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Indian economy moving towards 8% growth on sustained basis: RBI governor Das

The Indian economy is at the threshold of a major structural shift, moving towards an 8% growth rate on a sustained basis, Reserve bank of India governor Shaktikanta Das said, warning that that any wrong monetary policy move could hurt growth. In a speech at the Annual General Meeting of the Bombay Chamber of Commerce on Tuesday, Das defended the monetary policy committee's decision to keep the 4% inflation target and reasoned why the MPC cannot afford to make any policy error with respect to inflation. The MPC earlier this month kept the policy interest rate unchanged at 6.5% for the eighth consecutive time, citing inflationary concerns. "We have to navigate the path of inflation with a clear and unambiguous focus and commitment to bring down inflation. There cannot be any distraction at this stage.

TOP 2

Improving financial stability

The Reserve Bank of India's (RBI) Financial Stability Report (FSR), released last week, paints a broadly positive picture of the country's financial system. The report indicates that various indicators of financial risk have declined, reflecting a stable and robust system poised to support economic growth. Notably, the gross ratio of non-performing assets in the banking sector has hit a multi-year low of 2.8 percent and is expected to decline further. This trend suggests that banks are healthier and better positioned to lend. However, the FSR also highlights areas that need vigilant monitoring by the regulator to preempt future risks. These include potential vulnerabilities in global financial markets, domestic economic conditions, and sector-specific challenges. By addressing these risks proactively, the RBI aims to maintain financial stability and ensure the system remains resilient in the face of evolving economic landscapes.

Banking

RBI Inks Pact to Link UPI with Four ASEAN Countries for Retail Payments

The Reserve Bank of India (RBI) announced on Monday a collaboration with the Bank for International Settlements (BIS) and the central banks of four ASEAN (Association of Southeast Asian Nations) countries to work on Project Nexus. This platform aims to facilitate instantaneous cross-border retail payments. Nexus, conceptualized by the Innovation Hub of BIS, seeks to connect the Fast Payment Systems (FPS) of four ASEAN countries—Malaysia, Philippines, Singapore, and Thailand—with India. These countries will be the founding members and first movers of this platform. "Reserve Bank of India has been collaborating bilaterally with various countries to link India's Fast Payments System (FPS) – the Unified Payments Interface (UPI), with their respective FPSs for cross-border Person to Person (P2P) and Person to Merchant (P2M) payments. While India and its partner countries can continue to benefit through such bilateral connectivity of Fast Payment Systems, a multilateral approach will provide further impetus to our efforts in expanding the international reach of Indian payment systems," said the RBI.

Taxation

India Announces Tax Relief Measures to Boost Economic Resilience.

India unveiled a series of tax relief measures today aimed at bolstering economic resilience and providing relief to individuals and businesses grappling with the aftermath of the pandemic. In a significant move, the government has announced an extension of various tax compliance deadlines, providing much-needed relief to taxpayers amid ongoing economic uncertainties. This includes extensions for filing income tax returns, as well as deadlines for tax audits and assessments, easing the compliance burden on taxpayers. The government has introduced measures to simplify the tax filing process and enhance digital infrastructure to facilitate smoother tax administration. These initiatives are part of India's broader strategy to support economic recovery by reducing administrative hurdles and promoting ease of doing business. The tax relief measures come amidst efforts to revive economic growth and stimulate consumption, particularly in sectors hit hardest by the pandemic. Analysts anticipate that these steps will provide a positive stimulus to the economy, encouraging investment and boosting consumer sentiment in the upcoming fiscal year.

Economy

India's Economic Surge: FY24 Ends with Robust 8.2% Growth

India's economy showed impressive growth in the last quarter of FY24, with a real GDP growth rate of 7.8% year-over-year (YoY), exceeding market expectations of 6.7% and well above the 6.4% predicted in the second advance estimate (SAE). This robust performance resulted in an overall GDP growth of 8.2% for the entire fiscal year, up from 7% in FY23, marking the third consecutive year of growth exceeding 7%. The surprising upswing in the last quarter was driven by stronger-than-expected private consumption and export performance. For the entire year, the main growth engine was investment expansion, although both private and public consumption growth saw some slowdown. When broken down by economic activity, Gross Value Added (GVA) growth stood at 6.3% for Q4 and 7.2% for FY24, bolstered by significant gains in manufacturing and construction sectors, alongside resilience in the services sector. However, agriculture growth remained subdued.

Digitalization

UPI transactions surge 49 per cent YoY at 13.89 billion

The Unified Payments Interface (UPI)-based transactions reached 13.89 billion in June, surging 49 per cent on a year-on-year (YoY) basis, data by the National Payments Corporation of India (NPCI) showed Recently. The transaction volume in June stood at Rs 20.07 lakh crore, 1.9 per cent lower than Rs 20.45 lakh crore in May. On a YoY basis, the transaction volume surged 36 per cent. The average daily transaction amount reached Rs 66,903 crore while the average daily transaction count was at 463 million in June. The UPI numbers in the month of May were the highest in terms of value and volume since the UPI came into existence in 2016. In June, the Immediate Payment Service (IMPS) transaction volume was down by 7 per cent in June at 517 million, as compared to 558 million in May.

Currency	Rate (Rs)	Change	Index	Change	
USDINR	83.524	0.063	NIFTY 50	24,135.20	-8.60
EURINR	89.648	0.009	BSE Sensex	79,432.88	-43.30
GBPINR	105.56	-0.014			
JPYINR	51.66	-0.007			