

Top Story 1

India to launch NPCI developed UPI payment service in Maldives

India and Maldives have recently taken a significant step towards strengthening their economic partnership by signing an agreement to introduce the Unified Payments Interface (UPI) in the Maldives. According to India's External Affairs Minister S. Jaishankar, the initiative is expected to have a "very positive" impact on the archipelago nation's tourism sector. The Memorandum of Understanding (MoU) was signed during Jaishankar's three-day official visit to the Maldives, marking a new chapter in the bilateral relationship between the two countries. Developed by the National Payments Corporation of India (NPCI), UPI is an instant real-time payment system that facilitates inter-bank transactions through mobile phones. Addressing the press alongside his Maldivian counterpart, Moosa Zameer, Jaishankar emphasized how UPI has "revolutionized digital transactions" in India. He noted that the system has significantly advanced financial inclusion in India, with 40% of the world's real-time digital payments now taking place in the country.

Top Story 2

Today, India is far more resilient than what it was earlier, says RBI

We will take into account all data, domestic and foreign, and deal with all emerging situations. Today India has improved its resilience vis-à-vis external shocks quite a bit. The country is far more resilient than what it was earlier. So, we will have to wait for the incoming data and deal with the situation. There was a study released by the RBI, saying the neutral rate had moved up and also you recently increased the liquidity requirements for banks through the liquidity coverage ratio (LCR). Is there a new normal when it comes to interest rates and liquidity, which is higher than earlier? With regard to the LCR, it's a draft we have put in the public domain. We will get inputs from all stakeholders, including banks and other experts. Based on those, we will finalise our decision. It will not be correct to say that we have increased liquidity requirements ... the matter is still being discussed. We are waiting for the inputs, which will come.

Finance: -

RBI sees a positive shift in FPI's flows in the domestic market, \$9.7 bn from June till August 6

While announcing the monetary policy, RBI Governor Shaktikanta Das noted a positive shift in foreign portfolio investment (FPI) flows, with USD 9.7 billion net inflows in domestic markets from June 2024. Governor Das said, "On the external financing side, foreign portfolio investors turned net buyers in the domestic market from June 2024 with net inflows of USD 9.7 billion during June-August (till August 2024) after witnessing outflows of USD 4.2 billion in April and May." He added, "Foreign direct investment (FDI) flows picked up in 2024-25 as gross FDI rose by more than 20 per cent during April-May 2024, while net FDI flows doubled during this period compared to the corresponding period of the previous year. External commercial borrowings moderated during April-June 2024-25, while non-resident deposits recorded higher net inflows during April-May compared to the previous year. India's foreign exchange reserves reached a historical high of USD 675 billion as of August 2024."

Banking: -

RBI has increased UPI transaction limit to up to Rs 5 lakh for these payments

The Reserve Bank of India (RBI) announced recently (August 2024) an increase in the Unified Payments Interface (UPI) transaction limit for tax payments. The new limit stands at Rs 5 lakh per transaction, a significant jump from the previous limit of Rs 1 lakh. According to RBI governor Shaktikanta Das, the increase limit will “further ease tax payments by consumers through UPI.” “Currently, the transaction limit for UPI is Rs 1 lakh except for certain categories of payments which have higher transaction limits. It has now been decided to enhance the limit for tax payments through UPI from Rs 1 lakh to Rs 5 lakh per transaction,” as per a statement by the governor, released after the 50th meeting of the Monetary Policy Committee (MPC).

Investment: -

FDI in India's manufacturing sector hits \$165 billion, 69% growth in last 10 years

The country is emerging as a top destination for foreign investment in the manufacturing sector and in the last decade, foreign direct investment (FDI) inflows in the sector surged almost 69 per cent to reach \$165.1 billion, according to the government. Minister of State for Commerce and Industry, informed that FDI equity inflow in the manufacturing sectors in the last 10 financial years (2014-24) has increased by 69 per cent to \$165.1 billion as compared to \$97.7 billion in the previous 10 financial years (2004-14). In a reply to a question in the Rajya Sabha, the minister said that the total FDI inflow of \$383.5 billion came during the past five financial years (2019-20 to 2023-24) alone, mainly driven by production-linked incentive (PLI) schemes. According to a latest International bank survey, the manufacturing activity in India continued to expand at a robust pace in July on the back of strong domestic demand and new export orders.

Digitalization: -

New UPI Setu Platform Targets India's Booming Digital Payments Market

According to data from the National Payments Corporation of India (NPCI), UPI transactions have skyrocketed by 137 per cent between June 2022 and June 2024. Person-to-merchant (P2M) transactions alone have surged by 241 per cent, growing from 2.56 billion transactions in June 2022 to 8.72 billion in June 2024. UPI's speed, ease of use and impressive 100 per cent uptime between February and June 2024 have driven this consumer-led growth. The widespread acceptance of UPI as a payment method across both urban and rural India is evident, with nearly 80 per cent of digital payments now being processed through UPI. In contrast, traditional payment methods like debit cards have seen a significant decline, with transactions dropping by 34 per cent year-on-year as reported in the second half of 2023.

Currency	Rate (Rs)	Change	Index	Change	
USDINR	83.948	-0.065	NIFTY 50	24,346.20	229.2
EURINR	92	0.022	BSE Sensex	79,647.87	761.51
GBPINR	107.155	0.108			
JPYINR	57.0979	0.0117			