INDIA REPORT

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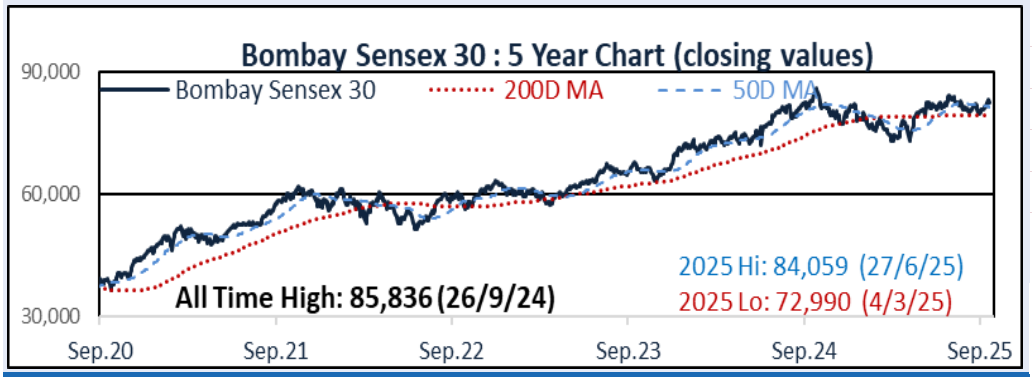
London, 19 September 2025



Close: 19 Sep 2025	Level	Index Pts Chg-Day	% Chg YTD
SENSEX 30	82,626	-388	+ 5.6%
NIFTY 50	25,327	- 97	+ 6.7%

Other Markets: Level & (% YTD)
ASIA: CHINA Shanghai: 3,820 (+14%)
JAPAN Nikkei 225: 45,045 (+13%)
EUROPE: UK FTSE: 9,216 (+13%)
GERMANY DAX: 23,639 (+19%)
USA: Dow Jones: 46,315 (+9%)
NASDAQ Composite: 22,631 (+17%)
GOLD: $3,683.75 (+40%)
SILVER: $43.10 (+49%)
BRENT OIL: 66.68 (-11%)

Indian Currency; Level & (%YTD)		
INR ₹ / USD	$1=	Rs88.09 (-3.0%)
INR ₹ / GBP	£1=	Rs118.7 (-10.4%)
INR ₹/ EUR	€1=	Rs103.44 (-16.0%)

⇨ **India's retail inflation rose to 2.07% in August, driven by a slight uptick in food prices, remaining comfortably within the Reserve Bank of India's (RBI) 2-6% target range.** This offers room for further rate cuts. The annual inflation rate increased from a revised 1.61% in July. **The RBI is mandated to not let inflation overshoot its tolerance range of 2%-6% for more than three quarters in a row.**

⇨ **Prime Minister Modi's tax cuts on food and household items are expected to curb inflation in the coming months.** Weaker growth from U.S. tariffs on Indian exports could further constrain corporate pricing power, prompting additional rate cuts by the central bank after its August pause. **With lower food prices and tax reductions, inflation is anticipated to stay subdued for the rest of 2025.**

⇨ **Fitch Ratings has revised upwards India's GDP growth forecast for the current fiscal year ending March 2026 to 6.9% from 6.5%, citing stronger-than-expected growth in the June quarter, driven by robust services and resilient consumption.** Real GDP grew 7.8% YoY in Q1, surpassing both Fitch's 6.7% projection and Q4's 7.4%. Domestic demand, underpinned by real income growth and looser financial conditions, will remain the main driver. **However, Fitch flagged rising trade tensions with the U.S., including a new 25% tariff on Indian imports. This could dampen business sentiment and investment, but it expects the tariffs to be negotiated down.**

⇨ **European Commission President Ursula von der Leyen emphasised the EU's need to diversify trade partnerships to reduce dependency, particularly in light of uncertain and rising U.S. import tariffs.** Speaking at a conference with German business leaders, she announced plans to finalise a deal with India this year, noting that in a phone call Prime Minister Narendra Modi had assured her of his support. **Von der Leyen also revealed ongoing discussions with South Africa, Malaysia, the UAE, and other nations to strengthen the EU's global trade network.**

⇨ **Last month, U.S. President Donald Trump doubled tariffs on Indian goods to 50%, targeting India's continued purchases of Russian oil as part of broader efforts to pressure Moscow over its Ukraine invasion.** This move has strained U.S.-India relations, and forced New Delhi to improve ties with Beijing. **Prime Minister Narendra Modi's visit to China for the first time in seven years last month, attending a summit hosted by President Xi Jinping which he has avoided in the past, underscores the shift in diplomatic dynamics. And further supports India's "Look East" policy.**

⇨ **Following Prime Minister Modi's visit to China last month, where he also met Russia's President Putin, U.S. President Trump adopted a more conciliatory stance, expressing optimism about finalising a trade deal.** This shift raised expectations of a breakthrough in trade talks. On September 16, India and the U.S. held "positive" and "forward-looking" discussions, with U.S. trade representative for South Asia, Brendan Lynch, in New Delhi. Trump and Modi also spoke by phone. **Sergio Gor, 38, Trump's ambassador-designate to India, emphasised that India is among America's most crucial global partnerships, highlighting the relationship's strategic importance.**

⇨ **During his Senate confirmation hearing, Sergio Gor called India a key strategic partner, pivotal to regional and global dynamics.** He noted that the U.S. and India were "not that far apart" on tariffs and anticipated a resolution within weeks. **India's Commerce Minister Piyush Goyal is expected in Washington on 22 September for talks to ease trade tensions.**

⇨ **Since taking office in January, U.S. President Trump has escalated efforts to curb immigration, targeting both illegal and legal channels.** Effective September 21, 2025, the administration will impose a $100,000 annual fee on new H-1B visa petitions for skilled foreign workers. The White House states this applies only to new applicants, not those holding existing visas, who can continue traveling freely. India, which received 71% of H-1B visas in 2024, will be most impacted, followed by China with 20%. **The move aims to safeguard American jobs, but has sparked concerns over its potential impact on global talent mobility.**

⇨ **India's IT industry body, NASSCOM, warned that the abrupt rollout of the new U.S. visa policy could disrupt ongoing onshore projects and harm the continuity of services provided by Indian tech firms.** Representing a $283 billion sector, Nasscom highlighted potential "ripple effects" on U.S. innovation and global job markets. The policy shift, it noted, could drive up costs for companies and force them to recalibrate operations amid tighter H-1B visa restrictions. **Microsoft, Amazon, Meta, Tata Consultancy, Infosys and JP Morgan were among the biggest recipients of H-1B visas in 2024.**

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From 1980s: The unfolding Indian economic story and changing drivers of wealth creation in India over the last 40 + years

Over the past 40+ years, India has transformed from a largely closed and agrarian economy to one that is increasingly driven by services, technology, and startups. The wealth creation landscape has shifted dramatically, from family-owned enterprises and land-based wealth to technology-driven and market-oriented wealth. This shift has been supported by strong economic reforms, the rise of global markets, and the digital revolution, positioning India as a major player in the global economy. As the country continues to innovate, the next phase of wealth creation will likely be shaped by emerging technologies like AI, clean energy, and digital finance.

Over the last 40+ years, wealth creation in India has undergone significant transformations, driven by shifts in economic policies, technological advancements, globalisation, and changing demographics. The "big picture" of how wealth creation has evolved in India from the 1980s to the present is:

1. Pre-Reform Era (1980s)

- **Economy under Protectionism:** In the 1980s, India was still largely a closed economy, with protectionist policies. The government controlled most industries, and the private sector was heavily regulated. Wealth creation was largely confined to sectors like agriculture, textiles, and state-controlled enterprises.
- **Limited Access to Global Capital Markets:** Indian businesses faced challenges in accessing global capital, with limited foreign investment and trade restrictions. Most wealth creation was localised within family-run businesses and public sector enterprises.
- **Key Wealth Sources:** The primary sources of wealth were land, agrarian assets, and traditional industries. Urban areas like Mumbai, Delhi, and Chennai were emerging centres for business activity, but overall wealth was concentrated among a small elite.

2. Economic Liberalisation (1991 - Early 2000s)

- **Economic Reforms and Liberalisation (1991):** The major turning point came in 1991 when India initiated wide-ranging economic reforms. The government reduced tariffs, deregulated industries, and opened up the economy to foreign direct investment (FDI). This was the beginning of a new era of economic growth.
- **Growth of the Private Sector:** With liberalisation, private companies gained more freedom to operate. Companies like Infosys, Wipro, and Tata Consultancy Services (TCS) began to grow rapidly, particularly in IT and technology sectors.
- **Stock Market Boom:** The 1990s saw the expansion of the stock market as financial markets were restructured. The rise of mutual funds and the availability of public equity allowed many individuals to access wealth-building opportunities. However, the 1992 stock market scam (Harshad Mehta) also created volatility.
- **Urbanisation and Real Estate Growth:** The demand for real estate surged as the economy began to urbanise. Cities like Bangalore, Hyderabad, and Pune became key hubs for IT and business outsourcing.

3. IT Boom and Globalisation (2000 - 2010)

- **The Rise of the IT and Outsourcing Industry:** India became a global leader in IT services, with companies like Infosys, TCS, and Wipro taking a central role. The rise of the IT industry became a key driver of wealth creation, with numerous tech entrepreneurs emerging, such as Narayana Murthy and Azim Premji.
- **Economic Growth Surge:** India experienced robust GDP growth, often exceeding 8% per year in the 2000s. This growth was driven by liberalisation, FDI inflows, and a thriving service sector.

- **Wealth Creation in the Stock Market:** The Indian stock market experienced a major boom, and with it, the growth of a new generation of Indian billionaires. The BSE Sensex and Nifty began to outperform global indices in many periods.
- **Private Equity and Venture Capital:** The 2000s also saw the rise of private equity (PE) and venture capital (VC), helping to fund innovative startups. Indian entrepreneurs like Ratan Tata, Nandan Nilekani, and Kunal Bahl (Snapdeal) became well-known figures in the business world.

4. Post-Global Financial Crisis and Rise of Startups (2010 - 2020)

- **Rise of the Startup Ecosystem:** India saw a surge in entrepreneurial activity with the rise of tech startups, especially in sectors like e-commerce, fintech, and edtech. Companies like Flipkart, Ola, Zomato, and Paytm became household names, and India's startup ecosystem attracted global investment.
- **Growth of Unicorns:** By the 2020s, India became home to a growing number of unicorns (startups valued at $1 billion or more), with companies like BYJU'S, Swiggy, and OYO becoming prominent players in the global market. The startup culture, fuelled by VC funding, began to dominate the wealth creation landscape.
- **Wealth Creation through Digital Platforms:** The advent of smartphones, internet penetration, and digital payments (e.g., UPI) opened new avenues for wealth creation, from online businesses to e-commerce platforms, financial technology (FinTech), and content creation (YouTubers, influencers).
- **Private Wealth and Globalisation of Indian Tycoons:** India's billionaires, like Mukesh Ambani (Reliance Industries), Gautam Adani (Adani Group), and Shiv Nadar (HCL), expanded their global footprints, diversifying their holdings in sectors like energy, infrastructure, telecom, and retail. The Ambani family, for example, became a symbol of the changing wealth landscape as Reliance diversified into telecom and retail, alongside its traditional petrochemicals business.

5. The New Decade (2020 - Present)

- **Wealth Creation Amidst Challenges:** India's economy was hit by the COVID-19 pandemic in 2020, but it showed resilience, with a quick recovery in 2021 and 2022. The pandemic accelerated trends in digitalization, remote work, e-commerce, and fintech.
- **Stock Market and IPO Boom:** The Indian stock market experienced a strong rally, with many new-age tech companies going public (e.g., Zomato, Nykaa). The IPO boom marked the emergence of a new generation of wealth creators. The rise of retail investors, driven by apps like Zerodha and Groww, further democratized wealth creation.
- **Increased Focus on Sustainability and ESG:** As global awareness about environmental, social, and governance (ESG) issues grew, Indian entrepreneurs and investors began focusing more on sustainable wealth creation. Renewable energy, electric vehicles, and sustainable technologies saw increased investment.
- **Venture Capital and Digital Transformation:** India's startup ecosystem continued to thrive, and the country became a major destination for global venture capital. The rise of SaaS (Software as a Service), AI, and blockchain-related companies further expanded wealth opportunities.
- **U.S. Tariffs:** Although a strategic partner of the U.S., India has been hit by a 25% tariff and a further penalty of 25% for importing Russian oil. A trade deal with the U.S. is being negotiated.
- **New, deeper structural reforms:** The jolt created by America's erratic and unreliable trade policies not only with India, but also other allies, should force India to implement new and deeper reforms to become more self-reliant to take the economy higher.

Summary of Key Drivers of Wealth Creation Over the Last 40 Years:

1. **Economic Liberalisation (1991):** Opened the doors to global trade, investment, and entrepreneurship.
2. **Technology and IT Boom:** The tech industry, particularly IT services, played a crucial role in creating wealth.
3. **Stock Market and Financialisaton:** The rise of the stock market, mutual funds, and venture capital made wealth-building more accessible.
4. **E-commerce and Startups:** The digital revolution has transformed how businesses operate, with e-commerce, fintech, and startups leading the way.
5. **Globalisation:** The integration of the Indian economy with global markets has allowed businesses and entrepreneurs to expand internationally.

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- **4-5 November 2025: Global Convention at Hotel Montcalm, Marble Arch, London W1H 7TN**
- **6 November 2025: High profile business lunch at House of Lords, Westminster**
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- Dinner and Golden Peacock Awards for Corporate Governance and Sustainability on 4 November 2025
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