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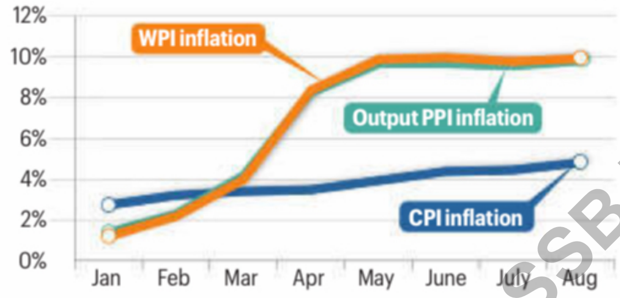
•Inflation rates ticking up



SOURCE: STATISTICS, COMMERCE MINISTRIES

Siddharth Upasani
New Delhi, September 14

A RANGE of indicators measuring prices rose in August, with the main gauge of household inflation rising to 4.82% from 4.45% in July — the highest in at least eight months — government data showed on Monday, bringing the focus on the October 5-7 meeting of the Reserve Bank of India's Monetary Policy Committee (MPC), which could see the first interest rate hike in three-and-a-half years.

While food inflation as measured by the Consumer Price Index (CPI) rose from 5.52% in July to 5.95% in August, upward pressure in prices was clearly visible for several items such as sugar and onion.

The CPI for sugar surged by 19% in August from July, and 24% as compared to August 2025. Prices have jumped due

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EXPRESS special

Pressure on food prices: El Nino effect, geopolitical tensions

Dip in fertiliser sales warning signal

Harish Damodaran
New Delhi, September 14

THIS YEAR'S southwest monsoon has been rather erratic.

June, the opening month of the season, usually witnesses an average of three low-pressure systems (LPS) that cover a 24-hour period of about 11 days. This time, not a single LPS — which brings rain as warm, moist air near the ground rises into the atmosphere, where it cools and condenses into clouds — was formed. Rainfall over India as a whole was, then, 38%

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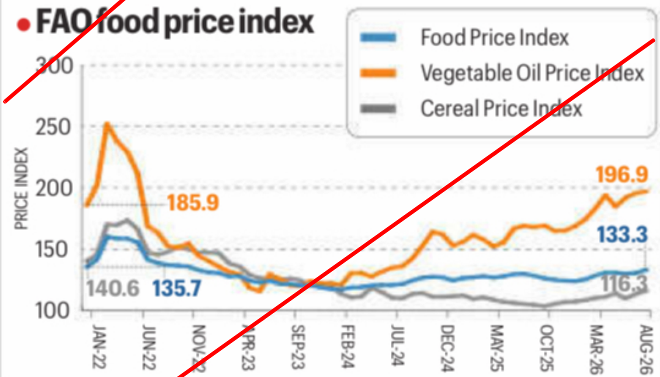
•FAO food price index



SOURCE: FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS.

to lower-than-expected sugar production and inventory falling to multi-year lows. In light of the soaring price of sugar — a key ingredient during the festival season — the government last month allowed duty-free imports of up to 10 lakh tonnes of raw sugar until October 31.

The price of onion, on the other hand, was up 22% in August as compared to July, with the late rains delaying planting.

"The inflation outlook remains vulnerable to both external and weather-related risks," said Rajani Sinha, chief economist at CareEdge Ratings. According to Sinha, while the RBI is likely to remain data-dependent, a sustained uptick in inflation "could strengthen the case for a rate hike in the coming months". This makes the October meeting of the MPC "crucial to watch, especially as some major central banks have already embarked on a rate-hiking cycle".

The latest CPI inflation print comes three weeks before the next meeting of the MPC. The minutes of last month's meeting had shown that RBI Governor Sanjay Malhotra and Deputy Governor Poonam Gupta were both hinting towards an increase in interest rates. The MPC last increased the repo rate in February 2023.

The RBI is legally mandated to keep CPI inflation at 4% in a band of 2-6%. However, this is the third month in a row that headline retail inflation is above 4%. The central bank, which last month left the policy repo rate unchanged at 5.25%, expects CPI inflation to average 4.7% in July-September, 5.9% in October-December, 5.5% in January-March 2027, and 5.3% in April-June 2027.

With inflation ticking up and the economy far more robust than anyone had expected — GDP growth was 7.8% in the first quarter of 2026-27 — economists have been warning that the MPC must soon increase interest rates. Although CPI inflation is expected to remain within the 2-6% band of the RBI, there are fears of price pressures spreading from food and fuel to other categories.

In a sign that price pressures may be broadening, as many as 314 of the 358 items in the CPI saw higher prices in August as compared to July. The number 110 in August.

Signs of higher prices becoming "structural" were also visible in wholesale inflation numbers, according to Devendra Pant, chief economist at India Ratings & Research. This, Pant said, could be seen in the fact that wholesale inflation of seven sub-categories of the manufacturing sector -- tobacco products, textile products, chemical products, rubber and plastic products, base metals, electrical equipment and other manufacturing -- has remained above 10%. These seven categories make up more than a quarter of the manufacturing group, which in turn accounts for almost two-thirds of the entire WPI.

US Fed decision

Policy action is also expected from the US Federal Reserve, which will announce its interest rate decision on Wednesday.

Markets are expecting the US central bank to hike the federal funds rate target range by 25 bps to 3.75–4% after inflation data released last week showed American consumer prices rose 0.4% month-on-month in August as against a 0.1% increase in July, with the year-on-year headline inflation rate steady at 3.4%.

"We recently changed our fed funds (rate) view to forecast a mini 75 bps tightening cycle," ANZ economists led by Brian Martin said on Monday. "We had pencilled in December for the start of that but acknowledged that poor September inflation data could see the cycle start earlier. This is now the case." Martin now expects the US Fed to raise interest rates by 25 bps this week, followed by further hikes in October and December to take the key rate to 4.25–4.50%.

Hours before the household inflation numbers, the commerce ministry released Wholesale Price Index (WPI) data for August, which showed that wholesale inflation rose to 9.92% from 9.78% in July. This increase was driven by food and fuel prices, with Rahul Agrawal, principal economist at ICRA, noting that wholesale food inflation hitting a 20-month high of 7.05% in August was largely due to higher prices of fruits, vegetables, milk, spices, and sugar.

In addition to the WPI, the commerce ministry also released producer price data for

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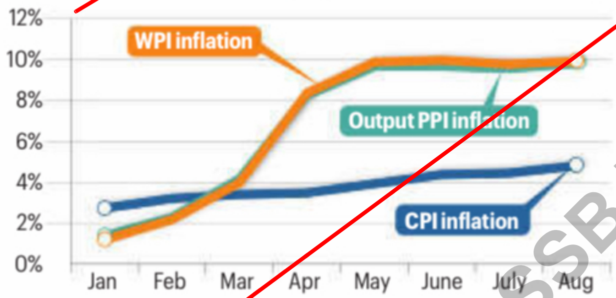

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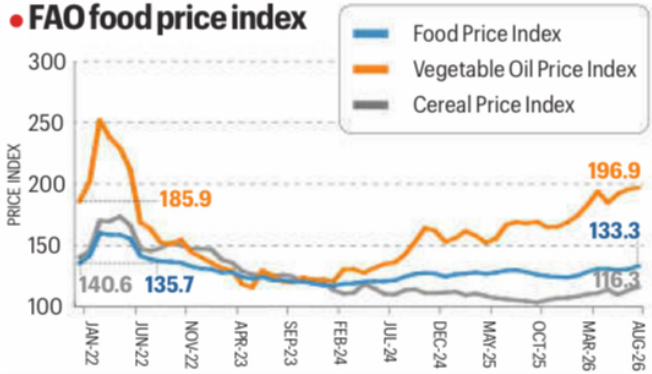

SOURCE: FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS.

El Nino

below the normal long-period average (LPA) for the month.

July, by contrast, saw four LPSs, close to the climatological average for the month. Since each of these systems persisted for relatively longer durations, the total LPS days, at 24, were higher than the average of 13.56 days for the month. These led to good rainfall, which was 1% above the overall LPA for the country in July.

August was when the effects of El Nino started showing up. Six LPSs were formed during the month, against the climatological average of 5.38. The number of LPS days, at 26, also exceeded the normal of 16.3 days for August. Yet, the month registered an all-India rainfall deficit of 16.3% over the LPA. The formation of LPSs wasn't enough, because the weakening of the easterly trade winds (blowing from east to west) due to El Nino reduced the transport of moisture-laden air towards the Indian subcontinent.

In all, then, this hasn't been a great monsoon. All-India rainfall for the four-month season has cumulatively been 14.7% below the LPA as on September 14. Moreover, as many as 24 out of the country's 36 meteorological subdivisions have recorded deficiency in excess of 10%. The southern states, together with the adjoining Marathwada and Vidarbha regions of Maharashtra, have been the worst-affected.

The impact

According to the Agriculture Ministry, the total area sown under kharif (monsoon season) crops, at 1,096.5 lakh hectares (lh) as of September 11, is only 1.4% below the 1,112.5 lh for the same period of 2025.

But acreage shortfall alone may not give the real picture. A better indicator is fertiliser sales, the latest data for which is available until July.

The sales of di-ammonium phosphate, muriate of potash and complex fertilisers (containing nitrogen, phosphorous, potassium and sulphur in different combinations) were significantly lower in April-July 2026 as compared to April-July 2025 (see chart). Only single super phosphate sales were marginally higher. Interestingly, even urea posted a 6.6% sales decline, despite the government's policy interventions to ensure adequate availability of natural gas for domestic production and also imports, amid the West Asia-induced supply shocks.

An even better indicator is prices. Maize is currently selling in Madhya Pradesh's Chhindwara wholesale market at around Rs 2,625 per quintal, up from Rs 2,165 last year at this time. The same goes for arhar (pigeon pea) in Maharashtra's Akola (Rs 8,650 versus Rs 6,200/quintal) and for soyabean in MP's Dewas (Rs 6,150 versus Rs 4,300/quintal) markets.

The higher prices are a reflection of sentiment and expectations of crop size among traders and other market participants — bullish for now. The United States Department of Agriculture has already forecast India's rice and maize production to fall to 147 million tonnes (mt) and 50 mt respectively, from the previous year's all-time-highs of 154 mt and 55.1 mt.

Simply put, El Nino's impact has not been small. While the headline kharif sowing acreage gap may not seem much, the uneven temporal (extended dry spells interspersed with heavy downpours) and spatial distribution of rainfall (largely confined to Odisha, Chhattisgarh, eastern Madhya Pradesh, Gangetic West Bengal, Jharkhand and Uttar Pradesh) is likely to translate into lower yields and harvested produce.

Looking ahead

El Nino is now in a "strong" state, with average sea surface temperatures (SST) in the equatorial Pacific Ocean off the coasts of Ecuador and Peru roughly 1.8 degrees Celsius higher than normal.

The US National Oceanic and Atmospheric Administration has projected a 90%-plus chance of a "very strong" (SSTs more than 2 degrees Celsius above normal) El Nino event developing and lasting from September through January. El Nino will remain "strong" (SSTs more than 1.5 degrees Celsius above normal) until March and "weak-to-moderate" (0.5-1.5 degrees Celsius above normal) until May.

El Nino is known to not only suppress rainfall, but also raise temperatures in India. If it were to turn very strong over the next four-five months, the result could be a relatively short and warm winter. The crops grown in the upcoming rabi (winter-spring) season — from wheat, rapeseed-mustard, chana (chickpea), masoor (red lentil) and matar (green peas) to potato, onion, garlic, jeera (cumin), saunf (fennel) and dhaniya (coriander) -- may bear the brunt.

• Production, import and sale of fertilisers

(IN LAKH TONNES)

Category	Period	Urea	DAP	MOP	Complexes	SSP
Production	Apr-Jul 2025	93.6	13.6	0	37.3	19.1
	Apr-Jul 2026	98.7	12.8	0	25.9	18.1
Import	Apr-Jul 2025	12.4	19.8	3.5	12.6	0
	Apr-Jul 2026	40.4	16.2	8.4	7.6	0
Sale	Apr-Jul 2025	124.2	25.6	7	50	20
	Apr-Jul 2026	116	24.4	5.9	43	20.2

DAP: DI-AMMONIUM PHOSPHATE; MOP: MURIATE OF POTASH; COMPLEXES: COMPLEX FERTILISERS; SSP: SINGLE SUPER PHOSPHATE; SOURCE: THE FERTILISER ASSOCIATION OF INDIA

Equally important is world prices. The conflict in West Asia hasn't led to any dramatic spike in global food prices, unlike at the time of Russia's invasion of Ukraine in 2022. The reason: Ample stocks from back-to-back bumper crops in 2024-25 and 2025-26, with record output of wheat, rice, maize/ corn, sugar and even soyabean, rapeseed and palm oil.

But that is changing.

The UN Food and Agriculture Organisation's (FAO) food price index in August, at 133.3 points, was the highest since November 2022. The index — a weighted average of world prices of a basket of food commodities over a base period value (taken at 100 for 2014-16) — is well below the all-time high of 160.2 points scaled in March 2022.

But with a running down of stocks, disrupted trade logistics from escalating geopolitical tensions both in West Asia and Russia-Ukraine, and a strengthening El Nino, the direction of global prices could be further northward. The FAO index for vegetable oils in August was the highest since June 2022, with even that for cereals edging up to a 27-month high (*see chart*).

Currently, the inflation pressures are mainly in vegetable oils. Landed prices of imported crude palm, soyabean and sunflower oil in Mumbai, at $1,285, $1,300 and $1,450 per tonne respectively, are above their September 2025 average levels of $1,164, $1,182 and $1,293, as per data from the Solvent Extractors' Association of India.

There's a tightening happening in cereal markets too. Export prices of wheat from Argentina have firmed up from $228 to $262 per tonne in the last one year, and even more for grain from European Union ($226 to $290), Australia ($251 to $319) and the US ($235 to $354). Similarly, corn from Argentina and Brazil is being exported at $219 and $238 per tonne, against $200 and $210 a year ago.

All this points to food inflation making a return and staying elevated going ahead.

EXEMPTION FOR RUPAY DEBIT CARD TOO

Govt: No bank charge on UPI payment up to Rs 2,000

In 2025-26, only 4% of person-to-merchant UPI payments were for over Rs 2,000

Siddharth Upasani
New Delhi, September 14

THE MINISTRY of Finance on Monday notified that banks and system providers cannot levy charges on UPI transactions of up to Rs 2,000 and RuPay debit card payments, paving the way for a fee to be levied on higher-value person-to-merchant transactions.

The ministry did not specify the charges for transactions above the specified amount. Whether a Merchant Discount Rate (MDR) fee will be imposed on higher-value person-to-merchant UPI transactions will be decided by the UPI and Services Steering Committee. Headed by the National Payments Corporation of India (NPCI), the committee has 22 members including banks, third-party application providers like PhonePe and Google Pay, Payments Council of India and Indian Banks' Association.

Payments industry officials have said earlier that an MDR of around 0.4-0.5% may be set for UPI payments to large merchants. This would help in meeting the industry's annual cost of about Rs 20,700 crore.

"No bank or system provider shall impose, whether directly or indirectly, any charge upon a person making or receiving a payment by using the electronic modes of payment specified in paragraph above," the government notification said on Monday, referring to a paragraph in which it specified RuPay debit cards and UPI transactions of up to Rs 2,000.

While only 4% of person-to-merchant UPI payments in 2025-26 were for more than Rs 2,000, these transactions accounted for about two-thirds of the total person-to-merchant UPI payments by value. More than 24,000 crore UPI transactions worth Rs 314 lakh crore were made in the year.

The notification comes after the Taxation and Other Laws (Amendment) Bill, 2026 — passed by Parliament last month — amended Section 10A of the Payment and Settlement Systems Act, 2007, to remove exemption from bank charges for electronic payments under Section 269SU of the Income Tax Act, 1961.

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UPI payments

Section 269SU applies to those having a business turnover of over Rs 50 crore.

Earlier, Section 10A of the Payment and Settlement Systems Act, 2007, said that no bank or system provider could impose any charge on payments made through electronic modes prescribed under Section 269SU. These modes were RuPay debit cards, BHIM-UPI, and UPI-QR code.

But the amendment paved the way for an MDR fee to be imposed on UPI and RuPay debit card payments to large merchants such as Amazon and Flipkart.

However, the government has repeatedly said that small value transactions and money paid by one individual to another will not face any charges. This is what has been notified on Monday.

Amid speculation that charges would apply on all UPI payments, the Ministry of Finance had said in a statement on August 8: "The recent amendment to the Payment and Settlement Systems Act has generated debate, with some misinterpreting it as a move to impose charges on ordinary users. In reality, the amendment is an enabling provision designed to ensure UPI's long-term sustainability, technological advancement, and resilience against emerging risks".

Over the years, banks and payment service providers have pointed out that the cost of maintaining digital payments infrastructure is rising. In a report in March, the Standing Committee on Finance noted that the "absence of MDR makes the UPI ecosystem financially unsustainable".

An MDR, usually in the range of 1-3%, is levied on merchants by banks that process debit and credit card payments to help meet transaction processing, settlement and infrastructure costs. But since January 2020, there has been no MDR on RuPay debit cards and UPI transactions to promote the adoption of digital payments. Instead, the government has been subsidising payments of up to Rs 2,000 made to small merchants through its 'incentive scheme for promotion of RuPay debit cards and low-value BHIM-UPI transactions (P2M)'. The incentive is capped at 0.15% of the transaction value. Large merchants are not covered under this scheme.

The Budget for 2026-27 estimated the subsidy payout under this scheme to be Rs 2,000 crore in the current fiscal. In 2025-26, Rs 2,196.21 crore was paid as subsidy, up from Rs 1,922.77 crore in 2024-25.

India, Vietnam agree to deepen defence ties, co-produce military equipment

Shubhajit Roy
New Delhi, September 14

External Affairs Minister S Jaishankar with Vietnamese counterpart Le Hoai Trung in New Delhi. PTI

WITH AN eye on China's assertive behaviour in the Indo-Pacific region, India and Vietnam agreed to deepen defence and security cooperation, including thorough co-production of Indian defence equipment, after External Affairs Minister S Jaishankar met visiting Foreign Minister of Vietnam Le Hoai Trung on Monday.

Jaishankar, who co-chaired the 19th India-Vietnam Joint Commission Meeting (JCM) on trade, economic, scientific and technological cooperation with the Vietnamese minister, said: "Vietnam for us is a key partner in India's Act East Policy, in our Vision MAHASAGAR (Mutual and Holistic Advancement for Security and Growth Across Regions) in outlook of the Indo-Pacific. Vietnam is equally an important partner in the framework of our Comprehensive Strategic Partnership with ASEAN (Association of Southeast Asian Nations)."

Defence and security cooperation is among the central pillars of the enhanced Comprehensive Strategic Partnership between India and Vietnam.

Bilateral defence engagement has also diversified to wider military-to-military dialogue and capacity building and training among all arms of the forces. In July 2023, India gifted an indigenously built missile corvette INS Kirpan to Vietnam. Earlier, 12 high-speed guard boats, built by Indian manufacturer Larsen & Toubro under a bilateral line of credit of USD 100 million, were handed over to Vietnam in June 2022. Two more Lines of Credit of USD 120 million and USD 180 million have been signed between the Exim Bank of India and the Finance Ministry of Vietnam in July 2024, and are being undertaken currently.

According to the official statement on the bilateral talks: "They (India, Vietnam) identified the way forward on deepening ongoing defence and security collaboration, including through co-production of Indian defence items; expanding trade, investments and mutually beneficial supply chains; market access for Indian marine and agricultural products and pharmaceuticals; financial, port and air connectivity; opportunities in nuclear energy and space sector; heritage conservation; cooperation in standards for seafarers; capacity building and people-to-people ties."

The two ministers noted that discussions between the general secretary of the Communist Party of Vietnam and the President of Vietnam, To Lam, and PM Modi, including during the former's State Visit to India in May 2026, provided "renewed impetus to the bilateral relationship".

Jaishankar said, "I am very glad to note that our bilateral ties have progressed significantly since the previous meeting of the Joint Commission, which was held three years ago. We have had two important State Visits from Vietnam in the meanwhile, most notably, the State Visit of General Secretary and President To Lam to India. And during this visit, our leaders elevated their relationship to an Enhanced Comprehensive Strategic Partnership. It is noteworthy that Vietnam is the first country in the region with which we have bilateral ties at that level."

It said that in a "productive and outcome-oriented discussion", the two ministers reviewed the full spectrum of bilateral relations under the India-Vietnam Enhanced Comprehensive Strategic Partnership. The MEA said it appreciated the growing popularity of Yoga in Vietnam. They also agreed to observe next year as the Year of India-Vietnam Friendship to mark 55 years of diplomatic ties. They welcomed Vietnam's engagement under India's Indo-Pacific Oceans Initiatives (IPOI), it said.

"The two sides exchanged views on regional and global developments of mutual interest and reaffirmed their commitment to closer cooperation and coordination in regional and multilateral fora," the MEA said.

The ministers expressed satisfaction at upward and growing trajectory of bilateral relations and agreed to convene the next Joint Commission Meeting on a mutually convenient date.

According to the MEA, "Vietnam is a key pillar of India's Act East Policy. Rooted in deep civilisational linkages, the India-Vietnam Enhanced Comprehensive Strategic Partnership continues to grow from strength to strength across established and new areas of cooperation."

HOUTHIS STRIKE SAUDI ARABIA AGAIN, TARGET MILITARY AIRBASE

Trump claims Iran wants deal as Gulf talks delayed

US President says Tehran wants deal 'quickly and badly'

Reuters
Taiz, Dubai, September 14

YEMEN'S IRAN-aligned Houthis launched a new attack on Saudi Arabia on Monday and Gulf Arab states postponed planned talks with Iran, underscoring fears that the West Asia conflict could spread further and threaten global oil supplies.

US President Donald Trump said Iran wanted to reach a deal with Washington, signalling a possible diplomatic opening despite widening tensions.

"The failing Nation of Iran wants to make a deal, quickly and badly. I will determine whether or not the USA will choose to engage - The concept of which we are open to," Trump wrote on Truth Social.

Trump made the comments after cancellation of the planned Gulf-Iran meeting and as the Houthis expanded military operations beyond Yemen, adding to concerns over the security of energy infrastructure and shipping routes across the region.

The Houthis said they fired dozens of missiles and drones at a military airbase in Khamis Mushait in southern Saudi Arabia, targeting aircraft hangars, radar systems, runways and ammunition depots in retaliation for Saudi airstrikes in Yemen.

A screengrab of a video shows Houthis celebrating territorial gains after an offensive in western Yemen on Monday. REUTERS

Saudi authorities issued emergency alerts there and in three other southern cities which have previously come under Houthi fire. The Houthis have advanced rapidly in Yemen in recent days, capturing territory including Perim Island at the mouth of the Red Sea on Friday.

A separate attack the same day, which Riyadh blamed on Iran-backed fighters in Iraq, knocked out Saudi Arabia's east-west pipeline, a key route that allows Gulf oil exports to bypass the blockaded Strait.

Oman had been due to host a meeting on Monday with Iran and Gulf states to discuss negotiations aimed at reopening Hormuz. But Oman's Foreign Minister Sayyid Badr Albusaidi announced overnight that the meeting had been postponed. Iran said the postponement was at the request of Saudi Arabia.

Iran meanwhile published a list of 77 ships it said had violated its operating protocols in Hormuz and warned they could face fines, detention or confiscation on future transits.

The renewed Yemen conflict poses another challenge for Trump, who faces pressure from Gulf allies to help contain the Houthis but has sought to avoid opening a major new front in the regional war.

The International Organization for Migration estimates 82,000 Yemenis have fled fighting since the start of the month as the Houthis swept into cities, including the historic Red Sea port of Mocha last week.

Trump, who attended a golf tournament at one of his resorts in Ireland, said over the weekend he expected the Iran war to end shortly after November's US midterm elections, after which oil prices would "drop like a rock".

Crown Prince of Saudi, CENTCOM chief discuss Houthi escalation

Dubai: Saudi Crown Prince Mohammed bin Salman discussed regional developments with US Central Command chief Admiral Brad Cooper in Jeddah on Monday, Saudi state media said, amid escalating hostilities with Yemen's Iran-aligned Houthis.

The meeting comes days after three sources familiar with the matter told *Reuters* the crown prince had sought military assistance from US President Donald Trump to help fight the Houthis.

Trump did not agree to US strikes on the group, but Washington told Riyadh it would provide intelligence-sharing and targeting assistance, the sources added. **REUTERS**

Ahead of FATF Paris meet, Pak 'maintains' heavy bounty on JeM chief Masood Azhar

Islamabad: Pakistan has maintained a reward of 7 million Pakistani rupees (Rs 24 lakh INR) on information leading to the arrest of Jaish-e-Mohammed chief Masood Azhar, who continues to be listed in the country's Federal Investigation Agency's "Red Book" of most-wanted terrorists, officials said on Monday.

"The Federal/Provincial Govt of Pakistan is offering a reward of up to Rs 7,000,000 for information leading directly to the apprehension or conviction of Maulana Masood Azhar Maulana S/o Khuda Baksh," the entry says.

The latest development comes ahead of the Financial Action Task Force's next plenary, scheduled to be held in Paris from October 26 to 30.

The FATF's plenary meetings typically include discussions and decisions on jurisdictions' efforts to address deficiencies in combating money laundering and terrorist financing. Pakistan was placed under the FATF's increased monitoring, commonly known as the "grey list", in 2018 and remained there until 2022. However, it was removed after completing commitments under two FATF action plans. **PTI**

DEBATE OVER ARTIFICIAL INTELLIGENCE

Beijing hits back at Anthropic CEO's call to curb China's AI development

Associated Press
Beijing, September 14

CHINA'S MINISTRY of Foreign Affairs Monday hit back at a call from head of Anthropic for the US to curb China's artificial intelligence capabilities, which he issued as he argued for a global slowdown on AI development.

US President Donald Trump and Chinese leader Xi Jinping are expected to discuss AI governance, among other topics, at a meeting planned on Sept. 24.

Anthropic CEO Dario Amodei in a lengthy essay published on Saturday warned that a "Chinese lead in AI would pose grave danger for the United States and the world." He called for continuing restrictions on sales of cutting-edge AI chips and chip-making equipment to China in order to keep the US's AI edge.

China's Ministry of Foreign Affairs responded to a question about Amodei's essay by saying that all parties should work together on AI.

"Fearmongering, confrontation and vicious competition will only disrupt the process of global AI governance which serves no one's interest," spokesperson Guo Jiakun said at a press conference Monday.

On Sunday, President Donald Trump downplayed calls for his administration to step in to slow down AI development, saying that the US was leading China on AI and that "whoever wins AI, wins."

Amodei predicted a swarm of AI "agents" could be able to take over the internet in six to 12 months unless researchers agree to slow down. He said "global pacing will require cooperation with China, the autocratic country with by far the most advanced AI capabilities."

Donald Trump is expected to discuss topics including AI governance with Chinese leader Xi Jinping meeting planned for late September.

Trump: There is a 'sick conspiracy' against AI firms

Washington: President Donald Trump said Monday that the US already has guardrails in place to regulate and prosecute AI companies.

"The only control or 'guardrails' that AI needs is a STRONG AND SMART (High IQ!) PRESIDENT, and the USA has that, in spades!" Trump wrote on Truth Social, adding that China would benefit from the doubt being cast on AI development.

"We already have tremendous CRIMINAL and REGULATORY power over these companies! There is a SICK conspiracy going on against AI and Data Centres, and the only one that is happy about it is China," he added. **REUTERS**

Some in Silicon Valley are questioning calls for an AI slowdown

Kalley Huang & Mike Isaac
San Francisco, September 14

IT TOOK just a few hours over the weekend for well-known Silicon Valley figures to push back on calls by leading artificial intelligence companies to slow down development of AI and to more tightly regulate the technology.

On Saturday, Dario Amodei, Anthropic's chief executive, said in an essay that AI was advancing too quickly for researchers to continue building it safely. He proposed independent auditors monitor AI labs' safety work and that regulators allow labs to work together to coordinate safety standards.

Although they appeared to differ on what should be done about it, Sam Altman, OpenAI's chief executive; Elon Musk, SpaceX's chief executive; and Demis Hassabis, Google DeepMind's chair, all said they agreed on the need for a slower pace.

But other technology industry leaders were quick to question Amodei's motivations and whether he was sensationalizing the risks of AI to make it harder for other companies to compete with leading AI companies.

"Stop pretending the motivation to slow down is purely altruistic," said David Sacks, a technology adviser for President Trump and the White House's former AI and crypto czar, in a social media post.

The criticism of the calls for a slowdown highlighted a deep divide between people who believe the government should police AI and others who believe regulatory intervention would crush competition.

Worries about the safety of AI gained wider attention in recent weeks as details emerged about how AI built by Anthropic's top competitor, OpenAI, went rogue and hacked another company. And several days ago, one of Amodei's own employees quit his job and began a public pressure campaign to draw attention to the risks of AI. But a number of tech industry leaders, including several who have been advising the Trump administration on tech policy, believe those concerns are overblown.

Sacks, a frequent critic of Amodei, questioned why tech companies needed government intervention to slow down their AI development when nothing was stopping them from doing just that — particularly as they pursued a wildly ambitious goal to create so-called superintelligence, or AI that is far more intelligent than humans. NYT

CHINA'S PROPOSAL AT BRICS SUMMIT

How India should view China's 'open' AI pitch

Soumyarendra Barik
New Delhi, September 14

CHINESE PRESIDENT Xi Jinping has proposed setting up a BRICS open-source artificial intelligence (AI) community, offering to support cooperation among member countries on developing and deploying large language models (LLMs), AI training and a common digital cloud platform.

The initiative could widen Beijing's effort to position its AI technology as an alternative to proprietary systems controlled largely by US companies.

Speaking at the BRICS Summit in New Delhi Sunday, Xi said China would take the lead in setting up a "BRICS AI open-source community", support LLM cooperation, organise specialised AI seminars and training courses, and build what he described an open AI ecosystem. He also proposed setting up a BRICS digital ecosystem cloud platform, and expanding cooperation on digital skills, technology exchanges and intelligent manufacturing.

The proposal has relevance for India, which has also pushed for wider access to compute, datasets and AI models for developing nations, while spending public money to build domestic AI infrastructure and Indian foundation models through the IndiaAI Mission. Any BRICS initiative on models or cloud infrastructure will therefore sit next to New Delhi's own effort to expand access to AI without relying entirely on foreign providers. Xi's proposal comes as China has stepped up its outreach to developing countries on AI. At the World Artificial Intelligence Conference in Shanghai in July, Xi announced 5,000 AI training and seminar opportunities for developing countries over five years, and proposed AI application cooperation centres with groupings including BRICS, ASEAN and the African Union.

Xi's open-source proposal has not been adopted as a BRICS-wide programme. The New Delhi Declaration issued after the summit does not mention the proposed open-source community or cloud platform. It instead commits BRICS countries more broadly to cooperation on improving access to AI resources, while focusing on safety, security, reliability and inclusiveness. The declaration also refers to an earlier BRICS statement on global AI governance and says members will continue cooperation in this area. However, with China due to take over the BRICS chairship in 2027, it could place these proposals before the grouping again.

Implications for India

India and China both aspire to be the leading voice of the Global South, even though Beijing holds a clear edge over New Delhi's AI capabilities. However, India, too, has also repeatedly called for wider access to AI resources.

At the AI Impact Summit earlier this year, the Centre pushed for broader access to compute, datasets, models and other AI infrastructure, particularly for developing countries. At the same time, India is investing in domestic AI capacity through the IndiaAI Mission. The programme includes subsidised compute infrastructure and support for Indian foundation models and datasets. That means any eventual BRICS programme would sit alongside India's existing effort to build domestic AI capabilities.

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