

Union govt. to resume talks on Ladakh on May 22

Peerzada Ashiq

SRINAGAR

Ladakh Lieutenant-Governor Vinai Kumar Saxena said here on Sunday that discussions between the Union Home Ministry and civil society bodies would resume on May 22 on the demand for Statehood and inclusion of the Union Territory in the Sixth Schedule of the Constitution.

The announcement, ending an impasse, came days ahead of Union Home Minister Amit Shah's visit to Ladakh on April 30 and May 1. The meeting of the sub-committee on political dialogue will carry forward the "constructive democratic dialogue with key stakeholders of Ladakh and pave the way for an enduring solution to meet the aspirations of the people of Ladakh", Mr. Saxena said.

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Centre to resume talks on Ladakh on May 22

A BJP spokesperson said Mr. Shah would arrive in Leh on April 30. On May 1, he would pay respects to the holy relics of Lord Buddha on the occasion of Buddha Purnima and "share his thoughts on the spiritual significance of the sacred exposition" being held in Ladakh from May 1 to 14.

The talks hit a stalemate after violence erupted in Leh last September, leaving four people dead and over 80 injured. Following the riots, climate activist Sonam Wangchuk, who was leading a street agitation, had been detained under the National Security Act for six months.

The Centre formed a judicial commission last October to inquire into the circumstances that resulted in the violence. The Centre's outreach earlier this month failed to fructify into any major achievements on the core demands of the civil society groups.

"For the first time, these holy relics are being brought out of secure preservation in India for a special exhibition, giving the people of Ladakh a rare opportunity to witness and seek blessings," Mr. Saxena said.

Disqualify seven defecting MPs, AAP says in plea to RS Chairman

The Hindu Bureau

NEW DELHI

The Aam Aadmi Party (AAP) on Sunday submitted a petition to Rajya Sabha Chairman C.P. Radhakrishnan seeking the disqualification of seven MPs who quit the party and merged with the Bharatiya Janata Party (BJP).

Addressing a press conference, Sanjay Singh, leader of AAP in the Rajya Sabha, said the move by the Raghav Chadha-led group was against the provisions of the anti-defection law.

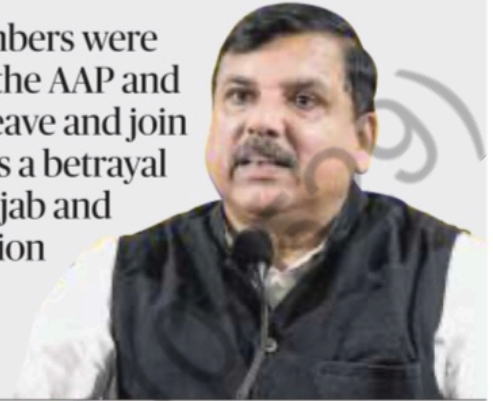
The party urged the Chairman to terminate their membership, underlining that they were elected to the Upper House on AAP ticket but decided to leave the party and join the BJP. On April 24, Mr. Chadha, Ashok Mittal, Sandeep Pathak, Harbhajan Singh, Rajendra Gupta, Vikram Sahni, and Swati Maliwal quit AAP and merged with the BJP.

AAP has 10 members in the Upper House. The defecting group argues it has the required two-thirds strength to avoid disqualification. AAP, meanwhile, has argued in its petition that the law requires the “original party” to merge and, in this case, AAP has not taken such a call,



These members were elected by the AAP and they later chose to leave and join another party. This is a betrayal of the people of Punjab and also of the Constitution of India

SANJAY SINGH
AAP leader



which makes a case for their disqualification.

Consulted experts

“After consulting constitutional experts and seeking legal opinion from Kapil Sibal [Rajya Sabha member and senior Supreme Court lawyer], I have sent a petition to the Chairman requesting that the membership of these members be terminated as per the 10th Schedule of the Constitution,” Mr. Singh said.

He termed the move by Mr. Chadha and the other MPs a “betrayal” of the people’s mandate, and said he expected the Chairman to take an “unbiased” decision at the earliest. Six of the seven MPs who quit the party were from Punjab.

“These members were elected by the AAP and later chose to leave and join another party. This is a betrayal of the people of Punjab and also of the Constitution of India,” Mr. Singh

said. He added that people are free to quit a political outfit and join another that aligns with their ideology.

“However, those who have been elected by the MLAs of a party are today speaking against the same party. Therefore, I have full hope and confidence that the Chairman will take an early decision on this petition and cancel their membership,” he said.

Mr. Singh said Punjab Chief Minister Bhagwant Mann has sought time from President Droupadi Murmu to seek the removal of the Rajya Sabha MPs through the ‘Right to Recall’. “He will meet the President and present his views, for which time has been sought. The MLAs who elected these MPs have been betrayed. Now those MLAs are calling them back,” said Mr. Singh.

PROTESTS IN PUNJAB

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Right to safe travel on highways part of right to life: apex court

The Hindu Bureau

NEW DELHI

The Supreme Court has declared that the safety of commuters against road accidents and the right to safe passage on highways are part of the fundamental right to life under Article 21 of the Constitution.

“National Highways constitute approximately 2% of India’s total road length but account for nearly 30% of all road fatalities. A road, particularly a high-speed expressway, must not become a corridor of peril due to adminis-

trative lethargy or infrastructural gaps. The loss of even a single life to avoidable hazards like illegal parking or blackspots, etc., represents a failure of the state’s protective umbrella,” a Bench of Justices J.K. Maheshwari and Atul S. Chandurkar observed in an April 13 order. The court issued a series of directions, including the immediate prohibition on the construction or operation of any new dhaba, eatery, or commercial structure within the right-of-way of any National Highway. The order also directed that

heavy or commercial vehicles should park/stop only at designated bays, lay-bys or wayside amenities.

The order arose from a *suo motu* case based on the tragic loss of a total of 34 lives in successive road accidents on November 2 and November 3 last year in Phalodi, Rajasthan and Rangareddy, Telangana.

The court said the right to life is not merely a guarantee against unlawful taking of life, but a positive mandate on the state to ensure a safe environment in which human life is preserved and valued.

Doval meets UAE President, gives New Delhi's Gulf outreach a push

Security, strategic ties amid West Asia turmoil high on NSA's agenda

Shubhajit Roy
New Delhi, April 26

AMID THE turmoil in West Asia, NSA Ajit Doval met UAE President Sheikh Mohamed bin Zayed Al Nahyan in Abu Dhabi on Saturday, a week after he went to Saudi Arabia.

NSA Doval's visits are being seen as part of Delhi's high-level outreach to the Gulf countries amid the war in West Asia, which is currently on a ceasefire. Trade with the energy-rich UAE has been disrupted due to the closure of the Strait of Hormuz in the last two months. Only 10 Indian ships have been able to pass through the strait during this period.

PM Narendra Modi has spoken to leaders of UAE, Saudi and other Gulf countries in last two months, at least twice, and External Affairs Minister S Jaishankar has also been in touch



NSA Ajit Doval with UAE President Mohamed bin Zayed Al Nahyan in Abu Dhabi on Saturday. PTI

with his counterparts from these countries. Doval's visit is an important outreach given that he has been coordinating with the Emirati establishment on security and strategic issues, especially related to counter-terrorism cooperation.

During the meeting, both sides discussed ways to strengthen the Comprehensive Strategic Partnership between the two countries and enhance cooperation on energy security amid evolving regional develop-

ments. According to the Indian Embassy in the UAE, Doval, during his meeting with the UAE President, conveyed greetings from Prime Minister Modi and also discussed measures to deepen bilateral ties, the regional security situation, and other issues of mutual interest.

"He (Doval) called on President HH Sheikh Mohamed bin Zayed Al Nahyan. Conveyed greetings of PM Narendra Modi. Measures to deepen the Comprehensive Strategic Partner-

E. EXPLAINED

Managing impact on energy supplies

With the closure of the Strait of Hormuz severely impacting India's energy supplies, the Narendra Modi government has been proactively interacting with the Gulf nations to soften this war-time blow. NSA Doval's visit adds a security and strategic angle to this outreach. The UAE is home to about 4.7 million Indians — making the country a key and natural partner for India in West Asia.

ship, the regional situation, and other issues of mutual interest were discussed," the Embassy said in a post on X.

The UAE state-run news agency WAM further reported on the meeting, saying that Sheikh Mohamed bin Zayed received Doval, following which greetings were exchanged between the leadership of both countries.

Doval conveyed PM Modi's greetings and best wishes for the UAE's continued progress and prosperity, while the UAE President reciprocated with his greetings for the Indian leadership and wished further development and prosperity for India and its people, as per WAM.

The discussions also focused on recent developments in West Asia and their implications for regional and international security and stability, along with global energy security concerns.

The meeting was also attended by Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, and Ali bin Hammad Al Shamsi, Secretary-General of the Supreme Council for National Security.

This is the second high-level meeting between the two countries in one month.

Earlier in the month, Jaishankar met the UAE President as part of his two-nation tour. The External Affairs Minister pointed out the robustness of the India-UAE strategic partnership, noting that the ongoing dialogue between the two nations remains strong and transparent despite a complex regional environment.

West Asia war, language on Israel derail joint statement at BRICS meet

Suhasini Haidar

NEW DELHI

Extended late-night parleys and heated debates marked the meeting of the 11-nation BRICS Deputy Foreign Ministers and Special Envoys in New Delhi that ended without a joint statement on Friday, *The Hindu* has learnt, indicating more trouble for India's BRICS Presidency this year.

While delegates from the United Arab Emirates and Iran sparred over the war in West Asia, a number of diplomatic and official sources present or briefed about the discussions said that the meetings on April 23-24 also saw an unexpected attempt by India to "tone down" language on Israel and Palestine, which was opposed by almost all other members.

The issues have set the stage for more difficult negotiations in the weeks ahead as BRICS Foreign Mi-



Attendees at the BRICS Deputy Foreign Ministers and Special Envoys meeting in New Delhi. PTI

nisters are due to meet on May 14-15, with the summit scheduled for September 10-11. Many BRICS Foreign Ministers have confirmed they will attend the meeting next month, including Russia, China, Egypt, and Brazil.

In particular, sources present in the meetings said that officials from the Ministry negotiating the joint statement sought to amend paragraphs from BRICS summits in Brasilia

in 2025 and Kazan in 2024.

These included softening language that criticised Israel for its bombardment of Gaza and Lebanon, as well as dropping a reference to "East Jerusalem" to be established as the capital of the Palestinian state as a part of the two-state solution. Ministry officials even sought to replace references of "Israel" while criticising its operations in the West Bank and Lebanon with the less di-

rect term "occupying power".

"We were very surprised as India has agreed to such language at many multilateral fora," said a diplomat who asked not to be named. However, another diplomat pointed out that India had incorporated such changes during the India-Arab League Summit held in Delhi in January 2026. In bilateral statements, India stopped using the term "East Jerusalem" in 2017.

The MEA declined several requests for a response on whether India's position on Palestine was isolated at the meeting.

"There was no change in India's position on the Palestine issue" a government source told PTI news agency on Sunday, attributing the lack of consensus to "sharp difference of positions among members who are party to the conflict".

New Zealand, India to sign FTA today; tariffs to go on all exports

T.C.A. Sharad Raghavan

NEW DELHI

India and New Zealand will on Monday sign a Free Trade Agreement that will remove tariffs on 100% of India's exports to New Zealand, and either sharply reduce or remove tariffs on 95% of current imports from that country.

Commerce Minister Piyush Goyal on Saturday took to social media to welcome Todd McClay, New Zealand's Minister for Trade & Investment, to New Delhi, ahead of the signing of the pact. "As we approach the #IndiaNZFTA signing on April 27th, his visit marks a defining moment in our bilateral journey, reflecting the trust, shared values, and common vision that underpin our partnership for sustainable economic growth, driving prosperity for both our nations," he said.

India's exports to New Zealand grew 32.1% in 2024-25 to \$711.1 million, the latest full financial year for which there is data. Imports from New Zealand grew 75.2% to \$587.1 million over the same period.

The deal will provide India with immediate duty-free access on 100% of tariff lines. This is down from

the 10% tariff New Zealand currently levies on about 450 tariff lines that India exports, including textiles and apparel products, leather and headgear, ceramics, carpets, and automobiles and auto components.

On average, New Zealand levied a tariff of 2.2% in 2025, which will come down to zero under the agreement.

The pact between the countries is one of the fastest-negotiated trade agreements that India has entered into, with negotiations being announced in March 2025 and concluding in December.

Dairy products out

India has also managed to keep several items out of the FTA, including all dairy products such as milk, cream, whey, yoghurt, and cheese, animal products other than sheep meat, vegetable products such as onions, chana, peas, corn, and almonds, sugar, artificial honey, animal, vegetable or microbial fats and oils, arms and ammunition, gems and jewellery, and copper and aluminium and their products.

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New Zealand and India to sign FTA today

The FTA includes a provision wherein New Zealand will invest \$20 billion in India over 15 years. This is in the same vein as the \$100 billion investment “commitment” the European Free Trade Association made in their FTA with India.

Notably, the FTA also includes several provisions relating to the mobility of working professionals and students. New Zealand has signed an annex on student mobility and post-study work visas for the first time with any country. Under this, Indian students can work up to 20 hours per week while studying in New Zealand, with extended post-study work visas.

Further, the agreement includes a quota of 5,000 visas for skilled Indians for stay up to three years in the sectors of interest to India, which include AYUSH practitioners, yoga instructors, chefs, and music teachers, as well as other key sectors such as IT, engineering, healthcare, education, and construction.

Under the Working Holiday Visa programme included in the agreement, 1,000 young Indians annually can get multiple entry in New Zealand for a period of 12 months.

According to the Centre, India has offered New Zealand exporters market access in 70.03% of the tariff lines with 30% of these lines seeing tariffs being immediately removed while the rest will see a phased removals or reductions.

According to the New Zealand government, 95% of New Zealand’s current exports will see tariffs either reduced to zero or sharply reduced.

The agreement also includes a provision that says that in the event that India in the future offers another country better terms on services and wine, these new terms will automatically apply for New Zealand as well. Similarly, the agreement contains a consultation commitment for dairy in the event that India offers tariff concessions on these products to a comparable economy in future.

In Chinese military's new Atlas drone swarm system, much to worry for India



EXPERT EXPLAINS

SUYASH DESAI

NON-RESIDENT FELLOW WITH FOREIGN POLICY RESEARCH INSTITUTE, PHILADELPHIA

THE CHINESE People's Liberation Army (PLA) unveiled its new Atlas drone swarm system (*atelas*) last month. The system combines features like simultaneous mass launch, nearly 100 drones, and a single human touchpoint to control them all.

The system is like a mini-battlefield network on wheels, where drones are truck-launched, remotely navigated by a single operator, and capable of scouting, communicating, confusing, and attacking defenses across a large perimeter. More im-

portantly, it is a very small, independent unit that is easy to hide, camouflage, and operate from remote corners.

What is this system?

The Atlas system can simultaneously launch up to 96 small- and medium-sized speed drones that can form defensive structures and precision formations.

The launch time between drones is less than three seconds. Thus, within 300 seconds, the system can launch all 96 drones. For context, amid the recent West Asia war, the US advanced E-3 Sentry AWACS aircraft at the Prince Sultan Airbase in Saudi Arabia was destroyed by a swarm of 29 drones and a few ballistic missiles.

Purely on scale, in the US, the Department of War's "Perdix" and Defense Advanced Research Project Agency's "Offset" systems can launch 103 micro-drones and 250 unmanned systems, respectively. Even China's "mothership" (*Jiu Tian*) can launch up to 100-150 drones.

But Atlas stands out for its intelligence because, in modern military warfare,

counting drones is an outdated metric. The real victory lies in the cognitive test: can these 90 to 100 drones think individually and as a unit, reroute, identify, reidentify targets, and execute multiple strikes — all with only one human touchpoint? It is here that the Atlas Drone Swarm system outshines its competitors, at least theoretically.

The Atlas system has undergone multiple advanced tests. This includes the March test, when the PLA conducted the first full media demonstration for it.

Who is the manufacturer?

China Electronic Technology Group Corporation (CETC) (*zhongguo dianzi keji jituan gongsi*), established in 2002, one of the leaders of China's push for achieving civil-military integration, has manufactured the Atlas system. It is a state-owned electronics and telecommunications conglomerate and works with the PLA.

CETC has been responsible for China's major defence electronic breakthroughs, including the technology that gave China its first nuclear bomb, guided mis-



The Atlas drone swarm operations system.

CHINA MILITARY ONLINE

sile, and geo-orbital satellite.

What is the role of drones in the PLA?

Conceptually, as detailed in the 2020 version of *The Science of Military Strategy*, a publication of China's Academy of Military Science, "intelligentisation" (*zhineng hua*) is a defining paradigm of future conflicts. The 14th Five-Year Plan (2021-2025) explicitly stated that future wars will be "uncrewed and intelligent".

In the past 50 years, China has consistently learned from others' wars. For instance, the two Gulf Wars compelled the PLA to pursue a strategy of winning local wars under informatised conditions. Similarly, China is taking notes on drone use from recent conflicts, including the Russia-Ukraine war, the Israel-Palestine conflict, India's Operation Sindoor, and the US's Operation Epic Fury.

On the ground, the intelligent guesswork is that China has tens of thousands of unmanned aerial vehicles across all four variants — smaller drones, medium-altitude long-endurance, high-altitude long-endurance, and advanced, novel, and stealth drones. These have been deployed across all PLA theatre commands and military districts and have been regularly included in operations in the Taiwan Strait, the South China Sea, and around the Line of Actual Control (LAC) with India. Some of them are also tested in Ukraine, Gaza, and with Houthis around the Red Sea area.

In the past 18 months, the PLA has also tested a "drone mothership" capable of re-

leasing 100-150 smaller loitering drones.

What are the implications for India?

The Atlas system can confuse and overwhelm Taiwan's and India's air defences, forcing these countries to waste multiple resources on eliminating them, which is difficult given its mobility and camouflage.

Furthermore, the system's algorithm-driven kill chain and autonomous, independent target identification make it lethal against strategically valuable targets.

Especially on the India front, Tibet's advanced road and rail network enables quick deployment and launch. These swarms could also be used to disturb the Indian army's logistics and infrastructure lines by attacking the approach roads to India's forward-deployed posts. Behind enemy lines, attacks isolate the forward posts.

Finally, counter-jamming these swarms is challenging since they share information and adjust formations and targets without central human intervention.

LONGER VERSION ON

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Sri Lanka seeks investors for loss-making Mattala airport built with loans from China

Meera Srinivasan

COLOMBO

Sri Lanka has called for Expressions of Interest to run its loss-making international airport in Mattala, in the southern Hambantota district, with a Cabinet-appointed committee tasked with negotiating the deal with prospective domestic and foreign investors.

The Ministry of Ports and Civil Aviation, on behalf of Airport and Aviation Services, “invites proposals from prospective investors *i.e.* Companies, Corporations, Firms, and Joint Ventures” for investments to “utilise resources” of the Mattala Rajapaksa International Airport (MRIA), according to an official statement.

The EOI, which includes airside, aerodrome and landside operations, is open to both domestic and international entities, the statement said.

Indo-Russian deal

India has in the past expressed interest to operate



A view of the Mattala Rajapaksa International Airport. The facility is yet to prove commercially viable since its launch in 2013. AFP

The airport has accumulated a net loss of nearly \$130 million, according to the Auditor General

the airport in Mattala, which has made headlines as the ‘world’s emptiest airport’, including through a joint venture with a Russian company. However, the proposals did not take off.

The Mattala airport was developed with a nearly \$200-million Chinese loan by former President Ma-

hinda Rajapaksa, who sought to develop his stronghold, along with other big ticket infrastructure projects such as the Hambantota port, also backed by the Chinese. However, **the airport facility is yet to prove commercially viable since its launch in 2013.**

It has recorded a cumulative loss amounting to nearly LKR 40 billion (roughly \$130 million), the Auditor General’s report said in 2024.

The airport currently has no scheduled flights but handles charter planes, officials said.

Araghchi heads to Russia after diplomatic push in Pakistan

Iran's top diplomat made a second visit to Islamabad as it works to save negotiations with the U.S.; departs for Moscow to meet Putin; Trump says Tehran can contact the U.S. if it wants to negotiate

Agence France-Presse

ISLAMABAD

Iran's Foreign Minister Abbas Araghchi returned to Islamabad on Sunday, ping-ponging from capital to capital as mediators hoped to keep peace talks between Tehran and the United States alive.

Mr. Araghchi visited Oman's Muscat on Saturday after leaving Pakistan, and left Moscow after his second visit to the Pakistani capital to meet Russian President Vladimir Putin, but there remained no indication that direct U.S.-Iranian talks would resume.

On Saturday, U.S. President Donald Trump scotched a planned trip to Islamabad by his negotiators Steve Witkoff and Jared Kushner.

But in a sign that indirect efforts were ongoing, the Fars news agency reported that Iran had transmitted "written messages"



Pakistan's Prime Minister Shehbaz Sharif (left) meets Iran's Foreign Minister Abbas Araghchi during the latter's first visit on April 25. AFP

to the Americans via Pakistan that were "about some of the red lines of the Islamic Republic of Iran, including nuclear issues and the Strait of Hormuz".

Those messages were not, however, part of any negotiations, Fars said.

There had been hopes for a new round of talks on Saturday, with Mr. Witkoff and Mr. Kushner due to visit Islamabad, but Mr. Trump later told Fox News he had scrapped the trip, saying there was no point

"sitting around talking about nothing".

On Sunday, Mr. Trump told the channel: "I said, we're not doing this anymore. We have all the cards. If they want to talk, they can come to us, or they can call us, you know there is a telephone, we have nice secure lines."

Domestic pressure

The President is under growing domestic pressure, with petrol prices in the United States pushed

up by Iran's closure of the Strait of Hormuz and mid-term elections scheduled for November.

Mr. Araghchi described his initial Pakistan trip as "very fruitful" but signalled scepticism over Washington's intentions, saying he had "yet to see if the U.S. is truly serious about diplomacy".

With the Minister bound for Russia, Iran's ISNA news agency quoted Tehran's Ambassador Kazem Jalali as saying: "The Foreign Minister will meet with Russian President Vladimir Putin on Monday", adding that Mr. Araghchi would "consult Russian officials regarding the latest status of the negotiations, ceasefire, and surrounding developments".

Russia's Foreign Ministry confirmed on Sunday that Mr. Araghchi would travel to Moscow "with the aim of holding talks", the RIA Novosti news agency reported, without specifying with whom.

Trump safe after shooting in Washington; man held

An armed person stormed the lobby outside the White House Correspondents' Dinner; the U.S. President says he was the target of the attack; Modi expresses relief over Trump's safety

Associated Press
WASHINGTON

A man armed with guns and knives stormed the lobby outside the White House Correspondents' Association Dinner attended by U.S. President Donald Trump on Saturday night, charging toward the ballroom in a chaotic encounter with Secret Service agents as guests dived under tables at the sound of shots being fired.

The President was uninjured and was rushed off the stage. U.S. law enforcement said the sole suspect has been detained and will face charges on Monday in federal court.

Video posted by Mr. Trump showed the suspect running past security barricades as Secret Service

Security breach REUTERS	While several grievous situations have arisen during the two-time U.S. President's poll campaigns, Saturday's incident is the first during Donald Trump's time in office	July 13, 2024: Mr. Trump was shot at during a presidential campaign in Butler, Pennsylvania, with a bullet grazing his ear
	Taking cover: U.S. President Donald Trump being escorted out after shots were fired during the White House Correspondents' Association Dinner on Saturday night.	SERIES OF INCIDENTS June 18, 2016: A teenager was arrested after attempting to wrestle a gun from a police officer 'wanting to kill' Mr. Trump at a campaign rally in Las Vegas November 5, 2016: Days before the presidential election where Mr. Trump won his first term, he was briefly rushed offstage during a rally in Reno, Nevada, after someone in the crowd shouted 'gun'

agents ran toward him. One officer was shot in a bullet-resistant vest but was recovering, officials said. The gunman was tackled to the ground and was not injured, the police said. Mr. Trump later said he believed he was the target of the attack.

The police believe the assailant, Cole Tomas Allen (31) from California, opened fire and acted alone but did not say who was his intended target or describe a motive.

World leaders expressed shock over the incident with Prime Minister

Narendra Modi saying he was "relieved to learn that President Trump, the First Lady and Vice-President are safe and unharmed".

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IRAN MINISTER IN PAKISTAN

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AI gap to energy, rupee: Why India trails global markets despite recovery

Akash Mandal

Mumbai, April 26

THE WEST Asia crisis is far from resolved, but stock markets around the world have in recent weeks reversed their war-induced losses and are currently near their all-time highs. In the US, indices are 1-8% higher than pre-war levels, with the tech-heavy Nasdaq Composite touching a record high earlier this week.

South Korea's Kospi and Japan's Nikkei 225, both of which had slumped 13-19% in the early weeks of the war, are now up 2-4% despite both the countries being heavy net importers of crude oil.

India, though, is lagging again, with the Nifty and Sensex still down 5-6% from February 27. Admittedly, they had both fallen as much as 11% and thus have recovered some ground.

But why are Indian stocks not faring as well as others?

No AI play

The Indian market's underperformance in comparison to others is not a recent phenomenon. Over the past year, the Nasdaq has surged 42%, the Nikkei 70%, and the Kospi 2.5 times. Meanwhile, key Indian indices are edged 1% lower.

The key differentiator for India and the others has been AI. The same explosion in AI-related stocks that saw South Korean, American, and Japanese stocks ride the wave before the war began has returned. While some investors saw India as a 'reverse AI play' due to its low exposure to the biggest investment boom, this strategy does not seem to be bearing fruit at the moment.

Foreign investors selling in India...

India Inc's lack of investment in AI is seen as a big rea-

• AI PULLS THE STRINGS

THE INDIAN financial market's underperformance is driven by a lack of AI-led gains, a key differentiator from global peers

NASDAQ SURGED 42%, Nikkei 70%, and the Kospi 2.5 times over the past year, while key Indian indices slipped 1% lower

IN INDIA, we still don't have significant AI play, and are vulnerable to energy shocks which is reflected in our market, says Nilesh Shah, MD, Kotak Mahindra Asset Management Company



A LACK of investment in AI by Indian Inc is seen as a key reason behind foreign investor's steering clear of the Indian markets

son for foreign investors to stay away from Indian markets.

This, along with India's energy import dependence, has left India in a tough spot, with HSBC on Thursday downgrading Indian equities to 'underweight' from 'neutral' on account of the impact it expects elevated energy prices to have on company earnings.

It is no surprise, then, to see foreign investors continuing to leave India in droves: after selling \$12.7 billion worth of Indian shares in March, foreign portfolio investors (FPIs) have taken out \$4.7 billion so far in April.

This has hurt the rupee, which closed at 94.26-per-dollar on Friday and is down 4.6% in 2026, despite the Reserve Bank of India taking steps to curb speculative bets against the currency. A weaker rupee reduces the return foreign investors get in their own currency. This is the exchange rate risk investors face when buying assets overseas.

...and buying elsewhere

Meanwhile, foreign investors have picked up around \$58 billion of Japanese shares

on a net basis since March 29 after having sold around \$52 billion of them in the first four weeks of March, data from Japan's finance ministry showed.

The US and South Korean markets, too, have seen significant foreign investments.

"The US isn't very energy dependent like India and they also benefit due to their status as a safe harbour. In South Korea's case, it is benefiting from the AI trade, which is pushing the market up. In India, we still don't have significant AI play, and we are vulnerable to energy shocks. So that is reflected in our market," said Nilesh Shah, Managing Director of Kotak Mahindra Asset Management Company.

"There is an underlying theme of tech investment that is playing a dominant role (in some of these other economies). While there will be some impact on their cost of manufacturing because of high energy prices, the underlying demand for those industries remains fairly robust," said the investment and research head of another fund house.

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