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UPI to be expanded in 20 countries by RBI.

India's Unified Payments Interface (UPI) is set to embark on a global journey. Today, UPI systems have a presence in France, Sri Lanka, Singapore, the UAE, Bhutan, Nepal, and Mauritius, among others. The Reserve Bank of India (RBI) now has ambitious plans to expand UPI's reach to over 20 countries by the financial year 2028-29. The move signifies India's growing influence in the global fintech space and its potential to redefine cross-border payments. Why RBI has this plan, and how the expansion of UPI will benefit Indians? We try to answer these questions in this article. Most of you use UPI. Before discussing the expansion plan, we want to give you some technical details. UPI is a real-time, interbank mobile payment system that facilitates instant money transfers between bank accounts using a single mobile application. It eliminates the need for complex bank account details and relies on a Virtual Payment Address (VPA) for user identification. With this background, let us look at RBI's plan. The RBI and NPCI International Payments (NIPL) have plans to expand the UPI to 20 countries by FY29. As per the report, this initiative has been taken to increase UPI and RuPay's global reach. The central bank with NPCI International Payments Ltd. (NIPL) will work towards taking UPI to 20 countries with an initiation timeline of 2024-25 and a completion timeline of 2028-29.

Top 2

India will need to step up growth rate to become \$10 trn economy

India has set itself an ambitious target of becoming a \$10 trillion economy and grabbing the slot of the third-largest economy by 2030, an official said, in his speech, "Developing Human Capital for a Growing India," at its annual general meeting. He pointed out that the ambitious goal will require the nation to step up its growth rate from a historical average of around 7 per cent compound annual growth rate (CAGR) over the last decade to over 8 per cent. he said, "We have momentum on our side. We have been one of the fastest-growing large economies in the world over the last decade," and added that India's growth rate is much ahead of the largest economies—the US and the UK at 2 per cent, Japan at 1 per cent—and almost on par with China (about 7 per cent).

INVESTMENT

India's economic report card

In the latest edition, The Reserve Bank of India highlighted three major themes - The state of the economy, Financial stocks and flow of funds of the Indian economy and India's deposit Insurance system. Talking about the state of the economy, the RBI said that global growth was resilient in the first quarter of 2024. The RBI notes that many central banks have pivoted towards a less restrictive monetary policy stance in response to the fall in inflation in their economies. In India, indicators suggest that the real GDP growth in quarter one of 2024-25 is broadly in sync with the growth achieved in previous quarters. The early landfall of the southwest monsoon has boosted agricultural prospects. Headline inflation is gradually easing, although the path of disinflation is interrupted by volatile and elevated food prices. Food inflation was the only major concern highlighted in the recent address of RBI's governor, Shaktikanta Das.

TAXATION

India Unveils Taxation Reforms to Enhance Compliance and Revenue.

The Indian government has unveiled ambitious plans to revamp its taxation system with a focus on boosting compliance and revenue generation. Key reforms include simplifying tax filing procedures, tightening enforcement to combat tax evasion, and rationalizing tax rates for increased competitiveness. Embracing digitalization, the reforms aim to expand online platforms for filing returns and conducting audits, thereby enhancing efficiency and transparency in tax administration. Moreover, incentives to encourage voluntary tax compliance are being proposed, particularly benefiting small and medium enterprises (SMEs) and individual taxpayers. These measures are designed to create a more predictable and supportive tax environment, fostering economic growth and attracting investment. The overhaul underscores the government's proactive approach to modernizing India's tax infrastructure and ensuring fiscal resilience amidst global economic uncertainties. Stakeholders are closely monitoring these developments, anticipating potential impacts on business operations and overall economic stability as the reforms progress. The Indian government has unveiled plans for a comprehensive overhaul of the taxation system aimed at enhancing compliance and bolstering revenue collection. Under the proposed reforms, significant changes are anticipated across various sectors to streamline tax administration and minimize loopholes. Key highlights of the proposed reforms include simplifying tax filing procedures, introducing stricter enforcement measures to curb tax evasion, and rationalizing tax rates to make them more competitive. These measures are expected to create a more conducive environment for businesses and investors while ensuring fairness and transparency in the tax regime.

FINANCE

India's Financial System Is Now In Much Stronger Position

RBI Governor Shaktikanta Das on Thursday said that the Indian financial system is in a "much stronger position," characterised by robust capital adequacy, low levels of non-performing assets, and healthy profitability of banks and non-banking lenders. Underscoring the imperative of fostering a future-ready ethos within the financial sector, Das also stressed the critical role of timely supervisory intervention in mitigating systemic risks. The RBI Governor said this while delivering an address at the inaugural Global Conference on Financial Resilience organised by the College of Supervisors at the IGIDR Campus in Mumbai. "India's domestic financial system is now in a much stronger position than it was before we entered the period of the COVID crisis. Indian financial system is now in a much stronger position, characterised by robust capital adequacy, low levels of non-performing assets, and healthy profitability of banks and non-banking lenders, that is NBFCs," he said.

ECONOMY

India Launches New Initiative to Boost Rural Credit Access and Financial Inclusion.

On June 21, 2024, India unveiled a new initiative aimed at enhancing rural credit access and promoting financial inclusion across remote regions. The initiative, backed by the government and financial institutions, aims to provide easier access to credit for farmers, small businesses, and rural households. Key components of the initiative include the expansion of microfinance networks, the establishment of digital banking hubs in underserved areas, and the introduction of specialized loan products tailored to rural needs. This effort is expected to empower local communities economically, reduce dependency on informal credit sources, and stimulate rural entrepreneurship. Government officials highlighted the initiative's potential to unlock economic potential in rural India, fostering sustainable development and improving livelihoods. Financial institutions are set to play a pivotal role in delivering accessible financial services through innovative technologies and inclusive banking practices. The launch underscores India's commitment to bridging urban-rural economic disparities and promoting inclusive growth strategies. As the initiative rolls out, stakeholders anticipate broader economic benefits, including enhanced productivity, job creation, and strengthened resilience in rural economies amidst global uncertainties.

Currency	Rate (Rs)	Change	Index	Change	
USDINR	83.606	-0.02	NIFTY 50	23,530.20	-36.80
EURINR	89.61	0.159	BSE Sensex	77,236.37	-242.56
GBPINR	105.883	0.042			
JPYINR	52.6145	0.0001			