

# 'Kumbhonomics likely to boost GDP by over 1%

**Pankaj Gandhi Jaiswal**

The largest congregation of mankind also has mammoth economic implications. According to various estimates, the Maha Kumbh is anticipated to generate over Rs 4 lakh crore in trade, delivering a significant boost to India's economy.

A govt agency recently released the first advance estimate of GDP for the current fiscal year, projecting real GDP growth at 6.4%. However, based on current market values, nominal GDP is expected to grow by 9.7%, marking a significant improvement from the previous year. In 2023-24, nominal GDP stood at Rs 295.36 lakh crore, while for 2024-25, it is estimated at Rs 324.11 lakh crore — an increase of Rs 28.75 lakh crore.

The lower growth rate in real terms is partially attributed to a low base effect. In 2022-23, real GDP was Rs 160.71 lakh crore, which grew to Rs 173.82 lakh crore in 2023-24. This low base amplifies percentage growth but moderates the trajectory for subsequent years. Nonetheless, both nominal and real GDP figures indicate positive growth trend.

India need not be overly concerned with these figures, as its economy is deeply rooted in cultural and festive traditions, driven by the principles of Sanatan economics. Unlike Western economic models India's cultural and religious festivals such



as local haats, melas, and the Kumbh Mela continuously rejuvenate economic activities. Historically, mobile fairs and markets have been pivotal in driving India's economic growth by integrating commerce, spirituality, and social interactions.

Maha Kumbh attracts millions of participants and generates substantial economic activity. This year's Maha Kumbh is expected to boost both nominal and real GDP by over 1%. According to estimates from the Uttar Pradesh govt, approximately

## BY INVITATION

40 crore visitors, both domestic and international, are expected to attend the event.

Uttar Pradesh Chief Minister Yogi Adityanath projected that the Kumbh would generate Rs 2 lakh crore in trade if each of 40 crore visitors spends an average of Rs 5,000. However, considering the varied spending patterns of domestic and international visitors, the average expenditure could rise to Rs 10,000 per person. Based on this estimate, the total economic impact could reach Rs 4.5 lakh crore. Even with a 10% adjustment for estimation risks, the Kumbh's contribution of Rs 4 lakh crore to the economy remains extraordinary.

This expenditure represents additional, unplanned

spending expected to occur between Jan and Feb. It is poised to increase GDP figures by over 1% on both nominal and real scales, strengthening not only quarterly growth numbers but also annual national GDP.

According to CM's advisor Awanish Awasthi, the govt's investment in Maha Kumbh Mela, estimated at Rs 16,000 crore. This investment is expected to yield manifold returns. GST collection alone on the Rs 4 lakh crore expenditure could amount to Rs 50,000 crore. Including income tax and other indirect taxes, the govt's total revenue could exceed Rs 1 lakh crore. This highlights an impressive return on investment, underscoring the Maha Kumbh's role as a powerful catalyst for economic revival.

While traditional GDP data may not fully capture the cultural and economic significance of Maha Kumbh, its impact will become evident in the upcoming quarter. The Maha Kumbh is set to not only boost economic growth but also lay the foundation for cultural and social rejuvenation. As these effects unfold, the stock market and broader economy are likely to reflect this 'prasad' of economic prosperity, establishing the Kumbh Mela as a cornerstone of India's unique economic framework.

*(Writer is a Mumbai-based chartered accountant, economist & chairman of UPDF. Views expressed here are his own)*