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MARCH

2026









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SAMĀCĀRA – MARCH 2026

EDITORIAL

Dear All,

March marks the culmination of another financial year—bringing with it the dual responsibility of closure and preparation. It is a month of compliance, consolidation, academic accomplishment, and strategic foresight. As professionals, this period tests not only our technical competence but also our discipline and planning ability.

Celebrating the Success of SPCM Students

At the outset, we extend our heartfelt congratulations to the students of SPCM who have successfully cleared their examinations this March. Your perseverance, structured preparation, and commitment to excellence have yielded well-deserved results.

Clearing professional examinations—particularly those conducted by the Institute of Chartered Accountants of India—is not merely an academic milestone; it is the foundation of a profession built on integrity, analytical ability, and ethical responsibility.

To all successful students:

- You have demonstrated that consistency triumphs over pressure.
- You have shown that disciplined effort over months culminates in success in a moment.
- You have strengthened the intellectual fabric of our profession.

To those who narrowly missed success—remember that resilience defines a true professional. Temporary setbacks often precede lasting achievements.

At this juncture, as we celebrate academic success, we must also look ahead. At SPCM, it is imperative that we deepen our academic engagement with the existing Income-tax Act, 1961 while simultaneously preparing students for the structural and conceptual framework of the newly introduced Income-tax Act, 2025. The transition phase between the current and the new legislation will demand comparative understanding, interpretational clarity, and practical application skills. Our focus must therefore extend beyond examination success to creating professionals who are future-ready—capable of navigating both statutory frameworks with confidence and intellectual depth.

As a Firm, we reaffirm our commitment to mentoring excellence and nurturing competence that matches the evolving legal environment.

Direct Tax – Critical Considerations at Year End

The financial year closing demands meticulous attention to direct tax provisions. Key areas requiring immediate focus include:

1. Capital Gains Planning

- Review of transactions executed before 31st March.
- Compliance with timelines under Sections 54, 54F, and 54EC.
- Implications of Sections 50C and 43CA in immovable property transfers.

2. TDS / TCS Reconciliation

- Verification of quarterly returns and challan matching.
- Monitoring compliance under Sections 194Q and 206C(1H).
- Avoidance of higher deduction consequences under Sections 206AA and 206AB.

3. Allowability & Disallowances

- MSME payment compliance impacting deductibility.
- Section 43B payments before year-end.
- Review of disallowances under Section 40(a)(ia).
- Depreciation planning and capitalisation policies.

4. Reassessment & Data-Driven Scrutiny

Post amendments to Sections 147–151, assessments are increasingly analytics-driven. Documentation, commercial rationale, valuation support, and board approvals must withstand scrutiny. The principle of “substance over form” continues to guide tax administration.

With the gradual movement towards the new tax framework under the Income-tax Act, 2025, businesses must also begin reviewing structural and compliance alignments in advance.

GST Collections – Indicator of Formalisation

India continues to record strong GST collections, reflecting:

- Expansion of the tax base
- Enhanced compliance through e-invoicing
- Effective data analytics and enforcement
- Strengthening of formal economic channels

Sustained buoyancy in GST revenue demonstrates resilience in domestic consumption and improved reporting discipline.

However, vigilance remains essential:

- Reconciliation of GSTR-1, GSTR-3B, and books
- ITC matching and vendor compliance monitoring
- Timely response to system-generated notices

GST compliance today is not merely procedural—it is strategic.

Global Conflict and Its Economic Implications

The geopolitical landscape remains unsettled. Alongside the ongoing war between Russia and Ukraine, recent escalations involving the United States, Israel and Iran have further heightened global uncertainty. Major military strikes and counter-strikes in the Middle East have drawn international attention and raised concerns about broader regional friction and economic spillovers. □

Key Impact Areas:**1. Energy Prices & Inflation**

Conflicts involving major oil-producing regions risk disruptions in supply routes such as the Strait of Hormuz. A prolonged escalation could trigger sharp rises in crude prices, complicating inflation management and fiscal frameworks worldwide. □

2. Currency & Financial Markets

Geopolitical shocks tend to increase volatility across currency markets and global equities, as seen through recent market reactions in India and abroad. □

3. Trade & Investment Flows

Instability may affect investor confidence, trade corridors, and risk-adjusted returns, particularly in sectors sensitive to commodity pricing and financing conditions.

Despite global upheavals, India's macroeconomic fundamentals remain comparatively resilient—supported by strong domestic demand, infrastructure investment, and a stable financial sector.

As advisors, our responsibility extends beyond compliance—we must assist clients in strategic risk assessment, scenario planning, and fiscal resilience.

Concluding Thoughts – Discipline Defines March

March is a month of precision:

- Close books accurately.
- Reconcile taxes thoroughly.
- Review legal positions proactively.
- Avoid last-minute compliance stress.

As Chartered Accountants, we are more than number managers—we are custodians of financial integrity and interpreters of law in a rapidly changing regulatory landscape.

Let us conclude this financial year with clarity, compliance, and confidence—while preparing ourselves and our students for the emerging statutory era.

Once again, congratulations to all successful SPCM students. Your achievements inspire us and strengthen the future of the profession.

Wishing everyone a productive year-end and a confident beginning to Financial Year 2026–27.

Thanking You,

With Warm Regards,



CA. Suhas P. Bora
Founder Partner,
SPCM and Associates,
Chartered Accountants



GLIMPSE OF EVENT

WE ARE PROUD OF OUR STUDENTS



CA Qualified:

CA ISHIKA V. KOTHARI

CA SIDDHI R. DUGAD

CA NEHA KELA

CA LAXMI TOPE

CA YUVRAJ KOTHARI

CA MUGDHA AWATI

CA DHANRAJ BHARDIYA

CA ABHISHEK KADAM

CA Final - one group cleared:

SHREYA BHAVATE

MITALI TAPDIYA

SAIPRIYA RANGWAR



Congratulations to CA Siddhant Bora



We are pleased to share that CA Siddhant Bora has successfully cleared the Diploma in Management & Business Finance (DMBF) Examination conducted by the Institute of Chartered Accountants of India in February 2026, securing 175 marks out of 300.

This achievement reflects his commitment to continuous professional learning and strengthening expertise in areas such as strategic management, capital markets, valuation, and financial management.



We congratulate him on this accomplishment and wish him continued success in his professional journey.


DUE DATES
Income Tax due date calendar for the month of
March-2026

DATE	DUE DATE FOR
02.03.2026	<ul style="list-style-type: none"> • Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194M in the month of January, 2026
15.03.2026	<ul style="list-style-type: none"> • Fourth instalment of advance tax for the assessment year 2026-27 • Due date for payment of whole amount of advance tax in respect of assessment year 2026-27 for assessee covered under presumptive scheme of section 44AD / section 44ADA • Due date for furnishing of Form 24G by an office of the Government where TDS/TCS for the month of February, 2026 has been paid without the production of a Challan
17.03.2026	<ul style="list-style-type: none"> • Due date for issue of TDS Certificate for tax deducted under section 194-IA, 194-IB, 194M, 194S (by specified person) in the month of January, 2026 • Due date for issue of TDS Certificate for tax deducted under section 194-IB in the month of January, 2026
30.03.2026	<ul style="list-style-type: none"> • Due date for furnishing of challan-cum-statement in respect of tax deducted under section 194-IA, 194-IB, 194M, 194S (by specified person) in the month of February, 2026



DATE	DUE DATE FOR
31.03.2026	<ul style="list-style-type: none">• Uploading of statement [Form 67], of foreign income offered to tax and tax deducted or paid on such income in previous year 2024-25, to claim foreign tax credit [if return of income has been furnished within the time specified under section 139(1) or section 139(4) of the Act.• Furnishing of an updated return of income for the Assessment Year 2021-22.

“Self-awareness and self-love matter. Who we are is

how we lead”

– Brene Brown.”

GST due dates for the month March 2026

Due date	Return	Period	Description
10 th <u>March</u>	GSTR-7 (Monthly)	February'26	Summary of Tax Deducted at Source (TDS) and deposited under GST laws.
10 th <u>March</u>	GSTR-8 (Monthly)	February'26	Summary of Tax Collected at Source (TCS) and deposited by E-commerce operators under GST laws.
11 th <u>March</u>	GSTR-1 (Monthly)	February'26	Summary of outward supplies where turnover exceeds Rs.5 crore or have not chosen the QRMP scheme for the quarter of January – March 2026.
13 th <u>March</u>	Furnishing Invoices in IFF Facility (Quarterly)	January – March 2026	Taxpayers who have opted for the Invoice Furnishing Facility (IFF) and choose to upload B2B outward supply invoices for first two months of the quarter. The B2B invoices relating to last month of the quarter are too uploaded while filing GSTR – 1 along with B2C invoices of entire quarter.



Due date	Return	Period	Description
13 th <u>March</u>	GSTR-5 (Monthly)	February 26	Summary of outward taxable supplies & tax payable by a non-resident taxable person.
13 th <u>March</u>	GSTR-6	February'26	Details of ITC received and distributed by ISD.
20 th <u>March</u>	GSTR-3B (Monthly)	February'26	Summary of outward supplies, ITC claimed, and net tax payable for taxpayers with turnover more than Rs.5 crore in the last FY or have not chosen the QRMP scheme for the quarter of January – March 2026.
20 th <u>March</u>	GSTR-5A (Monthly)	February'26	Summary of outward taxable supplies and tax payable by OIDAR.

***“You can always edit a bad page. You can’t edit
a blank page.”***

— Jodi Picoult.

GST UPDATES

1. Update on Advisory on Interest Collection and Related Enhancements in GSTR-3B

In continuation to the advisory posted on the GST Portal on 30th January, 2026 on the above subject, the functionality to utilize CGST or SGST ITC for payment of IGST liability, in any order of payment after complete exhaustion of IGST Credit, shall be available from February-2026 period.

2. Facility for Withdrawal from Rule 14A:

- a) **GSTN Online Facility:** GSTN has introduced an online system to enable taxpayers to apply for withdrawal from the option they availed under Rule 14A of the CGST Rules.
- b) **Eligible Taxpayers:** Only eligible taxpayers who are registered under the **CGST Act** can apply for withdrawal.
- c) **Form GST REG-32:** Taxpayers need to file Form GST REG-32 on the GST Portal to initiate the withdrawal process.
- d) **CGST Rules:** Rule 14A pertains to the voluntary registration under GST, and taxpayers who wish to withdraw this registration can now do so online via this facility.

In summary, the new online facility simplifies the process for taxpayers who wish to withdraw their voluntary GST registration by submitting Form GST REG-32 on the GST portal.

GST compliances to be done before the Financial Year End (31st March).

A. Opt-in For Composition: *To opt for the Composition Scheme for the financial year 2026-27, the last date to opt-in or opt-out from the Composition Scheme is 31st March 2026. Form CMP-02 must be used to opt into the composition scheme (both supplier of goods and service provider).*

Note: In case of switch from Normal to Composition Scheme, ITC claimed on inputs lying in form of Inputs, WIP, finished goods stock as on 31.03.2026 and capital goods (on reduced percentage basis) is required to be reversed by filing ITC-03 by 30th May 2026.

B. Applicability of E- invoice:

Please check applicability of E-invoice in new financial year based on turnover crossing the prescribed threshold limit of Rs.5 Crore in any of the FY starting from July 2017.

Those who are covered as described above are required to take E-invoice registration on Invoice Registration portal and start generating E-invoice-<https://einvoice1.gst.gov.in/Home/Login>

C. Opt-in or out of QRMP:

*The registered persons having aggregate turnover up to Rs 5 Cr. are allowed to furnish their GST returns on a quarterly basis along with monthly payment of tax under QRMP Scheme. **The last date to opt-in or opt-out from the QRMP scheme for F.Y. 2026-27 is 30th April 2026.***

D. Filing of LUT:

All registered taxpayers who export goods will have to furnish LUT in GST RFD-11 form in order to make exports without the payment of IGST. It is crucial to note that LUT application is required to be completed before

March 31, 2026 for the next F.Y. 2026-27 or before supply for Exports and SEZ.

E. Check the applicability of E way Bill:

E way bills are required for transporting of goods valued above Rs.50,000 in as single consignment. Review your transaction to determine if they meet this threshold and check for any exemptions as different limits are applicable in different states.

A new feature has been introduced in the E way bill (EWB) system for the enrolment of unregistered dealer supplying goods, effective from 11th February 2025. As per Notification No. 12/2024- Central Tax dt July 10,2024, Form ENR 03 allows URD dealers involved in goods transportation to generate e-way bills using a unique Enrolment ID, which replaces the GSTIN for generating e Way Bills.

F. Declarations to be taken from Goods Transport Agency (GTA) for opting to pay GST under Forward Charge.:

For the FY 2026-27, declarations filed by the Goods Transport Agency (GTA) for opting to pay GST under Forward Charge should be obtained and kept in record to justify the reason for non-payment of GST under RCM.

G. Reset Invoice Number Series:

*For each new financial year, GST taxpayers should start a new **invoice series**, unique for the financial year.*

H. GST on advanced payments:

The registered person must take care that the GST liability is paid on unbilled revenue of services i.e. for advances received from customers for services as on 31.03.2026.

I. Cross Charges:

Cross charges are the supplies made by the Head office to branch offices or vice versa. The same supplies need to be identified and the provision need to be done and the respective invoice need to be raised for common services for the year before the year end.

J. Job works related compliances

In case of material sent for job work, check whether the same has been returned within the time limit prescribed (Inputs – 1 year and Capital goods – 3 years) and the same has been duly reported in ITC 04, and file ITC-04

- *on Half-yearly basis (for the period 01.10.2025-31.03.2026 within 25.04.2026) for the registered persons whose aggregate turnover is more than Rs. 5 crores*
- *on yearly basis (for F.Y. 2025-26 – within 25.04.2026) for those whose aggregate turnover is upto Rs. 5 crores.*

K. Sales reconciliation

The registered person has to reconcile Sales Turnover, Credit Notes, Output tax as per Books of Accounts with GST Returns filed (GSTR-1 & GSTR-3B) for the last year

- ***Reporting of correct outward supplies for the FY 2025-26***
- *Reconciliation of turnover/tax as reported in GSTR 1/ GSTR 3B with books of accounts for FY 2025-26.*
- *Review the correct HSN/ SAC code and GST rate has been opted.*
- *Reconciliation of E-way bills generated during the FY 2025-26 with tax invoices reported in GSTR 1.*
- *Reconciliation of e-Invoices with IRN viz. e-way bills generated viz. reported in GSTR 1.*

- *Check whether the GST paid on advances received in FY 2025-26 towards the supply of services made or agreed to be made has been properly adjusted in GSTR 1 and GSTR 3B.*
- *Check whether the goods sent on approval basis has been either returned within 6 months or sold on issuance of tax invoices.*
- *Any output tax liability missed or any credit notes missed in the GSTR-1 & GSTR-3B for the last financial year will be shown within 30th November of the following year or the due date of filing Annual Return, whichever is earlier.*

L. Purchase reconciliation:

The registered person has to reconcile Input tax credit (ITC) as per Books of Accounts with ITC claimed in GSTR-3B subject to matching of ITC with GSTR-2B downloaded from the GST portal.

- ***Availment of correct Input Tax Credit for the FY 2025-26***
 - *Reconciliation of E- Credit Ledger with books of accounts for FY 2025-26*
 - *Check the tax has been correctly calculated and paid under RCM in case of Import of services, sitting fees paid to Directors, GTA, Security Services, rent a cab, Advocate fees etc.*
- *If any ITC is not claimed in GST returns while reconciling GSTR-2B, the registered person is eligible to avail such ITC within 30th November of the following year or the due date of filing of Annual Return, whichever is earlier.*
- *It is being advised to get confirmation from the suppliers in the following cases*
 - a) *In case they have filed GSTR-1 but not filed GSTR-3B; that when the supplier will file their GSTR-3B, the ITC already claimed by*

the registered person would not get disallowed. And advised to save the e-mail of all the correspondence with the supplier in this regard.

- b) In case they have filed GSTR-3B but not filed GSTR-1. It is being advised to direct the supplier to file their GSTR-1, else the ITC would not be available to the registered person since it will not show in their GSTR-2B.*
- c) In case they have not filed both GSTR-1 and GSTR-3B; then direct the supplier to file both the returns immediately and to follow-up on regular basis. Further, all the correspondences / e-mails sent to the supplier to be saved by the registered person which will help them in their assessments / audit.*
- Review ineligible and blocked ITC in the books of accounts and check whether any ineligible / blocked ITC have been inadvertently claimed in the GST returns. If yes, reverse the same.*
 - Yearly calculation of reversal of ITC as per Rule 42 – In case of any reversal of common Input Tax Credit on account of exempted supplies as per Rule 42, after having undertaken monthly reversal, the annual calculation is required to be done and any excess reversal or short reversal should be duly accounted for in GST returns for March 2026.*

In case of delay in reporting of additional reversal, if any, Interest would apply from 1st April 2026 onward for common ITC reversals to be done in F.Y. 2025-26.

- Review any liability under reverse charge as per books of accounts that whether such reverse charge liability have been shown in the GSTR-3B or not and whether their payment have been made or not. If any RCM liability is pending, then pay the same along with the appropriate interest. After payment of the reverse charge liability, review whether it has been claimed in the GSTR-3B or not.*

- *It is being advised to review the payment to the vendor within 180 days from the date of invoice, if not, then ITC needs to be reversed. Once, the payment is made to the vendor, then ITC can be reclaimed without any time limit.*

M. *Ensure whether GST has been paid on the other income (leviable to GST) and on sale of assets (if any). If not, pay the GST along with the interest.*

N. Real Estate Sector

To assess the value of all Input and Input services received from both the registered and unregistered suppliers and if the value of procurements received from registered suppliers is less than 80% of total inward supplies, then the Developer of the project is required to pay GST @18% under RCM for such shortfall (28% in case of cement to be paid on monthly basis). Expenses on which GST is payable under RCM would be considered as procurements made from the registered persons. Last date to submit such details for FY 2025-26 is 30th June 2026.

O. 1% Cash payment conditions validation. -

*As per the Rule 86B of CGST-2017, Taxable persons can use electronic credit ledger for making payment of Outward Tax liability up to 99% of the outward tax. and 1% is compulsorily to be paid from Cash ledger. However, **this provision shall not be applicable in case were,***

- *Value of Domestic Supply (excluding Exempt Supply) for a GSTN is upto Rs. 50 Lakh, for current Month.*
- *If the specified persons as mentioned in rule have paid more than 1 lakh as Income Tax under Income Tax Act, 1961.*
- *If the registered person has received a refund of amount greater than Rs.1 lakh in the preceding financial year on account of export under LUT or due to inverted tax structure.*



- *If the registered person has discharged his output tax liability by electronic cash ledger for an amount in excess of 1% cumulatively up to the said month in the current financial year.*
 - *If the registered person is Government dept, PSU, Local authority, Statutory Authority.*
-

Amnesty Scheme Under Companies Act**MCA's "Companies Compliance Facilitation Scheme, 2026" – A Timely Window for Corporate Regularisation**

The Ministry of Corporate Affairs ("MCA") has issued General Circular No. 01/2026 dated 24th February, 2026, introducing the Companies Compliance Facilitation Scheme, 2026 (CCFS-2026). This one-time scheme is designed to provide substantial relief to companies burdened by heavy additional filing fees and to improve the accuracy of the corporate registry maintained under the Companies Act, 2013.

With over 20 lakh active companies and a rapidly formalising economy driven by MSMEs, OPCs, start-ups, and producer companies, the scheme reflects a pragmatic approach balancing enforcement with facilitation.

Background: The Additional Fee Burden

Under Section 403 of the Act read with the Companies (Registration Offices and Fees) Rules, 2014, companies are required to file:

- Annual Return
- Financial Statements

With effect from 1 July 2018, a uniform additional fee of ₹100 per day (without any upper limit) became applicable for delayed filing of annual forms.

For companies that missed filings over multiple years, the cumulative additional fee often became disproportionately high, discouraging voluntary compliance and leading to large numbers of inactive or non-compliant entities on the MCA-21 registry.

Objective of CCFS-2026

The Scheme has been introduced in exercise of powers under Section 460 read with Section 403 of the Act with the following objectives:

- Provide a one-time opportunity to regularise pending annual filings
- Reduce financial burden arising from accumulated additional fees
- Encourage voluntary compliance
- Facilitate closure or dormancy of inactive companies
- Improve accuracy and integrity of the corporate database

Key Benefits Under the Scheme

The Scheme offers three distinct options:

1. Regularisation of Pending Annual Filings

Companies may file all pending Annual Returns and Financial Statements by paying:

Only 10% of the total additional fees payable

This is a significant concession considering that additional fees otherwise accumulate indefinitely at Rs.100 per day.

2. Conversion into Dormant Company

Inactive companies may apply to be declared as a Dormant Company under Section 455 by filing e-Form MSC-1.

Under the Scheme:

Only 50% of the normal filing fee is payable.

This route allows companies that are temporarily inactive to remain on the register with minimal compliance obligations, preserving corporate identity without incurring recurring penalties.

3 Strike Off (Closure of Company)

Companies intending to exit may file e-Form STK-2 for striking off their name from the register.

Under CCFS-2026:

Only 25% of the normal filing fee is payable.

This offers a cost-effective exit mechanism for defunct or non-operational entities.

Scheme Period

The Scheme shall:

- Commence on: 15 April 2026
- Close on: 15 July 2026

The window is limited to three months, making timely action critical.

Who Should Consider This Scheme?

- MSMEs with pending annual filings
- Private companies unable to bear accumulated additional fees
- Start-ups that became inactive
- Promoters seeking orderly closure
- Companies wanting to convert into dormant status

Practical Considerations for Professionals & Management**1. Immediate Compliance Audit:**

Review MCA master data to identify pending forms (AOC-4, MGT-7, etc.).

2. Cost Comparison:

Evaluate whether regularisation, dormancy, or strike-off is more commercially viable.

3. **Board Approval & Documentation:**

Ensure necessary Board and shareholder approvals are obtained well within the scheme window.

4. **Avoid Last-Minute Filing:**

Given expected heavy traffic on the MCA-21 portal, early filing is advisable.

Concluding Remarks

The Companies Compliance Facilitation Scheme, 2026 is a well-timed regulatory intervention aimed at improving ease of doing business while strengthening compliance culture. It presents a rare opportunity for companies to cleanse historical defaults at a fraction of the cost and reposition themselves for future growth.

For corporate groups, promoters, and professionals, this scheme should be viewed not merely as a fee waiver, but as a strategic compliance reset.

This article is intended for informational purposes for our monthly newsletter. Companies are advised to seek professional guidance before availing benefits under the Scheme.

Finance and Valuations

Safe Haven Assets – Why Gold Rises During Geopolitical Conflicts

In periods of global uncertainty, financial markets tend to follow a predictable behavioral pattern: **capital migrates from risk assets to safety-oriented assets**. These assets, commonly referred to as “**safe haven assets**,” are investments expected to retain value or even appreciate during periods of crisis such as wars, geopolitical tensions, financial instability, or systemic economic shocks.

Among these assets, **gold has historically emerged as the most prominent safe haven**, often witnessing strong demand during geopolitical conflicts.

Understanding the Concept of Safe Haven Assets

A **safe haven asset** is an investment expected to preserve or increase its value during market turbulence.

Investors move toward these assets because they generally offer:

- **Store of value**
- **High liquidity**
- **Low correlation with equity markets**
- **Protection against currency depreciation and inflation**

Common examples include:

- Gold
- U.S. Treasury bonds
- Swiss Franc
- Japanese Yen

Among these, gold occupies a unique position because of its **long-standing role as a monetary reserve and inflation hedge**.

Why Gold Typically Rises During Wars and Geopolitical Crises

Geopolitical tensions introduce uncertainty around economic stability, trade flows, and currency strength. When uncertainty rises, investors tend to reduce exposure to volatile assets such as equities and shift capital toward assets perceived as stable.

Several structural factors explain why gold often benefits during such periods.

1. Flight to Safety

During geopolitical crises, investors reallocate funds away from riskier assets toward assets that historically preserve value.

Gold benefits from this **flight-to-safety behavior**, resulting in increased demand and price appreciation.

For instance, during the **Russia-Ukraine conflict beginning in 2022**, gold prices rose sharply as global investors sought protection against financial market volatility.

2. Currency Risk and Dollar Hedging

Geopolitical tensions often lead to **currency volatility and capital outflows from emerging markets**.

Gold is globally traded and priced in US dollars, making it an effective hedge against currency depreciation. Investors holding gold can protect purchasing power when domestic currencies weaken.

3. Inflation Expectations

Wars and geopolitical conflicts frequently disrupt global supply chains and energy markets. Higher oil and commodity prices translate into **inflationary pressures worldwide**.

Gold has historically acted as a **store of value during inflationary cycles**, which strengthens its appeal during geopolitical disruptions.

4. Central Bank Reserve Diversification

In recent years, many central banks have increased their gold reserves as part of strategic diversification.

Periods of geopolitical fragmentation, sanctions, and currency risks encourage countries to hold assets that are **independent of any single nation's financial system**. Gold fits this requirement as it is universally accepted and not linked to sovereign credit risk.

5. Market Psychology and Historical Trust

Gold enjoys a psychological advantage rooted in centuries of monetary history. Unlike paper currencies or financial assets, gold is viewed as a **tangible store of wealth** that is independent of government policies or financial institutions.

During crises, investor behaviors is driven not only by economics but also by **perception of security**, which increases demand for gold.

Historical Case Studies – Gold During Major Global Crises

A review of past geopolitical and financial crises highlights the consistent role of gold as a defensive asset.

Gulf War (1990–1991)

During the escalation of the Gulf War, geopolitical uncertainty surrounding Middle East oil supply triggered a surge in gold demand as investors sought safe stores of value.

Global Financial Crisis (2008)

The collapse of global financial institutions led to widespread panic across financial markets. Gold prices rose significantly as investors moved capital away from equities and banking assets.

Russia-Ukraine Conflict (2022)

Following the invasion of Ukraine, gold prices surged amid fears of prolonged geopolitical instability, sanctions regimes, and global energy disruptions.

Recent Middle East Tensions

Heightened tensions affecting global oil supply routes have once again pushed investors toward safe haven assets, including gold.

These episodes illustrate that **gold’s strength during crises is not incidental but structurally embedded in investor behaviour.**

Gold Performance During Major Geopolitical Events

Global Event	Period	Market Reaction
Gulf War	1990–1991	Sharp rise in gold due to oil supply concerns
Global Financial Crisis	2008–2011	Gold reached historic highs amid financial instability
Russia-Ukraine Conflict	2022	Surge in safe haven demand
Recent Middle East Tensions	2024–2026	Renewed interest in gold amid geopolitical uncertainty

While the magnitude of price movement varies across events, the **direction of investor behavior remains consistent—capital shifts toward defensive assets during uncertainty.**

Key Takeaway

Geopolitical tensions may appear to be political developments, but their economic consequences quickly transmit through financial markets— affecting commodities, currencies, inflation, and capital flows.

Gold’s rise during such periods reflects a structural shift toward **capital preservation and systemic risk hedging**.

Understanding this relationship enables investors and businesses to interpret market movements more effectively and design **financial strategies that remain resilient during periods of global uncertainty**.

THANK
YOU!

DISCLAIMER

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