

MAY 2026 EDITION

# UNDERCURRENTS

INVISIBLE FORCES, INEVITABLE CHANGE



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## A Note From The Union

The Union of GAEE India is pleased to present this edition of Undercurrents – a forum designed to foster ideas, showcase research, and transform collective effort into meaningful impact.

This newsletter is more than a record of completed projects. It reflects sustained effort, collaborative exchange, and a commitment to intellectual rigor.

Our objective is clear: to strengthen GAEE's research capacity and uphold consistent analytical standards.

At GAEE, we view excellence as the result of accountability, responsibility, and proactive initiative.

As we move forward, we expect each member to assume responsibility, think critically, and act with commitment. The progress we achieve is driven by the dedication we demonstrate each day.

Undercurrents captures the momentum of our collective efforts, serving both as a record of achievements and as a reminder of the potential we can realize together.

The Union reaffirms its commitment to fostering structured inquiry, purposeful collaboration, and sustained intellectual contribution.

## ECONOMY IN A NUTSHELL

### India's GDP Ranking: Slipped to 6th Place

According to the IMF's World Economic Outlook of April 2026, India continues to be the fastest-growing major economy in the world. However, India has fallen from fourth to sixth place in the world in terms of GDP. The nominal GDP of India stands at \$4.15 trillion, which is slightly lower than that of the United Kingdom and Japan at \$4.26 trillion and \$4.38 trillion, respectively. However, this decline was not driven by weak economic performance; it was purely statistical. Firstly, the Indian currency depreciated by around 11 percent against the U.S. dollar in FY26, and secondly, the base year for calculation has been revised from 2011-12 to 2022-23, which reduced the estimated GDP by around 4 percent. India is expected to move to fourth place by 2027 with a GDP of \$4.58 trillion.

## Stock Market Overview

In April, the Indian stock market made a big comeback. The Nifty 50 went up 7.46% and the BSE Sensex went up 6.90%. This was the best monthly performance for both indices since December 2023. It mostly made up for the more than 11% drop recorded in March. Easing geopolitical tensions in the Middle East in the middle of the month, attractive prices after the March sell-off, and a generally good earnings season all helped the rally.

## Gold and Silver Monthly Review

Both metals bounced back strongly in April after gold had its worst month for almost 13 years and silver had its steepest fall in recent memory in March. Gold had risen to nearly Rs 1.56 lakh per 10 grams and silver to nearly Rs 2.75 lakh per kg as of April 19. That was helped by the partial reopening of the Strait of Hormuz, festive demand and a softer dollar. Silver rose on the back of demand from the solar and EV sectors. Record Chinese industrial imports, highest in eight years, boosted silver. Indian gold ETF inflows hit a record ₹316 billion in Q1 2026.

## India-US Trade Deal: Delay Carries a Cost

The India-US trade deal, originally expected to be signed by mid-March, is yet to be finalised. A US Supreme Court decision overturning Trump's reciprocal tariffs has given India some fresh room to renegotiate preferential access. If the deal is not signed before June, when US Section 301 ends, India faces the prospect of steeper tariffs than the 18% agreed in February.

## RBI Monetary Policy: Holding Steady

The Monetary Policy Committee of the Reserve Bank of India has decided to keep the repo rate unchanged at 5.25%.

This decision was based on the increased uncertainties in the global supply chain due to the developments in the Middle East region, which could affect global economic growth and result in higher energy costs.

The projected CPI inflation for FY2026-27 stands at 4.6%. It is worth mentioning that the Reserve Bank of India will continue to base its decisions on data and will have the capability to react to changing circumstances. The next MPC meeting will be held from July 3-5, 2026.

## IMF World Economic Outlook: "Global Economy in the Shadow of War"

The IMF's April 2026 World Economic Outlook, titled 'Global Economy in the Shadow of War,' explicitly mentions the outbreak of conflict in the Middle East and its ripple effects on energy markets, inflation, and growth prospects around the world. Some of the key takeaways were:

- Global growth cut to 3.1% for 2026 from a pre-conflict 3.4%, with downside scenarios as low as 2%.
- WEO Chapter 2 looks at a trend that is often overlooked: the economic consequences of military spending booms. The IMF estimates that a typical defense boom involves a rise in spending of about 2.7 percentage points of GDP over two and a half years, financed largely out of deficits. Short-term output is boosted by booms in defense spending, but public debt increases by about 7 percentage points within 3 years.
- Wars leave output worse than financial crises, and recoveries are slow, and productivity stays low even after peace is restored.



- The IMF says that advances in agentic AI could be a big boost to productivity. However, it does say that financial markets may already be pricing in more AI-driven growth than the fundamentals support, which makes the risk of a correction higher. Rapid adoption could also lead to job losses in the short term, which would require active labor market policy.

## AI Startup Funding in India Up 73% YoY — Q1 2026

Overall, funding for startups fell 26% from the previous year to \$2.3 billion in the first quarter of 2026. AI was the only exception. Investments in AI rose by 73% year over year to \$253 million, making it the third-largest sector overall, behind only ecommerce (\$536 million) and fintech (\$374 million). The biggest deal was Neysa's \$600 million Series B, which was the largest AI funding round in India ever.

## RBI: New Credit Rules for Brokers

Reserve Bank of India announced Commercial Banks Credit Facilities Amendment Directions, 2026 with effect from April 1, 2026. Banks are now required to lend to stock brokers and capital market intermediaries on a fully secured basis. Equity collateral has a mandatory minimum haircut of 40%. Cash or cash equivalents should represent at least 50% of the collateral.

## KreditBee enters the unicorn club

KreditBee technology lending platform closes \$280m Series E financing at \$1.5 billion valuation. The financing round was led by Motilal Oswal Alternates and Hornbill Capital, along with Dragon Funds, which is backed by MUFG Bank, and the financing was reported to be three-times oversubscribed. KreditBee has distributed more than 6 crore loans and has registered more than 20 crore users.

## SOURCES

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# RESEARCH SPOTLIGHT

## THE NUMBER NOBODY TALKS ABOUT

Here is a question that sounds simple until it isn't: how much is a rupee worth ten years from now? Your instinct probably says less than a rupee today. Economics gives that instinct a name: discounting, and the number used to calculate it is called the discount rate. Governments use it every time they evaluate a new highway, a climate policy, a pension scheme, or a public health programme. It quietly sits inside every major long-run decision a state makes.

And almost nobody outside of economics knows it exists.

That invisibility is a problem because the discount rate is not a neutral technical input. It is a moral stance dressed in mathematical clothing. Buried inside this single number is one of the most consequential philosophical questions of our time: how much do we owe to people who haven't been born yet?

## WHAT DISCOUNTING ACTUALLY MEANS

The logic of discounting starts simply enough. If someone offers you ₹100 today or ₹100 five years from now, you take it today, because you can invest it, spend it, or protect it from inflation. A future rupee is worth less than a present one. How much less depends on the discount rate.

At a 5% discount rate, ₹100 received 30 years from now is worth roughly ₹23 today. At a 1% rate, that same ₹100 is worth about ₹74. The difference sounds technical. The implications are enormous.

Consider a government deciding whether to build a sea wall that could protect a coastal city from flooding in 2060. Or whether to invest in clean energy infrastructure whose benefits may only materialise decades later. The discount rate determines whether those future benefits appear large or insignificant in today's terms. A high rate makes the future look cheap, and therefore, not worth spending heavily on today. A low rate treats future lives as nearly as valuable as present ones and therefore justifies heavier investment today.

**This is not arithmetic. This is ethics.**

## TWO ECONOMISTS, ONE DATASET, OPPOSITE CONCLUSIONS

In 2006, the British economist Nicholas Stern published what became known as the Stern Review, a landmark report on the economics of climate change. His central finding was dramatic: the world needed to act immediately and aggressively, spending roughly 1% of global GDP annually to avoid catastrophic climate damage. The cost of inaction, he argued, would be far greater.

William Nordhaus, who would go on to win the Nobel Prize in Economics in 2018, looked at essentially the same data and reached a very different conclusion. Aggressive immediate action was not economically justified. A more gradual, measured response made more sense.

Both men were using accepted economic models. Both were serious, rigorous economists. So why did they disagree so fundamentally?

The answer was almost entirely in the discount rate. Stern used a rate close to 1.4%. Nordhaus used a rate closer to 5–6%. That difference of a few percentage points made future climate damages look dramatically different in present-value terms. For Stern, future generations deserved nearly equal moral weight to people alive today. For Nordhaus, the present still held significant priority.

The debate that followed was framed as a technical disagreement. It was not. It was a philosophical argument about intergenerational justice conducted entirely inside an economic model, largely invisible to the public it most affected.

### THREE MORAL POSITIONS IN DISGUISE

The discount rate debate maps cleanly onto three distinct ethical frameworks, none of which economists are required to declare when they choose their numbers.

Beneath the technical language, the debate ultimately reduces to three competing moral philosophies.

Philosophical Position	What It Says	Implied Discount Rate	Policy Implication
Pure Time Preference	Present people simply matter more. The future is uncertain; prioritise the living.	High (4–6%)	Moderate climate action; prioritise current consumption and growth.
Utilitarian Impartiality	All people across time deserve equal moral weight. Future suffering counts as much as present suffering.	Very Low (0–1%)	Aggressive, immediate climate investment; high public debt justified for future benefit.
Rawlsian Intergenerational Justice	We owe future generations at least as good a world as we inherited.	Low to Moderate (1–3%)	Strong institutional investment in long-run assets; precautionary policy design.

## WHERE IT SHOWS UP IN INDIA

India is not removed from this debate. It is deeply embedded in it, even if the conversation hasn't quite caught up.

The implications are not theoretical. They already shape policy choices in India every year.

Take the UDAN scheme, designed to connect underserved regional airports, or large highway and infrastructure projects evaluated over 25–30 year periods under NITI Aayog and Ministry of Finance frameworks. The social benefits such as regional development, connectivity for smaller cities, and reduced migration pressure often materialise over decades. A difference of even two percentage points in the discount rate can alter a project's net present value by hundreds of crores and determine whether it gets sanctioned at all.

The same logic underpins India's climate commitments under the Paris Agreement, including its target of net zero emissions by 2070 and large-scale renewable energy expansion. These policies require present-day economic costs in exchange for long-term environmental stability. At its core, that too is a discount rate decision, even when it is not explicitly described as one.

The debate also appears in government pension liabilities. The actuarial assumptions used to determine how much the state must provision today for pensions payable in 2045 or 2055 depend heavily on discount rate assumptions. Get those assumptions wrong, and the burden ultimately falls on future workers and taxpayers who had no say in the calculation.

## THE DEMOCRATIC DEFICIT

Here is perhaps the most uncomfortable dimension of all this: the discount rate is almost never chosen through any process resembling public deliberation.

It is embedded in Treasury guidelines. It is set by finance ministry circulars. It is recommended by technical committees. In India, the Planning Commission historically used rates between 10–12% for project appraisal, a relatively high rate that implicitly deprioritised long-run social returns. Citizens never voted on these assumptions. Parliament never meaningfully debated them either. They were not explained to citizens. They were not put to any democratic test.

And yet they shaped, and continue to shape the decisions about which projects get built, which risks get taken seriously, and which generations bear the consequences of those choices.

There is something quietly troubling about a situation in which the most consequential moral decisions about the future are made by people who believe they are simply doing maths.

## CONCLUSION

Economics and philosophy are often treated as separate conversations. The discount rate dilemma is a reminder that they never were. Every time a government decides how much to invest in climate infrastructure, how much public debt to carry, or how much to spend on long-run development, it is making a philosophical choice about whose lives matter and by how much. The discount rate is simply where that choice is stored.

The question is not whether this choice will be made. It definitely will be, every budget cycle, in every infrastructure appraisal, in every climate model. The question is whether those choices will be made consciously, with honesty about their moral dimensions, and with some accountability to the people of the present and future, whose lives depend on getting it right. The future is being priced right now. Most of us have no idea what number is being used.

# OPPORTUNITIES & GROWTH

## FactSet – Apprentice Research Analyst – Internship

**Company:** FactSet Research Systems (S&P 500)

**Type:** Internship

**Mode:** In-office

**Stipend:** ₹33K–₹50K/month

**Work type:** 5 Days/week

**Duration:** 6–12 months

### Overview:

An internship focused on data collection, research and analysis in financial markets.

### Roles & Responsibilities:

- Collect, analyse and process financial market data
- Audit financial data and resolutions
- Research, analytical, and market study needs
- Reporting & maintaining records

### Eligibility:

- Undergraduate degree in Commerce / Business Management/ Finance/Accounting /Economics or equivalent.
- Computer literate
- Good numerical skills
- Analytical skills and detail-oriented attitude
- Understanding of Financial Markets

### Benefits:

- Access to FactSet Workstation,
- Free NCFM certificates
- Free meals, health coverage.
- 65% conversion to full-time Research Analyst (₹8–14 LPA)
- PPO available.

## KPMG Ideation Challenge 2026

**Hosted by:** KPMG | Global

**Apply:**

<https://kpmg.com/xx/en/our-insights/ai-and-technology/global-tech-innovator.html>

**Eligibility:**

Tech startups/entrepreneurs

**Benefits:**

- Mentorship
- Certificates
- Networking opportunities
- Consulting exposure.

## Futures First – Quant Intern, Financial Markets – Internship

**Company:** Futures First (Hertshten Group)

**Mode:** On-site

**Location:** Gurgaon / Hyderabad / Kolkata / Bengaluru / Jaipur

**Duration:** 4–6 months

**Stipend:** ₹40,000/month

**Overview:**

Quantitative analysis of liquid and active products in international options markets.

**Role & Responsibilities:**

- Research on products
- Development of new strategies to identify market opportunities
- Analysis of market news and data to determine market sentiment using technical and fundamental analysis.

**Eligibility:**

- Completed or completing graduation in 2026 or before.
- Preferred streams: Commerce, Finance, Economics, Mathematics, Statistics, and Engineering.
- No prior experience required.

**Perks:**

- PPO opportunity to top performers
- Transition to full-time roles contributing to strategy development across global exchanges.
- Training from day one in derivatives markets.

**Apply:** [futuresfirst.com/job-details/?job\\_id=0134](https://futuresfirst.com/job-details/?job_id=0134)

## CSEP – Research Intern, Growth Finance & Development – Internship

**Company:** Centre for Social & Economic Progress (formerly Brookings India)

**Type:** Internship

**Work type:** New Delhi (On-site)

**Stipend:** Unpaid

**Duration:** 6–16 weeks

**Rolling applications:** Summer and Winter batches

### Overview:

Work with Researchers across areas including Growth, Finance & Development; Foreign Policy and Security; and Energy, Resources and Sustainability.

### Role & Requirements:

- Excel, Stata, and/or Python,
- Conduct economic analysis.
- Write and edit working papers
- Support policy research projects.

### Eligibility:

- UG/PG students in Economics, Public Policy, Finance or Social Sciences.
- Knowledge of quantitative skills

### Benefits:

- Certificate of Completion
- Research workshops,
- Public events
- Build networks with other aspiring young policymakers.

THANK YOU