Our Views

Uncertainty Is Certain: India Is Resilient and Will Emerge Stronger

There is perhaps no word that captures the mood of the world today better than uncertainty. Geopolitical tensions, wars, trade disruptions, volatile energy prices, changing interest-rate expectations and shifting global alliances have made it increasingly difficult to predict what lies ahead. Businesses are cautious, investors are nervous and markets are reacting to every new development.

At a recent conversation in Chicago, Jamie Dimon, Chairman and CEO of JPMorgan Chase, spoke about the extraordinary uncertainty confronting the global economy. His observation that the present environment feels different is worth reflecting upon. But uncertainty itself is hardly new. It has been a constant companion of economic and financial markets.

Having spent over three decades in Indian capital markets, I have witnessed this repeatedly. Since 1992, hardly a few years have passed without a major event testing investor confidence. The securities scam of 1992 shook the foundations of our markets. The Asian financial crisis in 1997 exposed emerging-market vulnerabilities. The dot-com bust in 2000, September 11 in 2001, SARS in 2003, the change of government in India in 2004, the Global Financial Crisis in 2008, the currency crisis in 2013, Brexit in 2016 and Covid in 2020 each brought a fresh set of challenges.

On every occasion, there were fears of prolonged disruption. Markets corrected, capital became scarce and investment decisions were deferred. Yet economies adjusted, businesses reinvented themselves and markets recovered. We emerged stronger, with better institutions, improved regulations and new opportunities. There is little reason to believe that this time will be different. The challenges may be more complex, but India's underlying economic strengths are considerably greater today. Three developments illustrate this particularly well.

First, India's economic growth remains remarkably resilient. Despite global headwinds, real GDP grew by 7.8% in the first quarter of FY27, against global growth projected by the IMF at just 3.1% for 2026. India is growing at more than twice the global rate, and this is at an economy of considerable scale. Nominal GDP growth was 10.3%. Growth is being supported by consumption, manufacturing, services and investment. Government capital expenditure is also playing an important role. Central government capital spending reached ₹5.10 lakh crore during April-August, an increase of 18.2% over the corresponding period last year. Spending on roads, railways and infrastructure creates demand across industries and crowds in private investment. Our domestic demand base provides a meaningful cushion against external shocks.

Second, the depth of India's capital markets is being tested, and is proving to be a significant strength. Foreign portfolio investors have been substantial sellers, with secondary-market net selling of approximately ₹3.64 lakh crore through October 12. This is undoubtedly a concern. Yet, India's primary market has continued to mobilise capital. Mainboard IPOs raised ₹94,205 crore in the first half of FY27, while total public-equity mobilisation reached ₹2.43 lakh crore. The subsequent ₹30,213 crore Jio Platforms IPO, which listed on October 28, further demonstrates the market's ability to fund large businesses. Domestic mutual funds, insurers and retail investors are increasingly providing the risk capital businesses need. Growing household savings through mutual funds and systematic investment plans are changing the structure of our markets. Foreign capital will always matter and we definitely need address their issues around capital gains taxation and procedures around FII investments, but India is no longer entirely dependent on it. This is a fundamental improvement in our financial architecture.

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Third, and perhaps most encouragingly, private-sector investment is beginning to gather momentum. According to the RBI, private corporate capex is projected to rise to ₹3.2 lakh crore in FY27 from ₹2.6 lakh crore in FY26. The aggregate cost of projects sanctioned by banks and financial institutions reached a record ₹4.4 lakh crore in FY26, compared with ₹3.7 lakh crore in the previous year. More significantly, 89.2% of sanctioned project costs related to greenfield projects. This is a powerful indicator of confidence. Companies are not merely expanding existing facilities; they are committing capital to create entirely new productive capacity.

The multiplier effect of greenfield investment is considerable. A new manufacturing plant generates demand for construction, machinery, engineering, power, logistics, technology and ancillary suppliers. It creates jobs, develops supply chains and eventually contributes to exports.

These developments are not accidental. They are the cumulative outcome of policy decisions over several years: production-linked incentives, infrastructure investment, improved logistics and a concerted effort to strengthen domestic manufacturing. Equally encouraging is the growing collaboration between government, academic institutions and industry to translate research and innovation into commercial applications. Policy transmission takes time. It takes years for incentives and reforms to translate into investment, factories, employment and exports. We are now beginning to see the results.

The next opportunity is even more exciting. New sectors such as physical AI, drones, robotics, space technology, electric vehicles and advanced semiconductors could create entirely new industries. With increasing participation from private enterprise and a growing focus on indigenous technology, India has the opportunity not just to manufacture for the world but also to develop and own the technologies of the future.

Of course, there is no room for complacency. We need to improve productivity, deepen manufacturing capabilities, attract more long-term foreign investment and ensure efficient deployment of capital. Announced projects must translate into actual capacity, and capital raised must create sustainable value. We must also invest considerably more in research, innovation and skills.

My experience of successive market cycles has taught me one important lesson: uncertainty is permanent, but crises are not. India today has stronger institutions, deeper domestic capital markets, a larger economic base and a private sector increasingly willing to invest for the future. We may face difficult times, but we are considerably better prepared to navigate them.

The glass is half full. More importantly, we have the fundamentals, the opportunity and the resilience to fill the other half.

We will come out of this stronger.

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