

“In 36 years of interaction with FPIs, we have never seen such dismay and irritation with India.”

Ajit Dayal, who founded Quantum Advisors in 1990

Ten years of foreign buying, nearly all gone.

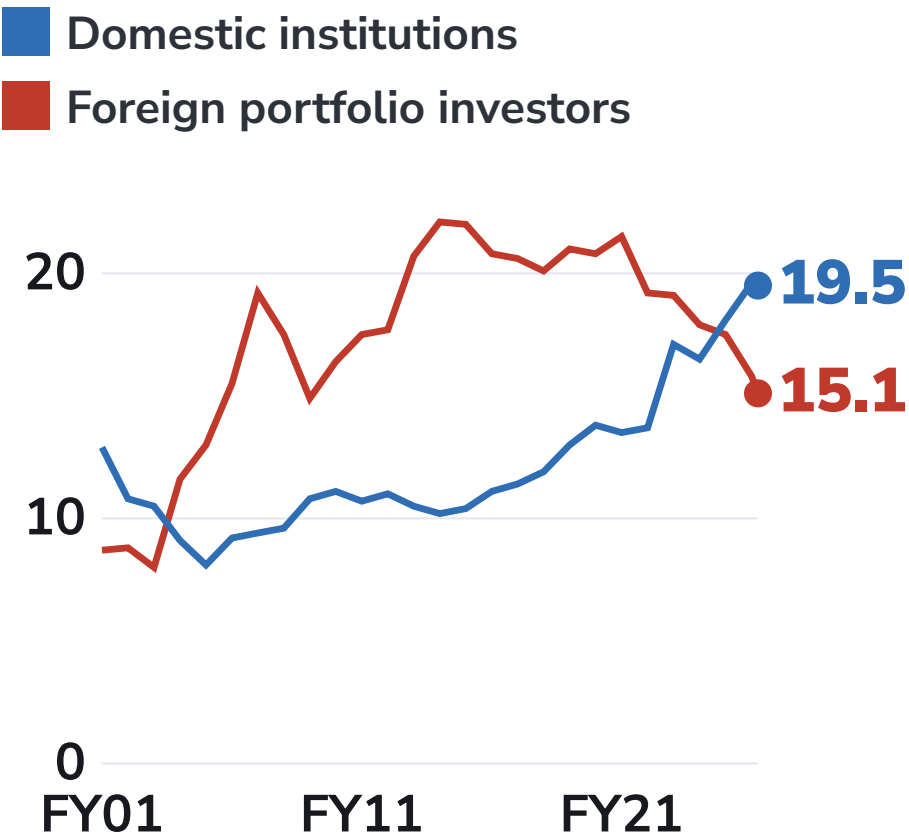
“It is not due to the AI we read about but due to the other AI we don’t write about: Arrogant India.”

Ajit Dayal

Net foreign money in
Running total since 2015, US\$ billion



Who owns NSE-listed firms
% of market value, to June 2026



SOURCES NSDL [monthly](#), [daily](#) and [sector](#) FPI reports, equity, US\$. NSE [Market Pulse](#) Aug 2026. Ajit Dayal, [Financial Express](#), 26 Oct 2026.

WHY

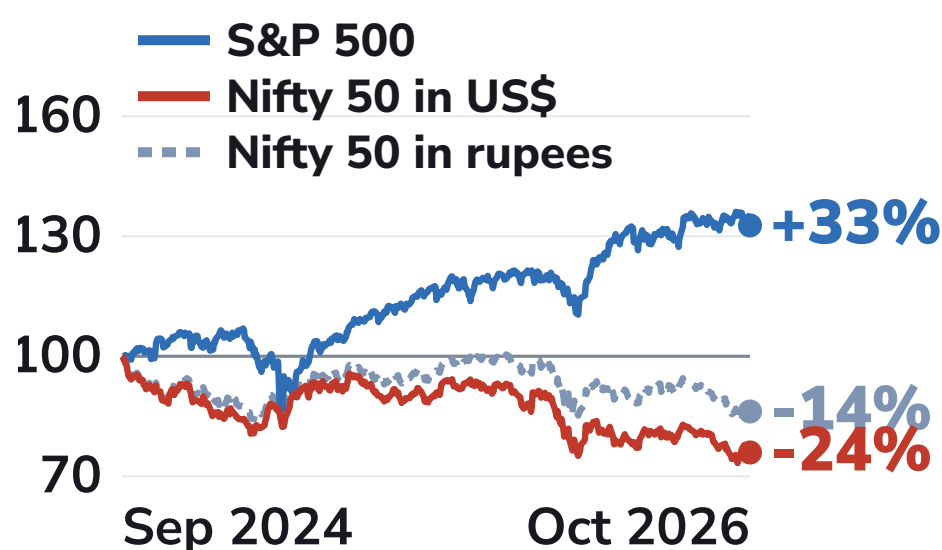
AI is one reason. Dayal says the bigger one is how foreign money is treated

“Currently, the passion for the ‘AI’ trade is a significant factor in deciding allocations from providers of capital.” Ajit Dayal

NSE also cites the West Asia conflict, the rupee, US yields and rich valuations.

S&P 500 and Nifty 50

100 = 26 Sep 2024, Nifty's dollar peak



Rupees per US dollar

The rupee has lost 11.6% since Sep 2024



“The second channel, some of which we are already seeing, is market concerns that AI could have negative implications in the previous part of technology, software, for example, back office operations, logistics, where India has been particularly strong.” Athanasios Vamvakidis, IMF

He adds that the IMF does not yet see this in real-economy data.

Pushing the rupee down to help exports is, Dayal writes, “a tax on the total capital that an FPI or FDI invests” in India.

SOURCES NSE Nifty50 USD index; Yahoo Finance via TREMOR (S&P 500, Nifty 50, USD/INR), to 23 Oct 2026. IMF: [Business Today](#). Dayal: [Financial Express](#). NSE [Market Pulse](#) Aug 2026.

Tax, rules and what Dayal calls the “grease of doing business”

“Entities such as pension funds and endowments have no tax in their home country and the taxes on capital gains they pay in India cannot be offset by any other tax payment.”

He blames “the disrespect for consistency of rules, the tampering of laws”.

Many foreign fund leaders are of Indian origin. Settling their deceased parents’ estates in India, he writes, they have “been witness to India’s wheels of corruption”. That “converts the India story from one of ‘ease of doing business’ to the ‘grease of doing business’”.

A RELATED MOVE THIS MONTH

Artha Bharat, a GIFT City fund manager, is moving two funds (over US\$125 million, one in US shares, one an arbitrage fund) to Abu Dhabi. This is an Indian fund manager restructuring its funds, separate from FPI flows into Indian stocks. Its managing partner: “Investors compare jurisdictions on speed of onboarding, ticket size relative to their allocation, and certainty of tax outcome.”

SOURCES Dayal: [Financial Express](#), 26 Oct 2026. Artha Bharat: [BusinessLine](#), 21 Oct 2026.

THE OTHER SIDE

“We’re still structurally overweight on India on a strategic horizon.” Ben Powell, BlackRock Investment Institute, 26 Oct 2026

BlackRock expects foreign investors back once the US midterms and West Asia tensions pass. On NSDL data they were net buyers in 19 of the 24 years from 2002 to 2025, and each earlier selling year (2008, 2011, 2018, 2022) was followed by net buying. They still hold US\$694 billion of Indian shares. Domestic institutions bought US\$23.2 billion in the June 2026 quarter, more than the US\$15.1 billion foreign investors sold.

EARLIER ANALYSIS

24 Oct 2026 **Could this time be different?**

Past drawdowns, AI valuations and cracks across markets and the economy.

23 Oct 2026 **A crescendo of warnings on AI debt and returns**

S&P Global, Gartner, Morgan Stanley, the IMF and the World Bank.

19 Oct 2026 **Foreign portfolio money is leaving Indian stocks**

The flows, the sectors and who is buying instead.

25 Sep 2026 **Bond markets have started acting**

Long-term yields at highs while the Fed cuts.

24 May 2026 **India's next tech wave: AI data centres**

Adani, Reliance, Airtel and L&T are building them.

Not investment advice. This is my analysis of public sources, for information only. Care has been taken, but errors are possible. **Use of AI.** Parts of this work were prepared with AI under my direction. I reviewed, edited and approved every page. The analysis and conclusions are mine.

SOURCES BlackRock: [CNBC-TV18](#), 26 Oct 2026. NSDL [monthly](#) and [sector](#) reports. NSE [Market Pulse](#) Aug 2026.