

Top Story 1

Budget 2025 Expected to Boost Infrastructure and Supply Chain Reforms

The Union Budget 2025, set to be presented in February, is raising optimism for transformative reforms in India's infrastructure and supply chain sectors. With GDP growth for FY25 projected between 6.5% and 6.8%, the focus on modernizing infrastructure and streamlining supply chains is expected to strengthen the nation's economic foundation. Industry experts are hopeful that the budget will prioritize these critical sectors, which are vital for fostering sustained economic growth and enhancing global competitiveness. Modern infrastructure and efficient supply chains are seen as key to unlocking India's potential and ensuring long-term economic resilience. The upcoming budget presents a unique opportunity to build a future-ready India, with reforms aimed at boosting productivity, improving logistics efficiency, and creating a robust framework to support the country's growth aspirations.

Top Story 2

Reserve Bank of India Enhances Liquidity

The Reserve Bank of India (RBI) has announced several initiatives to bolster liquidity in the banking system. These measures, expected to inject approximately ₹1.5 trillion (\$17.39 billion), include government bond purchases totaling ₹600 billion in three tranches, a variable rate repo auction of ₹500 billion scheduled for February 7, and a USD/INR swap auction of \$5 billion set for January 31. Analysts view these actions as potential precursors to a rate cut in the upcoming monetary policy review on February 7. These developments underscore the positive momentum in India's banking sector, highlighting increased market confidence and proactive measures by the central bank to ensure liquidity and support economic growth.

Market

Financial Sector Boosts Indian Markets

India's stock markets saw a positive opening today, driven by strong performance in the financial sector. The Nifty 50 climbed by 0.45%, reaching 22,930.75 points, while the BSE Sensex gained 0.51% to touch 75,759.6 points. Financial stocks led the rally with a 1% increase, and state-owned banks saw a notable rise of 2.3%. These gains follow the Reserve Bank of India's recent measures aimed at improving banking system liquidity. Initiatives such as bond purchases and dollar/rupee swaps are expected to support financial markets and potentially signal a reduction in interest rates. A rate cut would benefit both banks and non-bank lenders, further strengthening the financial sector. The upbeat sentiment highlights the resilience of India's markets and the positive outlook for the country's financial ecosystem.

Banking

RBI's Bond Purchases Signal Support for Economic Growth

The Reserve Bank of India (RBI) has initiated government bond purchases, injecting significant liquidity into the banking system and boosting market confidence. This proactive measure has led to a decline in bond yields, signaling stronger economic momentum. Analysts believe these actions reflect the RBI's commitment to supporting economic growth, particularly in light of evolving macroeconomic conditions. Market participants are optimistic about the possibility of an interest rate cut in February, which could further stimulate investment and consumption. These steps align with the central bank's broader strategy to ensure financial stability while promoting growth. By enhancing liquidity, the RBI is creating favorable conditions for businesses and individuals, reinforcing confidence in the economy's resilience. This move underscores the central bank's dedication to maintaining economic dynamism and addressing future challenges effectively.

Economic

India's digital economy to contribute one-fifth of GDP by 2030

India's digital economy is set to grow nearly twice as fast as the overall economy, contributing approximately 20% of the country's GDP by 2030. This projection comes from a report titled "Estimation and Measurement of India's Digital Economy," published by the Ministry of Electronics and Information Technology (MeitY). The report highlights key areas to align resources and adopt growth strategies. In the short term, growth will be driven by digital platforms and wider adoption across various sectors. During 2022-23, the digital economy employed 14.67 million people, making up 2.55% of the nation's workforce. Despite limited data on smaller digital platforms and informal sectors, the ongoing digitalization of industries like healthcare and logistics is expected to unlock even more potential.

Digitalization

UPI's share in total digital payments in India grows to 83% in 2024

The contribution of Unified Payments Interface (UPI) to the cumulative digital payments ecosystem more than doubled in five years, rising from 34 per cent in 2019 to 83 per cent in 2024, according to data from the Reserve Bank of India's (RBI) payment system report. The share of other digital payment methods, such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Immediate Payment Service (IMPS), and credit and debit cards, declined from 66 per cent in 2019 to 17 per cent at the end of 2024. In 2024 alone, India recorded 208.5 billion digital payment transactions. The growing share of India's real-time payments system, UPI, can be attributed to the increasing adoption of this digital payment method. Between 2019 and 2024, the volume of UPI P2M (person-to-merchant) payments grew faster than UPI P2P (person-to-person) transactions.

Currency	Rate (Rs)	Change	Index	Change	
USDINR	86.467	0.117	NIFTY 50	22,947.50	118.35
EURINR	90.320	0.273	BSE Sensex	75,938.36	572.44
GBPINR	107.714	0.259			
JPYINR	0.5557	0.0034			