 30%

- **Government to extend time limit for filing updated returns for any assessment year**

Finance minister Nirmala Sitharaman announced an extension of the deadline for filing updated returns for any assessment year, raising the time limit from the current two years to four years, Sitharaman also proposed exempting Tax Collected at Source (TCS) on remittances for educational purposes, provided the education loan is sourced from specified financial institutions. Additionally, Sitharaman revealed that 33,000 taxpayers have utilized the Vivad Se Vishwas 2.0 scheme to resolve direct tax disputes.

- **FY25 capex revised to ₹10.18 trillion from ₹11.1 trillion.**

The government has revised its capital expenditure (capex) target for FY25 to ₹10.18 trillion, down from the previous ₹11.1 trillion. While this reduction may impact some infrastructure and development projects, the government maintains that key sectors will continue to receive support.

- **Fiscal deficit and market borrowing**

While focusing on reforms, the Finance Minister remained committed to fiscal consolidation, setting the fiscal deficit target at 4.4% of GDP for the financial year 2025-26. The fiscal deficit for the current financial year has been pegged at 4.8% of GDP. To bridge this gap, the government plans to raise Rs 11.54 lakh crore from the market on a net basis for the upcoming fiscal year. Coming to 2025-26, the total receipts other than borrowings and the total expenditure are estimated at ` 34.96 lakh crore and ` 50.65 lakh crore respectively. The net tax receipts are estimated at ` 28.37 lakh crore.

- **Bihar's development focus**

The Budget also focused on Bihar’s development with several key initiatives. Sitharaman proposed the creation of a Makhana Board to promote the state’s production of foxnuts, a nutritious and widely consumed food. The establishment of the Makhana Research Center as a national institution and the GI tag for Makhana were also highlighted.

- **Support for gig workers and social security**

In a groundbreaking move, the Finance Minister proposed the issuance of ID cards to gig workers and their integration into the social security scheme. Gig workers from online platforms will also be registered on the e-Shram portal, ensuring access to healthcare and social benefits.

- **Clean energy transition: Nuclear energy mission**

A key initiative in the Budget was the announcement of a Nuclear Energy Mission, with the goal of developing at least 100 gigawatts (GW) of nuclear energy by 2047. This aligns with India's broader vision of becoming a developed nation under the "Viksit Bharat" initiative, marking a major step toward clean energy transition.

- **FDI limit in insurance sector raised to 100% in Budget 2025**

In a move aimed at attracting more foreign investment while securing domestic interests, Finance Minister Nirmala Sitharaman, in her Budget 2025 speech, announced an increase in the Foreign Direct Investment (FDI) limit for the insurance sector from 74% to 100%. However, this will come with certain conditions to ensure the benefits are aligned with India's financial goals.

Conditions for 100% FDI

The enhanced FDI limit will be accessible only to insurance companies that commit to investing the entire premium collected in India. Sitharaman further emphasized that the existing foreign investment regulations would undergo a review and simplification process to streamline the investment framework.

- **Healthcare and pharma sector support**

The budget provides major relief to the healthcare sector, with 36 life-saving drugs added to the list of fully duty-exempt medicines. This move aims to make essential medicines more affordable and accessible.

- **Export promotion and digital trade infra**

To strengthen exports, the government will set up an Export Promotion Mission, jointly led by the commerce and finance ministries. A new Bharat Trade Net (BTN) will serve as a unified platform for trade documentation and financing, aligning with global best practices. This initiative aims to streamline export procedures and provide easier access to credit for businesses.

- **EV battery manufacturing boost.**

To promote domestic battery manufacturing, the government has announced zero Basic Customs Duty (BCD) on key capital goods required for EV battery production. Additionally, Sitharaman has proposed exempting 35 additional capital goods for EV battery manufacturing and 28 for mobile phone battery production. This move is expected to lower the cost of setting up lithium-ion battery plants in India, boosting the nascent industry.

- **Government to bring framework to unlock potential marine sector**

Union finance minister Nirmala Sitharaman pointed out the importance of unlocking India's marine sector potential on Saturday, announcing that the government will introduce a framework for the sustainable harnessing of fisheries, with a particular focus on the Andaman and Lakshadweep regions.

- **UDAN scheme to enhance regional connectivity to 120 new destinations**

FM announced, "Inspired by the success, a modified UDAN scheme will be launched to enhance regional connectivity to 120 new destinations and carry 4 crore additional passengers in the next 10 years. The scheme will also support helipads and smaller airports in hilly, aspirational and northeast regional districts."

- **Govt to extend mudra loans to homestays; develop 50 tourism sites**

Finance minister Nirmala Sitharaman announced that the government will develop the top 50 tourist sites in collaboration with states and extend Mudra loans to homestays. In a bid to boost tourism, she revealed plans to promote medical tourism in partnership with the private sector and place special emphasis on destinations linked to the life and times of Lord Buddha.

- **Focused scheme for footwear, leather sectors**

A focused scheme for the footwear and leather sectors, aimed at boosting domestic production and global competitiveness. Additionally, the government will take steps to establish India as a global toy manufacturing hub.

- **50,000 Atal Tinkering Labs will be set up in next five years**

Announced plans to establish 50,000 Atal Tinkering Labs over the next five years to foster scientific thinking amongst youth. She also announced plans for expanding infrastructure at five IITs, alongside implementing measures to enhance nutritional support across the country.

- **India Post transformation**

The government's plan to transform India into a major logistics hub, leveraging 1.5 lakh rural post offices. Sitharaman announced that India Post would be reshaped into a large public logistics organization, with these rural post offices playing a key role in driving the rural economy.

- **Govt to launch Rs 2 crore term loan for 5 lakh first-time women, SC, ST entrepreneurs**

Finance minister Nirmala Sitharaman announced that the government will introduce a Rs 2-crore term loan scheme for 5 lakh first-time women, SC, and ST entrepreneurs. Presenting the Union Budget for 2025-26, Sitharaman also revealed plans to launch a manufacturing mission aimed at boosting both SME and large industries.

- FM announced that the Viksit Bharat initiative encompasses:

1. Zero poverty
2. 100% quality, good school education
3. Access to quality, affordable & comprehensive healthcare
4. 100% skilled labour with meaningful employment
5. 70% women in economic activities farmers making India food basket of world

**Ajcon Global's observations and view:**

**Short term view:**

1. In our opinion it's a good budget giving impetus to increasing consumption by reducing Income tax at such a large scale in one go .

2. The markets, though slowly, but will react positively to many positives including very prudent fiscal management, in the Budget.

3. We continues to be of the opinion that at the prevailing corrected price, many of fundamentally good stocks have become attractive buying. These are the times when one should take some bold decisions going against the market trends. We continue to put our bet on beaten down PSUs, PSBs & many of the top FMCG, Auto, Chemical, Pharma, Infra, banking & financial stocks which look promising at the current levels. The PSBs space is looking very attractive at the current levels as the recently declared results by some PSBs are encouraging.

**Long term view**

1. President Trump's announcements on policy matters may not be so negative for us in long term.

2. We believe that the domestic economy though slowed down a bit, is still strongly placed as compared to the global peers.

3. The geopolitical tensions are also showing some signals of being tapering down.

4. Our faith remains in the Equity as the best asset class in the World but advice caution to the investors to be selective & remain invested in fundamentally strong companies.

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**For research related queries,**

**Contact:** Divya Makwana - Research Analyst at - research@ajcon.net

**Website:** www.ajcononline.com

**Registered and Corporate office**

408 - (4th Floor), Express Zone, "A" Wing, Cello – Sonal Realty, Near Oberoi Mall and Patel's, Western Express Highway, Goregaon (East), Mumbai – 400063. Tel: 91-22-67160400, Fax: 022-28722062