

Weak rupee rekindles hedge narrative for dollar-priced crypto assets

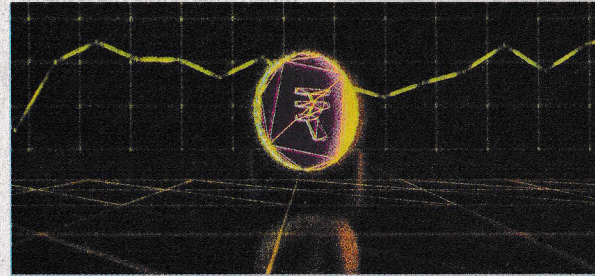
BUTTERFLY EFFECT. Worry over speculative sell-offs in equities and crypto looms as rupee dives to new lows

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A weakening rupee is once again drawing crypto into focus for Indian investors, as dollar-priced assets such as Bitcoin appear more attractive in rupee terms, even as heightened currency volatility prompts selective buying and caution among retail traders.

Edul Patel, CEO of Mudrex, attributed this momentum to crypto assets such as Bitcoin being priced in US dollars, while Indian investors track returns in rupees.

This creates a dual impact: when the rupee weakens, even flat dollar prices can translate into higher rupee



UNIVERSAL CURRENCY. The depreciating rupee reinforces crypto's emergence as a global, borderless asset class with growing relevance for Indian investors

returns, making crypto more attractive. "Rupee depreciation strengthens crypto's role as a hedge. Bitcoin's fixed supply and deflationary nature appeal to investors seeking protection against currency erosion and inflation, increasing its appeal during periods of rupee

weakness," he said. However, the optimism surrounding crypto could fade as the rupee hits an all-time low against the dollar due to anticipated speculative sell-offs, particularly in equities and crypto. Leveraged positions are also at risk of being liquidated to meet the price

difference created by the rupee fall.

TWO SIDES

"Historically, depreciation has always led to sell-offs and stepping away from risk on assets, but we've seen patterns break this year. Indian crypto holders with USDT can continue crypto-to-crypto trading without touching fiat, avoiding forced selling. While there is a large dependence on the rupee, capital inflow from retail investors who are largely holders can continue with blue-chip tokens such as BTC, ETH, etc. Crypto-to-crypto trading could see a possible uptick alongside USDT-based buying activity, given the potential for crypto in 2026," said Nischal Shetty,

Founder, WazirX.

Sathvik Vishwanath, Co-founder and CEO of Uno-coin, pointed to the other side of the coin where, as the rupee weakens against the dollar, Bitcoin and Ethereum appear relatively more expensive for Indian investors. This often leads to short-term caution among retail participants.

Then again, a weaker rupee can drive higher trading volumes on Indian exchanges, as global price movements translate into sharper rupee-based gains or losses. Additionally, Web3 companies and blockchain developers in India may benefit indirectly, as revenues earned in foreign currencies become more valuable when converted to rupee.