

FinSight

NEWSLETTER

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Kaima Asset
Responsible Wealth Management

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Editor's Note



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Happy New Financial Year 2026-27 !! Thank you for your continued trust in us ."

*With this Q1 of the new Financial year, we bring you the **Sixth Edition** of the FinSight Newsletter – your curated window into the evolving world of finance, investment insights, and economic trends that are shaping tomorrow.*

In this edition, we navigate a complex financial landscape—ranging from shifting macroeconomic indicators and benchmark indices performances to the heightened portfolio volatility stemming from US-Iran geopolitical tensions. As we analyse sectoral trends and the latest mutual fund dynamics, we are also extending our focus beyond the markets to your personal financial security. This includes a rigorous audit of health insurance providers based on payout reliability and settlement efficiency, alongside a strategic guide on shielding the next generation from the escalating risks of modern debt traps."

We extend our sincere gratitude to our readers, contributors, and partners for your continued trust and encouragement. Your support keeps us moving to improve the quality and impact of each issue. On behalf of the entire editorial team at Kaima Asset Private Limited, we hope you find this edition insightful and valuable.

Warm regards.

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Macro + Markets: A Power Brief

Market Outlook

1. India's GDP grew 7.8% in Q3 FY26, slightly lower than the previous quarter but above expectations, driven by strong domestic demand, robust manufacturing and growth in capital expenditure. The full-year growth outlook was also raised to 7.6%, keeping India among the fastest-growing major economies.
2. The rise in GDP growth in Q4 FY26 was driven by sustained industrial output, with IIP at 4.8% in January 2026 and 5.2% in February 2026. Manufacturing grew from 4.8% in January to 6.0% in February. The infrastructure output in India rose by 2.3% annually in February of 2026, slowing from the upwardly revised 4.7% increase from the previous month, but that is the fourth straight period of growth.
3. India's forex reserves rose to USD 700 billion as of 17th April 2026, up from USD 668 billion in March 2025, showing strong external strength. They cover 11 months of imports and 94% of external debt, while remittances and FDI inflows reflect strong foreign investor confidence.
4. India's Consumer Price Index (CPI) with base year 2024 for the month of March, 2026 over March, 2025 is 3.40%(Provisional). Corresponding inflation rates for rural and urban areas are 3.63% and 3.11%, respectively.
5. Domestic gold prices continued their strong rally in Q4 FY26, supported by safe-haven demand, Middle East tensions, central bank buying, and a weaker dollar. MCX gold climbed from ₹1.39 lakh per 10g in January to over ₹1.64 lakh by early March, before correcting to around ₹1.56 lakh. Silver remained highly volatile, falling to nearly ₹2.55 lakh per kg before recovering to around ₹2.95 lakh by March, reflecting its greater sensitivity compared with gold.

EconEye: India's Macro Pulse

Key Indicators at a Glance - FY27

Key Metrics	Current Level
Real GDP Growth	7.8% (Q3 FY 25-26)
CPI Inflation (March, FY 26)	3.4% Mar 2026
Repo Rate	5.25% (Unchanged as of April 2026)
Monetary Policy Stance	Neutral
Capital Expenditure (FY 26-27)	₹12.22 lakh crore

GROWTH FORECAST FOR 2026-27

6.9% RBI	6.5% IMF
6.6% WORLD BANK	6.0% MOODY'S
6.6% FITCH	6.2% OECD

India's FY2026-27 GDP growth should stay resilient, supported by public investment, domestic demand, and policy continuity, though trade, oil prices, and global uncertainty may make the outlook uneven.

Top Financial Headlines

- **RBI and Liquidity:** The Reserve Bank of India maintained the repo rate at 5.25%, while continuing to infuse adequate liquidity into the banking system. The central bank's calibrated liquidity support kept short-term call money rates below the policy rate, ensuring orderly market conditions and uninterrupted credit flow. The move reflects the RBI's cautious approach to support growth amid global uncertainty and evolving inflation risks.
- **Crude oil prices** witnessed sharp volatility, crossing \$110 per barrel in late March 2026 amid escalating tensions linked to the Iran war and disruptions in the Strait of Hormuz. Prices later eased to around \$94-95 per barrel in the first week of April, following a temporary ceasefire announcement by the United States, which helped alleviate supply concerns.
- **Union Budget and GST:** The Union Budget 2026 underscored capital goods as a key engine for Industrial growth, with a focus on seven strategic sectors and strengthening manufacturing capacity. Public capital expenditure is projected to rise by 9% to ₹12.2 lakh crore in FY27. On the taxation front, March 2026 GST collections grew 8.8% YoY to ₹2,00,064 crore, supported by improved compliance and sustained economic momentum. Net collections stood at ₹1,77,990 crore, reflecting a resilient tax base and a strong start to FY27.
- **FII Outflows and Market Impact:** Foreign Institutional Investors (FIIs) remained net sellers, with March outflows exceeding ₹1.14 lakh crore, leading to sharp market corrections, particularly in financial stocks. The sell-off was driven by a combination of global risk-off sentiment, geopolitical tensions in West Asia, elevated crude prices, rupee depreciation, India's relative underperformance, sector-specific concerns, and tightening global liquidity conditions.
- **Trade, Banks, and Growth Outlook:** Trade negotiations between the United States and India progressed toward an interim agreement, though a final deal is yet to be concluded. The proposed arrangement could potentially reduce U.S. tariffs on Indian goods from 50% to 18%, while India may ease trade restrictions and halt Russian oil imports; however, the near-term economic impact is expected to remain limited.
- **For Q4 FY26,** the banking sector is expected to report stable earnings, although deposit pressures and margin compression may moderate growth. Economists anticipate further improvement in India's GDP growth, supported by strong domestic consumption, revival in investment activity, favourable monsoons, and policy continuity. The RBI has maintained its rate stance amid inflation risks arising from geopolitical tensions, while Also advising bank boards to remain focused on policy direction rather than operational matters.

Tracking the Trend: Indices, Factors & Sectors

Equity Mutual Fund Category wise Performance (in %)

Class	Category	1M	3M	1Y	3Y	5Y
Equity	Large Cap Fund	-0.54	-6.21	7.53	13.97	11.74
Equity	Mid Cap Fund	1.26	-4.01	13.76	20.72	16.85
Equity	Small Cap Fund	3.05	-3.6	9.02	18.47	17.14
Equity	Large & Mid Cap Fund	0.13	-5.31	9.59	16.43	14.14
Equity	Multi Cap Fund	0.95	-4.75	9.67	17.53	14.93
Equity	Flexi Cap Fund	0.49	-5.22	8.57	14.79	12.2
Equity Value	Value-Oriented Fund	0.27	-3.54	13.08	17.56	14.52
Equity ELSS	Tax Saver Fund	0.23	-5.84	7.29	14.57	12.79
Hybrid	Multi-Asset Allocation Fund	-1.13	-1.41	17.35	16.89	14.71
Hybrid	Balanced Hybrid Fund	-0.1	-2.79	4.51	9.41	8.46
Hybrid	Aggressive Hybrid Fund	-0.01	-4.27	7.39	13.09	11.26
Thematic	Infrastructure Fund	1.5	-0.51	12.04	21.37	20.11
Thematic	Dividend Yield Fund	0.08	-4.11	9.48	16.98	15.86
Thematic	Consumption Fund	0.52	-8.15	0.78	14.01	12.75
Sectoral	Technology Fund	4.38	-16.34	-0.29	7.28	5.35
Sectoral	Pharma Fund	-2.23	-2.56	8.57	22.2	13.03
Sectoral	Banking Fund	-1.11	-5.9	14.34	14.62	13.62

(Data as on 31st March 2026, Source: NSE)

- A broad market correction has hit most indices, with sharp negative returns over 1M, 3M, and 1Y, mainly due to profit booking and negative global sentiment. Midcap, Smallcap, and Microcap indices still show strong 3Y–5Y returns, reflecting confidence in high-growth companies despite volatility.
- The **Nifty IT index** came under sharp pressure in February 2026, declining ~20% during Q4 FY26. The downturn was driven by global tech weakness and rising concerns over AI-led and cloud disruption, particularly following new developments from players like Anthropic.
- Nifty Bank** has also underperformed because of slowing credit growth and margin pressure. Auto and Pharma remain strong on 1Y and 3Y returns, supported by demand recovery, exports, and healthcare demand. Low Volatility and Quality indices fell less, showing a shift toward safer, fundamentally strong stocks.

- Diversified equity funds** (Large Cap, Mid Cap, Small Cap, Large & Mid Cap, Multi Cap, and Flexi Cap) showed mixed performance, with most categories facing short-term declines over 3 months, but maintaining strong 3-year and 5-year returns, especially in Mid Cap and Small Cap funds.
- Value-oriented and ELSS funds** remained stable long-term options, with moderate short-term weakness.
- Hybrid funds, particularly **Multi-Asset Allocation Funds**, delivered the strongest 1-year return (~17.35%) due to a substantial rally in Metals, highlighting the benefits of diversification and were less volatile compared to pure equity funds.
- Thematic and sectoral funds** remained the most volatile categories; **Infrastructure Funds** emerged as the strongest long-term performer, while **Technology sector funds** have seen high risk, with 3-month returns sharply in the negative (~-16.34%).

Benchmark, Factor Indices & Sectoral Performance (in %)

Index Name	1M	3M	1Y	3Y	5Y
Nifty 50	-11.30	-14.44	-3.99	10.03	10.01
Nifty Next 50	-13.26	-12.72	-3.33	17.79	12.99
Nifty 500	-11.36	-13.88	-2.88	13.22	11.88
Nifty Midcap 150	-11.06	-12.63	2.27	20.34	17.50
Nifty Smallcap 250	-10.02	-14.28	-4.86	18.30	16.34
NIFTY MICROCAP250	-11.28	-16.14	-8.25	23.21	23.82
Nifty Auto	-15.55	-15.54	12.78	25.81	20.35
Nifty Bank	-16.94	-15.62	-1.73	8.28	9.39
Nifty FMCG	-10.96	-17.84	-13.78	1.30	7.33
Nifty IT	-5.04	-22.91	-19.35	2.60	4.51
Nifty Pharma	-3.14	-1.94	5.94	23.65	13.45
NIFTY100 LOW VOLATILITY 30	-10.66	-13.22	-1.51	13.38	11.74
NIFTY200 QUALITY 30	-9.95	-10.46	3.67	17.90	14.91

(Data as on 31st March 2026, Source: NSE)

Sector in Focus: Navigating the Next Quarter

1. Renewable Energy sector:

- Support for renewable energy has been strengthened through zero customs duty on capital goods for battery storage systems and on sodium antimonate used in solar glass manufacturing, providing a significant boost to solar and energy storage projects.
- In addition, the government has extended duty exemptions on goods used in nuclear power projects until 2035, along with exemptions for equipment deployed in the processing of critical minerals, a move aimed at reducing dependence on imported energy inputs.
- The clean energy transition has also received a major fiscal push, with the Union Budget 2026-27 earmarking ₹20,000 crore for Carbon Capture, Utilisation and Storage (CCUS), alongside the removal of excise duty on the biogas component of blended CNG to promote cleaner fuels.
- With global oil markets facing sustained pressure due to war-linked supply disruptions, the policy focus underscores the need for India to accelerate investments in solar power, battery storage, nuclear energy, critical minerals, and alternative clean fuels.

2. Construction and Infrastructure sector:

- The infrastructure sector received a strong push through public capex of ₹12.2 lakh crore, along with support for REITs, InvITs, NIIF, and NABFID to improve project financing.
- The Union Budget 2026-27 also focuses on infrastructure equipment and includes a ₹10,000 crore outlay for container manufacturing.
- On transport, the plan includes new freight corridors, 20 National Waterways, a coastal cargo scheme, and seven high-speed rail corridors.
- For urban development, the government has proposed City Economic Regions with ₹5,000 crore each, with added focus on Tier II and Tier III cities and housing.
- The Economic Survey FY26 further supports this with higher capex and stronger spending on roads, bridges, rail freight, logistics, and urban infrastructure.

3. Semiconductors and Electronic components manufacturing:

- Budget 2026-27 places semiconductors and electronics at the centre of its manufacturing strategy, with ISM 2.0 aimed at expanding domestic production of equipment, materials, IP, and supply chains.
- The Electronics Components Manufacturing Scheme has been increased to ₹40,000 crore from ₹22,919 crore, giving a strong push to local component production.
- Additional support through Hi-Tech Tool Rooms and capital goods manufacturing is expected to strengthen fabs, EMS units, and component suppliers.
- The Economic Survey 2025–26 highlights that modern manufacturing is increasingly driven by technology, data, design, software, logistics, and R&D, which are key to export competitiveness.
- The budget's broader focus is on moving India from assembly-led growth to deeper manufacturing, while industry estimates suggest strong 2026 growth prospects, driven by AI-led semiconductor demand, despite risks from tariffs, talent, and energy costs.

Sector in Focus: Navigating the Next Quarter

4. Pharmaceutical Industry:

- India is moving from volume-led generics to high-value innovation through the Biopharma SHAKTI scheme, backed by a ₹10,000 crore outlay to strengthen biologics and biosimilars over the next five years.
- The domestic pharmaceutical market is projected to grow from USD 60 billion in 2025 to USD 130 billion by 2030, increasing India's share in the USD 2.7 trillion global market.
- A network of 1,000+ accredited clinical trial sites and 10 upgraded national institutes is expected to support lower R&D costs and strengthen the scientific workforce.
- To improve healthcare supply security, the government has launched a ₹60,000 crore API initiative to reduce dependence on imported raw materials and support next-generation therapies.
- Over the next two quarters, capital expenditure is expected to rise as companies expand advanced biomanufacturing capacity ahead of the March 2027 target of 25,000 Jan Aushadhi centres.

5. Defence Industry:

- The Union Budget 2026–27 has provided a record ₹7.85 lakh crore allocation, up 15.2% YoY, accounting for 2% of GDP and 15% of the total Budget.
- Of this, ₹2.19 lakh crore has been earmarked for capital outlay, with nearly 75% of the acquisition budget reserved for domestic procurement to strengthen indigenous capability.
- Following Operation Sindoor, the focus has shifted towards air supremacy and defence modernisation, with ₹63,733 crore allocated for aircraft, aero engines, and the domestic MRO ecosystem.
- Strategic self-reliance is further supported by a ₹7,280 crore rare earth magnet scheme and a ₹40,000 crore electronics scheme aimed at reducing import dependence.
- A ₹500 crore SME Growth Fund has also been announced to help small and medium enterprises scale into global aerospace and defence supply chains.
- The sector is projected to reach USD 14 billion by 2033, led by growth in drones, radars, and AI-driven combat systems.

Future Watchpoints:

The Union Budget 2026–27 places strong emphasis on critical minerals by developing new “Rare Earth Corridors”, alongside a ₹600 crore initiative for chemical park establishment, aimed at reducing dependence on Chinese imports and advancing the vision of Aatmanirbhar India. At the same time, the textile sector is set for a significant boost through the Integrated Textile Programme, while the education and services sectors are being strategically strengthened to help India move towards achieving a 10% share in global services exports.

Economic Watch: What's Moving Your Money

Investment Momentum and Growth Drivers:

- The Union Budget 2026-27 raised the income tax exemption limit to ₹12 lakh and increased MSME credit guarantee cover from ₹5 crore to ₹10 crore, supporting consumption and easier credit access.
- Public capex was increased from ₹11.2 lakh crore to ₹12.2 lakh crore in FY26-27, along with an Infrastructure Risk Guarantee Fund and plans for 20 new national waterways.
- SIP inflows remained strong, crossing ₹31,000 crore in January 2026 and staying at ₹32,087 crore in March, an all-time high reflecting sustained retail investor confidence.
- In the equity market, DIIs bought nearly ₹1,42,960 crore in March, more than offsetting FPI outflows of ₹1,13,810 crore, indicating strong domestic liquidity support.
- GST collections remained robust, rising from ₹1.93 lakh crore in January to ₹2 lakh crore in March, taking FY26 collections to ₹22.27 lakh crore, up 8.3% YoY.
- PLI schemes have attracted ₹2.16 lakh crore in investments, generated ₹20.41 lakh crore in production and sales, and created 14.39 lakh jobs across 14 sectors.

Manufacturing Strength and Global Headwinds:

- In March 2026, the PMI eased to 53.9, its weakest level in nearly four years, as output and new orders moderated amid cost pressures and geopolitical uncertainty.
- Budget 2026-27 further strengthened infrastructure-led manufacturing through a ₹10,000 crore container manufacturing scheme, new freight corridors, and ₹40,000 crore for semiconductors and electronics components.
- Electronic goods exports from India showed robust growth between January and March 2026, driven largely by smartphone shipments. For the full fiscal year 2025-26, electronics exports increased by 24.7% to USD 48.0 billion.
- Rising US tariffs have increased pressure on labour-intensive sectors such as textiles, apparel, seafood, and auto components, with MSMEs being among the most vulnerable.
- Despite global challenges, India's growth is projected at 6.6% in 2026, supported by resilient consumption, strong public investment, tax reforms, and lower interest rates.

IPO Market FY26

Strong Fundraising, Sharper Investor Discipline

- **India's IPO market in FY26** delivered a striking contrast, record-breaking fundraising set against a backdrop of volatile markets and underwhelming post-listing performance. Over the course of the fiscal year, the primary market raised an unprecedented **₹1.79 lakh crore across 112 mainboard and 254 SME IPOs**, underscoring strong issuer appetite and the continued depth of India's capital markets. However, this surge in supply coincided with a more cautious investment environment, resulting in nearly **66% of listed IPOs trading below their issue price**, while approximately **71% ended the year in negative territory**.
- The final quarter of FY26 proved particularly decisive in shaping market sentiment. Even before geopolitical risks intensified, Indian equity markets were already under pressure, with the **Nifty declining 4.5% and the Sensex 5.4% from their recent highs by February**. This fragility was compounded by external shocks. The imposition of US tariffs initially at 26%, later escalating to 50% on Indian goods, disrupted export momentum, with **exports to the US declining 21.77% year-on-year in January 2026**. Although a subsequent agreement reduced tariffs to 18%, the uncertainty had already weighed on corporate planning and investor confidence. **Geopolitical tensions** escalated further in Q4 with the conflict in West Asia, triggering a sharp rise in oil prices and pushing the Indian rupee to a record low of ₹94.33 per dollar.
- Against this challenging backdrop, IPO activity remained resilient, though investor behaviour evolved markedly. **In Q4 alone, 109 mainboard IPOs** were listed, yet only about one in three delivered positive returns, reflecting a sharp moderation in listing gains. Participation became increasingly selective, with capital concentrating in offerings perceived to have stronger fundamentals, clearer growth visibility, and more disciplined pricing. While several large issuances contributed meaningfully to total fundraising, demand was unevenly distributed.
- A small subset of IPOs in Q4 attracted substantial **oversubscription: Shree Ram Twistex Ltd. (143.85x), Bharat Coking Coal Ltd. (43.66x), and Amagi Media Labs Ltd. (30.24x)**, indicating strong investor appetite for select opportunities. On the institutional side, **Bharat Coking Coal Ltd.** saw QIB subscriptions of **310.81x**, highlighting concentrated institutional conviction. At the same time, large issuances such as **Raajmarg Infra Investment Trust (₹6,000 crore), Clean Max Enviro Energy Solutions Ltd. (₹3,100 crore), and Fractal Analytics Ltd. (₹2,833.90 crore)** accounted for a significant share of total capital raised. This divergence highlights a transition away from momentum-driven participation toward a more discerning, research-oriented approach.
- Looking ahead, the outlook for India's IPO market remains constructive but more grounded. A **strong pipeline of over 140 companies** with SEBI approval indicates sustained supply in the coming year. However, the emphasis is clearly shifting from the pace of issuance to the quality of execution and post-listing performance. In an environment shaped by ongoing geopolitical uncertainties, fluctuating capital flows, and global macroeconomic pressures, issuers will need to balance growth narratives with realistic valuations, transparent capital allocation, and consistent governance standards.

Fixed Income Forecast

- CPI inflation was 3.21% in February 2026, and RBI expects it to rise to 4.6% in Q1 FY27 due to higher energy prices from global tensions, though it should stay within the 2%-6% target band.
- RBI has kept the repo rate unchanged at 5.25% with a neutral stance, supporting stable borrowing costs for Q1 FY27 and helping investment and consumption remain steady.
- The MPC expects GDP growth of 7.6% in FY26, above the 7.1% recorded in FY25, but projects growth to ease to 6.9% in FY27.
- India's foreign exchange reserves have risen to over USD 700 billion in April 2026, while gold reserves have increased to 880 tonnes, reflecting strong external stability and a healthy economic outlook.
- The 10-year bond yield is hovering around 6.91% in April 2026 as investors weigh inflation risks against growth concerns.
- For investment strategy, an accrual-based strategy is preferred. Given steepening yield curves, prioritising short-to-medium-term maturities over long duration is prudent to manage interest rate risks

Commodity Price Outlook

- Brent crude remained highly volatile and elevated at around USD 98-101 per barrel in April 2026, driven by Middle East tensions and fears of supply disruptions, although global supply conditions continue to provide some support.
- Gold in India is trading near ₹1,52,000-₹1,53,000 per 10g, as investors continue to seek safe-haven assets amid geopolitical uncertainty and market volatility.
- Silver is currently trading around ₹250-₹260 per gram, or approximately ₹2.5-₹2.6 lakh per kg, supported by both investment demand and strong industrial usage in solar and electronics.
- Copper continues to maintain a positive long-term outlook, supported by demand from EVs, renewable energy, electrical wiring, and infrastructure development. However, short-term price movements may remain volatile with global industrial activity.
- Aluminium remains well supported by demand from construction, transport, packaging, and clean energy sectors, though prices may continue to fluctuate in line with industrial growth and energy costs.

Global Market Snapshot

The IMF's World Economic Outlook (April 2026) forecasts resilient global GDP growth at 3.1% for the full year, bolstered by surging AI investments that counterbalance intensifying trade tensions and geopolitical strains.

- **United States:** Q4-FY26 saw robust 2.4% annualized growth, driven by AI infrastructure spending and fiscal easing post-tariff peaks; Q1-FY27 prospects remain positive at a similar pace, supported by softening labour market adjustments and tech boom continuity.
- **China:** Q4-FY26 growth moderated to around 4.5% annualized, buoyed by policy stimuli amid property woes; April-June outlook holds steady with targeted measures sustaining momentum despite export fades.
- **Euro Area:** Q4-FY26 expanded modestly at 1.3% annualized, hit by U.S. tariff ripples and geopolitics; Q1-FY26 expectations point to slight softening from export drags, though monetary support aids stability.

Developed Market Performance					Emerging Market Performance				
Index (Proxy used)	1M%	6M%	1Y%	5Y%	Index (Proxy used)	1M%	6M%	1Y%	5Y%
MSCI World	-0.08	-1.51	15.09	10.35	MSCI EM	-13.26	--	26.86	1.20
MSCI DM	-6.32	-1.51	19.39	10.35	Brazil (Bovespa)	7.72	37.53	52.50	65.62
US (S&P 500)	0.23	1.13	24.82	64.97	MSCI Golden Dragon (China, HK, Taiwan)	9.98	--	28.82	2.05
Nasdaq	0.19	-1.24	32.78	63.58	India (Nifty 50)	-2.08	-5.53	5.85	62.35
Japan (TOPIX)	2.11	17.01	47.34	90.94	China (CSI 300)	-1.07	-3.04	23.85	-9.32
France (CAC 40)	4.17	2.54	20.15	33.66	Indonesia (Jakarta comp.)	-0.41	-11.43	22.45	20.38
Germany (DAX)	0.33	-3.48	20.03	56.64	Mexico (IPC)	5.87	16.44	34.82	48.69
UK (FTSE 100)	3.42	11.47	38.03	53.27	South Africa (JSE All Share)	1.22	7.22	43.30	75.92
South Korea (KOSPI)	4.44	60.03	136.31	84.49					

(Data as on 31st March 2026, Source: Investing.com)

Challenges: Looking ahead, global markets are likely to face persistent challenges from elevated geopolitical tensions, energy-driven inflation, and higher-for-longer interest-rate regimes, which will compress equity valuations and amplify volatility. Growth is forecast to slow to around 2.5 - 2.8% by 2026, with advanced economies leaning on AI-driven capex while many emerging-market and European economies struggle with debt, weak demand, and climate-related shocks. At the same time, rising tariffs, geoeconomic fragmentation, and supply-chain re-engineering will raise costs and reduce near-term productivity, deepening the divide between AI-winners and the rest of the market. These dynamics will make concentration risk, duration sensitivity, and liquidity risk the defining challenges for investors over the next few years unless macro policy or geopolitical conditions de-escalate faster than currently priced.

Navigating the "Black Swan" : The Strait of Hormuz Shutdown

The first quarter of Calendar year 2026 began with widespread optimism-inflation was cooling, and markets were pricing in a series of rate cuts. However, the greatest risks are usually the ones no one is watching.

The ongoing **US-Iran geopolitical conflict (2026)** has emerged as one of the most significant macroeconomic disruptions, a true "Black Swan" event since the COVID-era recovery phase. What began as a regional escalation has rapidly transformed into a global economic shock, affecting energy markets, trade routes, inflation, and investor sentiment.

The **closure of the Strait of Hormuz on March 4, 2026**, was the single most disruptive event in the history of the global oil market. With 20% of the world's oil and 25% of global LNG passing through this narrow waterway, the blockade caused:

- **Oil Price Shock:** Brent crude skyrocketed to **\$120/barrel in late March**. Even with the ceasefire, prices remain sticky near \$100 due to a permanent "Geopolitical Risk premium."
- **Stagflation Fears:** The IMF and World Bank have warned that global GDP growth for 2026 could be slashed by 0.6% if energy costs do not normalise. We are seeing a shift toward "higher for longer" interest rates as central banks struggle to contain energy-driven inflation.

As of April 8-10, 2026, a tentative two-week reopening of the Strait has been announced. While this has calmed immediate panic, "complete distrust" between the US and Iran keeps the volatility high.

Impact on the Indian Economy: Vulnerability vs. Resilience

India, as a **major oil importer (88.6% dependency)**, is at the centre of the economic crosscurrents.

Macro-Economic Indicators

- **Inflationary Pressure:** Government reviews suggest that every 10% rise in crude oil above baseline assumptions adds roughly 30 basis points to India's CPI.
- **The Rupee (INR):** Increased demand for US dollars to fund costlier oil imports pushed the Rupee to record lows, touching ₹94 per USD in late March.
- **Current Account Deficit (CAD):** A prolonged conflict at \$100+ oil threatens to widen the CAD significantly (from early estimates of 0.7-0.8% to over 1% in FY27). However, India's \$697.12 billion+ forex reserves have provided a critical buffer, preventing a full-scale currency collapse.

Navigating the "Black Swan" : The Strait of Hormuz Shutdown

Impact on Indian Sectors

Sector	Impact Status	Reason
Aviation & Logistics	High	Doubling of jet fuel prices; increased freight and insurance costs.
Chemicals & Plastics	High	Polymer prices in manufacturing hubs like Gujarat surged 40% due to supply chain breaks.
Banking & Finance	Moderate	Volatility in the credit market, though DIIs (Domestic Institutional Investors) remain strong.
Metals & Defense	Outperformer	Global demand for metals and localized defense manufacturing has provided a hedge.

Despite being a major oil importer, India has demonstrated remarkable resilience compared to its emerging market peers.

Macroeconomic Performance:

GDP Outlook

While firms like EY have revised **India's FY27 growth** forecast down to 6%, the World Bank recently raised its **projection to 6.6%**, citing strong domestic consumption. India remains the fastest-growing major economy.

The RBI's Prudent Stance

On April 8, RBI Governor Sanjay Malhotra kept the repo rate unchanged at **5.25%**. The RBI is in a "wait and watch" mode, using India's record \$700 billion+ forex reserves to shield the Rupee from excessive volatility.

Equity Market: "The Flight to Quality"

A "Buy on Dips" strategy is prevailing among domestic investors. The broader market structure remains positive, but the India VIX remains elevated (above 20), suggesting that price swings will continue.

Debt Market: "Higher for Longer"

Bond yields have hardened (risen) due to heightened geopolitical tensions. The focus for debt investors has shifted to accrual-based strategies in high-quality corporate bonds.

Health Insurance Sector Audit: Payout & Performance Insights

An Independent Analyst's Review of Market Leaders | FY 2025-26

Core Premise: Redefining Reliability in Health Claims

For policyholders, insurer's brand name is often seen as the primary indicator of trust. However, an independent audit of April-December 2025 data indicates that brand strength does not always align with actual financial protection. This analysis goes beyond 'Settlement Count' to assess the 'Amount Gap'-the difference between the amount claimed and the amount paid.

Claim Liquidation & Rejection Audit (Top 10 by Volume)

Prominent Insurer	Claim Volume (₹ Cr)	Paid (₹ Cr)	Settlement Ratio (%)	Rejection Ratio (%)
The New India Assurance	15908.68	13138.54	0.8259	6.14%
Star Health & Allied	10699.17	9021.9	0.8432	13.11%
The Oriental Insurance	10984.9	7753.99	0.7059	2.06%
United India Insurance	8229.04	5609.6	0.6817	2.38%
National Insurance	8004.08	5728.54	0.7157	6.28%
ICICI Lombard	6193.56	5072.1	0.8189	9.55%
Bajaj Allianz	6370.01	4895.2	0.7685	4.64%
Care Health	5224.47	4463.49	0.8543	6.28%
HDFC Ergo	4494.86	3774.47	0.8397	3.79%
Niva Bupa	4217.57	3092.68	0.7333	10.79%

(Source: irdai.gov.in)

The data highlights an apparent contrast: some insurers report low rejection rates but lower payouts, while others show higher rejections alongside stronger payouts. This reflects differing claim settlement approaches and policy structures across insurers.

Claim Settlement Approaches: Key Industry Strategies

1. "Bill Shaver" Strategy (Common among PSU Insurers)

Insurers under this approach accept most claims with **minimal rejection rates (~2%)** but **apply deductions to various components**. For instance, a ₹10,000 claim may result in a payout of only ₹7,000, reflecting a lower payout ratio of ~68-70%. While claims are rarely denied, reimbursement remains limited, as seen with players such as United India and Oriental Insurance.

2. "Strict Gatekeeper" Strategy (Common among Private/Specialist Insurers)

This approach adheres to **strict claim assessment standards**. Any deviation from required procedures can lead to **full claim rejection (~13%)**. However, when claims are approved, payouts are significantly higher, for example, ₹8,500 on a ₹10,000 claim, resulting in a stronger payout ratio of ~84%, as observed in insurers like Star Health.

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3. The “Sweet Spot” for Policyholders

The ideal insurer balances **high claim approvals with fair payouts**, not merely **low rejection rates**.

Our analysis identifies HDFC Ergo and Care Health as key players in this segment, characterised by:

- **Low Rejection Rates:** Approximately 3-6%, indicating minimal claim denials.
- **High Payout Ratios:** Around 84-85%, ensuring substantial claim settlements.

Client Summary

- **Low Rejection + Low Payout:** Lower claim rejections but limited payouts; ~30% of expenses may be borne by the policyholder.
- **High Rejection + High Payout:** Strong payouts but stringent claim scrutiny; complete accuracy in disclosures is critical.
- **Low Rejection + High Payout:** Ideal profile; offers maximum financial protection and value.

Final Verdict for Stakeholders

The Indian health insurance sector is increasingly differentiated. The data highlights a clear divide between insurers offering ‘**Administrative Safety**’ (PSUs) and those focused on ‘**Financial Efficiency**’ (Private/Standalone). Stakeholders are advised to assess insurers based on payout efficiency rather than brand visibility.



Madhu Sudan Julka
VP- Insurance & Business Partner Channel

Born to Borrow- How Gen Z is walking straight into a debt trap

Debt Trap: Is Gen Z on the Brink?

India's Gen Z (born: 1997-2012) is increasingly falling into a debt trap, in which rising aspirations, easy access to credit, and stagnant income growth are leading to unsustainable borrowing. Many young earners with salaries of ₹30,000-₹60,000 are accumulating debts of ₹30-40 lakh or more.

Key Drivers of the Debt Trap

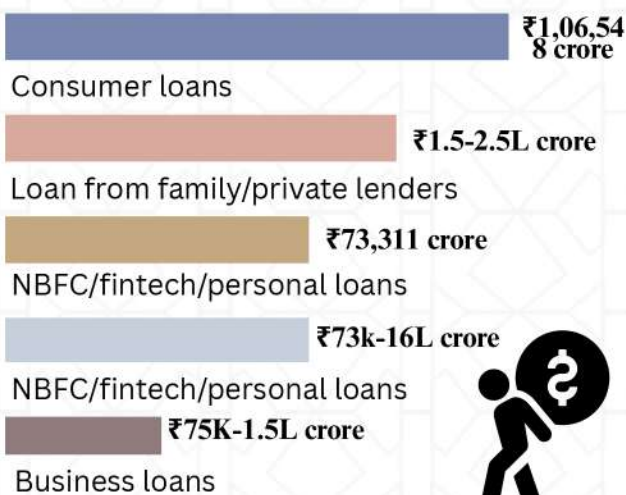
- **Easy Access to Credit-** The growing prevalence of debt traps can be largely attributed to the easy access to credit, which has become instantaneous and widely available through digital platforms, fintech applications, credit cards, and Buy Now Pay Later (BNPL) services. With minimal documentation and rapid approvals, borrowing has turned largely frictionless, often encouraging impulsive financial decisions. The presence of multiple lenders and relatively weak underwriting standards further contributes to unchecked debt accumulation among consumers.
- **Lifestyle Inflation & Social Pressure-** Lifestyle inflation and increasing social pressure have also emerged as significant drivers. Influenced by social media and peer comparisons, individuals, particularly younger consumers, are adopting a “live in the moment” approach, leading to higher spending on travel, gadgets, dining, and lifestyle upgrades. This consumption, often funded through credit, is growing at a pace that outstrips income, thereby increasing financial vulnerability.
- **Income vs Expense Mismatch-** Another critical factor is the mismatch between income and expenses. While inflation continues to drive up the cost of living, income growth has remained comparatively moderate. As a result, many individuals find themselves with little to no savings, as a substantial portion of their earnings is allocated toward servicing EMIs. When 50 to 70 per cent of income is committed to debt repayment, it places individuals in a high-risk financial zone.
- **Behavioural & Psychological Factors-** Behavioural and psychological factors further exacerbate the situation. Overconfidence regarding future income and a lack of structured financial planning lead to an over-reliance on credit. Borrowing for non-essential expenses gradually becomes normalised, eroding financial discipline over time. These poor financial habits, when combined with easy credit and rising aspirations, accelerate the cycle of debt and increase the likelihood of falling into a debt trap.

Born to Borrow- How Gen Z is walking straight into a debt trap

Total Debt of Gen Z in India

30-35% of Gen-Z's monthly income to EMIs

Debt break-up



TOTAL- ₹30-50 lakh Loan per person



Rahul Nayyar
Director-Lending and Fund Raising

- **Warning Signs (Red Flags):** Early signs of a debt spiral include paying only the minimum due, delaying EMIs, or borrowing to repay existing loans. A debt-to-income ratio above 50%, credit utilisation over 80-90%, and using credit for essentials indicate high financial risk.
- **Real-Life Case Patterns:** Individuals earning ₹50,000 to ₹1.5 lakh are increasingly overleveraged, with a major share of income going toward EMIs while managing multiple loans. In extreme cases, debt can exceed ₹1 crore due to continuous borrowing and compounding interest.
- **Scale of the Problem:** Gen Z is driving the surge in unsecured lending, but also rising defaults, especially in overdue loans beyond 90 days. Financial stress now affects even salaried urban youth.
- **Systemic Concerns:** Easy access to multiple loans, weak credit checks, and high interest rates (18-30%) are worsening the problem and increasing repayment pressure.
- **How to Avoid the Debt Trap:** Maintain discipline by keeping debt-to-income at 20-30% and credit utilisation below 30%. Avoid lifestyle borrowing and build an emergency fund.
- **If Already Trapped (Solutions):** Stop new borrowing, prioritise repaying high-interest debt, and consider consolidation. Cut expenses, increase income, and seek financial advice if needed.

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