



## A study on the beneficial economic effects of festivals on the Indian economy

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### Abstract

According to Rajya Sabha, India is a nation with a variety of cultures and religions. There are 17 national holidays among the 51 festivals that are celebrated there each year. Ganesh Chaturthi was already observed in this month, September, and the festival season has already begun. All these festivals boost consumption and serve as a leading indicator for the coming year, India's festival season from September to November has a significant impact on the economy. Consumers should indulge in, and companies ought to take advantage of the opportunity to boost sales by directing greater numbers of customers in the right direction in pursuit of significant and alluring discounts and promotional offers. Small-scale industries, which are dependent on festivals in both the primary and secondary sectors, are boosted by festivals and assist in stimulating the growth of indigenous production temporarily. People spend plenty of money on gifts, sweets, decorations, and other celebration-related things during the festival, which is also a significant economic event and supports local companies. The purpose of this research is to study the economic advantages of Indian festivals and how they relate to Indian culture. Due to increased consumer demand, many economists believe the festival season to be beneficial to the economy.

**Keywords:** Business, consumption, cultures, festival season, gifts, religions, sweets

### Introduction

All the Festivals are crucial because they encourage us to get away from our normal lives. They allow us to get away from the daily stresses and worries related to our food, shelter, and money. Indian culture lays a lot of emphasis on festivals, which serve as a platform for communicating our beliefs and feelings. despite the fact that every town has its unique celebrations. Festivals are an excellent way to bring people from a variety of cultures, beliefs, and origins together to celebrate in a way that encourages harmony, unity, and togetherness.

From the beginning of time, when they were celebrated for plenty of reasons, including honoring ancestors or during the time of harvest, Indian festivals have played an important part in our lives. And now that India is an expanding marketplace for small-to-medium-sized businesses, these celebrations are offering them with opportunity to generate additional revenue while creating jobs. One of the most famous Indian festivals Diwali and Dasara, is observed from October to November each year and employs over 4 to 5 million people in this industry. Also, there are tasks like producing lotus lamps that call for intricate artistry and can only be performed by highly skilled

artisans. Nearly 35–40% of traditional namkeen, laddoose, and sweets, sales occur during the festival season, which makes it an excellent opportunity for businesses to "up" their sales. The need for at-home snacks increases as the festive season, begins with Rakhi and lasts until Diwali. This allows us to take full advantage of the occasion and boost our sales. Also, it has been noted that during major festivals like Diwali, Navratri, Eid, etc., there is a significant rise in demand for a wide range of products such as idols, decorations, jewelry, and home artifacts, among other items, which stimulates SME players to increase production. When it relates to festivals, traditional women's clothing is currently being replaced with high-end designer attire. They also pay artists to create designs for them that are in line with the latest fashion. On religious celebrations like Eid, Dasara, and Diwali, several parents purchase new clothing for themselves and their kids, which calls for tailoring services provided by small enterprises that would otherwise go jobless at this time of year because of a lack of demand. The notable, "Make in India" program was launched by the Indian government as a means of encouraging entrepreneurship by making it simpler for startups to comply with regulations, cutting down on bureaucracy, and

providing better tax advantages. Young Indians now have a greater choice of careers thanks to more entrepreneurs who are prepared to take on risky ventures without worrying about facing consequences. Leading e-commerce sites like Amazon and Flipkart have also launched a number of programs to help regional shops and karigars (craftspeople) during festivals and encourage shoppers to support the economy of their region.

### **Review of literature**

Numerous local governments have experienced budget cuts as a result of the recent economic slump. Since communities still rely on the programs that have been reduced, these cuts have forced painful decisions. Community festivals are one method many towns have chosen to bolster the budget (Carter & Zieren, 2012).

Chelsea Mae Tolle University of Northern Iowa, 2013, They studied on The economic impacts of annual community festivals: A case of the Sturgis Falls Celebration. This research looks into the spending habits and economic effects of Sturgis Falls Celebration tourists to Cedar Falls, Iowa. It was discussed how to enhance festival tourism in the following ways: Three factors affect the economy of Black Hawk and neighboring counties: (1) travel reasons and satisfaction; (2) purchasing habits; and (3) the effects of visitors to the Sturgis Falls Celebration.

Getz (2012) claims that scientists are unable to pinpoint the cause of the dramatic rise in the popularity of festivals and other special events. The prevailing theory holds that many cultures are now multicultural and have the chance to improve the lives of many people who reside in that particular country. The urban way of life is also expanding in population, which can add to a person's stress levels. The opportunity to gather and exchange identities and locations of significance among society members may be offered via special events and festivals. These events might potentially bring in more money for the host town if properly managed. The present research attempts to emphasize the importance of an Indian festival to cultural and economic well-being. • Sanjay Singh Gour (August 2015), researches Indian festivals: and the contribution they bring to cultural and economic well-being. Design, methodology, and approach: To examine the effects of the Ganesh Chaturthi festival, which is yearly observed over a two-week period across the nation, this study takes a qualitative approach. Findings - The study demonstrates that the Ganesh Chaturthi holiday improves racial cohesion, community peace, family values preservation, aids in maintaining national identity, revitalizes the economy, and encourages cultural tourism. Research limitations/implications: This study offers practical advice to policymakers, local authorities, corporations, and community leaders on how to get the most out of the annual Ganapati celebration. Value and originality - The Indian economy is growing quickly, yet.

The IMI Economics Club On October 1, 2017, New Delhi Even if India's economy is weak and its GDP fell in the most recent quarter, Indian festivities will help the country's economy. The e-commerce industry is one that benefits greatly from the holiday season.

### **Objectives**

1. Study the Indians' connection to festivals

2. Examine the economic advantages of Indian festivals.

### **Methodology**

In order to gather secondary data for this study, a variety of magazines, newspapers, reports, research papers, and articles were used.

### **Indians' connection to festivals**

The most ancient customs and rituals that our people use to honor our powerful deities and goddesses are festivals. In real life, these festivities serve just as symbols of joy and harmony. India is a multicultural nation where different religions and civilizations coexist side by side. This is why the world should look to our Festivals as a singular example of harmony that they can all emulate.

In India, festivals are significantly bigger than practically any other event. These are the highlights of the year in our opinion, so we are looking forward to them. Everyone, regardless of their age or financial situation, finds a way to have fun with their families. To celebrate their joy, family and friends get together. Festivities are important in every aspect of life. They provide a means of unwinding and refreshing our minds as well as assisting in lowering tension brought on by the daily grind. Festivities produce enduring experiences. Diwali, Holi, Rakhi, Navaratri, Guru Purnima, Khubh Mela, Shivratri, Ganesh Chaturthi, Pongal, Onam, and other celebrations are among India's major festivals. Being a multicultural nation, India celebrated each of these festivals with great fervor and in-depth experiences. Even tourists from other countries travel to India, particularly during the festival seasons. Every event is celebrated in its own unique way and has a distinct history and significance.

All Indian Festivals make India a single entity. It is the beauty of diversified unity in India, that no other country in the world can display this type of unity. The Festivals are the social glues that keep different communities together despite the social differences and make India stronger in all. This is the beauty of our country that we have been carrying from one generation to the other for ages. Festivals isolate the relevant market forces & attitudes among consumers, giving the economy an opportunity for fresh air.

### **The economic advantages of Indian festivals**

An entire country where major, expensive choices are affected by religion as a result of Indians' adherence to traditional beliefs and practices. Retailers and other vendors provide different incentives, such as discounts and freebies, to attract more customers in order to maximize the impact of these events. The economy and society both benefit from the sense of community that festivals foster, serving as stimulants for the workings of the marketplace. Festivals have a positive economic impact by bringing in tourists, which boosts the development of the tourism industry and other companies in a town or area. Festivals provide substantial social advantages as well, but they are less obvious. It's reasonable to argue that festivals encourage a sense of communal pride, educate people, and deepen bonds. One of the fastest-growing segments of the tourist industry is the tourism of events, fairs, and festivals. It is gaining popularity as a method of reviving local economies in rural regions. For the time being, let's ignore lengthy political arguments and just concentrate on the festivals'

direct economic effects.

Festivals can help our country's economy and raise the profile of our domestic talent. They also bring in tourists from outside of the region, strengthening tourism in our city or town and increasing revenue for surrounding hotels and restaurants. As an outcome of customers discussing their experiences on social media and word-of-mouth advertising for our neighborhood company, it additionally helps us. The attention that comes from publicity is priceless for our neighborhood businesses. The amount of times a rupee "changes hands" before leaving society as a whole, or the speed at which money moves in financial terms. However, it needs to be noted that the tourist sector has a considerable impact on both local and national economies. This is due to the fact that many different company sectors are affected, and the event may have an effect on payroll earnings and employment. The wages salaries and employment incomes could have an effect on taxes for the federal, state, and municipal governments.

Dasara and Diwali are perhaps the largest demand-generating events in India when sales of textiles, cars, consumer goods, jewelry, electronics, real estate, gifts, and food suddenly increase. Diwali contributes to the typical Indian consumer's purchasing capacity by 20%, according to ASSOCHAM research conducted in 2017 and 2022. It makes sense given that 52% of annual sales of garment goods occur at this time of year. Companies that sell FMCG products and white goods aren't far behind either. During the actual holiday of Diwali, each of these industries accounts for 35% of all annual sales. These figures are what motivate online retailers like Amazon, Flipkart, and Meesho, among others, to promote their goods through alluring events like Big Billion Days and Great Indian Festivals.

This year's major e-commerce giants sold goods worth Rs 24,500 crore in the first four days of their festive sales. A total revenue of about Rs 80,000 crores is anticipated from the transaction. About 40 lakh families saw a considerable rise in their yearly income in 2021, thanks in large part to Diwali. According to reasonable estimates, these families made at least Rs 55,000 crores (CAIT research), which Chinese enterprises lost as a result of Indian consumers' boycotting them. Indians spent more than 1.25 lakh crore on merchandise at the festive market, according to the Confederation of All India Traders' survey. The reported sales in India were the greatest in the previous 10 years because people were so excited to help the country's economy. To put it mildly, predictions for this year are likewise promising. This year's Diwali sales are predicted by CAIT to increase by 60%.

FMCG items had a 12% increase in sales during Navratri. A 15 percent increase in consumer durable sales was also seen this year. Electronics and toys had an increase of approximately 20%, while cell phones and food saw a rise of about 10%. The prominence of Durga Puja as a celebration throughout India, it seems, is what caused the rise around that time. According to ASSOCHAM's 2017 and 2022 study, Durga Pooja helped the Indian economy in 2017, according to an estimate of about Rs 40,000 crore.

The Sanatan celebration of Onam offers a chance for individuals to unwind and take a mental break. The growing

money the government receives from the sale of alcoholic beverages illustrates this. The Vijayan administration increased their revenue from alcohol taxes by Rs 750 crore in 2021.

When it comes to essential festive items, Keralans purchased approximately 80 lakh kg of milk in only 4 days. This is interesting to take into account that 40% of overall demand creation was caused by sales solely on Thiruvonam day. Demand increased Yearly by 6.64 percent and 11.85 percent for both overall demand and demand on Thiruvonam day. In addition, the sales of curd and other dairy products increased dramatically each year.

In India, Ganesh Chaturthi is celebrated in September, mostly in Maharashtra and the nearby regions. The festival reportedly generates commerce of Rs 20,000 crores, according to an earlier ASSOCHAM estimate. Contrary to common opinion, it was discovered that Hyderabad, the city of Owaisi, generated 25% of this enormous figure. More than twenty crore Ganesh idols were reportedly sold last year, according to CAIT. Though not only idols. Every minute of the festival saw a noticeable spike in demand. Pandal decorators saw a 38% rise in demand, while Pandit ji saw a 50% increase in demand. In addition to idol sales, Pandit Ji's, home decorators, flower vendors, and ornament designers also saw substantial rises in sales around Ganesh Chaturthi. Bhakts prefer to wrap the statue of Bhagwan Ganesh with gold, silver, and other pricey items. It has been noted that more than 20,000 households get jobs annually during the 10-day event. A positive cycle in the economy is sparked by rising employment, and increasing demand-side pressure.

Every young person in the world celebrates Raksha Bandhan with great joy. Since no state can claim that it is primarily celebrated in its own geography, the event is a spectacular celebration of India's variety and togetherness. In India, more than 50 crore Rakhis are sold, from Kashmir to Kanyakumari. A major driver of dopamine-fueled spending, in addition to the selling of rakhis, is the sale of sweets during the Raksha Bandhan holiday. Each year, the sweets sector alone produced revenues of around Rs 10,000 crore.

The two festivals of Pongal and Makar Sankranti both have a little economic impact. These are observed near the conclusion of the growing season when farmers are at the height of their purchasing power. India still relies heavily on agriculture, 58% of its economy. As a result of the enthusiasm that these two holidays provide, Indians have spent more than Rs 4 lakh crore.

In India, the economic impact of Holi exceeded Rs 20,000 crore. In fact, it wouldn't be incorrect to argue that this year's Holi gave the Indian economy a significant boost.

The unorganized economy in India is greatly boosted by all of the festivals, which also create a ton of job chances for small- to medium-sized businesses and workers in the conventional industrial sector with poor skills. The main e-commerce rivals in India, Amazon and Flipkart, squared off against one another last year. Flipkart asserted that over the festival season, their sales had doubled compared to the prior year, while Amazon declined to comment on its total sales but noted a 150% rise in smartphone sales and a 3.7 times sales rate for major appliances.

## Conclusion

Positive consequences of the festivals include promoting the locals' rich cultural history, marketing the city, bringing in more tourists, giving the locals more possibilities for cultural enjoyment, and generally improving their quality of life. When it comes to sales during Diwali, gadgets, cars, and clothes account for the lion's share of sales across the nation. An astounding 52 percent of fashion goods are sold, and each person spends an extra 20 percent for other celebration-related activities. It is the time of year when all small companies anticipate seeing their highest levels of sales and earnings. Given that this is a time for gatherings and festivities, Indians tend to purchase a lot during this season. Retailers in India experience both enthusiasm and worry throughout the holiday season. On the one hand, it is the golden age, the time when people have the best chance to boost their earnings. But it's also the period when their customer service, IT platforms, and supply chain will be tested.

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