

Top Story 1

Budget 2025: Expectations for personal income tax reforms

With the Union Budget 2025 just around the corner, people are hopeful about measures that will boost disposable income and stimulate economic activity. The government's fiscal policies are eagerly awaited, particularly by middle-income households, who play a pivotal role in driving India's economy. There is growing anticipation for adjustments in personal income tax to alleviate the financial burden on middle-income taxpayers. Cutting tax slabs or raising exemption limits could greatly ease the financial strain on these households, helping them spend more while saving. This boost in consumption can play a key role in driving economic growth. Moreover, targeted tax benefits in forward-looking sectors, such as green energy, and upskilling initiatives, could incentivize investments in these areas. Such measures not only align with India's sustainable growth ambitions but also foster innovation and entrepreneurship in emerging fields.

Top Story 2

India Enhances Economic Data Accuracy

India is striving to improve its economic data quality. The Reserve Bank of India (RBI) is reviewing its forecasting tools to address past inaccuracies in GDP and inflation predictions. Additionally, the country revised its gold import data for April-November 2024 by \$11.7 billion, raising concerns about the accuracy of trade deficit figures. Plans are underway to release more frequent economic data, update inflation calculation methods, and consult regularly with private sector economists. High quality and frequent macroeconomic data is essential for markets to continually measure and understand an economy. These efforts aim to provide a clearer picture of India's economic health and enhance policy-making decisions.

Economic

Startup India initiative sparks nation's modern entrepreneurial revolution

Highly successful countries have one thing in common – a vibrant entrepreneurial ecosystem. And it's not a coincidence, because global studies have shown that startups are key drivers of innovation, employment, and economic growth. India has historically been an entrepreneurial nation, accounting for 25–35 per cent of global GDP through the centuries, until colonization and then socialism killed the spirit of enterprise and brought the country to its knees. From under 500 DPIIT-registered startups in 2016, there are now close to 1,50,000, and India is today the world's third-largest startup ecosystem, with over 100 unicorns. A slew of supportive measures has made this possible. Reduced compliance burdens, increased ease of doing business, and the abolition of the “angel tax” are just a few. The GEM portal, set up in 2016 to provide access to government procurement, has already registered close to 27,000 startups and has been pivotal in mainstreaming startups in large government and public sector projects, facilitating public procurements worth over Rs 10 trillion (\$120 billion). It is now the world's second-largest government procurement platform after South Korea's KONEPS.

Investment

Green investments to rise 5x through 2030

India will see a five-fold growth in green investments to Rs 31 lakh crore between 2025 and 2030, imperative to drive include accelerating grants and incentives and scaling up blended finance initiatives with multilaterals, policy support, carbon market development and industrial decarbonization, says Crisil. Of the Rs 31 lakh crore investments foreseen, Rs 19 lakh crore is seen going into renewable energy and storage, Rs 4.1 lakh crore into transport and automotive sectors, and Rs 3.3 lakh crore into oil & gas. As the fastest-growing large economy over the medium term, India has a window of opportunity to balance its developmental and environmental aspirations and priorities. Our energy needs will only accelerate from here, so a balanced transition to net-zero is crucial.

Digitalization

Budget 2025 proposals include UPI accessibility to enterprises and payments infra expansion

With Union Budget 2025 around the corner, experts from the digital payments industry have expressed their expectations for reforms that can accelerate financial inclusion and support India's fintech ecosystem. Industry leaders emphasize the need to enhance digital payment infrastructure and extend Unified Payments Interface (UPI) benefits to businesses, creating a seamless ecosystem for enterprises and consumers alike. Today, only 6.3% of India's 64 million businesses are digitized. This statistic underscores the significant opportunities for growth. Streamlined compliance norms for digital payments and incentives for expanding UPI penetration to international markets can position India as a global fintech leader. These initiatives could ensure innovation while maintaining robust consumer protections. Expanding digital payment infrastructure in rural and semi-urban areas remains a key focus.

Market

Rupee gains 28 paise to close at 86.36 against dollar

In a positive turn for the Indian currency, the rupee rebounded on Wednesday, gaining 28 paise to close at 86.36 against the US dollar. This marked the local currency's strongest single-day performance since June 3, 2024, following five days of consecutive losses. The recovery was bolstered by the Reserve Bank of India's proactive intervention in the forex market, stabilizing the rupee and curbing further depreciation. Forex analysts highlighted the RBI's timely action at the 86.55 level, which played a pivotal role in supporting the rupee. Additionally, global factors lent support to the currency. A weaker US dollar overnight, coupled with a cooler-than-expected US Producer Price Index (PPI) reading of 0.2% for December, created favorable conditions for emerging market currencies like the rupee. Experts noted the market's cautious optimism ahead of US Consumer Price Index (CPI) data, avoiding aggressive dollar purchases, further aiding the rupee's strength.

Currency	Rate (Rs)	Change	Index	Change
USDINR	86.495	0.115	NIFTY 50	23,291.00
EURINR	88.950	0.06	BSE Sensex	76,964.89
GBPINR	105.605	0.216		
JPYINR	0.5541	0.0019		