FPIs pull out Rs 43,000 cr in first week of Jun as AI trade, rupee weakness weigh on Indian equities

NEW DELHI, JUNE 7: Foreign investors continued to pare their exposure to Indian equities, pulling out nearly Rs 43,000 crore in the first week of June amid a shift of global capital towards technology and artificial intelligence (AI)-linked opportunities overseas and persistent weakness in the rupee.

With this, total outflows by Foreign Portfolio Investors (FPIs) from Indian equities have reached Rs 2.67 lakh crore so far in 2026, surpassing the Rs 1.66 lakh crore withdrawn during the whole of 2025, according to data available with the National Securities Depository Ltd (NSDL).

Market experts said FPIs have been reducing their exposure to Indian equities due to a combination of weak earnings growth, rupee depreciation and the emergence of more attractive investment opportunities in global markets, particularly in the technology and AI space.

"Apart from higher US yields and dollar strength, global investors are also reallocating capital towards some of the largest technology and AI-related public market opportunities currently emerging globally. The upcoming SpaceX IPO, along with anticipated capital market activity around leading AI companies, is attracting significant global liquidity, leading to temporary capital rotation away from emerging markets, including India," Alpha AMC Founder Rajesh Singla said.

According to the data, FPIs were net sellers in all months of 2026 except February. They pulled out Rs 35,962 crore in January before turning net buyers in February, when they invested Rs 22,615 crore, the highest monthly inflow in 17 months.

However, the trend reversed sharply in March, when foreign investors withdrew a record Rs 1.17 lakh crore. The selling continued in April with net outflows of Rs 60,847 crore and in May with withdrawals of Rs 32,963 crore. The exodus persisted in June, with FPIs pulling out Rs 42,927 crore during the first week of the month.

Market experts said that persistent depreciation of the rupee has emerged as another key factor behind the sustained outflows.

The Indian currency has weakened nearly 6 per cent so far in 2026 and around 10 per cent over the past year, falling from the mid-80s to about 95.5 against the US dollar despite efforts by the Reserve Bank of India (RBI) to stabilise the currency.

Given the importance of foreign portfolio flows in financing the current account deficit and supporting the balance of payments, policymakers have announced a series of measures aimed at attracting overseas capital. Geojit Investments Chief Investment Strategist V K Vijayakumar said the government's decision to exempt interest and capital gains arising from FPI investments in government securities from taxation, along with recent RBI measures, could support fresh foreign inflows.

These measures include the central bank absorbing hedging costs on FCNR deposits mobilised by commercial banks, expanding the forex swap window, increasing access to government bonds through the Fully Accessible Route (FAR), and raising investment limits for non-resident Indians (NRIs) and overseas citizens of India (OCIs) in Indian equities.

However, Vijayakumar said a sustained revival in FPI inflows would depend on a moderation in the global AI-driven investment theme, which has been drawing capital away from emerging markets, including India. "There are early signs of this happening. The sharp decline in the Nasdaq on June 5 indicates that the AI trade may be losing momentum. If the AI-driven rally cools and reverses, it could trigger a reversal in FPI outflows from India," he added.

On the country, FPIs invested over Rs 2,600 crore in debt through the Fully Accessible Route in the first week of June, taking the total to Rs 17,230 crore in this year so far. (PTI)

LIC in talks with regulators to facilitate long-term instruments to match growing liabilities: CEO

NEW DELHI, JUNE 7: State-owned Life Insurance Corporation of India (LIC) is engaging with key financial regulators, including the Reserve Bank and Sebi, to expand the availability of long-term investment instruments as inflows into its annuity products keep on rising, CEO and MD R Doraiswamy said.

An Annuity product converts an accumulated retirement corpus into a guaranteed, lifelong stream of income. When one invests a lump sum, LIC pays a regular pension for life, ensuring the savings aren't outlived.

"When the annuity markets are becoming more favoured by the policyholders, and more investments flow into annuities, we need to necessarily have long-term investments matching that kind of long-term liabilities. So we have been in touch with the (insurance) regulator as well as the regulators like SEBI, as well as RBI and the requirements of LIC, particularly are being duly communicated to them," he told PTI in an interview.

He further said the sector regulator, Insurance Regulatory and Development Authority of India (IRDAI), has also been taking proactive steps in ensuring that the evolving needs of the market are also fully met by the insurance company.

"Given the fact that insurance companies generate long-term funds, they go on to meet the long-term financing requirements in terms of infrastructure needs and nation-building. The regulations are also getting aligned with the requirements. So it is a win-win situation for both of us. We keep working together," he said.

LIC has a substantial portfolio of annuity business which is very long tailed with liabilities running into 30, 40, 50 years. So the investment of funds is based on the underlying business and the underlying fund.

Asked if LIC could sustain a high net Value of New Business (VNB) margin of over 20 per cent in FY27 as well, Doraiswamy said, the effort that the Corporation is taking is to see that the VNB margin, or more than that, the gross VNB, as well as the performance in almost all parameters, keep improving.

"The VNB margin has got multiple components. Some of the components are within the area of focus of the corporation. Some are outside our purview, but given the set of circumstances, our focus or our efforts will be to see that the margin that we have reached, we would like to maintain or build up on that a bit more. That is what we are looking at, but ultimately, we have to be very clearly focused on the interests of the policyholders," he said.

So, he said, we should be having products in such a way that they provide good value to customers, and the customers keep adopting and subscribing to LIC's products.

"So that will be our primary focus, and we will be trying to improve our margins by improving the ticket size, by improving the volume, and through that, improving the efficiency of the Corporation and through that achieve the VNB and VNB margins," he said.

Doraiswamy further said LIC is actively considering establishing a fintech arm either through strategic investment or an organic way to cater to its growing digital needs.

"Naturally, to meet the modernisation requirement and particularly to bring innovation, we are engaging both fintech and insurtech players, and we are getting a lot of new things being developed by such players," he said.

On the other side, he said, "We are a big financial institution investing in multiple organisations, and we also look at strategic investments in any specialised player as a way of improving the returns on the policyholders' funds."

Asked if LIC is prepared for further dilution of stake by the Centre, Doraiswamy said, "We have been prepared right from day one. When we started preparing for the IPO, we were prepared for this kind of subsequent actions as well. So the call is taken by the government."

As and when a decision is taken on the timing and quantum of further stake dilution, LIC will be fully prepared to work closely with the government to ensure the initiative achieves the success it deserves.

LIC came with an initial public offering, the biggest till 2022 in terms of size, resulting in the government raising about Rs 21,000 crore by diluting just 3.5 per cent stake in the insurance behemoth.

Prior to 2022, LIC was wholly owned by the Government of India.

He further said the government has been focusing on complying with the listing requirements, under which any listed company will have a public float of 10 per cent or 15 per cent at different schedules and times.

The government is focused on achieving this goal, but due to current market volatility, it is waiting for the right time to launch the next public offering, he added. (PTI)

Uzbekistan can provide more incentives to Indian pharma firms, aims to become regional hub for supply

NEW DELHI, JUNE 7: Uzbekistan could offer enhanced subsidies and technology transfer incentives to encourage greater investment from Indian pharmaceutical companies, strengthening its position as a regional hub for pharmaceutical manufacturing and supply, Deputy Minister of Investment, Industry and Trade Shokhrukh Gulamov has said.

"To expand local pharmaceutical manufacturing, Uzbekistan could adopt policies that simplify regulatory approvals and strengthen investment incentives. Streamlined licensing procedures, reduced bureaucratic barriers, and predictable regulatory timelines would make local production more attractive," he told PTI.

Tax incentives and subsidies for technology transfer, industrial cluster participation, and export-oriented production could further encourage investment, he said.

"Access to well-equipped industrial zones and joint ventures with local partners can accelerate production capacity while ensuring compliance with quality standards. Protection of intellectual property and long-term policy stability are essential for high-value pharma investments," he said. Integrating local production with regional distribution networks and export programs would enhance profitability and reduce dependence on imports, he said.

Such reforms would support Indian companies in producing essential medicines domestically, improve local healthcare access, and simultaneously strengthen Uzbekistan's role as a regional hub for pharmaceutical supply, he said.

Stressing that cultural diplomacy is central to strengthening economic relations, Gulamov said, Indian tourism and film projects showcase Uzbekistan's heritage and create opportunities for hospitality, transport, and service sectors.

People-to-people engagement builds trust, facilitates smoother business collaborations, and encourages investment, he said, adding, cultural events, film festivals, and joint initiatives not only enhance bilateral goodwill but also support concrete economic outcomes, linking creativity with trade, tourism, and industrial cooperation.

Speaking about the growing trade partnership between India and Uzbekistan, Gulamov said, economic relations between the two countries have been expanding steadily, underpinned by a strong legal and institutional framework.

As of 2025, total bilateral trade reached USD 1.317 billion, a 33.3 per cent increase over 2024, with exports at USD 164.6 million (25.4 per cent increase over 2024) and imports at USD 1.153 billion (34.6 per cent rise over 2024).

In early 2026, he said, the trade volume was USD 300 million, demonstrating continued momentum despite seasonal fluctuations.

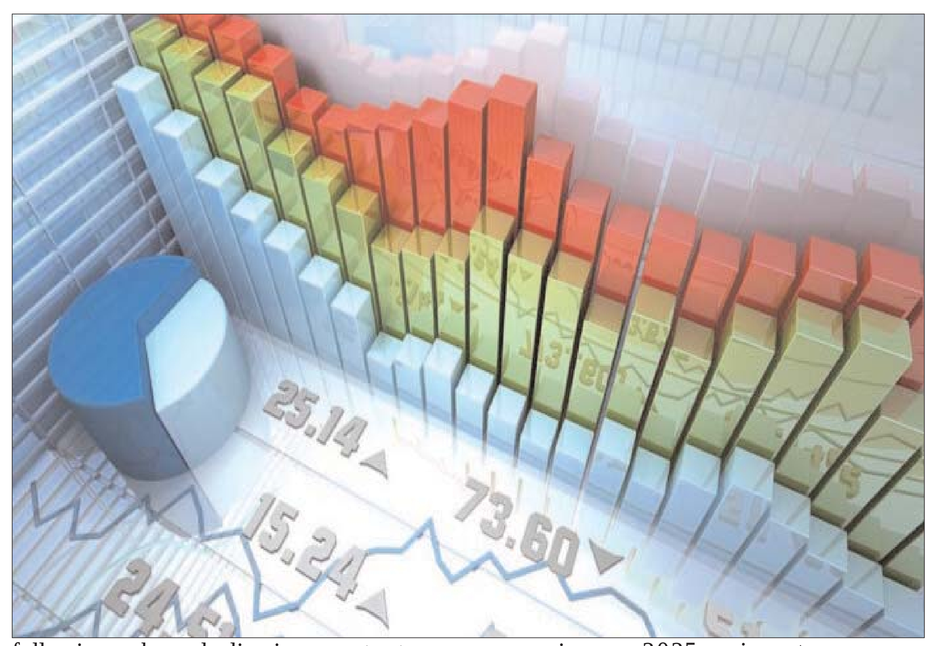
The partnership benefits from 117 signed bilateral agreements, including a Strategic Partnership Declaration (2011) and a recent Investment Protection Agreement (September 2024), alongside functioning mechanisms like the Intergovernmental Joint Commission and the Uzbekistan-India Business Council, which actively coordinates trade and investment projects, he said.

Indian investment is rising rapidly: in 2025, USD 292.9 million in direct investments were realized, and by May 2026, 397 Indian-invested enterprises operate in Uzbekistan, including 311 joint ventures, he said.

Trade and investment growth is complemented by improved connectivity, with increased freight volumes (51.2 per cent rise in 2025) and expanded air links, supporting deeper integration across transport, pharmaceuticals, engineering, and IT sectors, he added. (PTI)

Developments in West Asia, oil prices, FII trading activity key factors for mkt movement: Analysts

NEW DELHI, JUNE 7: Stock market this week will track simmering tensions in West Asia, its impact on crude oil prices, and trading activity of foreign investors, analysts said.



The trading week may begin on a cautious note following a sharp decline in the US markets over the weekend, an expert said.

Besides, progress of monsoon and inflation data announcement will also be important factors to watch out for.

"This week will be driven by key inflation, and global macroeconomic data releases. In India, investors will closely track inflation data for May, scheduled for release on June 12, along with foreign exchange reserves data on the same day.

"Globally, developments around the US-Iran negotiations and their implications for crude oil prices, currency movements, and overall risk sentiment will remain in focus," Ajit Mishra, SVP, Research, Religare Broking Ltd, said.

US markets ended sharply lower on Friday, with the Nasdaq Composite tumbling 4.18 per cent. The S&P 500 dived 2.64 per cent and Dow Jones Industrial Average declined 1.35 per cent.

"The week ahead is likely to begin on a cautious note following a sharp decline in global markets, particularly AI-related technology stocks. On the positive side, domestic markets have some supportive factors in the form of resilient GDP growth, strength in the rupee following the RBI policy announcement, and a meaningful decline in crude oil prices," Santosh Meena, Head of Research at Swastika Investmart Ltd, said.

Developments on the US-Iran front remain highly fluid and continue to generate volatility in global markets, he said.

"This week will also be data-heavy, with several important macroeconomic releases from both the US and China.

Among them, the US inflation data scheduled for Wednesday will be particularly critical, as it could significantly influence expectations regarding the Federal Reserve's future policy path and set the tone for global markets," Meena added.

Last week, the BSE benchmark Sensex declined 532.4 points, or 0.71 per cent, and the NSE Nifty dipped 181.05 points, or 0.76 per cent.

"The Nasdaq fell 4 per cent, marking its worst single-day decline since April 2025, as investors aggressively reduced exposure to semiconductor and technology stocks. Given the significant weight of IT in Indian indices, this weakness could spill over into domestic markets and keep sentiment under pressure during the early part of the week," Hariprasad K, Research Analyst and Founder, Livelong Wealth, said.

Globally, the key event to watch will be the US CPI inflation data, he said, adding that a softer-than-expected reading could revive hopes of future Federal Reserve rate cuts and improve risk appetite across global markets. (PTI)

Ola Consumer turns cash flow positive, achieves profitability as rivals burn Rs 100 cr a month

NEW DELHI, JUNE 7: Ola Consumer has turned free cash-flow positive and achieved profitability, widening the gap with rivals that continue to spend heavily to gain market share in India's fiercely competitive ride-hailing sector, according to company disclosures, industry estimates and people familiar with the matter.

The company reported operating revenue of about Rs 1,171 crore in FY25, ahead of Rapido's Rs 934 crore. Industry estimates suggest the gap is even wider on a net revenue basis — after accounting for customer discounts and driver incentives — with Ola estimated to have generated Rs 250-300 crore in net revenue during the latest quarter, compared with around Rs 40-45 crore for Rapido and Rs 35-40 crore for Uber, according to people familiar with the developments.

The performance reflects Ola's shift over the past two years towards a profitability-focused strategy, prioritising monetisation and cost efficiencies over aggressive discount-led growth.

"Short-term growth driven by discounts and incentives is difficult to sustain. Revenue quality and the ability to retain value from each transaction are more meaningful indicators of business strength," a person familiar with the matter said.

Industry executives and investors estimate Rapido is currently spending Rs 80-100 crore a month to support growth and expand market share.

NCLAT quashes Ligare Aviation's insolvency; loan from Religare Enterprises round-tripping of money

NEW DELHI, JUNE 7: The National Company Law Appellate Tribunal (NCLAT) has set aside insolvency proceedings against Ligare Aviation Ltd, holding that the NCLT erred in admitting the plea filed by Religare Enterprises without properly examining the nature of the underlying transactions, which was "only round tripping of money" and not "any genuine financial transaction".

In a strongly worded order, the appellate tribunal said the material on record "clearly proves" that there was no financial debt disbursed by the financial creditor (Religare Enterprises) to the corporate debtor (Ligare Aviation) for consideration of the time value of money, a key requirement under the Insolvency and Bankruptcy Code (IBC).

Allowing appeals filed by Daiichi Sankyo Company, a Japanese global pharmaceutical company and a shareholder, NCLAT observed that the transactions in question were merely a "round tripping of money/layering of money" undertaken for "some undisclosed fraudulent purposes" and did not create any financial debt capable of triggering insolvency proceedings.

"We have come to the conclusion that the materials on the record clearly proves that there was no financial debt which was disbursed by Financial Creditor (Religare Finvest) to the Corporate Debtor (Ligare Aviation) for time value of moneyâ€¦" said a two-member NCLAT bench.

Moreover, the MoU for loan was a "sham one-pager document created dishonestly to give the colour of genuine transactions to fraudulent transaction," NCLAT noted its order passed on May 27, 2026.

Religare Enterprises and Ligare Aviation are both group companies and related parties. A host of companies, including these two, were controlled by Malvinder Mohan Singh and Shivinder Mohan Singh, the two brothers who were ex-promoters of Ranbaxy Laboratories and Fortis Healthcare.

In its 69-page-long order, the NCLAT also faulted the New Delhi-based Principal Bench of the National Company Law Tribunal (NCLT) for admitting the insolvency plea filed by Religare Enterprises despite the absence of a genuine financial debt.

"Adjudicating Authority (NCLT) has not even looked into the plea that the amount was immediately transferred and did not remain even for 24 hours with the corporate debtor," said NCLAT.

The NCLAT noted that Rs 3.6 crore transferred by Religare Arts Investment Management Ltd (RAIML) to Ligare Aviation on March 31, 2009 was remitted to Religare Finvest, a subsidiary company of Religare Enterprises, which was reflected in the bank transfer of the same day.

"The bank transfer of 31.03.2009 further indicates various amounts received from different group companies and transmitted on the same day to other group companies of the group" said NCLAT.

It was claimed that a Memorandum of Understanding (MoU) was entered between RAIML and Ligare Aviation on March 30, 2009 under which an amount of Rs 5 crore was sanctioned with interest of 13 per cent. Following that MoU, RAIML transferred Rs 3.6 crore on March 31, 2009.

Meanwhile, Daiichi Sankyo received an arbitral award of Rs 3,500 crore on April 29, 2016, in Singapore from Singh Brothers and their various companies, which initiated proceedings for the enforcement of the foreign award before the Delhi High Court.

The high court passed orders attaching properties of the different group companies, including RHC Holdings, which was a debtor to Ligare Aviation. This matter also went before the Supreme Court.

Later, on December 8, 2017, NCLT permitted the amalgamation of RAIML with Religare Enterprises. On March 27, 2019, Religare Finvest filed an FIR naming the Financial Creditor-Religare Enterprises and making an allegation that money advances under the MoU were not intended to be repaid.

FIR made several allegations and alleged that loans were extended on a non-arm's length basis.

The FIR alleged that the MoUs signed were documents created dishonestly to give the colour of genuine transactions to sham transactions, the purpose of which was only to siphon off the money. It was alleged that the Religare Enterprises is accountable for the actions taken by the then management.