

## Top Story 1

### **RBI panel likely to recommend India retains 4% inflation target**

An internal committee of the central bank is reportedly in favor of retaining the current inflation target, providing reassurance about policy continuity. The recommendation is to maintain the inflation target at 4%, with a tolerance band of 2%–6%. The panel also supports continuing to use the consumer price index (CPI) as the key metric, rather than adopting a measure that excludes food prices, which some officials have suggested due to their volatility and external influences. The inflation targeting framework, which was adopted nearly a decade ago, aligns India with other major economies that follow structured inflation control policies. This system has helped anchor inflation expectations and provided a clear policy direction for monetary authorities. By retaining this framework, the central bank aims to ensure stability and predictability in its monetary policy approach, which is crucial for economic growth, investment sentiment, and overall financial market confidence. The decision supports India's commitment to disciplined macroeconomic management.

<https://economictimes.indiatimes.com/news/economy/policy/india-inflation-targeting-framework-reserve-bank-of-india-monetary-policy-rbi-panel-likely-to-recommend-india-retains-4-inflation-target/articleshow/122195826.cms?from=mdr>

## Top Story 2

### **Out of India's 6.7% share in global economy's incremental growth, SBI alone accounts for 1.1%: Report**

India contributed approximately 6.7% to the global economy's incremental growth during the financial year, highlighting its growing role as a major driver of global expansion. A leading financial institution within the country accounted for 1.1% of this global economic growth, further underscoring its critical position in the domestic and international landscape. The institution's contribution represented around 16% of India's overall GDP addition for the year, showcasing its significance as a key pillar of the nation's economic framework. Additionally, it accounted for 8.7% of the Gross Value Added (GVA) in the financial services sector within India. These figures reflect not only the strength and scale of the Indian financial sector but also its increasing influence on global economic trends. The country's expanding presence in the global GDP pie signals robust fundamentals and a well-functioning financial system, reinforcing its trajectory as a leading contributor to worldwide economic progress.

<https://www.tribuneindia.com/news/business/out-of-indias-6-7-share-in-global-economys-incremental-growth-sbi-alone-accounts-for-1-1-report/>

## **Economy**

### **India pushes for social security pacts in all FTAs**

India is actively exploring the inclusion of social security agreements (SSAs) in its ongoing trade negotiations, with a strong possibility of signing such agreements as part of broader free trade agreements (FTAs). These discussions are gaining momentum as bilateral engagements deepen, particularly in efforts to formalize trade partnerships. According to officials involved in the process, the integration of SSAs into FTAs is increasingly being seen as a strategic move to protect the interests of Indian professionals working abroad. These agreements aim to eliminate the need for dual social security contributions, making international mobility more affordable and efficient. By embedding SSAs in trade deals, India seeks to ensure that its citizens working overseas can avoid paying social security taxes in both countries, while still retaining their entitlements at home. This approach not only strengthens economic ties with partner nations but also enhances the global competitiveness and welfare of India's skilled workforce.

[India pushes for social security agreements in all FTA negotiations, including deal with the US - BusinessToday](#)

## **Taxation**

### **India's tax growth reflects economic momentum**

India has witnessed remarkable tax growth over the past decade, reflecting the country's strong economic momentum and successful structural reforms. Total tax revenue has seen a significant rise, increasing over twofold within a few years, indicating improved compliance and a growing formal economy. One of the key contributors to this surge has been the Goods and Services Tax (GST), which has proven to be a game changer in simplifying the indirect tax structure. GST collections have nearly doubled in five years, showcasing robust business activity and enhanced tax administration. Additionally, the number of GST-registered taxpayers has more than doubled since its implementation, further highlighting the expanding tax base. This unprecedented growth in tax revenue underscores India's journey toward fiscal strength, transparency, and inclusive growth. It also points to the increasing role of digital infrastructure and policy reforms in shaping a more efficient and accountable taxation system, contributing to sustained economic development.

<https://timesofindia.indiatimes.com/city/lucknow/indias-tax-growth-reflects-economic-momentum-mla/articleshow/122190458.cms>

Market

India's new light touch on FX volatility spurs hedging ramp-up

India’s central bank has adopted a more flexible stance on exchange rate movements, allowing the rupee to align with broader market dynamics. This shift has led to increased rupee volatility, but also prompted businesses to take greater responsibility for managing currency risks. Companies are now actively hedging against foreign exchange exposure using simpler instruments, enhancing their financial preparedness and reducing reliance on complex, riskier derivatives. The new approach reduces the central bank’s need for direct market intervention, enabling a more market-driven exchange rate environment. As firms adapt to wider currency bands, the broader financial system benefits from improved stability, as better hedging practices lower systemic risks. This development reflects the growing maturity of India’s financial markets and its ability to manage external shocks more independently. Overall, the move signals confidence in the economy’s fundamentals and supports the country’s long-term financial resilience and policy transparency.

<https://www.reuters.com/world/india/indias-new-light-touch-fx-volatility-spurs-hedging-ramp-up-2025-07-02/>

Finance

Indian economy remains a key driver of global growth: RBI

The Indian economy continues to serve as a major engine of global growth, supported by strong domestic fundamentals and prudent policies. Despite persistent global uncertainties in economic and trade policies, the financial system has remained resilient. Financial markets are experiencing volatility, particularly in bond markets, due to changing policy landscapes and geopolitical factors. Nonetheless, non-banking financial institutions remain robust, with healthy capital buffers, solid earnings, and improving asset quality. The insurance sector also maintains solvency levels well above required thresholds. The momentum in growth is driven by domestic demand, sound macroeconomic management, and structural reforms. However, potential risks from external spillovers and climate-related events could impact the growth outlook. Inflation remains within comfortable limits, reinforcing confidence in achieving long-term price stability. Financial sector regulators continue to focus on customer protection, fair competition, and fostering innovation, while balancing efficiency with systemic safety and financial stability. Overall, the economic outlook remains positive with steady growth prospects.

<https://ddnews.gov.in/en/indian-economy-remains-a-key-driver-of-global-growth-rbi/>

Metric	01st July 2025	02nd July 2025	Change	Metric2	01st July 20253	02nd July 20254	Change
USDINR	86.18	86.22	0.04	NIFTY 50	25840	25920	80
EURINR	99.1	99.32	0.22	BSE Sensex	84690.2	84810.35	120.15
GBPINR	118.25	118.55	0.3				
JPYINR	59.88	59.95	0.07				