

Top Story 1

Economic prospects to improve in 2025: RBI governor

Even as the medium-term outlook for the global economy remains challenging, the prospects for the Indian economy are expected to improve driven by high consumer and business confidence, said the new Reserve Bank of India (RBI) governor in the foreword to the Financial Stability Report. After witnessing a slowdown in the first half of the current financial year, the Indian economy is expected to pick up pace in the second half, noted the report released recently. “Notwithstanding the uncertainties shrouding the global macro-financial ethos as it unfolds, 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,” 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,” said , who took over as 26th Governor earlier this month.

Top Story 2

India's Next Big Export: UPI Set To Lead Global Digital Payments Revolution

The Unified Payments Interface (UPI) platform has achieved remarkable success over the years, shattering records across India. Prime Minister Narendra Modi's drive to promote a cashless economy has proven to be one of the most transformative and strategic initiatives of his tenure, significantly reshaping India's financial landscape. This revolution has been fuelled by a combination of efforts emphasizing digital infrastructure, financial inclusion, and enhanced internet connectivity, fundamentally changing how Indians conduct transactions and expanding the user base. The UPI has revolutionised digital transactions and banking in India. Let's look at some numbers first: In 2024, UPI is estimated to have crossed 171 billion transactions, marking a 45 per cent increase from last year, when the platform recorded 117 billion transactions.

Finance: -

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). 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. The report (which is a half-yearly publication, with contributions from all financial sector regulators) emphasised that despite recent deceleration in real GDP growth (year-on-year) to 6 per cent in H1 (April-September) FY25 from 8.2 per cent and 8.1 per cent growth recorded during H1 and H2 (October-March) of FY24, respectively, structural growth drivers remain intact.

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.

Banking: -

Reserve Bank of India opens UPI access for PPIs through third-party apps

The Reserve Bank of India (RBI) has enabled prepaid payment instruments (PPIs) to make unified payment interface (UPI) transactions via third-party mobile applications. PPIs are financial tools that allow users to store funds for future transactions on cards or digital wallets. This marks a departure from the existing system, where UPI payments linked to PPIs could only be executed using the mobile application of the PPI issuer. This was first outlined in RBI's statement on Development and Regulatory Policies released in April 2024, stating that users of full-KYC-compliant PPIs can use any third-party app's interface to transfer and receive money in their wallets. PPI issuers are now permitted to facilitate the discovery of their full-KYC PPIs on third-party UPI mobile applications. These third-party applications will enable PPIs to be linked to their payment service provider (PSP) handles.

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-KYCPPIs 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	85.609	0.131	NIFTY 50	23,598.50	-46.4
EURINR	89	0.119	BSE Sensex	78,039.81	-208.32
GBPINR	107.459	0.168			
JPYINR	0.5481	0.0032			