

Top Story 1

Indian economy and the financial system remain strong and stable

The Indian economy and the financial system remain strong and stable underpinned by sound macroeconomic fundamentals, healthy balance sheets of banks and non-banks and low volatility in financial markets despite some worries about global spillovers, according to the Financial Stability Report (FSR). In his foreword to the report, RBI Governor Sanjay Malhotra said that prospects for the Indian economy are expected to improve after the slowdown in the pace of economic activity in the first half of 2024-25. This is notwithstanding the uncertainties shrouding the global macrofinancial environment as it unfolds. Malhotra said consumer and business confidence for the year ahead remain high and the investment scenario is brighter as corporations step into 2025 with robust balance sheets and high profitability.

Top Story 2

India's Economy, Banks In Robust Health: RBI

The Indian economy and the domestic financial system are underpinned by strong macroeconomic fundamentals, and healthy balance sheets of banks and non-banks with returns on assets at decadal highs, according to the RBI financial stability report released recently. "The Indian economy is exhibiting steady growth, underpinned by solid macroeconomic fundamentals and strong domestic growth drivers," the report states. The soundness of scheduled commercial banks (SCBs) has been bolstered by strong profitability, declining non-performing assets and adequate capital and liquidity buffers. Return on assets (RoA) and return on equity (RoE) are at decadal highs while the gross non-performing asset (GNPA) ratio has fallen to a multi-year low, the report states.

Finance: -

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Investment: -

India, UAE Bilateral Investment Treaty Came Into Effect

The Bilateral Investment Treaty (BIT) between India and the United Arab Emirates (UAE), signed on February 2024, in Abu Dhabi, has officially come into effect as of August 2024. This treaty ensures continued investment protection for investors in both nations, replacing the earlier Bilateral Investment Promotion and Protection Agreement (BIPPA), which was signed in December 2013 and is set to expire on September 2024. The UAE holds a prominent position as India's seventh-largest foreign direct investor, contributing approximately 3% of India's total Foreign Direct Investment (FDI) inflows. Between April 2000 and June 2024, the UAE's cumulative investment in India stood at around USD 19 billion. Conversely, India has made significant investments in the UAE, totaling USD 15.26 billion during the same period. This accounts for 5% of India's total Overseas Direct Investments.

Economy: -

Economy exhibiting resilience, to grow at 6.6% in FY25: RBI

The Indian economy is exhibiting resilience and stability and the gross domestic product (GDP) is projected to grow at 6.6 per cent in 2024-25, a RBI report said recently. It attributed the positive sentiment to revival in rural consumption, a pickup in government consumption and investment, and strong services exports. The Reserve Bank has released the December 2024 issue of the Financial Stability Report (FSR), which reflects the collective assessment of the Sub-Committee of the Financial Stability and Development Council (FSDC) on the resilience of the Indian financial system and risks to financial stability.

Digitalization: -

Digital wallet payments can now be made using any UPI app

The Reserve Bank of India (RBI) has now allowed users to pay from their digital wallets using any UPI-enabled app, as long as the wallet has also completed full KYC (Know Your Customer) verification. It means that users will no longer be restricted to a single app for making transactions. "A PPI issuer shall enable holders of only its full-KYC PPIs to make UPI payments by linking its customer PPIs to its UPI handle. UPI transactions from PPI on the issuer's application shall be authenticated using the customer's existing PPI credentials. Such a transaction will, thus, be pre-approved before it reaches the UPI system. A PPI issuer, in its capacity as a PSP, shall not on-board customers of any bank or any other PPI issuer," according to an RBI notification dated December 2024.

Currency	Rate (Rs)	Change	Index	Change	
USDINR	84.353	0.037	NIFTY 50	24,199.35	-284.7
EURINR	91	0.296	BSE Sensex	79,541.79	-836.34
GBPINR	108.911	0.316			
JPYINR	54.7719	0.2543			