



INDIA REPORT

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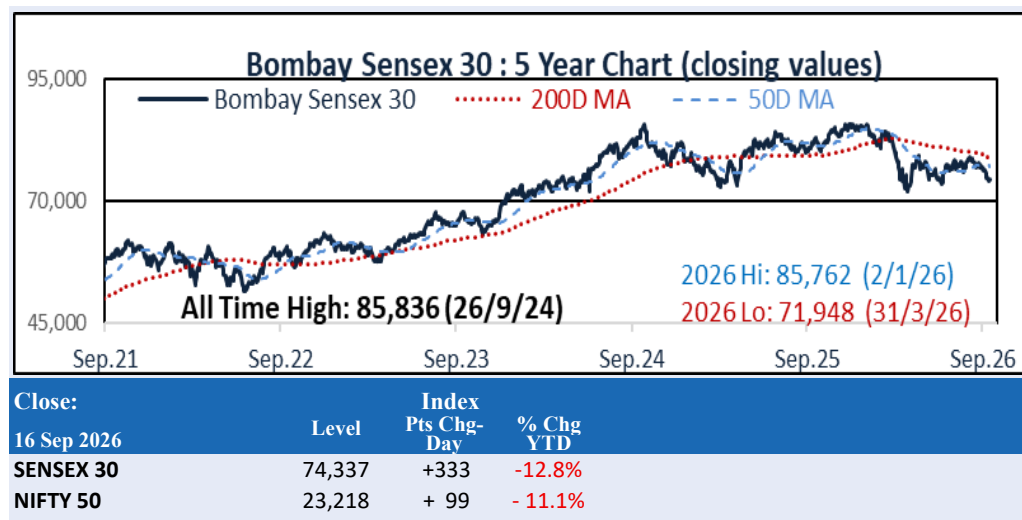


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Deepak N. Lalwani OBE, FCSI, FCCA

E: dl@lalcap.com

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Other Markets: Level & (% YTD)

ASIA: CHINA Shanghai: 3,892 (-2%)

JAPAN Nikkei 225: 63,923 (+27%)

EUROPE: UK FTSE: 10,688 (+8%)

GERMANY DAX: 25,539 (+4%)

USA: Dow Jones: 51,462 (+7%)

NASDAQ Composite: 25,978 (+12%)

GOLD: \$4,236.75 (-1%)

SILVER: \$62.96 (-12%)

BRENT OIL: 105.68 (+74%)

Indian Currency; Level & (%YTD)

INR ₹ / USD \$1= Rs95.95 (-6.7%)

INR ₹ / GBP £1= Rs128.42 (-6.1%)

INR ₹ / EUR €1= Rs109.99 (-4.2%)

⇒ **At the 2026 BRICS summit in New Delhi last week, Indian Prime Minister Narendra Modi called for greater global cooperation amid rising geopolitical tensions, supply-chain disruptions, climate crises, and the risks posed by weaponised technology and critical minerals.** Addressing leaders of the expanded 11-member bloc, which now represents nearly half of the world's population, Modi stressed that these challenges transcend borders and increasingly affect ordinary people. **He announced an early-warning system for infectious diseases and urged members to turn summit commitments into concrete action.**

⇒ **Modi described BRICS as a growing ecosystem of solutions before handing the chairmanship to China for the next term.** BRICS has moved well beyond its original five. Brazil, Russia, India, China and South Africa formed the core two decades ago, as emerging powers sought to challenge a global system long shaped by US dominance. That core has since widened. Iran, Indonesia, Egypt, Ethiopia, Saudi Arabia and the United Arab Emirates are now part of the grouping, adding economic weight and strategic reach. Another 10 countries hold partner status. Together, they stretch the bloc across Asia, Africa, Latin America and the Middle East — reinforcing its footprint across the Global South. **China and Russia have at times given the enlarged grouping a shorthand of their own: "Greater BRICS".**

⇒ **The New Delhi summit revealed both the ambition and the limits of the group.** They tested whether BRICS' weight can translate into influence. Leaders backed diplomacy in the Middle East, backed Palestinian statehood and demanded greater representation for developing countries in global institutions. They criticised tariffs, protectionism and unilateral sanctions. They pushed for more trade in local currencies and stronger cross-border payment systems, while stopping short of a common BRICS currency. The signal was unmistakable: the Global South wants a greater voice, a more multipolar world. **And less dependence on Western-controlled financial architecture.**

⇒ **The scale of the bloc helps explain its growing importance.** Nearly half of humanity. About 40% of global GDP on a purchasing-power-parity basis. Roughly 26% of global trade. In two decades, **BRICS has evolved from a loose grouping of emerging economies into a major platform for the Global South and an increasingly consequential counterweight to Western economic power.**

⇒ **Its expansion to 11 members has transformed its weight. Its scale is striking.** On PPP measures, BRICS accounts for 40% of world output, versus about 28% for the US and EU combined. At market exchange rates, however, the balance reverses: BRICS is roughly the size of the US, but well below the US and EU together. The distinction matters. PPP captures domestic purchasing power; nominal GDP better reflects international financial firepower. **Economic scale does not automatically translate into financial power.**

⇒ **But BRICS is not an anti-Western alliance, and it is not united.** India and China remain strategic competitors; Gulf states seek to balance relationships among competing powers; and Russia and Iran have priorities of their own. **These differences make collective action more difficult, even as the bloc's diversity increases its global reach.**

⇒ **That is the central paradox of BRICS. Its growing economic and demographic weight gives it the potential to reshape the global order.** BRICS's importance is no longer in question. The real question is about its influence - whether its members can turn collective weight into collective influence. **With sustained, coordinated action.**

⇒ **India's inflation problem is becoming harder for the central bank to ignore.** Annual retail inflation rose to 4.82% in August from 4.21% in July, with price pressures spreading beyond food and transport. **The acceleration strengthens the case for the Reserve Bank of India to raise interest rates at its October meeting.**

⇒ **India has so far resisted the tightening seen elsewhere in the region.** Indonesia and the Philippines have raised rates as energy costs and currency volatility have intensified. The RBI last increased its benchmark rate in February 2023 and has held it at 5.25% since December 2025. But the latest policy minutes revealed a more hawkish undercurrent. **Some officials, including Governor Sanjay Malhotra, backed a rate increase if inflation broadened across the economy.**

⇒ **Oil poses the biggest near-term risk.** India imports about 85% of its crude, more than half from the Middle East, where the US-Iran conflict has disrupted supplies. Brent crude was near \$106 a barrel. Fuel costs are already feeding through even though the government-owned fuel retailers have not adjusted selling prices for petrol and diesel lately. **A hike in interest rates at the RBI's next meeting in October is more likely now despite previous restraint.**



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 into one increasingly driven by services, technology, entrepreneurship and global markets. The wealth-creation landscape has shifted from family-owned enterprises, land and traditional industries towards market-oriented, technology-driven and financial wealth. Economic reforms, globalisation, urbanisation and the digital revolution have been key drivers. However, wealth creation has not always meant equally broad-based prosperity, with employment, inequality, productivity, increasing the manufacturing base, embracing and leading with AI, education and skilling, climate change and productivity remaining important challenges. As India continues to evolve, the next phase of wealth creation is likely to be shaped by AI, clean energy, digital finance and advanced manufacturing.

Over the last 40+ years, wealth creation in India has undergone significant transformations, driven by economic policies, technology, globalisation, financialisation and changing demographics. **While this is not intended to be a comprehensive historical economic analysis, it offers a succinct “big picture” of how wealth creation has evolved from the 1980s to the present.**

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 agriculture, textiles, traditional industries 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. Low competition and productivity also limited the creation of new businesses and productive employment.
- **Key Wealth Sources:** The primary sources of wealth were land, agrarian assets and traditional industries. Mumbai, Delhi and Chennai were emerging centres for business activity, but wealth remained concentrated among a relatively small elite. India's large young population, however, was already creating the demographic base for future growth in consumption and employment.

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 began a new era of competition, private enterprise and faster economic growth.
- **Growth of the Private Sector:** With liberalisation, private companies gained greater freedom to operate and expand. Companies such as Infosys, Wipro and Tata Consultancy Services (TCS) grew rapidly, particularly in IT and technology. A new generation of entrepreneurs emerged and demonstrated that Indian companies could compete successfully in global markets.
- **Stock Market Boom:** The 1990s saw the expansion and restructuring of India's stock market. The rise of mutual funds and public equity created new wealth-building opportunities, although the 1992 Harshad Mehta stock-market scam exposed weaknesses in financial regulation.
- **Urbanisation and Real Estate Growth:** Demand for real estate surged as the economy urbanised. Bangalore, Hyderabad and Pune became key hubs for IT and business outsourcing. Rising land and property values also became a major source of wealth for those who already owned urban or peri-urban property.

3. IT Boom and Globalisation (2000 - 2010)

- **The Rise of the IT and Outsourcing Industry:** India became a global leader in IT services, with Infosys, TCS and Wipro taking a central role. The IT industry became a major driver of wealth creation and produced a new generation of technology entrepreneurs and professionals. It showed that India's human capital could become a globally competitive economic asset.
- **Economic Growth Surge:** India experienced robust GDP growth, often exceeding 8% annually during parts of the 2000s. Growth was supported by liberalisation, FDI inflows and a thriving service sector. Yet the gains were uneven: modern services saw rapid productivity and income growth, while agriculture and informal employment continued to absorb a large share of the workforce.



- **Wealth Creation in the Stock Market:** The Indian stock market experienced a major expansion, creating substantial wealth for entrepreneurs and shareholders. The BSE Sensex and Nifty benefited from rising corporate earnings and increasing participation by domestic and foreign investors.
- **Private Equity and Venture Capital:** The 2000s also saw the rise of private equity (PE) and venture capital (VC), providing capital for innovative businesses and startups. India's growing middle class, technology base and access to capital strengthened the entrepreneurial culture.

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

- **Rise of the Startup Ecosystem:** India saw a surge in entrepreneurial activity, particularly in e-commerce, fintech and edtech. Companies such as Flipkart, Ola, Zomato and Paytm became household names, while India's startup ecosystem attracted substantial global investment.
- **Growth of Unicorns:** By the 2020s, India had become home to a growing number of unicorns, including BYJU'S, Swiggy and OYO. Venture capital created a new generation of entrepreneurs and substantial wealth, although subsequent difficulties faced by some highly valued startups also showed that valuation is not always the same as sustainable wealth creation.
- **Wealth Creation through Digital Platforms:** Smartphones, expanding internet penetration and digital payments, particularly UPI, opened new avenues for wealth creation through e-commerce, fintech, online businesses and digital content. India's digital infrastructure also brought financial services to millions of new users.
- **Private Wealth and Globalisation of Indian Tycoons:** India's leading business groups expanded and diversified into energy, infrastructure, telecom, retail and other sectors. Reliance, for example, moved beyond petrochemicals into telecom and retail. At the same time, increasing concentration of wealth at the top highlights the distinction between rapid wealth creation and broad-based prosperity.

5. The New Decade (2020 - Present)

- **Wealth Creation Amidst Challenges:** India's economy was hit by COVID-19 in 2020 but showed resilience, with a strong recovery thereafter. The pandemic accelerated digitalisation, remote working, e-commerce and fintech. India's large domestic market and favourable demographics remain important strengths, although creating sufficient productive employment remains a key challenge.
- **Stock Market and IPO Boom:** The Indian stock market experienced a strong rally, with new-age companies such as Zomato and Nykaa going public. The IPO boom marked the emergence of a new generation of wealth creators. Retail investors, supported by platforms such as Zerodha and Groww, have also become a much larger force in financial markets.
- **Increased Focus on Sustainability and ESG:** Renewable energy, electric vehicles and sustainable technologies have attracted increasing investment. India's energy transition could become an important new source of investment, industrial development and wealth creation.
- **Venture Capital and Digital Transformation:** India's startup ecosystem continues to develop, with SaaS, AI and other emerging technologies expanding potential wealth-creation opportunities. At the same time, manufacturing is receiving renewed attention as India seeks to build domestic capabilities, participate more deeply in global supply chains and create more productive employment.
- **U.S. Tariffs:** Although a strategic partner of the U.S., India has faced higher tariffs and trade-related pressures, including measures linked to its purchase of Russian oil. A trade deal with the U.S. is being negotiated.
- **New, deeper structural reforms:** The jolt created by America's erratic trade policies, not only with India but also with other countries, should encourage India to undertake deeper structural reforms. Greater self-reliance should not mean retreating from globalisation. India needs to become more competitive in manufacturing, infrastructure, skills and logistics so that it can benefit more fully from global trade and take the economy to a higher growth trajectory.

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, while increasing competition and improving the environment for private enterprise.
2. **Technology and IT Boom:** IT and services became major drivers of wealth creation, demonstrating the value of India's human capital and its ability to compete globally.
3. **Stock Market and Financialisation:** The growth of equity markets, mutual funds, private equity and venture capital created new channels for wealth accumulation and wider participation in financial assets.



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4. **E-commerce and Startups:** The digital revolution transformed business models, with e-commerce, fintech, SaaS and startups creating new companies, fortunes and consumer markets.
5. **Globalisation:** Integration with global markets enabled Indian companies and entrepreneurs to expand internationally and attract capital. The next phase will depend increasingly on combining global integration with stronger domestic capabilities in manufacturing, technology, skills and infrastructure.

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REGISTERED OFFICE: LALCAP LTD, 124 CITY ROAD, LONDON EC1V 2NX, U.K.

REGISTERED IN ENGLAND NO: 07245357

LALCAP: E: info@lalcap.com
W: lalcap.com

EDITOR: Deepak N. Lalwani OBE, FCSI, FCCA

T: +44 (0)20 3519 0909
E: dl@lalcap.com