

INDIAN

STOCK MARKET JOURNAL

EMPOWERING TRADERS AND INVESTORS



**SIF vs PMS:
Key Differences Every HNI
Investor Must Know in 2026**

**Should You Trust AI
With Your Investments?**

**Rupee At Record Lows:
What A Weakening INR Means
For Indian Markets And Key Sectors**

**Understanding Oil Cartels
And the UAE's 2026 Exit**

**Understanding SEBI's
30-Day Rule for Market Data**

**Great Nicobar Mega Project:
How India's Maritime Bet Could
Reshape Trade, Defence, and Dalal Street**

Economic Restraint

What Lower Fuel Use, Gold Buying, And Foreign Spending Mean For Dalal Street

— From the —

Founder's Desk



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EDITING

Amrita Joshi

CONTENT

Mohammed Ali Waghbakriwala
Tabassum Chaudhary

DESIGN

Nikhil Sadaphal

HEAD OFFICE

305, Trinnity Business Park,
LP Savani Road,
Surat [Gujarat]-395009
TEL: 080008 16688

For queries:

admin@equitypandit.com

Website:

www.equitypandit.com

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Full efforts have been made to ensure the authenticity and accuracy of the contents of the Yearbook, but we do not accept any liability for the errors if committed and the subsequent loss arising from the same, but we will make sure that the errors if occurred are recited and minimized in future editions and also would welcome the reader's feedback.

We welcome your comments and suggestions for our future editions to make it more helpful month after month.

Dear Readers,

In this month's edition of ISMJ, we begin with PM Calls For Economic Restraint: What Lower Fuel Use, Gold Buying, and Foreign Spending Mean For Dalal Street. As India navigates global uncertainties, policymakers are encouraging more prudent economic behaviour.

Next, we explore Understanding SEBI's 30-Day Rule for Market Data. Market transparency and fair access to information remain key pillars of a healthy financial ecosystem. ISMJ breaks down what this regulation means for investors, brokers, data providers, and the broader market landscape.

We then take a closer look at Understanding Oil Cartels and the UAE's 2026 Exit. The global energy market is undergoing significant shifts, and the UAE's departure from an influential oil alliance has raised important questions. ISMJ explains the potential implications for crude oil prices, energy markets, and India's economic outlook.

Our technology and investing coverage continues with Should You Trust AI With Your Investments? As artificial intelligence becomes increasingly integrated into financial services, investors are evaluating its benefits and limitations. ISMJ explores whether AI can truly enhance investment decision-making and where human judgment still matters most.

For high-net-worth investors, we present SIF vs PMS: Key Differences Every HNI Investor Must Know in 2026. With new investment structures gaining popularity, ISMJ compares Specialized Investment Funds and Portfolio Management Services to help investors understand their features, risks, and suitability.

We also examine Great Nicobar Mega Project: How India's Maritime Bet Could Reshape Trade, Defence, and Dalal Street. This ambitious infrastructure initiative has the potential to transform India's strategic and economic positioning.

Finally, we conclude with Rupee At Record Lows: What A Weakening INR Means For Indian Markets And Key Sectors. Currency movements often have far-reaching consequences for businesses and investors. ISMJ explores the sectors likely to benefit, those that may face challenges, and what a weaker rupee could mean for the broader economy.

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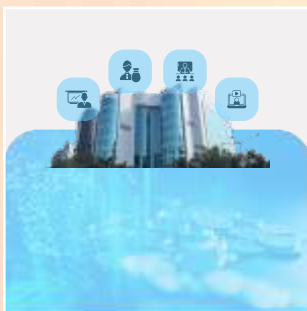
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Trading holidays



MUHARRAM

June 26, 2026 FRIDAY



Economic Restraint

What Lower Fuel Use, Gold Buying, and Foreign Spending Mean For Dalal Street



When a sitting Prime Minister goes on national television and asks people to drive less, skip the gold jewellery, and stay home instead of flying abroad, the stock market does not treat it as a lifestyle suggestion. It treats it as information. The calculation begins almost immediately: which sectors just got a headwind, which ones got an unexpected tailwind, and how much of what the PM said will eventually become actual policy.

That calculation ran through Dalal Street in real time through the first two weeks of May 2026. Crude oil had already been climbing hard since the Iran-U.S. conflict disrupted traffic through the Strait of Hormuz, the narrow waterway through which roughly a fifth of global oil supply moves. Brent crossed \$110 per barrel. The rupee was weakening. The government had delayed retail fuel

price hikes for four years, and the state-run oil companies were bleeding badly. Against that backdrop, PM Modi outlined a set of behavioral appeals to citizens: use less petrol and diesel, defer gold purchases, avoid non-essential foreign trips for at least a year, cut cooking oil consumption, and shift away from chemical fertilizers. For most of the country, it was a national call to action. For anyone watching equity markets, it was a signal that the pressure had grown serious enough to require a public response.



Why India's Import Dependence Makes These Signals Matter

India's external vulnerability to commodity shocks is not a new story, but the current numbers make it harder to ignore than usual. The country imports close to 85% of its crude oil needs, buys

more than half its cooking oil from abroad, and depends almost entirely on imports for potash and a substantial portion of its phosphate inputs for agriculture. Gold imports in FY26 hit a

record \$72 billion, roughly 24% higher than the year before. Crude oil alone cost the country \$134.7 billion in import spending last fiscal year.

The basic math of an oil price shock hitting an economy this dependent is unforgiving. RBI models and institutional brokerage research both suggest that a \$10 per barrel rise in crude widens India's Current Account Deficit by around 0.4% to 0.5% of GDP, pushes domestic inflation up by 35 to 40 basis points, and trims GDP growth by 20 to 25 basis points. Crude has moved from the \$65 to \$70 range a year ago to above \$110 recently. That is not a marginal shift. The IMF had projected India's CAD at \$84.45 billion for 2026 before the latest round of oil price increases, and that figure deteriorates with every week crude stays elevated.

The rupee has been pricing all of this in. It hit a record low of 96.96 against the



dollar, and over the course of FY26 it has shed close to 10% of its value, far above the historical depreciation rate of around 3% annually. The RBI's forex reserves came in at approximately \$696.9 billion after recent stabilization efforts, which gives the central bank room to manage volatility, but defending a currency during a sustained commodity shock is a slow drain on that cushion.

What The Government Was Actually Trying To Do

The economic logic behind PM Modi's appeal is worth spelling out, because it is not immediately obvious why a public speech would be a serious policy instrument.

The government had a limited set of options. Cutting excise duties on fuel reduces tax revenue; the March 2026 duty cut was already costing the exchequer roughly Rs 14,000 crore a



month. Passing the full cost of \$110 crude through to consumers would ignite inflation in ways the RBI would struggle to contain. The third option was to reduce the volume of imports

directly, and the cleanest way to do that without coercive measures is to get citizens to voluntarily consume less.

Brickwork Ratings ran the numbers on this and estimated that broad adoption of the behavioral changes PM Modi outlined could generate a \$37.8 billion forex buffer over a fiscal year. Fuel conservation accounts for the largest chunk at \$13.4 billion, followed by curtailed foreign travel at \$7.9 billion, reduced fertilizer use at \$7.3 billion, and lower gold buying at \$7.2 billion. Whether or not every citizen follows through, the framework signals the government's intent clearly, and markets read intent.

How Dalal Street Responded

The market reaction was not subtle. The Nifty 50 dropped 2.2% and the Sensex fell 2.7% in the sessions after the speech. The India VIX spiked 11.6%. Across three trading sessions, investor wealth on Dalal Street shrank by approximately Rs 11 lakh crore, with Rs 6 lakh crore of that gone on May 11 alone. The BSE Consumer Discretionary index fell over 3%, and the Nifty Consumer Durables index lost nearly 4%.



JM Financial's Hitesh Suvarna described the speech as "signalling before actual measures," which is the right way to read it. His note warned that a prolonged conflict scenario could pull GDP growth down to the 6% to 6.5% range and push the CAD toward 1.9% of GDP. If crude holds above \$100 through FY27, India's oil import bill could climb from around \$180 billion in FY26 to close to \$250

billion, which would put the current account deficit in territory that starts generating serious institutional concern. Ashwini Shami of Omniscience Capital put the sell-off in context: the correction was sharpest in stocks where valuations had already become stretched, with some names trading above 70 times earnings. At those multiples, any demand uncertainty gets priced in fast and painfully.

Which Sectors Are Carrying The Most Weight

The OMCs are the most visible pressure point. Before the recent price hikes, Indian Oil, Bharat Petroleum, and Hindustan Petroleum were collectively losing around Rs 30,000 crore per month, with LPG losses alone running roughly Rs 440 crore per day across all three. The government eventually

permitted two rounds of retail price increases in May 2026, first Rs 3 per litre and then around Rs 0.9 per litre, bringing Delhi petrol to Rs 98.64 and diesel to Rs 91.58. Nomura's analysis frames even those hikes as insufficient. Their estimated breakeven for petrol is closer to Rs 125 per litre, and for diesel



it sits between Rs 115 and Rs 120. The gap has not closed; it has only narrowed slightly.

Gold and jewellery stocks took a harder immediate hit. The government paired PM Modi's appeal with a hike in the Basic Customs Duty on gold to 10%, plus the existing 5% Agriculture Infrastructure and Development Cess,



taking total effective import duty to 15%. Titan Company dropped 8.81% over a month, Kalyan Jewellers slid 15.28%, and several other names fell between 7% and 12% in single sessions. JM Financial analysts noted that

companies sitting on existing inventory will likely book one-off margin gains as the duty hike raises the value of their stock. The longer worry is what happens to volumes over the next year if consumers genuinely pull back.

Travel stocks were not spared either. Thomas Cook India and Easy Trip Planners fell up to 5%. Godrej Properties and other real estate names declined as much as 7%, partly on concerns about softer discretionary spending overall.

The rotation in the other direction was notable. Ather Energy rose around 6.6%, Tata Motors gained as much as 4%, and domestic hotel names like IHCL and ITC Hotels attracted fresh buying. Solar pump makers, rail-linked stocks, and domestic manufacturing plays all saw interest as investors moved toward businesses that benefit when Indians travel less abroad and spend more at home.



Why A Speech Without Legal Force Still Moves Markets

A public appeal carries no enforcement mechanism. No one gets fined for buying gold, and no one gets penalized for flying to Dubai. So the magnitude of the market reaction needs some explanation.

Part of it is what Suvarna called the signal-before-measures dynamic. Markets were effectively pricing in the possibility that formal interventions

could follow if conditions did not improve. Outflows through the Liberalised Remittance Scheme had peaked at nearly \$32 billion in FY24, with travel accounting for 58% of outward remittances in FY25. Any regulatory tightening of that channel would have direct earnings implications for outbound travel businesses. Markets briefly speculated about this possibility,



though the government subsequently clarified that restrictions on foreign travel were not being planned.

The deeper concern is about feedback loops. Rohit Srivastava of Indiacharts captured it well: when people spend less

and use less, the economy slows, and a slower economy is not what equity markets want to price in. The sell-off reflected that anxiety as much as it reflected any single sector's specific exposure.

The Global Context Behind The Domestic Stress

India is not dealing with an ordinary cycle of commodity price volatility. According to a Wood Mackenzie report from May 2026, more than 11 million barrels per day of Gulf crude and condensate production is currently off the market, and over 80 million tonnes per annum of LNG supply, close to 20% of global volumes, has been disrupted. Wood Mackenzie's worst-case scenario puts crude at \$200 per barrel if the Strait of Hormuz closure extends through the end of 2026, with global oil demand potentially falling by 6 million barrels per day in the second half of the year. The IEA has flagged a potential "red

zone" for global oil markets by July-August as fuel reserves draw down. India, which imports roughly 85% of what it burns, cannot sit outside that dynamic.

For investors trying to navigate this, the question is less about finding the perfect trade and more about understanding which businesses genuinely benefit from the structural shift now underway, and which ones are only surviving on the hope that oil prices correct quickly. That distinction will separate portfolios that hold up from ones that keep underperforming through whatever the next several quarters bring.



Understanding SEBI's 30-Day Rule For Market Data

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India's financial markets have witnessed explosive growth in retail participation over the past few years. Millions of new investors and traders now consume market-related content daily through YouTube channels, Telegram groups, Instagram reels, trading communities, and educational platforms.

However, this rapid rise in financial content has also blurred the line between education and unregistered investment advice.

To address this growing concern, the Securities and Exchange Board of India introduced a major regulatory change in 2026: the 30-day rule for market price data used in educational content.

The rule has sparked intense debate across India's trading and investing ecosystem. While regulators view it as a necessary safeguard against misuse of market data, many educators and market participants believe it could significantly change how financial education operates in India.

So what exactly is this rule, why was it introduced, and how will it affect traders, educators, platforms, and retail investors?

The more useful question, for anyone trying to make sense of what comes next, is how this kind of currency weakness actually travels through an economy and which sectors end up on the right or wrong side of it.



What Is SEBI's 30-Day Rule?

Under SEBI's new framework, market price data used for educational and investor awareness purposes must carry a mandatory 30-day time lag. This rule becomes effective from July 1, 2026.

In simple terms, anyone creating educational stock market content cannot use or display recent market data that is less than 30 days old unless they are authorised entities operating under specific permissions.



The
framework
applies to:

- Stock exchanges
- Clearing corporations
- Depositories
- Market infrastructure institutions (MIIs)
- Educational platforms using exchange data

The new rule replaces earlier frameworks that had created confusion regarding what kind of data could be used and with what delay. Previously, different timelines, such as a 1-day delay and a 3-month delay, existed under separate guidelines. SEBI has now standardised the system into a single 30-day framework.

Why Did SEBI Introduce This Rule?

At the heart of SEBI's decision lies one major concern: the misuse of market data under the label of “education.”

Over the last few years, India has seen a sharp rise in trading influencers and unregistered market educators. Many platforms used real-time or near-real-time stock charts to provide what appeared to be educational content, but in practice often resembled trading signals or investment advice.



According to SEBI, this created multiple problems:

- Retail investors could confuse educational demonstrations with actionable recommendations
- Unauthorised entities could indirectly influence trading activity
- Real-time exchange data could be commercially exploited without proper authorisation
- Speculative trading behaviour could increase among inexperienced investors

The regulator believes that introducing a 30-day lag creates a clearer distinction between: Genuine education vs disguised market advice.

SEBI has specifically stated that the move is aimed at preventing misuse while still keeping educational content reasonably relevant.



Why The 30-Day Timeline Matters

The 30-day period is important because it attempts to balance two competing objectives.

On one side, SEBI wants to protect market integrity and prevent real-time data from being used to influence retail investors. On the other side, the regulator also recognises that

completely outdated data would make financial education ineffective.

This is why SEBI rejected both extremes. A very short delay could still allow quasi-advisory behaviour, while a very long delay, such as three months, would significantly reduce educational relevance.

The 30-day window is therefore being positioned as a middle ground.

Educators can still explain chart patterns, market cycles, technical indicators, and trading psychology, but they cannot use current market movements to imply real-time trading opportunities. This distinction is central to the new framework.



The Exception: NISM's Special Treatment

Interestingly, SEBI has provided a narrow exemption to the National Institute of Securities Markets (NISM). NISM's simulation labs will continue to have access to market data with only a 1-day lag for educational simulation purposes.

However, this exception is highly

restricted and applies only within controlled educational environments. The exemption highlights an important point that SEBI is not against financial education itself. Instead, it wants educational usage of market data to happen within regulated and clearly defined boundaries.

How This Will Affect The Stock Market Educators

One of the biggest impacts of the rule will be on India's rapidly growing financial creator economy.

Many stock market educators currently rely heavily on live chart analysis, intraday market breakdowns, real-time technical setups, and immediate trade examples to engage audiences and explain concepts.

Under the new framework, such content may no longer qualify as “educational” unless the creator has proper regulatory registration.

This creates a major operational shift.

Educational platforms may now need to use historical examples instead

of current charts, focus more on concepts and strategy rather than live trades, and clearly separate education from recommendations. For some creators—especially those dependent on short-term trading content—the rule could significantly affect engagement and audience growth.



Impact On Retail Traders And Investors

For retail investors, the impact is more nuanced. On the positive side, the rule could help reduce misleading “educational” trading content, pump-and-dump style influence, emotional trading based on influencer activity, and unregulated advisory practices. This may improve investor protection,

especially for inexperienced traders entering markets through social media platforms.

India has already seen massive growth in retail participation, with demat accounts crossing 190 million+ in 2026. Millions of first-time investors now consume financial content digitally,



which is why regulators are increasingly concerned about misinformation and speculative behaviour. However, critics argue that the rule may also reduce the quality and practicality of market education.

Trading and investing are highly time-sensitive disciplines, and many concepts are easier to understand when

linked to current market behaviour. Explaining volatility during live market conditions, understanding earnings reactions, or studying real-time support and resistance behaviour becomes harder with a 30-day delay.

As a result, some educators believe the framework could unintentionally slow financial literacy growth in India.

Impact On Fintech And Market Platforms

The rule is also important for fintech companies and trading platforms. Several startups and educational apps use exchange price data for learning modules, simulated trading, chart analysis, and investor awareness tools. Under the new framework, platforms will need to ensure strict compliance regarding data licensing, content classification, time-delay implementation, and user disclosures.

This could increase compliance costs and force companies to redesign certain features. At the same time, regulated and licensed entities may benefit because barriers to entry for unregistered educators could increase.



The Bigger Regulatory Trend

SEBI's 30-day rule is part of a broader trend in Indian market regulation. Over the last few years, SEBI has tightened oversight across multiple areas, including influencer regulations, derivatives trading disclosures, algorithmic trading access, investment advisory rules, and social media promotions in finance.

The regulator has become increasingly focused on balancing: Retail participation + investor protection + market

integrity. This reflects a larger shift in how regulators view digital financial ecosystems.

The stock market is no longer influenced only by institutional research and brokerage firms. Social media creators, Telegram channels, Discord communities, and YouTube educators now shape retail sentiment at scale. SEBI's new framework is effectively an attempt to adapt regulation to this new reality.

Final Thoughts

SEBI's 30-day rule for market data marks one of the most important regulatory changes in India's financial education ecosystem in recent years.

The framework is not just about delayed stock charts, but it represents a broader attempt to redefine the boundary between education and advice, content and influence, and market participation and investor protection.

For educators, the rule may require a complete shift in content strategy. For fintech platforms, it introduces new

compliance responsibilities. And for retail investors, it changes how market knowledge may be consumed in the future.

Ultimately, the success of the framework will depend on one key factor, which is whether India can continue expanding financial literacy while still protecting investors from misinformation and speculative excesses. As India's retail investing ecosystem continues to evolve, SEBI's 30-day rule may become a defining moment in shaping the future of market education in the country.

Understanding Oil Cartels And The UAE's 2026 Exit



The global oil market has always been shaped not just by supply and demand, but also by politics, alliances, and strategic control over production. At the centre of this system stands the Organisation of the Petroleum Exporting Countries (OPEC), the world's most influential oil cartel. For decades, OPEC has played a crucial role in determining oil prices by coordinating production among major oil-producing nations. However, in one of the most significant developments in recent energy history, the United Arab Emirates announced its decision to exit OPEC and OPEC+ in 2026.

This move is more than just a geopolitical headline. It reflects deeper structural shifts in the global energy market and has major implications for oil prices, global supply dynamics, and energy-importing countries like India.



What Is An Oil Cartel?

An oil cartel is essentially a group of oil-producing countries that coordinate production levels to influence global oil prices. The primary goal is to maintain favourable prices and protect member nations' economic interests.

OPEC, founded in 1960, includes some of the world's largest oil exporters, such as:



Saudi Arabia

Iraq

Iran

Kuwait

UAE (until 2026)

Over time, OPEC expanded its influence through OPEC+, a broader alliance that also includes countries like Russia.

The core strategy of OPEC is relatively

simple: reduce production when prices fall too much and increase production when markets tighten excessively. By controlling supply, the cartel attempts to stabilise or influence prices globally.

Why Oil Cartels Matter So Much

Oil remains one of the world's most strategically important commodities. Almost every economy depends on it directly or indirectly through transportation, manufacturing, electricity generation, petrochemicals, and logistics.

Even small changes in oil prices can significantly impact inflation, currency markets, interest rates, stock markets, and government finances. This is why OPEC decisions are watched closely by governments, central banks, and

investors worldwide.

Historically, OPEC has been able to influence oil markets because member nations collectively account for a substantial share of global oil production and reserves. However, that influence has gradually weakened due to rising US shale production, growth of renewable energy, increasing geopolitical fragmentation, and internal disagreements within OPEC+.

The UAE's exit is now being seen as another sign of this structural weakening.



Why Did The UAE Exit OPEC?

The UAE's decision to leave OPEC did not happen overnight. Analysts describe it as “a long time coming.”

At the heart of the issue was a growing conflict between the UAE's national interests and OPEC's production restrictions.

1. Production Capacity vs OPEC Quotas

The UAE has invested billions of dollars into expanding its oil production infrastructure through its national oil company, ADNOC.

- UAE production capacity is expected to reach nearly 5 million barrels per day by 2027
- However, OPEC quotas limited actual output to significantly lower levels

From the UAE's perspective, this created a frustrating situation. The country had invested heavily to increase production, but was not allowed to fully utilise that capacity.

By leaving OPEC, the UAE gains the freedom to produce oil according to its own economic priorities rather than collective cartel agreements.



2. Diverging Economic Priorities

Another major reason behind the exit is the UAE's changing economic structure.

Unlike many traditional oil-dependent economies, the UAE has diversified aggressively into finance, tourism,

logistics, artificial intelligence, infrastructure, and global trade. As a result, its economy is now increasingly tied to broader global growth rather than just oil prices.

This changes incentives dramatically. While some OPEC members prioritise higher oil prices through production cuts, the UAE increasingly prioritises higher production volumes, market share expansion, and long-term strategic positioning. In other words, the UAE wants flexibility in a rapidly evolving energy landscape.



3. Competition Within the Gulf

The exit also reflects rising strategic competition within the Gulf region, particularly between the UAE and Saudi Arabia.

For years, Saudi Arabia has acted as OPEC's dominant force. However, the UAE has increasingly pursued a more independent foreign and economic policy. Areas of competition now include energy leadership, financial hubs, logistics networks, technology investment, and regional influence. Analysts believe the UAE no longer wants its long-term energy ambitions

constrained by policies primarily shaped by Saudi Arabia.



4. Preparing For The “Post-Oil” Era

Ironically, the UAE's exit also reflects concerns about the future decline of oil demand.

Senior UAE officials have suggested that the world may be entering the “autumn of the hydrocarbon age.” This means the UAE wants to maximise revenues and production while global oil demand remains strong.

The logic is straightforward: if the global energy transition eventually reduces oil demand, producing more today may be strategically smarter than



restricting output for higher future prices later. This marks a major shift in thinking compared to traditional cartel behaviour.

How The UAE Exit Impacts Global Oil Markets

The UAE's exit matters because it weakens the cohesion and credibility of OPEC+.

Reduced Cartel Discipline

Cartels work only when members cooperate and follow quotas.

When a major producer exits:

- Enforcement becomes harder
- Other members may also demand flexibility
- Production coordination weakens

This raises concerns that OPEC's ability to influence oil prices could gradually decline.



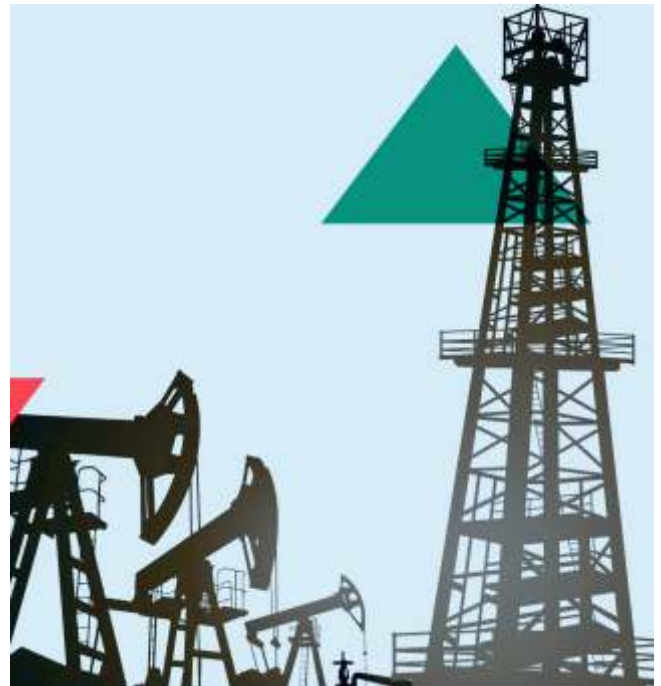
Increased Supply Potential

Without quota restrictions, the UAE could increase production significantly over time.

Higher production generally creates:

- Greater global supply
- Downward pressure on oil prices
- More competition among exporters

However, the immediate impact may remain limited due to ongoing geopolitical tensions in the Middle East and supply disruptions around the Strait of Hormuz.



Greater Oil Price Volatility

One of the most important consequences could be higher long-term volatility.

As OPEC's pricing power weakens, oil markets may become increasingly driven by:

- Geopolitical shocks
- Market competition
- Demand fluctuations
- Non-OPEC supply growth

This creates a more unpredictable environment for global economies.



Why This Matters For India

For India, the UAE's exit is extremely important because India is one of the world's largest oil importers. The country imports over 85% of its crude oil requirements, making it highly sensitive to changes in global oil prices and supply stability.

There are potential benefits for India if the UAE increases production independently. Greater crude availability could improve pricing negotiations and diversify sourcing options. Since the UAE is already one of India's key energy partners, increased output could strengthen India's energy security.

In the longer term, weaker cartel discipline and rising global supply could help stabilise oil prices at relatively lower levels. This would reduce India's import bill, lower inflationary pressures, support fiscal stability, and strengthen the rupee.

India and the UAE have also tied their



economies together a lot more over the last few years. The energy cooperation is no longer just crude oil; it's sort of moving into strategic petroleum reserves, renewable power, infrastructure spending, and wider trade alliances. Still, there are risks, and not small ones. If OPEC weakens in a structural way, oil prices could turn more erratic, and once that happens, volatility tends to spread fast.

For India, sudden price jumps can hit inflation almost immediately, then drag trade deficits, currency stability, and even stock markets. Also, the UAE's departure is arriving while the Gulf region is already dealing with higher geopolitical pressures. Any disruption near Hormuz can shake shipping lanes, push insurance costs up, and complicate oil supply chains. Even if oil is still physically available, the transport part alone can add a



meaningful expense.

A weaker cartel can further mean tougher, more confrontational competition among producers. It might lower prices in the short run, but it can also raise the odds of geopolitical friction in major oil-exporting areas. In other words, energy security planning for India becomes even more crucial.



The Bigger Picture A Structural Shift In Global Energy

The UAE's exit is not only about oil quotas or allocation numbers. It basically hints at a wider reshaping in global energy markets. The old OPEC setup was built in a time when oil demand grew in a fairly straight line, producers had strong control over most supply, and substitutes for fossil fuels were limited.

Today, the environment looks very different. Renewable energy is growing rapidly, electric vehicles are reducing future oil demand growth, energy geopolitics is becoming increasingly fragmented, and countries are prioritising national interest over collective coordination. The UAE appears to be positioning itself early for this new era.

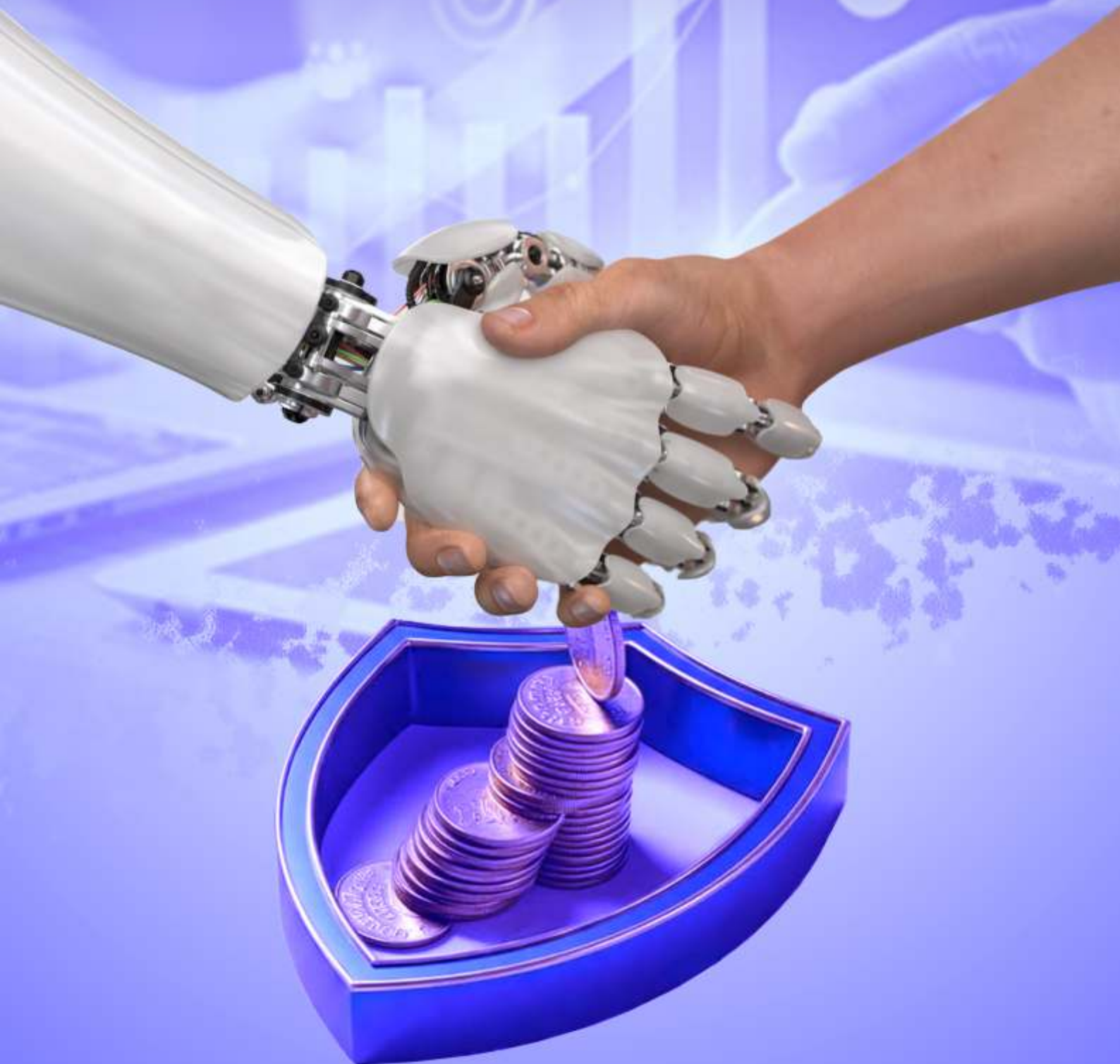


The UAE's exit from OPEC in 2026 is considered one of the biggest pivots in global energy politics lately. It shows shifting economic priorities, more internal competition across the Gulf, less cartel unity, and a general drift toward a more splintered, harder to predict energy landscape.

For India, the development brings both opportunity and uncertainty. Lower prices and diversified supply could benefit the economy, but increased volatility and geopolitical risks remain major concerns. The future of oil markets may no longer be controlled by cartels alone—but by a far more complex mix of geopolitics, competition, technology, and energy transition.



Should You Trust AI With Your Investments?



Artificial Intelligence (AI) has rapidly moved from being a futuristic concept to becoming an everyday tool for millions of people. From generating content and automating workflows to assisting businesses with decision-making, AI is transforming industries across the globe.

The investing world is no exception. Today, investors can use AI to analyse company financials, summarise earnings calls, screen stocks, track market sentiment, compare industries,

and even generate investment ideas within seconds. As AI capabilities continue to improve, many investors are asking an important question:

Should you trust AI with your investments? The answer is not a simple yes or no.

While AI is becoming an incredibly powerful research assistant, it is not a replacement for human judgment. Understanding where AI adds value and where its limitations lie is essential for every investor.



The Rise Of AI In Investing

The adoption of AI across the financial industry has accelerated significantly over the past few years.

Globally, more than half of asset management firms now use AI in at least one part of their investment

process, while another large group is actively testing AI-driven solutions. At the same time, most asset managers plan to increase AI adoption further over the next year, reflecting growing confidence in the technology's potential.

The broader AI-in-asset-management market is also expanding rapidly, with industry estimates projecting strong double-digit growth over the coming decade as investment firms increasingly adopt AI for portfolio analytics, risk management, and research.

This trend highlights an important reality: AI is no longer a niche experiment in finance; it is becoming a core part of the investment ecosystem.



What AI Does Better Than Humans

One of AI's biggest advantages is its ability to process enormous amounts of information in a very short period of time.

A human analyst may spend several days reviewing annual reports, earnings transcripts, industry developments, and economic data. AI can scan and summarise much of that information within minutes.

For investors, this creates significant opportunities. AI can help analyse hundreds of companies simultaneously, identify key financial trends, compare

valuation metrics, summarise management commentary from earnings calls, and monitor breaking news that could affect specific sectors or stocks.

Instead of spending hours collecting information, investors can spend more time interpreting and evaluating it.

This shift is particularly valuable because modern investing involves navigating an overwhelming amount of data. The challenge is no longer finding information—it is filtering and understanding it. AI excels at this task.



AI As A Research Assistant, Not A Fund Manager

One of the biggest misconceptions surrounding AI investing is the belief that AI should automatically decide what stocks to buy and sell.

In reality, even professional investment firms primarily use AI as a support tool rather than an autonomous decision-maker.

Recent industry surveys show that while AI adoption has become widespread across asset management, firms continue to rely heavily on human oversight when making actual investment decisions. AI is being used to improve productivity, research quality, and analytical depth rather than completely replacing portfolio managers.



This distinction is critical. The most effective use of AI today is not asking "What stock should I buy?", but instead, investors should ask: "Help me understand this company, industry, risk, or investment opportunity better."

The second approach turns AI into a powerful research partner rather than a decision-maker.

How AI Can Improve Investment Research

Perhaps the greatest benefit of AI for retail investors is the democratisation of research.

A few years ago, sophisticated investment research was mostly only reachable by institutional investors, and professional analysts were the ones doing it. Now, though, with AI tools,

individual investors can sort of do the research that before would've taken a whole analyst team. It feels more doable than it used to be, even if it still takes attention.

For instance, AI can help investors make sense of financial statements more clearly by smoothing out those

complicated balance sheets, income reports, and cash flow summaries. Instead of getting overloaded by accounting language, investors can quickly see revenue growth patterns, profitability, debt levels, the steadiness of cash flow, and likely financial threats. So in practice, people end up spending less time decoding jargon and more time looking at the real business logic underneath it all, which is kinda the point.



AI is also proving extremely valuable when it comes to analysing earnings calls. Quarterly earnings transcripts often run into dozens of pages and contain critical insights about a company's future prospects. AI can quickly summarise management guidance, growth expectations, key risks, changes in business strategy, and broader industry trends discussed during these calls. As a result, investors can stay informed without spending hours reading lengthy transcripts.

Another place where AI delivers real value is company comparison. Whether someone is studying banks, tech firms, pharmaceutical companies, or automobile manufacturers, AI can quickly point out differences in revenue

momentum, profit margins, valuation measures, debt structures, competitive strengths, and market positioning. That usually makes the shortlisting step a lot faster, not just "possible", but far more efficient overall.

And beyond single companies, AI can help investors understand bigger industry and economic shifts. Big themes like artificial intelligence,

renewable energy, electric vehicles, defence manufacturing, digital payments, and semiconductor progress are reshaping the global economy. By collecting information from multiple sources and presenting it in a structured way, AI can help investors grasp how these long-term forces might translate into specific sectors, and then into particular companies, too.

Where AI Still Falls Short

Despite its strengths, AI has significant limitations that investors must understand. AI systems are trained on historical information and patterns. They do not truly understand business quality, management integrity, or investor psychology the way experienced investors do. AI can summarise information exceptionally well, but it often struggles with context.

For example, AI may identify a company with strong revenue growth and improving margins. However, it may not fully appreciate factors such as regulatory risks, political uncertainty, management credibility, competitive disruption, or changes in consumer behaviour. These qualitative factors often determine long-term investment



outcomes and are difficult to capture through data alone.

This is why blindly following AI-generated recommendations can be dangerous. Even the financial industry increasingly views AI as an augmentation tool rather than a replacement for human decision-making.

The Risk Of Overreliance

One of the biggest mistakes investors can make is assuming that AI is always correct.

AI models can produce inaccurate information, miss critical context, misinterpret data, or generate overly confident conclusions. While AI can significantly improve productivity and broaden research coverage, it does not automatically improve forecasting accuracy.

This highlights an important lesson: Better information does not automatically lead to better decisions.

Investors still need critical thinking, scepticism, and independent judgment. AI can provide valuable insights, but the responsibility of evaluating those insights ultimately remains with the investor.



Why AI Will Become Essential For Investors

While AI should not replace investors, it is increasingly becoming an essential tool.

The amount of information generated by financial markets continues to grow exponentially. Thousands of earnings reports, economic releases, research notes, regulatory filings, and news updates are published every day.

No human can process all of this information efficiently.

This is where AI's importance becomes clear. It can automate research tasks,

continuously monitor markets, assist with risk assessment, improve portfolio analysis, enhance financial education, and help investors screen opportunities more effectively. As businesses across industries continue integrating AI into their operations, investing is likely to follow the same path.

The technology is gradually moving from an optional advantage to a necessary productivity tool for investors seeking to keep up with increasingly complex markets.

What This Means For Indian Investors



India is uniquely positioned to benefit from the AI revolution. The country has one of the world's largest retail investor bases, a rapidly growing digital ecosystem, and a strong technology workforce.

As AI tools become more accessible, Indian investors can leverage them to conduct deeper research, understand businesses more effectively, track

market developments more efficiently, improve financial literacy, and make more informed investment decisions.

For first-time investors, especially, AI can act as an educational companion that simplifies complex financial concepts and accelerates the learning process. Rather than replacing knowledge, AI helps investors acquire and apply knowledge more efficiently.

The Future: Human Intelligence + Artificial Intelligence

The future of investing is unlikely to be a battle between humans and machines. Instead, it will be a partnership. The most successful investors will not necessarily be those who rely entirely on AI, nor those who ignore it completely.

They will be the investors who combine human judgment, business understanding, long-term thinking, and disciplined risk management with AI-powered research, faster information processing, data-driven insights, and enhanced analytical capabilities.



In many ways, AI is becoming what the calculator became for mathematics: a powerful tool that improves efficiency but does not replace understanding.



So, should you trust AI with your investments? The better question may be: Should you trust AI to help you become a better investor? And the answer is increasingly yes.

AI can help investors analyse information faster, understand businesses more deeply, identify opportunities more efficiently, and navigate increasingly complex financial markets.

However, AI should remain a tool—not the final decision-maker. The best investment outcomes will likely come from combining the strengths of artificial intelligence with the experience, judgment, and discipline that only human investors can provide.

As financial markets become more data-driven and complex, investors who learn to use AI effectively may gain a significant advantage. The future of investing will not belong to AI alone—it will belong to those who know how to work alongside it.

SIF vs PMS: Key Differences Every HNI Investor Must Know in 2026



India's wealth management landscape is evolving rapidly. For years, high-net-worth investors seeking sophisticated investment strategies had limited options beyond traditional

mutual funds and Portfolio Management Services (PMS). However, the introduction of Specialised Investment Funds (SIFs) by SEBI has created an entirely new category that sits between mutual funds and PMS.

As more asset management companies launch SIF offerings in 2026, investors are increasingly asking:

Should I choose a SIF or a PMS?

The answer depends on factors such as investment size, portfolio customisation needs, taxation, risk appetite, liquidity requirements, and investment objectives.

Understanding the differences between these two products is becoming increasingly important because SIFs are positioning themselves as a potential alternative to PMS for a large segment of affluent investors.



Why SEBI Introduced SIFs

Before understanding the comparison, it is important to understand why SIFs were created in the first place.

For many investors, traditional mutual funds offered safety, transparency, and regulatory oversight but lacked flexibility. On the other hand, PMS offered customised portfolio management and

advanced investment strategies but required a minimum investment of ₹50 lakh, putting it out of reach for many affluent investors.

SEBI introduced Specialised Investment Funds in April 2025 to bridge this gap. SIFs provide greater investment flexibility than mutual



funds while maintaining a regulated framework, creating a middle ground between retail-oriented mutual funds and high-ticket PMS products.

As a result, investors with investable

surpluses between ₹10 lakh and ₹50 lakh now have access to sophisticated investment strategies that were previously difficult to access through conventional mutual funds.

What Is A Specialised Investment Fund (SIF)?

A Specialised Investment Fund is a SEBI-regulated investment vehicle launched under the mutual fund regulatory framework.

Unlike traditional mutual funds, SIFs are permitted to use more advanced investment approaches, including long-short strategies, derivative-based strategies, sector rotation strategies, and hybrid allocations across multiple asset classes. They are specifically designed for sophisticated investors who understand higher-risk investment strategies.

One of the biggest attractions of SIFs is their lower entry barrier.

The minimum investment requirement is ₹10 lakh per PAN, making them significantly more accessible than PMS offerings.



What Are Portfolio Management Services (PMS)?

Portfolio Management Services are professionally managed investment portfolios designed for affluent investors.

Unlike pooled investment vehicles, PMS investors directly own the securities purchased in their portfolios.



The portfolio manager makes investment decisions based on the agreed mandate, but the stocks, bonds, and other securities remain in the investor's individual demat account.

PMS products typically cater to investors seeking:

- Personalised portfolio construction
- Greater customisation
- Direct ownership of securities
- Dedicated wealth management services

However, SEBI mandates a minimum investment of ₹50 lakh for PMS investments, making them suitable primarily for HNIs and ultra-HNIs.

SIF vs PMS: The Key Differences

1 - Minimum Investment Requirement

The most obvious difference between the two products is the entry threshold.

There's also the simple minimum ticket size. SIFs typically require at least ₹10 lakh, while PMS generally needs ₹50 lakh. That gap can really widen the addressable investor base for SIFs. Investors who've built meaningful wealth, but aren't yet ready to commit ₹50 lakh into a single investment

strategy, may find SIFs especially appealing.

For many emerging HNIs, this lower threshold may prove to be the biggest advantage of SIFs.



2 - Ownership Structure

The structural difference between SIFs and PMS is perhaps the most important distinction.

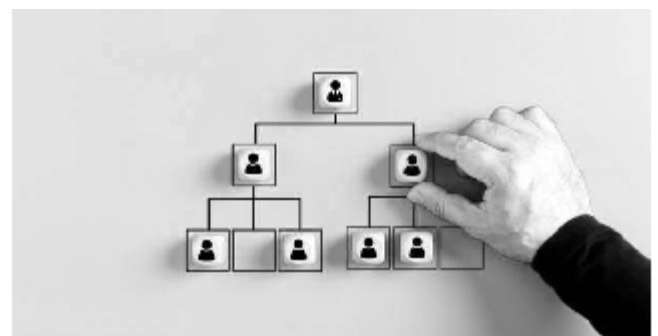
SIFs operate as pooled investment vehicles, similar to mutual funds. Investors own units of the fund rather than the underlying securities themselves. The fund manager makes decisions on behalf of all investors participating in the strategy.

PMS works differently.

Here, investors directly own the stocks and securities in their portfolios. Every purchase and sale occurs within the

investor's own account, creating a much more personalised investment experience.

For investors who value direct ownership and visibility into every transaction, PMS often remains the preferred option.



3 - Portfolio Customisation

Customisation is one area where PMS maintains a clear advantage.

Since PMS portfolios are managed individually, portfolio managers can tailor investments according to specific investor preferences, risk profiles, tax situations, and sector preferences.

An investor may choose to avoid certain sectors, increase exposure to specific themes, or align the portfolio with personal financial goals. PMS managers can often accommodate such requirements.

SIFs, while more flexible than



traditional mutual funds, remain pooled structures. Investors participate in predefined strategies rather than receiving customised portfolios.

As a result, investors seeking highly personalised wealth management solutions may still prefer PMS.

4 - Investment Strategy Flexibility

This is where SIFs are generating significant attention in 2026.

Traditional mutual funds typically follow long-only strategies. SIFs, however, can employ sophisticated approaches, including:

- Long-short investing
- Derivative-based strategies
- Sector rotation strategies
- Tactical asset allocation
- Hybrid long-short strategies

SEBI permits SIFs to take limited unhedged short exposure through derivatives, creating opportunities to generate returns even during challenging market conditions.

Many PMS products remain primarily long-only equity portfolios, although

some managers use tactical approaches depending on their mandates. As a result, SIFs may provide investors access to strategies that were previously available mainly through PMS or Alternative Investment Funds (AIFs).



5 - Taxation

Taxation is another critical factor that can significantly impact long-term returns.

In PMS, investors directly own securities. Every transaction executed by the portfolio manager may create a taxable event for the investor. Frequent buying and selling can, therefore, generate ongoing tax liabilities.

SIFs generally follow a mutual fund-

like taxation structure, where taxation typically occurs when investors redeem their units rather than every time the fund manager makes a portfolio adjustment. This structure can improve tax efficiency for certain strategies and investor profiles.

For investors focused on after-tax returns, this distinction can be highly relevant.

6 - Transparency and Monitoring

PMS gives near real-time visibility because investors directly own securities within their accounts. They can watch holdings, transactions, and portfolio performance more or less



continuously, without waiting around. SIFs usually provide periodic disclosures, the way mutual funds do.

Investors will receive portfolio updates and disclosures that follow regulatory requirements, but they won't get visibility into every underlying transaction, as it happens. So if someone prefers detailed portfolio monitoring, they often end up seeing PMS as more transparent, from an ownership perspective.

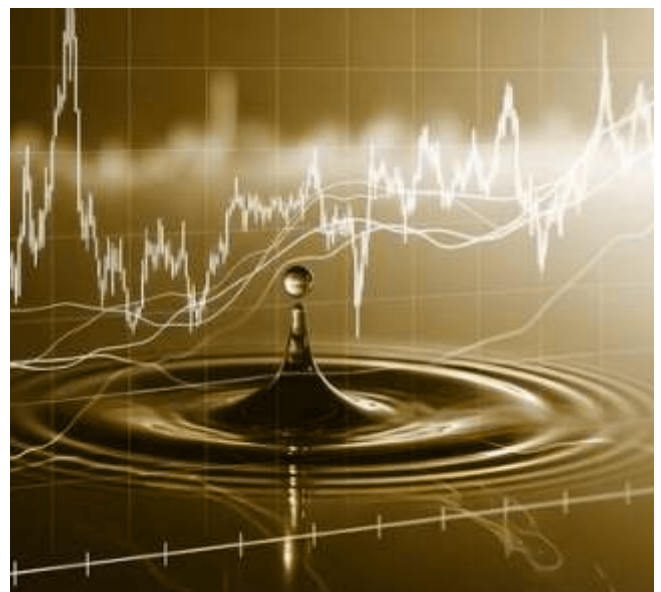
7 - Liquidity

Liquidity can vary significantly across products.

Most SIFs are designed with redemption mechanisms that are generally more structured and accessible than many alternative investment products. However, depending on the strategy, notice periods and specific redemption conditions may apply.

PMS liquidity depends on the underlying portfolio composition. While investors own their securities directly, liquidating positions may sometimes depend on market conditions and portfolio strategy.

For investors seeking easier access to capital, liquidity terms should be carefully reviewed before investing in either product.



How SIFs Could Change The Wealth Management Industry

The introduction of SIFs may become one of the most significant developments in India's investment industry over the next few years.

Historically, investors progressed from mutual funds directly to PMS or AIFs as their wealth increased. SIFs now create



a new middle layer within the investment ecosystem.

This could have several implications:

- More competition for PMS providers
- Greater product innovation from AMCs
- Increased access to advanced investment strategies
- Better-regulated alternatives to unregistered investment schemes

Industry observers increasingly view SIFs as a bridge connecting traditional mutual fund investing with institutional-style portfolio management.

Which Investors Should Consider SIFs?

SIFs may be suitable for investors who:

- Have investable assets between ₹10 lakh and ₹50 lakh
- Want exposure to advanced investment strategies
- Are comfortable with higher risk levels
- Seek a regulated investment structure
- Want more flexibility than traditional mutual funds offer

However, SIFs are not designed for beginners. Their use of derivatives and sophisticated strategies means investors



should understand the risks involved before allocating capital.

Which Investors Should Consider PMS?

PMS may be more appropriate for investors who

- Can allocate ₹50 lakh or more
- Prefer personalised portfolio construction
- Want direct ownership of securities
- Require customised investment mandates
- Value dedicated relationship management and wealth advisory services

For ultra-HNIs and family offices, PMS continues to offer a level of customisation that pooled investment vehicles cannot easily replicate.

The emergence of SIFs has added an important new dimension to India's wealth management ecosystem.

For years, investors had to choose between the simplicity of mutual funds and the high entry barrier of PMS. SIFs now offer a middle path, combining the regulatory oversight and pooled structure of mutual funds with some of the advanced strategies traditionally associated with PMS and AIFs.

That said, SIFs aren't necessarily going to replace PMS. Instead, they're kind of expanding investor choice and, yeah, offering a slightly different flavour of access.

For investors sitting between ₹10 lakh and ₹50 lakh who want more sophisticated market strategies, SIFs could turn out to be among the most attractive investment vehicles in 2026. At the same time, investors who are looking for deep customisation, direct ownership, and personalised wealth management might still prefer PMS as the cleaner fit.

In the end, the right choice probably is not “which product is better” but which one matches your capital base, risk tolerance, tax thinking and those long-term financial goals you actually care about.

Great Nicobar Mega Project

How India's Maritime Bet Could Reshape Trade, Defence, And Dalal Street





Most Indian investors rarely pause on the words "transshipment port." Port infrastructure news gets filed away somewhere between power sector updates and quarterly cement dispatches, rarely making it into a serious portfolio conversation. The Rs 90,000 crore Great

Nicobar Mega Project deserves better than that treatment. What India is attempting here goes beyond building another container facility — it is a structural bet on reclaiming maritime relevance that the country has quietly ceded for three decades.

— **Why Great Nicobar Matters More Than Most People Realise** —

Start with what moves through the Strait of Malacca. In the first half of 2025, close to 23.2 million barrels of oil passed through that corridor daily,

accounting for roughly 29% of global maritime oil trade. Somewhere between 70% and 80% of China's crude oil imports depend on this same narrow



passage, which tightens to 2.7 kilometres at its most constricted point. Given where Great Nicobar sits — about 40 nautical miles from that

chokepoint, India is in a genuinely rare geographic position. The problem, until now, is that it has done almost nothing with it.

The Port Itself

What Galathea Bay offers that most Indian ports cannot is natural depth. The seabed there exceeds 20 metres, deep enough for the largest container vessels afloat without any capital dredging commitment. The first phase of the International Container Transshipment Terminal targets commissioning by 2028 at a cost of Rs 18,000 crore, with a projected throughput of 4 million TEUs annually. At full build-out, revised project estimates put the eventual capacity

somewhere in the range of 14 to 16 million TEUs per year.



— India's Bigger Goal: From Trade Dependence To Maritime Leverage —

The core problem this project addresses is straightforward. Over 75% of India's transhipped cargo currently moves through foreign ports. Colombo handles roughly 45% of those volumes alone, with Singapore and Port Klang in Malaysia taking much of what remains. Each time Indian cargo clears through a

foreign hub, the port fees, handling charges, and logistics revenues stay in that country's economy rather than India's. The Reserve Bank of India flagged this in a 2022 report, noting that weak shipping connectivity had actively slowed India's integration into global value chains.

The Revenue Case

Annual revenue leakage from this dependency runs somewhere between USD 200 million and USD 300 million. The ICTT at Galathea Bay is designed to change that equation by offering large mother vessels a competitive docking option directly on the main East-West shipping route. For certain trade corridors, routing through Galathea Bay could halve sailing distances and compress turnaround times for feeder vessels calling on Indian ports.



Ownership Structure

The government has built the ownership model with strategic intent. Foreign port operators are excluded from participation entirely. A joint venture, majority-owned by an Indian private entity with public major ports holding minority stakes, will build and

run the terminal under a 50-year concession period. The Public Private Partnership Appraisal Committee cleared a viability gap funding package of Rs 12,230 crore in March 2026 to support the project's financial viability through the early years.



— How Dalal Street Could Read The Maritime Theme —

This is not the kind of project that delivers a clean trade on announcement day. The full build-out spans three decades, and commercial port revenues from Phase I will not materialise until the late 2020s at the earliest. That said, the capex cycle has already begun moving, and the infrastructure companies positioned early in that cycle stand to benefit well before a single container ship berths at Galathea Bay.



The Near-Term Dredging Opportunity

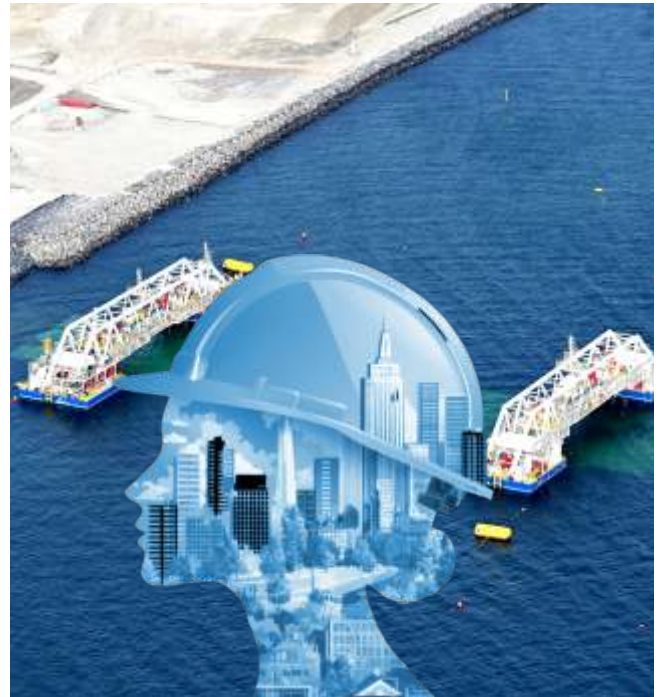
Marine dredging is where the clearest near-term order story sits. India's dominant public sector dredging company holds roughly 80% of the country's maintenance dredging market and is working through a Rs 1,000 crore rights issue to bring 11 new high-capacity dredgers into service. One of those vessels is expected to be operational by September 2026, which lines up closely with when the first Galathea Bay capital dredging tenders are likely to come to market.



Port Operations And EPC Exposure

Port operators with deep-draft greenfield experience are the natural candidates for the private entity's 55% stake in the joint venture. On the civil and construction side, engineering and procurement contractors with established marine and airport track records are well-placed for the runway, breakwater, and township phases of the project. The energy component is also taking shape, with a major state-owned renewable energy company having issued a formal expression of interest in August 2025 for the initial solar and battery storage installations that will

underpin the island's planned 450 MVA hybrid power complex.



— The Defence Dimension —

The pre-feasibility report published in March 2021 did not present the Great Nicobar project as purely commercial. National security and regional positioning in the Indian Ocean were listed as explicit drivers from the beginning. Running alongside the port is an airport with a 3,500-metre hardened runway — a dual-use facility that can receive both commercial traffic and military platforms, including

heavy-lift transport and maritime patrol aircraft.

The Andaman and Nicobar Command,



India's only tri-service theatre command, already operates from the archipelago. China has spent years stitching together an Indian Ocean port network reaching from East Africa through Pakistan, Sri Lanka, and

Myanmar. A properly resourced base at Great Nicobar would give India genuine monitoring capability over naval movements through the Six Degree Channel, which its current infrastructure cannot provide.

— The Risks Behind The Ambition —

No credible assessment of this project can avoid its genuine difficulties. February 2026 brought NGT clearance on environmental grounds, but that did not close the legal chapter. In May 2026, the Calcutta High Court's Port

Blair circuit bench took up a public interest litigation claiming that the Gram Sabha resolutions authorising forest diversion were passed with attendance of just 1.83% in Campbell Bay - a fraction of the 50% quorum the law demands.



Ecological And Seismic Concerns

On the ground, 130.75 square kilometres of tropical rainforest requires diversion. Galathea Bay is one of the last significant nesting habitats

for the giant leatherback sea turtle in the Indo-Pacific, and the plan to relocate coral colonies elsewhere on the island carries genuine scientific uncertainty —

there is no precedent for doing this successfully at this scale. Sitting in an active subduction zone, the island took severe tectonic punishment in the 2004 Indian Ocean earthquake. Geologists point out that the characteristic pattern of slow uplift followed by sudden subsidence in such settings creates structural risk for heavy infrastructure over any extended timeline.



The Ecosystem Problem

Physical infrastructure is only one part of what makes a transshipment hub work. Singapore and Colombo did not become dominant simply by having deep water — they built carrier relationships, feeder networks, and shipper loyalty over decades. Any new hub asking global shipping lines to

reroute established cargo flows will need to compete on price, turnaround speed, and operational consistency from the very first call. India has not run a port of this complexity before, and that gap in experience is a commercial risk sitting alongside all the environmental and legal ones.



— The Bigger Macro Story —

In 2020, India handled roughly 17 million TEUs against China's 245 million. The manufacturing gap explains part of that difference, but years of neglecting maritime infrastructure made it worse. Continental security dominated policy thinking for so long that India's island territories were essentially treated as remote outposts rather than strategic assets.

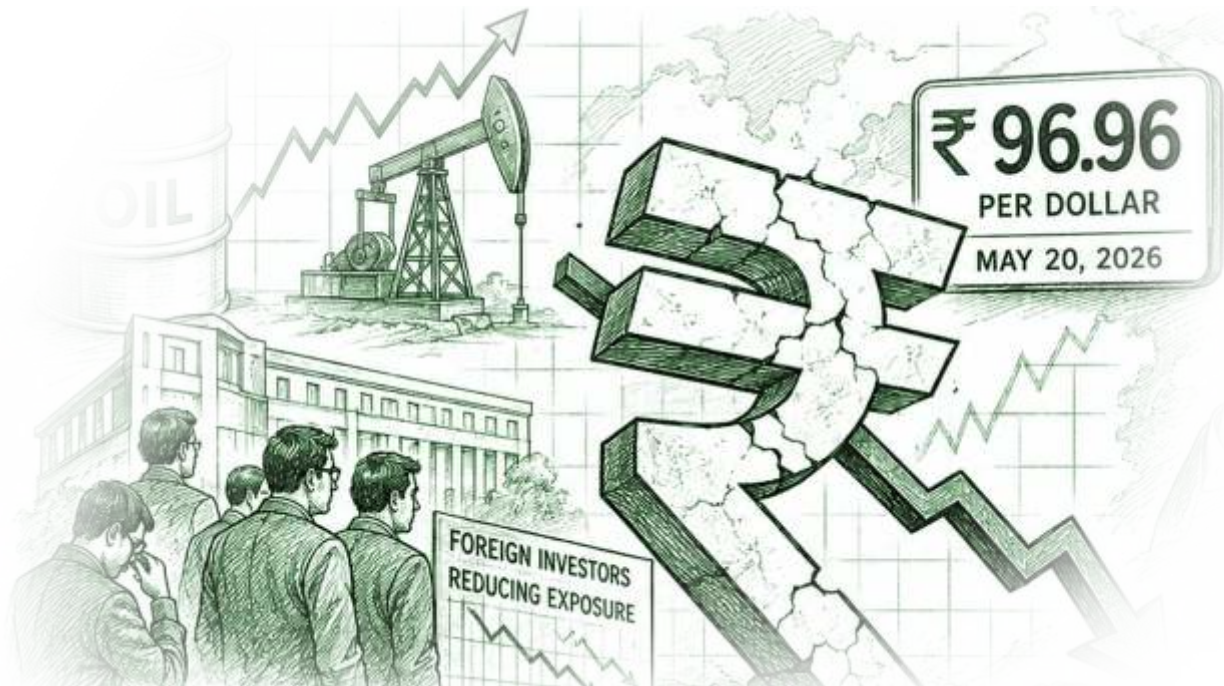
What changes if Great Nicobar delivers on even half its promise is the shape of India's logistics position in the Indo-Pacific. Dredging and construction order cycles will be the first place that investment shows up in the market. The concession bidding process, moving toward formal tenders around mid-2026, is the next thing worth watching. After that, it becomes a long game — one worth following closely.



Rupee At Record Lows

What A Weakening INR Means For Indian Markets And Key Sectors





The rupee's fall to 96.96 per dollar on May 20, 2026, did not arrive without warning. Oil had been climbing for months, foreign investors had been steadily reducing their exposure to Indian assets, and the RBI had been managing an increasingly uncomfortable position between protecting the currency and keeping borrowing conditions workable for a slowing economy. Currency moves of

this kind rarely feel pressing until they show up somewhere tangible, a higher fuel bill, a more expensive grocery run, or a portfolio holding that starts behaving unexpectedly.

The more useful question, for anyone trying to make sense of what comes next, is how this kind of currency weakness actually travels through an economy and which sectors end up on the right or wrong side of it.

Why The Rupee Is Falling, And Why This Time Feels Different

Since the Iran conflict escalated in late February 2026, access through the Strait of Hormuz has become

unreliable. That waterway carries roughly a quarter of the world's seaborne oil, and its disruption pushed

Brent crude past \$110 per barrel, briefly reaching \$126. For India, which relies on overseas sources for 85% to 88% of its crude needs, there was little in the way of a buffer against that kind of price move.

That said, oil is not the whole story. The rupee had already shed nearly 14% against the dollar over the two years before 2026, sliding gradually from around 83 to the 96 level. The shift in 2026 was not the direction but the speed. Over just five consecutive trading sessions in May, the currency lost 1.7% and touched the 96.96 intraday low. DBS Bank, which had previously forecast a range of 90 to 95, revised its projection toward 95 to 100 for the remainder of the year.

The interest rate picture adds another layer. In December 2025, the RBI

lowered its repo rate to 5.25% at a time when the US Federal Reserve was holding firm. For an overseas investor doing the basic maths, US sovereign bonds were offering around 4.65%, against roughly 3.04% available from Indian debt once hedging costs were factored in. That kind of differential does not encourage foreign money to stay put.



How A Weak INR Travels Through The Economy



Currency depreciation does not stay confined to the forex market. It moves through the economy in ways that are often felt before they are fully understood.

The Inflation Channel

The most direct route is through energy costs. Energy economists and the RBI generally estimate that a 5% depreciation in the rupee adds 15 to 25 basis points to headline CPI. The central bank's April inflation projection of 4.6% for FY2026-27 was built on an assumption of the rupee trading around 94. A currency now trading closer to 96 to 97 breaks that baseline entirely.



The Household Squeeze

Diesel connects the fuel pump to almost everything consumers buy. Higher diesel costs feed directly into freight charges, which then push up prices across the supply chain from agricultural produce to packaged goods. Petrol and diesel retail prices have already been revised upward by approximately five rupees per litre across three separate instalments since May 15, 2026, and given where crude is trading, further revisions cannot be ruled out.

For households, the effect accumulates quietly. Essential spending claims a larger share of monthly budgets, and

spending on anything discretionary tends to contract. For sectors in the equity market whose revenue depends on domestic consumer demand, that compression in household spending will eventually show up in quarterly earnings.



The Sector Divide: Who Gains And Who Gets Hit



A weaker rupee does not hurt every business equally. It redistributes profitability quite sharply between export-facing companies and those dependent on imported inputs.

The Export Beneficiaries

Indian IT services companies sit on the winning side of this redistribution. Their revenue arrives in dollars and euros, their wage bills go out in rupees, and a depreciating currency widens that gap automatically. At 96 rupees to the dollar rather than 85, each dollar of foreign billing converts to meaningfully more domestic currency when the books are settled. Industry estimates suggest large-cap IT companies could see operating margin expansion of around 30 basis points by FY27, with smaller mid-tier players potentially gaining closer to 50 basis points. In an environment where client spending is cautious, that currency effect becomes a useful cushion. Pharmaceutical exporters operate through a similar dynamic. Domestic



pharma companies selling generic medicines into the US and European markets collect their revenues in hard currency while manufacturing largely in rupees. The Nifty Pharma index fell only 3% year-to-date during the initial phase of the 2026 correction, against a 12% decline in the broader Nifty 50, a gap that reflects the earnings protection that currency tailwinds provide.

The Import-Dependent Casualties

The aviation sector faces the opposite situation, and the numbers are unforgiving. Fuel costs alone account for 30% to 40% of what an airline spends to operate, and those costs are benchmarked to international crude prices denominated in dollars. On top of that, aircraft leasing agreements, spare parts procurement, and a range of maintenance contracts are all settled in foreign currency. A rupee that loses ground against the dollar while oil simultaneously trades above \$110 means cost pressures arriving from two directions with no natural offset available. Passing those costs on through higher fares is not a straightforward solution either, because domestic air travel is price

sensitive enough that aggressive fare increases tend to reduce the number of people flying rather than simply recover the margin.

Oil marketing companies face a related bind. They import most of the country's crude, settle in dollars, but sell domestically at prices that are politically constrained. The gap between import costs and retail prices generates under-recoveries that can erode profitability rapidly. For FMCG and paint companies, the pressure arrives through raw material costs. Imported palm oil, petrochemicals, and packaging materials all cost more in rupee terms as the currency slides, and passing those costs on to consumers is rarely straightforward.



Why Foreign Investors Watch The Rupee So Closely

Foreign portfolio investors have sold over \$23 billion of Indian stocks and bonds on a net basis since March 2026, and their sensitivity to currency movements is not difficult to understand. When the rupee depreciates, rupee-denominated returns shrink in dollar terms even if the underlying asset has held its value. A 6% currency decline can effectively cancel out a full year of equity gains from an overseas investor's standpoint.

Hedging costs have risen sharply, making the arithmetic even less favourable for bond investors. One-year onshore hedging costs climbed by about 30 basis points after the RBI introduced its currency-stabilising measures, while offshore NDF hedging



costs rose nearly 70 basis points, briefly reaching a 12-year high. Matthew Kok of Eastspring Investments, which manages around \$280 billion in assets, noted that hedging costs at these levels wipe out almost all the carry and roll-down available from Indian government bonds. Eastspring is currently neutral on Indian debt as a result.

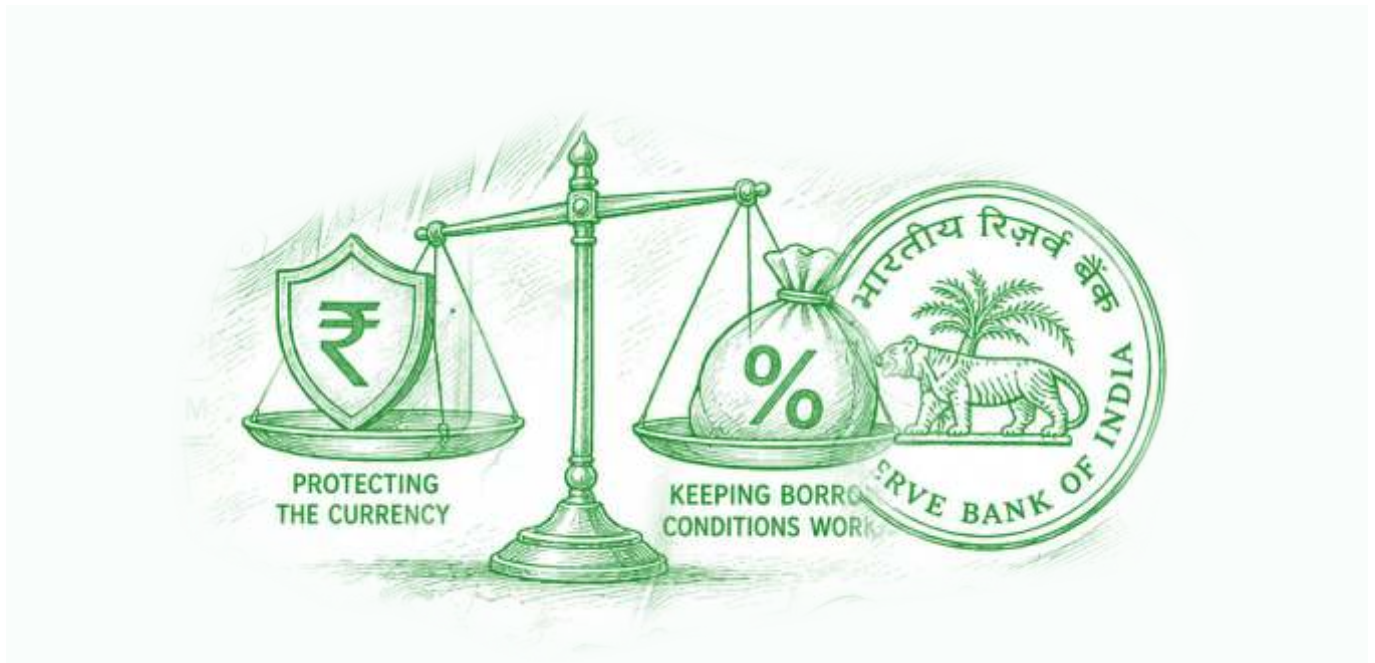
The RBI Dilemma: Stability vs Growth

The Reserve Bank of India deployed a layered response to the currency slide. State-run banks sold an estimated \$2 billion to \$3 billion in a single trading session on May 21, helping the rupee recover to close at 95.69 that day. The

central bank also announced a \$5 billion USD/INR buy/sell swap auction to inject rupee liquidity whilst simultaneously easing pressure on forward premiums. The 1-year implied yield on dollar-rupee forwards fell by 6

basis points to 3.39% following the move. India's foreign exchange reserves fell by \$8.1 billion to approximately \$688.9 billion in the week ended May 15, reflecting the cost of these interventions. The harder question is what comes next. Rate hikes would narrow the yield differential with the US and potentially stabilise capital flows, but they would also raise borrowing costs for businesses

and households at a time when the economy is already navigating an external shock. HSBC estimates that if oil prices remain closer to \$100 per barrel, GDP growth could slow to 6% from an expected 7%. Tightening monetary policy in that environment carries real risks of its own.



Currency Cycles Move Slowly

Equity markets have so far held up better than the currency would suggest they should. That relative resilience comes largely from domestic retail investors, whose monthly SIP contributions have provided consistent

buying support even as foreign investors exit. Jefferies, citing analysis from Managing Director Mahesh Nandurkar, noted that strong domestic SIP flows have helped absorb sustained foreign selling pressure, facilitating nearly \$78

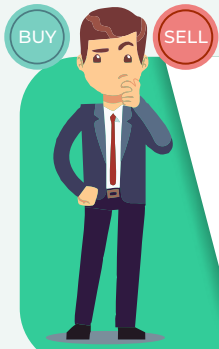


billion in foreign portfolio outflows over two years by providing exit liquidity to departing investors while keeping index levels from collapsing.

The currency absorbs the pressure that the equity market does not. Currency cycles, once in motion, take longer to resolve than most investors expect. Nigel Foo of First Sentier Investors, which manages about \$140 billion, said he does not expect sentiment toward India to shift quickly even if oil prices ease, citing concerns about currency stability that now go beyond oil alone.

For investors, the practical implication is fairly clear. Portfolios weighted toward IT and pharma exporters carry a

natural hedge in this environment. Exposure to aviation, unhedged import-dependent businesses, and companies carrying dollar debt deserves more scrutiny than usual. Gold, priced in dollars globally, rises in rupee terms as the currency falls, which is why it tends to feature in conversations about currency risk management during periods like this one. The rupee's path will depend on how the Middle East situation develops, how the RBI balances its policy tools, and whether domestic retail confidence holds. Each of those outcomes is uncertain, and what is clearer is that the exchange rate now deserves a place in every portfolio conversation.



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