

Top Story 1

Indian economy in goldilocks phase

The Indian economy is in a goldilocks phase with strong growth and manageable macro stability risks, as reported on Monday, adding that the economy is likely to grow by 7% this fiscal year. Mapping India's Growth Path, the Chief India Economist, said India is likely to maintain a potential growth of 6.5-7% year on year between FY26-30. India's potential growth could benefit from digitalisation adoption, increased services exports and manufacturing push and implementation of hard reforms will take the potential growth rate even higher than 7%. While political stability should help ensure continuity in policy agenda, we see risk of populist bias in the third term (targeted towards lower- income strata) and change in economic policy dynamics with tougher reforms getting pushed further out," she said. We continue to expect a government push towards supply-side reforms including boost to manufacturing, labour law implementation, skill development and creating employment opportunities.

<https://www.businesstoday.in/india/story/indian-economy-in-goldilocks-phase-says-ubs-securities-432759-2024-06-10>

Top Story 2

India may sustain 6.5-7% GDP growth

India is expected to sustain a potential growth rate of 6.5 per cent -7 per cent year-on-year (Y-o-Y) between 2025-26 and 2029-30, as reported recently. During FY25, India is expected to grow at 7 per cent as post-pandemic recovery in the capital expenditure (capex) cycle, driven by government spending and strong residential real estate demand is likely to continue, he said. In the recent review of the monetary policy, the Reserve Bank of India revised its FY25 gross domestic product (GDP) forecast to 7.2 per cent from 7 per cent projected recently. Corporate capital expenditure recovery is expected to pick up now that elections are over, with visible data impacts from FY26, it said. Household consumption growth is projected to rise to 5 per cent Y-o-Y in FY25, driven by premium and rural segments, though urban mass-market demand will remain modest, she said. Exports are expected to improve slightly due to global goods import recovery and increased services exports.

https://www.business-standard.com/economy/news/india-may-sustain-6-5-7-gdp-growth-between-fy26-fy30-says-ubs-124061000828_1.html

Digitization

Emerging technologies set to propel India's economic transformation

While India is working towards achieving 'Viksit' status by 2047, the nation's economy stands on the brink of a significant transformation. However, amidst this journey, various global developments are poised to reshape the economic landscape, presenting both challenges and opportunities for India. Per the latest edition of EY Economy Watch, emerging technologies, climate challenges, de-globalization, and de-dollarization are key global trends that must be accounted for by India in its pursuit of becoming a developed nation. The advent of new technologies, notably generative AI (GenAI), has a potential to enhance productivity and output. According to the EY report, GenAI could potentially boost India's GDP by an estimated US\$359-438 billion by FY30. "India must navigate these technological shifts with suitable policy interventions to ensure a net positive impact on employment while driving overall GDP growth. Striking this balance will require strategic policy support that mitigates job displacement.

<https://www.financialexpress.com/business/industry-genai-for-growth-emerging-technologies-set-to-propel-indias-economic-transformation-says-ey-report-3521191/>

Economy

India to continue transformation towards becoming 3rd largest economy

In the astute leadership of Honorable Prime Minister Narendra Modi, the country would continue its economic transformation and emerge among the top three in the world. Building upon a strong growth rate of 8.2 per cent for 2023-24, the new government under his visionary leadership can usher in the next phase of reforms to make the most of the global opportunities and build on the robust fundamentals of the Indian economy,” he said. India is forecast to surpass Japan to become the world's fourth-largest economy in the near future. The government recently said India is expected to overtake Japan and Germany to emerge as the world's third-largest economy by 2027. This is a pivotal moment for India, and Indian industry is keen to work with the incoming government to further accelerate the developmental journey of the nation, he noted.

<https://www.zeebiz.com/india/news-india-to-continue-transformation-under-pm-modi-towards-becoming-3rd-largest-economy-cii-295173>

Banking

Rupee remains stable, volatility expectations drop as RBI maintains grip

The Indian rupee was nearly flat, with everyone expecting the currency to largely move sideways as the Reserve Bank of India continued to hurdle sharp declines that also helped cool near-term volatility expectations. The rupee was at 83.4975 against the US dollar as of 09:50 a.m. IST, barely changed from its previous close at 83.5050. The rupee remained in a narrow band on Monday, with likely intervention from the RBI limiting weakness in the currency. The central bank's interventions have also helped drive down the dollar-rupee pair's near-term volatility expectations. The 1-month implied volatility has declined to 2.20 per cent, down from a 6-month peak of 3.35 per cent at the end of May in the lead-up to India's national election outcome recently. Don't think the rupee will move "much below 83.50" as dollar sale offers from state-run banks, likely on behalf of RBI, continued to linger.

https://www.business-standard.com/finance/news/rupee-remains-stable-volatility-expectations-drop-as-rbi-maintains-grip-124061100190_1.html

Finance

India's forex reserves jump by \$1.634 billion

India's forex reserves jumped \$1.634 billion to \$618.937 billion for the week ended January 12, the Reserve Bank of India (RBI). In the previous reporting week, the overall reserves had declined sharply by \$5.89 billion to \$617.3 billion. The country's forex kitty had reached an all-time high of \$645 billion. The reserves took a hit as the central bank deployed the kitty to defend the rupee amid pressures caused majorly by global developments since last year. For the week ended recently, the foreign currency assets -- a major component of the reserves -- increased \$1.859 billion to \$548.508 billion, the data said. Expressed in dollar terms, the foreign currency assets include the effect of appreciation or depreciation of non-US units like the euro, pound, and yen held in the foreign exchange reserves.

<https://www.livemint.com/economy/indias-forex-reserves-jump-by-1-634-billion-rbi-11705682227312.html>

Currency	Rate(Rs.)	Change	Index	Change	
USDINR	83.54	0.023	NIFTY 50	23,351.80	92.6
EURINR	89.931	0.0205	BSE Index	76,724.30	234.22
GBPINR	106.253	-0.072			
JPYINR	53.09	-0.0768			