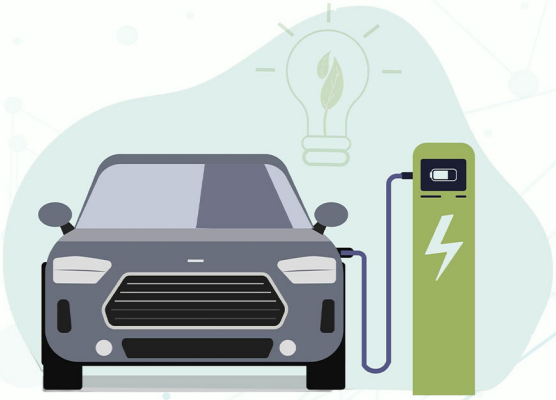
SECTORAL FUNDS TO BE WATCH OUT FOR

BASED ON BUDGET 2024

THE UNION BUDGET 2024-2025 HAS OUTLINED A ROBUST ROADMAP AIMED AT ACCELERATING ECONOMIC GROWTH AND DEVELOPMENT ACROSS VARIOUS SECTORS IN INDIA. FOR EQUITY AND MUTUAL FUND INVESTORS, CERTAIN SECTORAL FUNDS STAND OUT AS PARTICULARLY PROMISING BASED ON THE GOVERNMENT'S STRATEGIC INITIATIVES AND FOCUS AREAS. HERE ARE THE SECTORAL FUNDS TO WATCH OUT FOR:

1. SECTOR-AUTO



KEY HIGHLIGHTS:

- **INCENTIVES FOR ELECTRIC VEHICLES :**
  THE BUDGET INCLUDES INCENTIVES AND SUPPORT FOR THE PRODUCTION AND ADOPTION OF ELECTRIC VEHICLES (EVS).

- **INVESTMENT IN EV INFRASTRUCTURE :**
  INVESTMENTS AIMED AT DEVELOPING EV INFRASTRUCTURE, SUCH AS CHARGING STATIONS, ARE EMPHASISED.

THE GOVERNMENT'S PUSH TOWARDS SUSTAINABLE AND GREEN ENERGY SOLUTIONS, INCLUDING ELECTRIC VEHICLES, IS EXPECTED TO DRIVE GROWTH IN THE AUTOMOBILE SECTOR. FUNDS FOCUSED ON THE AUTO SECTOR, ESPECIALLY THOSE WITH SIGNIFICANT EXPOSURE TO EV MANUFACTURERS AND RELATED INFRASTRUCTURE, MAY WITNESS SUBSTANTIAL GROWTH.

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2. SECTOR-BANK/FIN SER



KEY HIGHLIGHTS:

- **FINANCIAL INCLUSION INITIATIVES :**
  CONTINUED EFFORTS TOWARDS FINANCIAL INCLUSION AND DIGITAL BANKING.

- **SUPPORT FOR MSMES:**
  ENHANCED CREDIT SUPPORT FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES).

ENHANCED CREDIT FLOW AND FINANCIAL INCLUSION INITIATIVES CAN POSITION THE BANKING AND FINANCIAL SERVICES SECTOR FOR SIGNIFICANT GROWTH. SECTORAL FUNDS INVESTING IN BANKS AND FINANCIAL SERVICES CAN BENEFIT FROM IMPROVED LENDING ACTIVITY AND FINANCIAL STABILITY.

3. SECTOR-ENERGY & POWER



KEY HIGHLIGHTS:

- **RENEWABLE ENERGY FOCUS:**
  CUSTOM DUTY EXEMPTIONS FOR MANUFACTURING SOLAR CELLS AND PANELS.

- **REDUCTION IN CUSTOM DUTIES:**
  REDUCED DUTIES ON CRITICAL IMPORTS TO SUPPORT THE ENERGY SECTOR.



FOCUSING ON RENEWABLE ENERGY AND ENERGY EFFICIENCY INITIATIVES CAN SET THE ENERGY SECTOR UP FOR SUBSTANTIAL GROWTH. FUNDS FOCUSING ON ENERGY AND POWER, PARTICULARLY THOSE INVESTED IN RENEWABLE ENERGY COMPANIES, ARE EXPECTED TO BENEFIT FROM THE TRANSITION TO GREENER ENERGY SOURCES.

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4. SECTOR-INFRASTRUCTURE



KEY HIGHLIGHTS:

- **INCREASED INFRASTRUCTURE SPENDING :**
  MAJOR INVESTMENTS IN INFRASTRUCTURE PROJECTS, INCLUDING ROADS, RAILWAYS, AND URBAN DEVELOPMENT.

- **DEVELOPMENT OF INDUSTRIAL PARKS :**
  ESTABLISHMENT OF INDUSTRIAL PARKS UNDER THE NATIONAL INDUSTRIAL CORRIDOR DEVELOPMENT PROGRAMME.

INFRASTRUCTURE DEVELOPMENT IS A KEY FOCUS AREA IN THE BUDGET, WHICH MAY DRIVE GROWTH IN CONSTRUCTION AND RELATED INDUSTRIES. INFRASTRUCTURE SECTORAL FUNDS ARE LIKELY TO BECOME BENEFICIARIES AS INVESTMENTS IN PUBLIC INFRASTRUCTURE PROJECTS INCREASE.

5. SECTOR-PHARMA & HEALTH



KEY HIGHLIGHTS:

- **INCREASED HEALTHCARE SPENDING :**
  HIGHER ALLOCATION FOR HEALTHCARE TO IMPROVE INFRASTRUCTURE AND ACCESSIBILITY.



- **SUPPORT FOR MEDICAL MANUFACTURING :**
  INITIATIVES TO BOOST THE MANUFACTURING OF MEDICAL DEVICES AND PHARMACEUTICALS.

THE HEALTHCARE SECTOR IS SET TO BENEFIT FROM INCREASED GOVERNMENT SPENDING AND INITIATIVES AIMED AT IMPROVING HEALTHCARE INFRASTRUCTURE. PHARMA AND HEALTH SECTORAL FUNDS ARE EXPECTED TO GAIN FROM THE EXPANDED MARKET AND ENHANCED PRODUCTION CAPABILITIES.

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6. SECTOR-TECHNOLOGY

KEY HIGHLIGHTS:

- **DIGITAL ECONOMY PUSH :**
  EXPANSION OF DIGITAL PUBLIC INFRASTRUCTURE FOR AGRICULTURE AND OTHER SECTORS.

- **SUPPORT FOR IT SERVICES :**
  CONTINUED SUPPORT FOR THE DIGITISATION OF GOVERNMENT SERVICES AND THE IT SECTOR.

THE TECHNOLOGY SECTOR STANDS TO BENEFIT FROM THE GOVERNMENT'S PUSH TOWARDS A DIGITAL ECONOMY. SECTORAL FUNDS FOCUSED ON IT AND DIGITAL SERVICES CAN WITNESS GROWTH DRIVEN BY INCREASED DEMAND FOR DIGITAL SOLUTIONS AND SERVICES.



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CONCLUSION

THE UNION BUDGET 2024-2025 HAS TRIED TO SET THE STAGE FOR SIGNIFICANT GROWTH IN VARIOUS SECTORS OF THE INDIAN ECONOMY. INVESTORS MAY CONSIDER SECTORAL FUNDS IN THE AUTO, BANKING AND FINANCIAL SERVICES, ENERGY AND POWER, INFRASTRUCTURE, PHARMA AND HEALTH, AND TECHNOLOGY SECTORS. THESE FUNDS CAN BE POISED TO CAPITALIZE ON THE GOVERNMENT'S STRATEGIC INITIATIVES AND INVESTMENTS, OFFERING PROMISING OPPORTUNITIES FOR GROWTH AND RETURNS.

INVESTING IN THESE SECTORAL FUNDS CAN PROVIDE EXPOSURE TO INDUSTRIES THAT ARE EXPECTED TO THRIVE UNDER THE CURRENT ECONOMIC POLICIES AND BUDGETARY SUPPORT, MAKING THEM A KEY CONSIDERATION FOR INVESTORS LOOKING TO ENHANCE THEIR PORTFOLIOS BASED ON THE LATEST BUDGET.

DISCLAIMER: THE VIEWS EXPRESSED IN THIS ARTICLE ARE BASED ON THE ANALYSIS OF THE UNION BUDGET 2024-2025 AND ITS POTENTIAL IMPACT ON VARIOUS SECTORS. INVESTMENT IN SECTORAL AND THEMATIC FUNDS INVOLVES HIGHER RISKS, AND IT IS ESSENTIAL TO CONDUCT THOROUGH RESEARCH AND CONSIDER YOUR FINANCIAL GOALS AND RISK TOLERANCE BEFORE MAKING INVESTMENT DECISIONS. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS, AND THE INFORMATION PROVIDED SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE. THE AUTHOR AND PUBLISHER ARE NOT RESPONSIBLE FOR ANY LOSSES OR DAMAGES ARISING FROM THE USE OF THIS INFORMATION. MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS. PLEASE READ THE SCHEME RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

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