

**Top 1**

## **India to Become Third Largest Economy in Two Years**

Asserting that India's rise is unstoppable, Vice President Jagdeep Dhankhar on Wednesday said the country will become the third-largest economy in the world in two years. Addressing the occasion of the 10th National Handloom Day, he expressed confidence that the optimal utilization will take place to promote handlooms, the need of the hour, the need of the country, and the need of the planet if we think in terms of climate change. The "Be Vocal for Local" clarion call given by the Prime Minister has economic freedom at this core, with handloom products being one of its key elements, said the Vice President. Strongly advocating economic nationalism, Dhankhar said it is fundamental to the country's "spinal economic growth" and will lead to three key impacts including foreign exchange savings, employment generation and boosting entrepreneurship.

## TOP 2

### A Stronger Rupee for a Stronger India

Central banks worldwide often struggle to balance controlling domestic inflation with promoting export growth. The Reserve Bank of India (RBI) typically strengthens the US dollar relative to the rupee, believing this will make exports more competitive and generate foreign exchange. However, this approach results in higher import costs and increased prices for essential goods, such as crude oil and consumer products, which lack local substitutes. India's economy is driven primarily by domestic consumption rather than exports. Our economic growth is fueled by local demand, supporting numerous industries and significantly boosting GDP. A stronger rupee would reduce import costs, lower inflation, and enhance consumers' purchasing power, thereby increasing domestic consumption. This boost in local consumption would stabilize the rupee by making the economy less dependent on volatile export markets.

## Market

### **Strong growth, MF inflows help India avoid big falls**

Indian equities have seen milder falls in the past two years when there had been selloffs in global markets. Analysts say the wall of domestic money flow has averted sharper drops in local market. For instance, following the Bank of Japan's decision to raise its key interest rate to 0.25% from near-zero to counter the yen's decline against the US dollar, most Asian markets fell between 4% and 11% in the last five trading sessions. In contrast, the Nifty dropped 3.8%. Indian stock markets have shown resilience amid global selloffs, thanks to robust domestic investment and strong economic indicators. Recent declines in global indices saw the Nifty drop less sharply, reflecting the impact of significant domestic inflows. Analysts credit strong corporate earnings and economic growth for this stability, contrasting with heavier losses in other Asian markets.

## **Economy**

### **India needs to grow at 8% to achieve \$52-trillion economy by 2047**

India needs to grow at eight percent to become a \$52-55 trillion economy by 2047, with nominal growth averaging around 12-12.5 percent, said KV Subramanian, executive director, International Monetary Fund at the launch of his book *India @100: Envisioning Tomorrow's Economic Powerhouse*, organized by FICCI on August 2024. The states need to place the onus on factor market reforms for the country to grow faster, Subramanian, who is also a former chief economic advisor of India, said at the event. Arvind Panagariya, chairman of the 16th Finance Commission, called for an open economy and privatization of public sector banks and greater participation from the private sector. "India missed the bus on manufacturing because we did not reform factor markets. A lot more work needs to be done in this regard," said Subramanian at the FICCI event.

## Digitalization

### **UPI Transaction Limit Increased From Rs 1 Lakh To Rs 5 Lakh Per Transaction**

The Reserve Bank of India (RBI) recently said that the UPI limit for tax payment matters has been increased from Rs 1 lakh to Rs 5 lakh per transaction. This will ease the process of taxpayers with higher tax liabilities to pay their dues quickly and without any hassle. RBI Governor Shaktikanta Das, announcing the outcome of the three-day Monetary Policy Committee (MPC) meeting said UPI transactions can be done up to Rs 5 lakh from the existing Rs 1 lakh for tax payment purposes. "UPI has become the most-preferred mode of payments, due to its seamless features. Currently, the transaction limit for UPI is capped at ₹1 lakh. Based on the various use-cases, the Reserve Bank has periodically reviewed and enhanced the limits for a few categories like capital markets, IPO subscriptions, loan collections, insurance, medical and educational services etc.

## Finance

### India's economic momentum stays strong with composite PMI at 60.7 in July 2024

The Services PMI, recorded at 60.3 in July 2024, has consistently held above the 60-mark for seven consecutive months. This sustained performance is attributed to strong demand, increased investment in technology, and new business gains. The favorable economic conditions and optimistic expectations for future output have driven one of the strongest increases in recruitment within the sector. The Manufacturing PMI placed at 58.1 in July, indicated strong expansionary trends, driven by buoyant demand and a notable increase in international sales. Producers responded to this demand by adding stocks at a sharp pace. Despite cost increases fueled by the strong demand for input goods, producers maintained their margins by raising selling prices. The sector saw continued hiring at one of the strongest rates, although the pace of job creation was slightly softer than in June 2024.

Currency	Rate (Rs)	Change	Index	Change	
USDINR	83.956	0.004	NIFTY 50	24,308.15	13.05
EURINR	91.843	0.143	BSE Sensex	79,468.79	0.78
GBPINR	106.686	0.109			
JPYINR	57.40	0.3173			