

Nuclear threat is Pak's 'stock-in-trade': Centre

Doubts about integrity of Pakistan's nuclear command have been reinforced, says MEA after Munir, during visit to U.S., says his country would wait for India to build a dam, and then destroy it

The Hindu Bureau

NEW DELHI

Pakistan Army chief Field Marshal Asim Munir's latest nuclear threats represent "Pakistan's stock-in-trade", Randhir Jaiswal, Official Spokesperson of the Ministry of External Affairs, said on Monday.

The sharp response from the Ministry came after Field Marshal Munir, during his latest visit to the

U.S., met leading members of the U.S. Central Command and the Pakistani community in Florida, and said Pakistan will use "all means" to defend its interests if India builds dams on the Indus.

"Nuclear sabre-rattling is Pakistan's stock-in-trade. The international community can draw its own



conclusions on the irresponsibility inherent in such remarks, which also reinforce the well-held doubts about the integrity of nuclear command and control in a state where the military is hand-in-glove with terrorist groups," said Mr. Jaiswal in a statement.

The Pakistan Army chief visited Florida for attend-

ing the U.S. Central Command change of command ceremony, as Admiral Brad Cooper took over from General Michael E. Kurilla.

At an event organised for the Pakistani diaspora, Field Marshal Munir said, "We will wait for India to build a dam, and when they do so, we will destroy it," according to media re-

ports. "We are a nuclear nation. If we think we are going down, we'll take half the world down with us," he was quoted as saying.

Mr. Jaiswal said it is regrettable that such remarks have been made from the soil of a friendly third country. "India has already made it clear that it will not give in to nuclear blackmail. We will continue to take all steps necessary to safeguard our national security," he said.

Meanwhile, Congress general secretary (communications) Jairam Ramesh condemned the "the most dangerous, provocative, and totally unacceptable remarks" by Field Marshal Munir. "It is bizarre that the U.S. establishment is giving such a man such special treatment," he said.

(With inputs from PTI)

Oppn. leaders march to EC office seeking rollback of SIR, call it 'vote theft' by govt.

Sobhana K. Nair
NEW DELHI

The Opposition parties marched to the Election Commission's headquarters in New Delhi on Monday demanding rollback of the special intensive revision (SIR) of electoral rolls in election-bound Bihar, which they said was an exercise in "vote-chori (vote theft)" by the government and would lead to disenfranchisement.

The Delhi police halted the protest a few metres from Parliament's gates. The police detained the Opposition leaders - some of whom tried to break barricades during an hour-long protest - and took them to the Parliament Street police station. They were released later.

"This fight is not political, but it is aimed at saving the Constitution. This



Opposition leader Rahul Gandhi during the march to the Election Commission office in New Delhi on Monday. SUSHIL KUMAR VERMA

fight is for 'one man, one vote' and we want a clean, pure voter list," Rahul Gandhi, the Leader of Opposition in the Lok Sabha, said. "They cannot talk as the truth is before the entire nation," he said.

Congress president Mallikarjun Kharge, who was also picked up by the

police, said, "I don't understand what the government fears? This is a peaceful demonstration of elected members of Parliament... the Election Commission could have met all of us together in a hall."

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Cong. claim incorrect: EC

The Election Commission on Monday described as "factually incorrect" the claims of "vote theft" made by the Congress and its leader Rahul Gandhi during a protest march in Delhi. It issued a "factcheck", sharing a list of documents in support of its claims of transparency in the Special Intensive Revision of electoral rolls in Bihar. » PAGE 11

Karnataka Minister ousted

On the first day of Karnataka Assembly's Monsoon Session on Monday, Cooperation Minister K.N. Rajanna was removed from the Cabinet after he made a controversial statement over the "voter theft" in Mahadevapura Assembly constituency.

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Opposition parties protest against SIR

The Opposition said that it had sought an appointment from the poll body. Congress general secretary (communication) Jairam Ramesh wrote to the commission about the protest. "The MPs wish to collectively meet with the Commission on a host of issues including but not limited to Special Intensive Revision of Electoral Rolls being undertaken in Bihar and proposed to be undertaken in other States as well," his letter said.

In response, the EC, citing space constraint, asked the Opposition to send names of 30 persons to come for an interaction. Reacting to the limitation imposed by the poll panel, Congress leader K.C. Venugopal said, "We don't even have the freedom to go to the Election Commission's office. They should have at least allowed us to go till the EC's office to register our protest."

The march began at 11.30 a.m. from Parliament after both Houses were adjourned early. The Opposition members gathered in the courtyard to sing the National Anthem and carried placards in multiple languages. The Aam Aadmi Party, which has distanced itself from the INDIA bloc, was present at the forefront of the procession. To ensure that they did not feel excluded, no INDIA bloc banners were used. Just a few metres from the Parliament gate, the Delhi Police had put up barricades. The MPs sat in protest on the road and many leaders - including Samajwadi Party chief Akhlesh Yadav, Trinamool MPs Mahua Moitra, Mitali Bag, Sagarika Ghose and Sushmita Dev, and Congress MPs Sanjana Jatav and S. Jothimani - scaled the barricades. "They are using the police to stop us," Mr. Yadav shouted.

The elderly leaders, including Mr. Kharge, Sharad Pawar of the NCP(SP) and T.R. Baalu of the DMK, brought up the rear. Later in the evening, Mr. Kharge hosted a dinner for the Opposition MPs.

Mr. Ramesh said the Opposition wanted to collectively present the memorandum, instead of sending a delegation. "The language was clear, collectively, all Opposition MPs would like to hand over a memorandum to the EC. Now we are not allowed to even reach Nirvachan Sadan. Right in front of Parliament, democracy is being assaulted, democracy murdered. This is too clever, cheeky reply by the ECI," he said. "*Chunav Aayog* is *Chunav Aayog*, it cannot be '*churao aayog*' (poll panel cannot steal votes)."

Trinamool's Rajya Sabha Parliamentary leader Derek O'Brien said that despite appointment, Opposition MPs were not allowed to meet the panel. "We were NOT ALLOWED by Modi & Amit Shah's police to reach the office of the EC. We were told we were being taken to the EC. But instead, were hustled into a police station. We were released at 2.10 pm. So, the entire Opposition could not reach Parliament on time," he wrote on X. Mr. O'Brien said the Opposition had four key demands - an FIR against former Chief Election Commissioner Rajeev Kumar for alleged "manipulation of the voters' list", digitisation of voters' list, stopping the SIR, and not making political parties to share BLA-2 details (profile, contact, and photo) with the EC, as these, Mr. O'Brien alleged, reach the BJP.

Trinamool MP Ritabrata Banerjee said the government did not allow a discussion in Parliament on SIR and even the poll panel refused to meet the Opposition. "The police are deployed to stop elected representatives. This is a super emergency," he said. Rashtriya Janta Dal MP Misa Bharati questioned why there was such a heavy police presence at the protest site. She asked, "You can see how the MPs were misbehaved with... Under whose pressure is the Election Commission working? Why are they afraid to meet the MPs?"

Shiv Sena (UBT) leader Priyanka Chaturvedi said the EC was running away from answering important questions. "Every time we ask a question of the ECI, a BJP spokesperson responds. ECI needs to tell us, are they working at the behest of BJP or for the people of this country," she asked.

NC, PDP flay Centre's stand on L-G's powers to nominate MLAs

The Hindu Bureau

SRINAGAR

Several Jammu and Kashmir (J&K) parties, including the ruling National Conference (NC) and the Opposition Peoples Democratic Party (PDP), on Monday flayed the Centre's stand on powers of the Lieutenant-Governor (L-G) to nominate five MLAs to the Legislative Assembly without the State government's "aid and advice".

"When J&K has an elected government with an absolute majority, bypassing it to let the L-G handpick members is not governance, it is contempt for the people's mandate. It strikes at the heart of parliamentary democracy, ignores the constitutional spirit of 'aid and advice', and sets a dangerous precedent where unelected appointees can rewrite the people's verdict," NC leader and MLA Tanvir Sadiq said.

Former Chief Minister and PDP president Mehbooba Mufti also expressed her dismay. "The Government of India's decision to nominate five MLAs in J&K after holding elections is a blatant subversion of democratic principles. Nowh-



Manoj Sinha

ere else in the country does the Centre handpick legislators to override public mandate. In India's only Muslim-majority region, long marred by conflict, this move feels less like governance and more like control," Ms. Mufti said.

Following the "illegal bifurcation" of the erstwhile State of Jammu and Kashmir, skewed delimitation and discriminatory seat reservations, this nomination was yet another body blow to the idea of democracy in J&K. "Representation must be earned through the people's vote not granted by a Central decree," she added.

Ms. Mufti urged Chief Minister Omar Abdullah to put up a fight.

CPI(M) leader and Kulgam MLA M.Y. Tarigami too questioned the Home Ministry's justification for empowering the L-G.

Lok Sabha passes Income Tax Bill; officials' powers broadened

The proposed law will allow officials to forcibly break into personal emails and social media accounts of assesseees during search operations; the revised version has around 2.59 lakh words compared with the 5.12 lakh words in the I-T Act, 1961

T.C.A. Sharad Raghavan
NEW DELHI

The Lok Sabha on Monday passed the revised Income Tax Bill, 2025.

The Bill seeks to simplify, rationalise, and shorten the existing Income Tax Act, 1961. It also broadens the powers of income tax officials, allowing them to forcibly break into personal emails and social media accounts of assesseees during search operations.

Union Finance Minister Nirmala Sitharaman had introduced the previous version of the Bill in the Lok Sabha in February, following which it was sent to a Select Committee chaired by Bajjayant Panda for a review. The Select Committee submitted its recommendations on July 21. Following this, the government on Friday withdrew the Bill to incorpo-



Opposition MPs troop to the Well of the House in the Lok Sabha during the Monsoon Session of Parliament on Monday. SANSAD TV

rate the suggestions made by the committee.

Ms. Sitharaman introduced the updated version – the Income Tax (No. 2) Bill, 2025 – in the Lower House on Monday. The Bill has around 2.59 lakh words compared with the 5.12 lakh words in the Income Tax Act, 1961. The number of chapters has been brought down to 23 from 47 and the number of Sections to 536 from 819.

In order to provide greater clarity, the new Bill has increased the number of tables to 57 from 18 and the number of formulae to 46 from six.

In search operations

Apart from these changes, the new Bill has also tweaked the powers of income tax officials during search and seizure operations.

The new Bill requires

any person “who is found to be in possession or control of” any books of account or other documents in electronic form to provide the authorised officer assistance in accessing these, “including access code, by whatever name called”.

Further, it allows the authorised officer to “override the access code to any computer system” if the access code is not made available.

The Select Committee defended these provisions in its report, saying that various “incriminating evidences and material are found/seized from electronic records including WhatsApp communications, emails, etc.” and that passwords for these are often not shared with officials. However, a few members of the committee submitted dissent notes calling for changes to these

provisions. Congress MP Amar Singh argued that the wording of the relevant section “gives very wide-ranging power to the government to force tax payees to hand over all types of personal digital data including passwords, chats, etc.” and asked for a reduction in these powers.

“This provision is arbitrary and [gives] excess powers to the authorities and there is every chance of misuse of this provisions and ultimately infringing the Right to Privacy of an individual guaranteed in the Constitution and reiterated by the Supreme Court in *Puttaswamy* case,” Revolutionary Socialist Party leader N.K. Premachandran said in his dissent note.

He added that the provisions in the original Income Tax Act, 1961 were sufficient and should be retained.

Assuaging concerns

Vehicle owners deserve support on use of ethanol-blended fuel

The downsides to ethanol use when compared to petrol are well known, including in the U.S. and Brazil, that have led in ethanol blending. But the engineering behind the safe and efficient use of ethanol-blended petrol, from 5% to 100%, is established too. Ethanol blending began as a response to the oil shock of the 1970s. Ethanol has also been pushed as carbon neutral. For India, however, the clinching argument is import substitution and lower price. The government's case is that ethanol blending up to 20% can ensure \$10 billion being put in Indian pockets every year. But, the benefits will be uneven for farmers, traders and distillers. India's case hinges on increasing use of C-heavy molasses that are not used for sugar making, using broken rice that otherwise rots in godowns, and on ramping up acreage and productivity of maize that is agriculturally less demanding. These are supposed to set off food security concerns. Once the ethanol economy is fully established, however, it may be tough to prioritise food stocks over the interests of stakeholders in case of shortages and imbalances. Import substitution figures can be dented by import of farm inputs such as fertilizers that have a forex outgo of \$10 billion.

Ethanol has an efficiency penalty – it can affect material durability and corrode fuel handling systems. But, global studies have shown that vehicles manufactured as per Euro 2, U.S. Tier 1 and India's BS 2 norms (in force since 2001) are compatible for ethanol use up to E15. The closed loop fuel control systems mandated to control fuel burning and keeping emissions down in BS 2 can help to mitigate efficiency and durability penalties of ethanol and the upgraded materials in BS 2 can help to reduce corrosion. In addition, as per norms, India's vehicles sold since 2023 are committed to handle up to E20 although questions arise over the impact on the mass of older vehicles. And what is not helping is that in India there is no choice for consumers. Also, any reduction in price claimed earlier does not seem to be reflected in the bunk. Meanwhile, India has adopted two ethanol-specific norms and is expected to come up with E27, taking a cue from Brazil. While the government insists that its research indicates no harm, what would really help is full disclosure by automakers on their past brands even as they are announcing models that can accept any level of ethanol. For instance, some models sold some five years ago accepted only E5. Manufacturers should indicate possible mitigation routes for such models. And the government must back insurance claims. Transparency should support policy moves.

Why can't Army deploy women to fight terror, asks SC

Krishnadas Rajagopal

NEW DELHI

The Supreme Court on Monday asked why the Army cannot deploy women officers to counter terror and insurgency in an emergency if other Services such as the Air Force sent women behind enemy lines by fighter jets, helicopters and parachutes.

The question came in a judgment pronounced by a Bench of Justices Dipankar Datta and Manmohan, which struck down a policy of the Army restricting the appointment of women officers to the Judge Advocate General (JAG) branch. The women candidates were represented by senior advocate Gopal Sankaranarayanan.

The Bench said a policy bifurcating candidates on the basis of gender and reserving more posts for men did not meet the standards of law.

The judgment authored by Justice Manmohan clarified that the court was not imposing its views on the Army, but implementing the Constitution and the mandate of law. "No nation can be secure when half of its population [its women force] is held back," Justice Manmohan observed.

It directed the Union government to publish a common merit list for all JAG candidates, men and women, and make the marks public.

The top court dismissed the Union government's argument that the JAG branch consisted of "exclusively combatant personnel" as they were a reserve for mobilisation.

The court said this contention ran contrary to the right of women to form part of all combat support arms services. It further violated the right of women to be treated as equals in all aspects of their em-



Women soldiers of the Indian Army patrol an area in Kupwara district, J&K. PTI

ployment in the Army. Besides, the court noted that with a strength of over 1.4 million active personnel compared with just 285 JAG officers, it would be an extreme stretch to claim that women ought to be excluded.

The court said the Centre's argument that women officers were not deployed for counterinsurgency or in counter-terror forces as they were "not expected to discharge the role of combatants in case of armed conflicts" had no legislative sanction or basis.

Justice Manmohan said there was no restriction in other armed forces on the appointment of women in combat posts.

The Air Force has continually opened new combat roles for women as fighter pilots and helicopter pilots.

"When women officers like Captain Ojaswita Shree of the elite Parachute Air Defence Unit, Major Dwipannita Kalita of highly specialised airborne medical unit of the Army and Flight Lieutenant Shivangi Singh (pilot of Rafale jet) of the Air Force can operate behind enemy lines with all expected risks, why women officers in times of emergency cannot be deployed for counter-insurgency or in counter-terror forces or attached to infantry/artillery units," the top court questioned.

Panel raps Ministry for 'evasive reply' on MGNREGS dues

Sobhana K. Nair

NEW DELHI

Pulling up the Union Ministry of Rural Development for an “evasive” reply to its query on significant dues under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), the Parliamentary Standing Committee on Rural Development said that it is “unfathomable” as to how a specific query of the panel is “sidelined” and the Ministry chooses to remain “silent”.

The panel headed by Congress MP Saptagiri Ulaka tabled its report on action taken on its recommendations made on the Union Budget 2025-26 demand for grants on Monday.

Big share of dues

The committee, in its report on budgetary allocation, had pointed out that the Centre owed ₹12,219.18 crore in wages and ₹11,227.09 crore under the material component to the workers and State from the previous financial year.

“This accounts for 27.26% of the current budget, meaning that more than one-fourth of the allocated funds will be used to clear previous years’ dues. Consequently, the actual working budget for the current financial year is reduced to ₹62,553.73 crore,” the panel had flagged in its report



Workers digging a pond under the MGNREGS programme in Karnataka. FILE PHOTO

on March 12.

The committee had sought clarification from the government on the issue and demanded that they take effective measures to prevent further delays in disbursement. “The response furnished by the Department of Rural Development lacks any concrete measures that have been taken and furthermore, it is silent particularly upon the existing pendencies under material components,” the panel noted in its report.

The panel expressed dismay at the “same old stereotypical” reply given by the government, which said “funds released to the States/UTs is a continuous and demand-driven process”.

“It is unfathomable as to how a specific query of the Committee can be sidelined and remain silent and evasive on such an important matter,” the committee said.

In call with Zelenskyy, PM seeks 'peaceful settlement' of Ukraine-Russia conflict

Kallol Bhattacharjee

NEW DELHI

Continuing international consultations on the crisis in Ukraine, Prime Minister Narendra Modi on Monday spoke with Ukrainian President Volodymyr Zelenskyy. The telephone conversation, which came two days after Mr. Modi spoke with Russian President Vladimir Putin, saw him emphasising India's call for a "peaceful settlement" of the conflict.

"Prime Minister thanked President Zelenskyy and reaffirmed India's steadfast and consistent position for peaceful settlement of the conflict and support for efforts aimed at earliest restoration of peace," a statement from the government said.

In a statement, Mr. Zelenskyy referred to the upcoming summit in Alaska between U.S. President Trump and Mr. Putin, and



Balancing act: Prime Minister Narendra Modi with Ukrainian President Volodymyr Zelenskyy in New York in September 2024. AFP

said that "everything" regarding Ukraine must be decided with "Ukraine's participation". He acknowledged India "supporting our peace efforts" but pitched for the need to stop Russia's energy export.

Mr. Zelenskyy said he had updated Mr. Modi about the Russian attacks on Ukrainian cities. "It is important that India is supporting our peace efforts and shares the position that everything concerning Ukraine must be decided

with Ukraine's participation" he said. On Russian energy exports, the President said, "I noted that it is necessary to limit the export of Russian energy, particularly oil, to reduce its potential and ability to finance the continuation of this war. It is important that every leader who has tangible leverage over Russia sends the corresponding signals to Moscow."

India on Saturday welcomed the August 15 summit between the U.S. and Russia.

Air strike by Israel's military kills Al Jazeera correspondent in Gaza

Associated Press

JERUSALEM

Israel's military targeted and killed an Al Jazeera correspondent and others with an air strike late on Sunday in Gaza, after press advocates said an Israeli "smear campaign" stepped up when Anas al-Sharif cried on air over starvation in the territory.

Both Israel and hospital officials in Gaza City confirmed the deaths of al-Sharif and colleagues, which the Committee to Protect Journalists and others described as retribution against those documenting the war in Gaza.

Allegation dismissed

Israel's military asserted that al-Sharif had led a Hamas cell – an allegation that Al Jazeera and al-Sharif had dismissed as baseless. It was the first time during the 22-month war that Israel's military swiftly



Anas al-Sharif

claimed responsibility after a journalist was killed in a strike. Officials at Shifa Hospital said those killed while sheltering outside Gaza City's largest hospital complex also included Al Jazeera correspondent Mohamed Qreiqeh.

More victims

The strike also killed four other journalists and two other people, hospital administrative director Rami Mohanna said.

UN, MEDIA GROUPS CONDEMN
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Australia 'will recognise' Palestinian state at UNGA

Agence France-Presse

CANBERRA

Australia will recognise a Palestinian state at the UN General Assembly in September, Prime Minister Anthony Albanese said on Monday.

"A two-state solution is humanity's best hope to break the cycle of violence in the Middle East [West Asia] and to bring an end to the conflict, suffering and starvation in Gaza," he told reporters in Canberra.

"Australia will recognise the right of the Palestinian people to a state of their own. We will work with the international community to make this right a reality."

He said that Australia's decision was predicated on reassurances from the Palestinian Authority that there would be "no role for the terrorists of Hamas in



Following suit: Anthony Albanese, right, and Foreign Minister Penny Wong at a press conference in Canberra on Monday. AP

any future Palestinian state".

'Shameful'

Israel's Ambassador to Australia, Amir Maimon, said the decision was symbolic, rather than "genuine progress towards peace".

"Let us be clear: this decision will not change the reality on the ground," Mr. Maimon said.

Just hours earlier, Israeli Prime Minister Benjamin Netanyahu criticised international calls to recognise Palestinian statehood, saying it would "not bring peace, it will bring war".

"To have European countries and Australia march into that rabbit hole, just like that, fall right into it and buy this canard is disappointing," he said.

Baloch Liberation Army termed foreign terror group by U.S.

Agence France-Presse

WASHINGTON

The U.S. on Monday toughened its terrorist designation of separatist militants in Pakistan's southwest Balochistan province who were behind a major train attack in March.

The U.S. State Department listed the Baloch Liberation Army (BLA) as a foreign terrorist organisation, which makes it a crime in the U.S. to provide support to the group.

Washington had already listed the BLA under the less severe label of specially designated global terrorists, which targets financial resources.

The new step comes as U.S. President Donald Trump increases contact with Pakistan, which was

The move comes as Trump reaches out to Pakistan, which was kept at arm's length by Biden

kept at arm's length by his predecessor Joe Biden, whose administration resented Islamabad's role in the two-decade war in Afghanistan.

The designation of the separatists "demonstrates the Trump administration's commitment to countering terrorism," Secretary of State Marco Rubio said in a statement.

Pakistani forces have for almost two decades fought an ethnic Baloch separatist insurgency that has killed hundreds of people in the minerals-rich province.

Philippines will be pulled into any war over Taiwan, despite China's protest, says Marcos

Associated Press

MANILA

Philippine President Ferdinand Marcos Jr. said on Monday his country would inevitably be drawn “kicking and screaming” into any war over Taiwan due to its proximity to the self-ruled island and the presence of large numbers of Filipino workers there, despite China's strong protest over such remarks.

Mr. Marcos also told a news conference that the Philippines' coast guard and Navy defending its territorial interests in the South China Sea would stand their ground in the contested waters after the



A Chinese coast guard ship collided with a Chinese navy ship as it chased a Philippine vessel in the Scarborough Shoal on Monday. AFP

Chinese coast guard on Monday staged dangerous blocking manoeuvres and used a powerful water cannon to try to drive away Philippine vessels from the

hotly disputed Scarborough Shoal.

Separately, Philippine Coast Guard Commodore Jay Tarriela said Chinese coast guard ships chased

and staged dangerous blocking manoeuvres on Monday against Philippine coast guard and fishing vessels in the Scarborough Shoal, a rich fishing atoll in the South China Sea off the northwestern Philippines.

A Philippine coast guard ship managed to evade being hit by a Chinese coast guard water cannon during the melee, he said. While chasing a Philippine coast guard vessel, a Chinese coast guard ship collided with a Chinese navy ship, Mr. Tarriela said. The Chinese coast guard ship sustained “substantial damage” and the Philippine coast guard offered to provide help, he said.

Equity investors stay put even as 'smart money' leaves India

While Indian investors are confident of the country's long term growth, foreign investors have reduced their exposure since January 2025: AMFI

Ashokamithran T.
MUMBAI

Net inflows into equity mutual funds increased 81% to ₹42,702 crore in July 2025, from ₹23,587 in the previous month, according to data from Association of Mutual Funds of India (AMFI). Net contribution into systematic investment plans (SIPs) increased 4.1% to ₹28,464 crore in the reporting month as against ₹27,269 crore. Commenting on the numbers, Chief Executive Officer of AMFI Venkat Chalasani said that Indian investors were showing a lot of faith in India's growth story, while acknowledging the uncertainties from the U.S. tariffs, which he said were "temporary."

'Volatility is temporary'
"They [Indian investors] are having confidence in the growth story of the country, and this volatility would be of a temporary nature. Probably this is what they are looking at, and therefore, positive. This is why they are keeping their long-term investment intact and that's the reason why we have seen continuous flows," Mr. Chalasani said during the call to present the monthly data update.

While Indian asset management companies and



Picture perfect: Indian MF houses have time and again assured the market about the India growth story. GETTY IMAGES/ ISTOCK

mutual fund houses have time and again assured the market about the 'India growth story', foreign investors who have that as their investment thesis, have started exiting the market, according to an Elara Capital report.

Sunil Jain, V-P of Elara Capital, said that "smart money" was moving out of the Indian markets.

These are foreign funds which are focussed completely on India with conviction on India's long-term growth story.

These were the funds that fuelled the 2023-24 rally which lasted till October 2024 after which Trump's election victory changed sentiments."From then until March 2025, India witnessed a redemption cycle primarily in this smart-money bucket," Mr. Jain said in a report. The current pattern of redemptions is similar to the one noticed in March 2007 and April

2011, and the previous such instances were followed by a deterioration in the market, he said. Active India-focussed funds, which hold about \$68 billion, are now moving towards more macro-focussed Exchange Traded Fund allocation, Mr. Jain said in his research report.

As of July 31 2025, foreign portfolio investors sold a net of ₹17,741 crore in Indian equities. The divergence between domestic and foreign investors which was observed in September and October 2024, has re-emerged.

A report by Motilal Oswal revealed a similar trend but for a different category – promoters. Promoters of private firms also reduced their stake in India to 46.9% in June 2025, which was 70 basis points on a quarter-on-quarter basis and 170 basis points on a year-on-year basis, the report found.