



Risk Perspectives

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Introduction



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Stepping into 2026 feels like stepping into the unknown. 2025 was marked by geopolitical conflicts and trade wars that disrupted global markets and tested resilience. While the road ahead remains uncertain, there is a silver lining: the challenges are accelerating innovation, driving stronger collaborations, and prompting businesses to become more agile and future ready.

This edition of Risk Perspectives examines key developments that are reshaping the landscape of risk and opportunity. The depreciation of the rupee, significant regulatory reforms—including the new Labour Codes and the Digital Personal Data Protection Rules—and a surge in sophisticated cyberthreats are redefining the business environment. At the same time, growing regional instability in Southeast Asia underscores the fragile interconnectedness of global trade and security.

Thus, organisations must not only navigate evolving regulations and geopolitical challenges but also proactively build resilience by fostering digital trust, strengthening cybersecurity, and aligning their strategies with sustainability and compliance goals.

Read on for more details.

01

Weaker rupee and its impacts on India

In November 2025, the Indian rupee depreciated significantly, reaching new all-time lows against the dollar. The US dollar strengthened significantly against the Indian rupee between 1 January 2025 and 30 November 2025. The exchange rate moved from approximately INR85.58 per USD on 1 January 2025 to around INR89.36 per USD on 30 November 2025. While the rupee has been depreciating gradually through the year, the big trigger for the fall during November and the beginning of December was the 12% year-on-year contraction in exports for October, largely driven by a decline in exports to the US.

Implications and imperatives

A weaker rupee makes Indian exports competitive in dollar terms. Exporters may even benefit further as a nominally weaker rupee is also accompanied by a falling inflation rate, thereby making raw materials cheaper.

However, a weaker rupee makes import-intensive exports costlier. A recent Exim Bank study revealed that the import intensity of raw materials for export-intensive industries such as gems and jewellery, electronics, and chemicals was more than 60%. For these industries, the competitiveness earned from nominal depreciation will be partially offset due to high-cost imports. A weaker rupee can fuel inflation by raising domestic prices of commodities, such as crude oil, metals, and chemicals, as the domestic prices of global commodities map the import-parity prices.

A fast-depreciating rupee can further deter foreign portfolio investments and foreign direct investments (FDI) as it pares their dollar returns. Additionally, it raises debt-servicing obligations for corporates with foreign currency loans.

To navigate this situation, the government should accelerate trade talks with the US, undertake measures to strengthen capital account inflows such as further deepening corporate bond markets, and implement policies to attract more FDI. Furthermore, taking measures to boost invisible surpluses through increasing services exports would help offset the impact of weak capital account flows. Corporates must closely monitor and fine-tune their foreign currency hedging strategies.

02

Navigating India's new regulatory changes

The compliance landscape in India is being reshaped through significant regulatory reforms. For starters, the Reserve Bank of India has simplified regulatory compliance by consolidating over 9,000 circulars into 238 Master Directions.

Further, the labour law reforms aim to simplify regulations, improve compliance, and boost growth and employment.

The Labour Codes—on wages, industrial relations, social security, and occupational safety—have replaced 29 labour laws. They introduce universal minimum wages, social security for gig, platform, and interstate migrant workers, free annual health check-ups, and expanded rights for women to work in all sectors, including night shifts. The threshold for firms needing prior layoff approval rose from 100 to 300 employees, allowing greater workforce flexibility. Meanwhile, the Digital Personal Data Protection (DPDP) Rules operationalise the DPDP Act, 2023, providing a citizen-centric framework balancing individual rights with lawful data use. They outline breach notifications, transparency, and accountability, and establish a digital Data Protection Board of India with an 18-month phased compliance period.

Implication and imperatives

The new labour codes are likely to result in long-term gains for both businesses and individuals and, hence, society. However, in the short term, companies, especially micro, small, and medium enterprises (MSMEs), may face challenges in aligning to the regulatory provisions. It seems, on the face, that the new provisions could result in increased workforce costs for businesses. However, a healthier and more protected workforce is likely to be more productive. Also, adoption of universal minimum wages is likely to boost consumption power, in turn boosting demand, augmenting the revenues of enterprises, and ultimately leading to more job creation.

Furthermore, the DPDP Act and Rules aim to build a safe, transparent, innovation-friendly, and future-ready digital environment, thus strengthening public confidence in digital governance. The act imposes a high cost for non-compliance on data fiduciaries, ranging as high as up to INR250 crore. The 18-month timeframe for phased compliance should give organisations enough time to adjust their systems and adopt responsible data practices.

While reforms such as the new Labour Codes and the DPDP Act play a crucial role in building societal trust, businesses that proactively embrace these changes demonstrate genuine commitment to fairness and robust governance. This not only reinforces their credibility but also provides a meaningful compliance advantage, positioning them as responsible leaders in their industries. In today's environment, where trust truly matters, such forward-looking adoption is essential for sustainable success and stakeholder confidence.

Sources: Press Information Bureau, 'Government makes the four Labour Codes effective to simplify and streamline labour laws'

Press Information Bureau, 'DPDP Rules, 2025 notified'

Reserve Bank of India, 'Reserve Bank of India issues Consolidated Master Directions'



03

Cyberthreats intensify amid expanding attack surface and evolving regulations

November 2025 saw a surge in sophisticated cyber operations. PwC's Cyber Protection Centre's (CPC) findings indicate that infostealers, ransomwares, trojans, and backdoors have been the most popular among cybercriminals in November 2025, followed by botnets and spywares. The top three malwares with the highest number of infections (globally) or those that were most active and which can cause maximum impact were Fantasyhub, Purerat (the trojans), and Gentlemen (a ransomware).

The most significant global cyberthreats in November 2025 were data breaches or database leaks and data extortion, ransomware operations, hacktivist-driven DDoS and defacement, sale of privileged access on underground forums, and active exploitation of high-impact vulnerabilities in widely deployed platforms.

Threat activity spanned sectors from manufacturing and healthcare to energy, government, IT/ITES, and telecom across all major regions.

Notable cyber incidents in November 2025 include:

- A breach of 33.7 million accounts was reported at a South Korean e-commerce company with suspected insider involvement.
- Notable ransomware attacks involved Qilin (Thailand), Akira (South Korea), and ClOp (Japan).
- Supply chain compromises were reported worldwide, exemplified by the Shai-Hulud 2.0 npm attack.

However, regulatory momentum is picking up. The UK's Cyber Security and Resilience Bill enforces stricter standards for critical infrastructure operators by proposing broader network and information systems (NIS) coverage, stricter incident notification obligations, and tougher penalties for non-compliance.

Implications and imperatives

The introduction of the Cyber Security and Resilience Bill by the UK government highlights the need for continuous regulatory evolution to address rapidly evolving cybersecurity challenges.

Firms must develop and regularly refine a comprehensive cybersecurity playbook in order to swiftly respond to threats. Furthermore, cybersecurity must be integrated into core business strategy. This entails making cyber concerns a part of high-level decisions and fostering cross-departmental collaborations to align cybersecurity initiatives with the firm's business goals and risk appetite.



04

Resumption of hostilities in the ASEAN region poses renewed risk to regional stability

The ongoing border dispute between two neighbouring nations in the ASEAN region led to the fresh eruption of armed conflict in late November 2025. The resulting instability in the region poses heightened risks to regional trade and carries significant implications for India.

Implications and imperatives

Geopolitical instability within the ASEAN region poses significant threats to maritime security and could disrupt trade and supply chains, thereby undermining both current and future investments. India has significant interests in the region, supported by two ongoing free trade agreements with ASEAN that encompass goods, services, and investment. In FY23, India's total trade with ASEAN countries reached USD131.57 billion—representing 11.3% of India's global trade—and grew by 19.2% compared to FY22.

The strategic India–Myanmar–Thailand Trilateral Highway, which is planned to eventually extend to Laos, Cambodia, and Vietnam, may encounter setbacks if regional instability persists. Furthermore, as the countries involved are pivotal to ASEAN's manufacturing sector, maintaining stability in the region is essential to safeguard supply chain continuity.

Sources: Department of Commerce, Ministry of Commerce and Industry, 'Foreign trade (ASEAN)'



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