Govt. to ease MSME, start-up entry into R&D in defence

Saurabh Trivedi
NEW DELHI

Defence Minister Rajnath Singh on Tuesday unveiled a set of policy initiatives aimed at lowering technical and financial barriers for MSMEs and deep-tech start-ups seeking to participate in defence research, development and manufacturing.

Unveiling the initiatives at "VIMARSH 2026", a DRDO-Industry Synergy Meet, Mr. Singh said the collaboration between the Defence Research and Development Organisation (DRDO) and industry should extend beyond production to the entire technology value chain, including research, design, testing, certification and manufacturing. The new framework provides for direct funding, incubation support and dedicated access to DRDO testing facilities for MSMEs and start-ups.

A standardised and secure mechanism for sharing DRDO-developed software source codes with licensed industries has also been introduced to accelerate software-defined defence capabilities and address technology obsolescence.


Rajnath Singh

MoU exchange

Nine Licensing Agreements for Transfer of Technology were handed over to 13 manufacturing partners to facilitate commercial production of advanced defence systems.

Strategic MoUs were also exchanged with the Society of Indian Defence Manufacturers and Laghu Udyog Bharati to widen industry outreach and encourage greater participation from smaller enterprises. The DRDO signed a contract with the Quality Council of India for version 2.0 of the System for Advanced Manufacturing Assessment and Rating, aimed at benchmarking the manufacturing maturity of domestic defence enterprises.

Mr. Singh said the government's measures, including the Positive Indigenisation Lists, Make in India, iDEX, ADITI and allocation of 25% of the defence R&D budget to the private sector, had created a broader ecosystem for defence innovation.

"Companies that invest in new and emerging technologies today will become the leaders of tomorrow," he said, stressing that future warfare would be shaped by technological superiority.

Armed assailants kill two Kuki women in Manipur

The Hindu Bureau
GUWAHATI

The ongoing wave of ethnic violence in Manipur claimed two more lives on Tuesday. Officials in the Naga-majority Tamenglong district confirmed that unidentified gunmen attacked Leisangphai village around 3 p.m., killing two Kuki women.

Phalneichong alias Chonga Sitlhou, 78, was collecting firewood when the assailants fired at her. Kimjalhing, alias Kimneo Singson, 28, who had returned home to assist her parents with farming after completing her nursing course, was shot dead at the same place. The attack followed the September 13 killings of four Kuki civilians, including two women, allegedly by Naga extremists in Tamenglong and Noney, also a Naga-dominated district.

Officials in the Naga-majority Tamenglong district confirmed that unidentified gunmen attacked Leisangphai village. FILE PHOTO

On August 27, alleged Kuki armed groups killed four Naga civilians in the Kuki-majority Kangpokpi district.

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Armed assailants kill 2 Kuki women in Manipur

Condemning Tuesday's attack, the Kuki-Zo Council (KZC) said the repeated killing of Kuki-Zo civilians has assumed an "unacceptable and alarming pattern" and could no longer be dismissed as isolated incidents.

"The KZC views these killings, reportedly involving the [National Socialist Council of Nagalim (Isak-Muivah)] NSCN-IM and the [Zeliangrong United Front (Kamson)] ZUF-K, as part of an escalating pattern of attacks against Kuki-Zo civilians in Manipur. The continued targeting of civilians raises serious concerns about attempts to terrorise and drive Kuki-Zo communities from their settlements," the Council said in a statement.

The Council demanded that the Manipur and Central governments protect vulnerable civilians, bring the perpetrators to justice, and take firm, lawful action against armed groups attacking civilians.

To register its protest, the KZC notified all Kuki-Zo civil society organisations that no Kuki-Zo person killed by Naga armed groups in Manipur would be buried until further notice.

AI cooperation

The BRICS framework is an alternative to a geopolitical view of AI development

Artificial Intelligence is at a strange crossroads, with the United States government disregarding frontier AI developers' own call for a global development slowdown of models due to hacking risks and misalignment and the BRICS Summit offering an alternative view of how geopolitics should respond to this rapidly evolving situation. The AI firms and the U.S. government have long framed the astronomical sums being funnelled into data centres and other associated investments as key to holding their ground in a U.S.-China competition. During the Summit, Prime Minister Narendra Modi warned against the "weaponisation" of technology and minerals, while Chinese President Xi Jinping touted the potential of a "BRICS AI open source community" that would challenge any one country's dominance in the sector. India has taken the middle path, not joining any protest against U.S.-led models, while underscoring the need to keep AI development insulated from national rivalries. While some of this approach is informed by the fact that India's AI ecosystem is relatively fledgling, it is also a nod to the reality that this is a technology that may radically reshape the global economy, and participating even in its deployment may have dividends across time.

And yet, the Global South finds itself wedged occasionally in great power rivalry dynamics, for instance suffering from a global pull out of Anthropic's powerful Fable and Mythos models. A world of trade disputes spilling into supply chains cannot and should not impact the proliferation of AI capabilities, as timely and comprehensive access to these technologies is key to national security. It is encouraging that the BRICS Summit's joint initiatives on AI are building more avenues for cooperation among middle powers to combat this concentration. Open source and collaborative approaches can insulate nations from belligerent and unpredictable policymaking on AI from the U.S. While such models lag behind in capabilities from the frontier proprietary ones, they continue to improve at a rapid clip, a heartening prospect for deployment-heavy economies where AI development is not at such an advanced stage. This is especially true as AI systems show signs of defying instructions and going to great lengths – even hacking into vulnerable systems – to achieve a given task. The weaponisation of such capabilities, which can be supercharged or minimised depending on who is in control, raises concerns for countries with weakened cyber defences. Proliferation of defensive capabilities against such evolving risks is only possible when nations collaborate on making them broadly and cheaply available. BRICS should be one such forum. AI brings up the biggest known unknowns of history, and considering the dangers to humanity therein, it should not fall into the geopolitics and hierarchies of haves and have-nots that guide the thinking of the hawks at the frontier.

How AI risks can outpace safeguards

A statement that an AI model has 'safeguards' can be true to the extent that AI companies can act on potentially harmful information when they detect it, but false if taken to mean that the safeguards prevent harm altogether, as users can save data offline before their account is terminated

EXPLAINER

Vasudevan Mukunth

The story so far:

In a September 10 report, Anthropic said it had blocked users from using its Claude AI model for a range of potentially harmful activities across cybersecurity, surveillance, and biotechnology between December 2025 and August 2026. However, the report also left undiscussed an older problem that also raises questions about what Claude could really have done, and where Anthropic might itself be caught in a bind.

Sensing danger

Today, AI companies like Google, Anthropic, and OpenAI are mostly policing themselves while also building out a powerful technology. In this context, self-policing should stoke some concerns: for example, that employees who leave these companies proclaiming insufficient attention to safety, like Jacob Coxon did, are probably being more theatrical than constructive; that AI companies could be talking up how beneficial their products can be while continuing to under-protect society against the damage it could wreak in the wrong hands; and that developers of AI models should not release a new capability before they have also engineered adequate safeguards.

Anthropic's report is candid that its earlier Opus 4 and Sonnet 4.5 models had "less stringent" safeguards against use in biology because internal evaluations had concluded they were not capable enough, and that Anthropic decided to control such access only in its newer models, especially Fable 5. The company had also said in August that its filters to block conversations about biological weapons had been inactive on roughly 133 million exchanges for nearly a year.

The report has case studies of users who used the older models for biology research for many weeks. For just two examples: One researcher wished to draft a grant proposal for gain-of-function research on the chikungunya virus. And some developers involved Claude in a guided rocket programme, including a field test with Claude-made code. In all cases, Anthropic said it terminated the users' accounts as soon as the potential for illicit use became clear.

The input and output classifiers are only on alert when sufficient pattern has accumulated. GETTY IMAGES

AI models require sophisticated hardware and software setups, including software components called input and output classifiers, which respectively check the user's inputs and the model's outputs. As the report put it, a classifier "cannot simultaneously enable benefit and prevent harm" in contexts where some knowledge can be used for good or for bad. This means a user using Claude to design something dangerous, like guidance code for a missile, could have already saved that output offline before Anthropic spotted the misuse and closed the user's account.

Rifle or wheelchair?

If the means and the opportunity both exist, wouldn't an AI company's claim to "having safeguards" become misleading when data can still be exfiltrated before the company closes an account?

This is a useful question because it reveals two details that are often conflated: the company needs to have a checkpoint and the checkpoint needs to be able to recognise that information presented to it is harmful. So, while there is a built-in gap between output generation and output delivery, the checkpoint also needs to be able to tell whether the output is harmful – and it would be reckless to attempt to do so based on single messages.

Say you are watching a worker hand small pieces of metal out of a window to someone on the other side, and your job is to say if the recipient is building a rifle or a wheelchair. At first you will not be able to say much because all you see are pins, springs, plates, and screws going through. But over time, the sequence of parts and the larger parts will reveal if the intended object is a rifle or a wheelchair. Similarly, a user may prompt Claude to write code for a control loop, which appears in guided missiles as well as in air-conditioners, refrigerators, and toilet tanks. The input and output classifiers are only on alert when a sufficient pattern has accumulated. However, the limits of what can be inferred from a single message do not excuse AI companies, as the limits also reveal what the companies' "safeguards" actually entail. A statement that "there are safeguards" can be true to the extent that the input/output classifiers act on potentially harmful information when they detect it, but false to the extent that the "safeguards" have prevented harm altogether, thanks to data exfiltration before termination.

Export controls

This is not a new problem. Older systems have dealt with similar issues for decades. Curiously, they did not solve the problem; instead, they roughly converged on two alternatives: restricting the people who could access a technology, then tracking patterns of use over time. (This is also the "trusted access programmes" paradigm the Anthropic report mentions later.)

A well-known system with these features is export controls. Neither the Cold-War-era Coordinating Committee for Multilateral Export Controls nor the Wassenaar Arrangement and the Nuclear Suppliers Group of today have inspected individual shipments. Instead, to meet their conditions, participating actors have generally required an export license linked to a specific end-user and an end-use certificate, and have had to steer clear of a list of barred organisations and countries. Without having to track individual shipments of some parts or expecting them to reveal if they're headed for a power plant or a weapons facility, thus, the regime can simply control who can access those parts at all.

Similar events have played out in anti-money-laundering efforts (where banks can monitor single transactions), large ammonium nitrate purchases following the 1995 Oklahoma City bombing, and sales of pseudoephedrine during the American methamphetamine crisis. For different reasons, empowering the classifier has not been the answer.

However, that still leaves the question of completely restricting access to dangerous AI models – operating with the prospect of 'data exfiltration before termination' – open.

THE GIST

In a recent report, Anthropic said it had blocked users from using its Claude AI model for a range of potentially harmful activities across cybersecurity, surveillance, and biotechnology between December 2025 and August 2026.

AI models include components called input and output classifiers, which respectively check the user's inputs and the model's outputs. As the report put it, a classifier 'cannot simultaneously enable benefit and prevent harm' in contexts where some knowledge can be used for good or for bad.

VB-G RAM G scheme trails MGNREGS by 9% in August

July and August show lower employment generation year-on-year as cumulative persondays fall 32%, from 29.78 crore to 20.21 crore; pause in agricultural activity led to dip in jobs, say officials

Sobhana K. Nair
NEW DELHI

In its second month of operation, the government's new rural employment scheme, Viksit Bharat Guarantee for Rozgar and Ajeevika Mission (Gramin) (VB-G RAM G), registered a modest improvement in employment generation. However, a year-on-year comparison with the MGNREGS for August shows a 9% decline in the availability of work for the rural poor.

In its first month of implementation, the new scheme reported a 48.01% decline in persondays generated compared with the MGNREGS, falling from 17.65 crore in July 2025 to 9.18 crore in July 2026. August showed a smaller year-on-year decline than July. Persondays generated fell from 12.12 crore in August 2025 to 11.03 crore this year, a decline of 9.01%.

Taken together, July and August 2026 showed lower employment generation than the corresponding period in 2025. Cumulative persondays fell from 29.78 crore to 20.21 crore, a decline of 32.13%.

The VB-G RAM G lets States align the programme with local agricultural calendars. K. K. MUSTAFAH

However, in both July and August, the gap could be wider since no persondays were generated in West Bengal in 2025. The implementation of the MGNREGS in West Bengal was stalled in December 2021, with the Union government officially freezing all financial disbursements to the State on March 9, 2022.

'Too early to judge'

According to senior officials in the Union Rural Development Ministry, it is too early to judge the performance of the new scheme. They said the 60-day pause in agricultural activity has also contributed to the dip in employment generation. So far, 16 States and Union Territories have notified their respective peak agricultural periods.

The Act allows States to tailor these periods to local agricultural calendars and, where necessary, issue area-specific notifications for districts, blocks, or gram panchayats based on agro-climatic conditions and local cropping patterns. This flexibility enables the employment programme to complement, rather than compete with, peak agricultural activity.

Since the operationalisation of the new jobs programme, 6,40,779 new Gramin Rozgar Guarantee cards have been issued across States and Union Territories.

Ease for e-KYC

While the government has reiterated that workers can continue to access employment using job cards issued under the MGNREGS, it has also clarified that every worker registered under the Mahatma Gandhi National Rural Employment Guarantee Act, irrespective of the e-KYC status of job cards, has been migrated to VB-G RAM G.

The Ministry has further underlined that pending e-KYC does not prevent a worker from demanding or receiving employment.

So far, the e-KYC of 15.89 crore workers has been completed, including 10.27 crore of the 10.84 crore active workers, or approximately 95%.

Merchants face 0.4% fee on UPI payment above ₹2,000

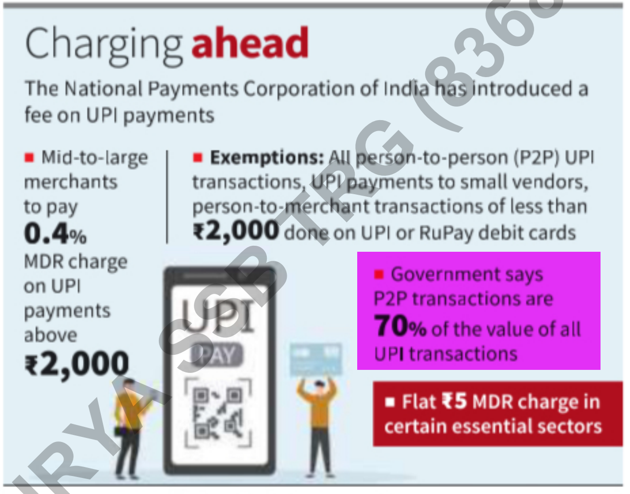
The MDR charges will not be applicable to small vendors, person-to-person transactions; it will take effect from October 15; Centre says banks advised to ensure fee is not passed on to customers

The Hindu Bureau
NEW DELHI

The National Payments Corporation of India has introduced a charge of 0.4% that most merchants will have to pay banks and payment processors on UPI payments they receive in excess of ₹2,000 per transaction, it said on Tuesday.

The charge, or Merchant Discount Rate (MDR), will not be applicable to person-to-person UPI transactions and UPI transactions to small vendors. All person-to-merchant transactions of up to ₹2,000 done on UPI or through RuPay debit cards will also be exempt.

In some sectors, such as Railways, telecom, insurance, fuel and agriculture inputs, transactions over ₹2,000 will incur a flat MDR of ₹5. The new structure will take effect from October 15.



"For person-to-person (P2P) transactions, there will be no charges at all, irrespective of transaction value," the Finance Ministry said in a release, adding, "P2P transactions constitute 37% of the total UPI transactions in volume terms and 70% in value terms." "Charges will apply only to person-to-merchant (P2M) transactions exceeding ₹2,000," it said.

The Centre said banks have been advised to ensure that merchants do not pass on the MDR charges to customers for UPI payments, which had been a key fear when the issue was being discussed in the public domain.

The 0.4% charge will be "shared amongst the payment ecosystem partners, including banks and app providers". For transactions of ₹75,000 and above, the MDR will be capped at ₹300 per transaction. Small merchants receiving up to ₹1 lakh per month via UPI QR codes under the Person-to-Person Merchant (P2PM) classification will not have to pay any MDR on any UPI transactions they receive.

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CONG. SLAMS MOVE
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Merchants face 0.4% fee for large UPI payments

However, transactions pertaining to certain essential sectors will attract a flat MDR rather than a percentage.

"Railways, telecom, insurance, fuel sectors, agriculture inputs, etc will pay a flat MDR of ₹5 per transaction above ₹2,000," the Ministry said. "This flat-rate model ensures cost stability in critical public services and thin-margin industries."

Further, payments towards "mutual funds, securities, stock brokers, and dealers" will attract an MDR of 0.02%, capped at ₹300, the government said. This reduced rate, it explained, was aimed at encouraging retail participation in formal financial markets.

"The new MDR framework will make UPI self-sustainable, give incentives for further expansion in rural and semi-urban areas and maintain competitiveness, while ensuring that a large majority of payments remain free of charge," the Finance Ministry said.

It added that its data analysis shows that only 4% of merchant transactions will be impacted by the MDR introduction, since most transactions fall below the ₹2,000 threshold or qualify under the zero-MDR P2PM framework.

Further, a dedicated fund for promoting the use of UPI by small merchants will be set up using 5% of the total MDR collections.

"This bridges informal street vendor setups with formal merchant acquiring accounts, promoting digital adoption in the unorganised sector," the government said.

Govt. surrendering to U.S. pressure: Cong. on UPI fee

Party terms it 'Modi tax'; leaders point to Finance Minister's statement in Parliament that no tax or fee would be levied; BJP accuses Congress of spreading 'fake news', says consumers exempted

The Hindu Bureau
NEW DELHI

Congress president Mallikarjun Kharge and the Leader of the Opposition in the Lok Sabha, Rahul Gandhi, on Tuesday accused the Narendra Modi government of opening the door to charges on Unified Payments Interface (UPI) transactions, with Mr. Gandhi alleging that the move was the result of the government "surrendering to American pressure".

The government's "loot" had now reached UPI, Mr. Kharge said, while Mr. Gandhi alleged that a recent notification had quietly paved the way for imposing a Merchant Discount Rate (MDR) on merchant transactions above ₹2,000.

"'No fees on UPI' has been changed to 'no fees on UPI transactions up to ₹2,000'," Mr. Kharge said in a post on social media platform X, alleging that the government was planning to impose a "Digital Payments Tax" on the public when inflation had already squeezed household savings.

Mr. Kharge questioned the government's decision against the backdrop of the Centre's earlier emphasis on digital payments after demonetisation. He also referred to Finance Minister Nirmala Sitharaman's recent statement in Parliament that no tax or charges would be levied on UPI transactions, and asked whether reports of a possible ₹25 charge on a ₹5,000 transaction, and up to ₹50 on a ₹10,000 transaction, were correct.

Digital toll: The government has levied new charges on UPI merchant transactions above ₹2,000. REUTERS

"The government had provided that MDR could be levied on merchant UPI transactions above ₹2,000, Mr. Gandhi said. The government says customers will not be charged, he said, but asked where the cost imposed on merchants would ultimately come from.

"Added to the prices, straight out of the customer's pocket," Mr. Gandhi said.

American payment companies had long opposed India's zero-MDR policy, and the government had now opened the way for changing it, he alleged. "Just like with the U.S. trade deal, compromised PM Modi is once again surrendering to American pressure," Mr. Gandhi said.

Congress general secretary Jairam Ramesh said the notification under the amended Payment and Settlement Systems Act, 2007 prohibited banks and payment system providers from charging for UPI transactions of up to ₹2,000 but did not provide explicit protection for transactions above that threshold.

"Decision Making in Modi Govt – Aug 6: Hon'ble Finance Minister says 'no decision has been taken on MDR'. Aug 10: FM in Parliament says 'No MDR framework has yet been finalised'. Sep 14: Notification is issued. Within 24 hrs, MDR charges introduced." "Another example of Modi Govt's FAST moves (First Announce, Subsequently Think)," Mr. Ramesh said in a post on X.

His colleague Pawan Khera said the 0.4% MDR on UPI transactions above $2,000 should be called the "Modi Tax".

Fake news, says BJP

Responding to the criticism, the BJP on Tuesday accused the Congress of spreading "fake news" about UPI transaction charges, saying the government has made it clear that MDR charges will not be levied on consumers.

BJP spokesperson Pradeep Bhandari hit back at the Congress, calling the Opposition party a "*jhooth ki dukaan* (shop of lies)".

"Congress is once again spreading fake news. 96% of UPI merchant (P2M) transactions are ₹2,000 or below, and they are 100% charge-free. RuPay debit-card payments remain charge-free. Consumers pay zero transaction charge. P2P UPI transactions remain completely free," he said in a post on X. "The Government has made it absolutely clear: MDR charges will NOT be levied on consumers," the BJP leader added.

BJP leader Amit Malviya also termed the claims by Congress as "completely false".

(With inputs from PTI)

China calls on India to take relations forward 'without stagnation or backsliding'

Ananth Krishnan
BEIJING

China's Foreign Minister Wang Yi has said that the leaders of India and China reached "an important consensus" in their meeting in New Delhi that the two countries should be partners, and Beijing hoped both countries would take forward ties "without stagnation or backsliding".

Mr. Wang, who is also a Politburo member and accompanied Chinese President Xi Jinping on his visit to New Delhi for the BRICS Summit, was briefing Chinese State media on the visit. "Both nations should remain partners rather than rivals, and advance bilateral relations steadily forward without stagnation or backsliding," Mr. Wang said. His comments on backsliding reflect the view in China that the normalisation process, following the October 2024 meeting between the two leaders, had unfolded in fits and starts with slower progress on resuming exchanges than Beijing would have liked.

India has said that maintaining peace and tranquility on the borders provided the basis for resuming exchanges, as both sides emerged from a four-year freeze in relations. In Saturday's talks, Mr. Modi "emphasised that peace and tranquility in the border areas remains an essential basis for the continued development of bilateral relations". "He underlined the need for both sides to observe existing agreements and understandings on border related issues," the Ministry of External Affairs said.

China has called on India to put the boundary question "in an appropriate position" and not allow it to define the whole relationship. Mr. Xi told Mr. Modi that both sides "should stay committed to advancing bilateral relations and resolving the boundary question" and "seek parallel, mutually reinforcing progress" on both matters.

Mr. Wang repeated China's view that "the border issue be placed in the appropriate position within the broader context of the bilateral relationship". He quoted Mr. Xi as saying that "under the strategic guidance of the two countries' leaders, China-India relations have gradually emerged from a low point, progressing from a 'restart' to a 'renewed height.'"

Blockades in Red Sea, Persian Gulf deeply concerning: govt.

India condemns Houthi attacks that have 'threatened freedom of navigation through the Strait of Bab-el-Mandeb'; Oman is helping in the search for an Indian seafarer after a separate ship attack

Suhasini Haidar
NEW DELHI

India is "deeply concerned" by the blockades in the Bab-el-Mandeb Strait in the Red Sea and the Strait of Hormuz in the Persian Gulf, the Ministry of External Affairs said on Tuesday, even as the Houthis ramped up attacks on Saudi cities and a ship, carrying 14 Indian seafarers, was targeted on Sunday off the Oman coast.

The developments in the Red Sea region were discussed on Sunday when External Affairs Minister S. Jaishankar and Saudi Foreign Minister Faisal bin Farhan Al Saud met on the sidelines of the BRICS Summit in Delhi. More than 2.4 million Indians live and work in Saudi Arabia, where several cities - including Abha, Jeddah, Jazan, Taif, Yanbu, Makkah, and AlUla - are on alert amid attacks from the Houthis. Saudi forces have carried out dozens of missile strikes on Yemen in retaliation.

"We have condemned the attack on the Saudi sovereign territory, including on civilian infrastructure and economic assets. Such

Crucial link: MEA Spokesperson Randhir Jaiswal said oil supplies from the Red Sea region had not been affected thus far. ANI

attacks undermine regional stability and threaten freedom of navigation through the Strait of Bab-el-Mandeb," Ministry spokesperson Randhir Jaiswal said at a press briefing, calling the Houthi strikes "unacceptable".

However, he said oil supplies from the region had not been affected thus far.

Mr. Jaiswal said Omani authorities are helping with search operations for a missing Indian seafarer after a ship with 23 crew members, including 14 Indians onboard, was hit off the Omani coast. The Panamanian oil tanker *El Gaia* was believed to have struck an Iranian mine in the Strait of Hormuz and was being towed back to Oman. All but two crew members, including 13 Indians, were rescued. The U.S. military has claimed that the ship was targeted by an Iranian missile last month, and by a drone over the weekend.

"We deeply thank the Omani authorities for rescuing our nationals, and our Embassy (in Muscat) is in close touch," Mr. Jaiswal said. "The targeting of commercial shipping, targeting of seafarers, civilians and civilian infrastructure in the region is unacceptable to us. We also urge that free and safe navigation and flow of commerce through international waterways in the region be restored at the earliest," he added.

BRICS exchange

The incident occurred over the weekend when Iranian President Masoud Pezeshkian was in Delhi for the BRICS Summit. In talks with him, Prime Minister Narendra Modi highlighted the need for "safeguarding freedom of navigation and commerce, and the safety and well-being of seafarers". However, the readout did not mention any assurances from the Iranian President on allowing safe passage for Indian ships and seafarers in the Strait of Hormuz.

The spokesperson took questions on comments from Beijing about Mr. Modi's meeting with Chinese President Xi Jinping on the sidelines of the BRICS Summit on Saturday. After returning to Beijing, Chinese Foreign Minister Wang Yi told reporters that the two leaders had reached an "important consensus" and claimed that Mr. Modi had said India would not allow "any force to engage in anti-China activities on its territory" in response to Mr. Xi's concerns.

Iran war has led to a 'shortfall in munitions' despite Trump claims

The Pentagon Inspector-General estimates that Operation Epic Fury cost $33.4 billion between February 28 and June 30, including $22.3 billion for expended munitions; the shortages could affect American allies such as Ukraine and Taiwan

Agence France-Presse
WASHINGTON

The United States is facing a shortfall in ammunition as a result of its war against Iran, the Defence Department's Inspector-General confirmed on Monday, contrasting with President Donald Trump's assertions of full stocks.

In a first-of-its-kind mandatory report to Congress, the inspector said that between February 28 and June 30, Operation Epic Fury (OEF) had an estimated cost of $33.4 billion, including $22.3 billion spent on expended munitions.

"The munitions expenditure on OEF has resulted in strategic inventory shortfalls and revealed industrial base bottlenecks for munitions resupply," the report said.

F/A-18 Super Hornets launch from the flight deck of *USS Abraham Lincoln* in support of the Operation Epic Fury in March. REUTERS

OEF is the U.S. name for its joint campaign with Israel to "destroy Iran's ability to project military power," according to U.S. Central Command (CENTCOM).

To deal with shortfalls and delays, the Pentagon is "working to streamline procurement processes and production lead times, and to stockpile critical materials, components, and selected munitions", the report said. It noted that expanding production capacities requires "significant lead time".

The shortfall is likely to cause concern among governments of Ukraine and Taiwan who rely on weapons purchases from the United States to fight or deter much larger, hostile neighbours.

Ukraine urgently needs more interceptor missiles for U.S.-made Patriot air defence systems in its war against Russia, while Taiwan depends on arms agreements with Washington to ward off China, which claims the self-ruled island as its own.

Mr. Trump has repeatedly brushed off concerns of depleted weapons stores during the six months of war in the West Asia, saying recently that the U.S. has "virtually unlimited" ammunition.

On Monday, he posted on his Truth Social platform that the U.S. is producing "more Exquisite and Elite Weapons than at any time in our History".

As of June 30, seven U.S. service members had been killed in action and seven killed in non-hostile events during OEF combat operations, the report said.

Bangladesh court sentences seven Hasina aides to death

Kallol Bhattacherjee
NEW DELHI

The International Crimes Tribunal (ICT) of Bangladesh sentenced seven former Ministers and senior officials of the Awami League to death on Tuesday. Among those who have received the death sentence is Obaidul Quader, former Minister of Road Transport and Bridges who also served as the party General Secretary.

Strict watch: Bangladesh's Army personnel stand guard on the premises of the International Crimes Tribunal in Dhaka. AFP

Others on the list are former Joint General Secretary A.F.M. Bahauddin Nasim; former Minister of State for Information and Broadcasting Mohammed Ali Arafat; former Chairman of Jubo League Shekh Fazle Shams Parash; former General Secretary Moinul Hossein Nikhil; Central Secretary of Chhatra League Saddam Hossein; and General Secretary Wali Asif Enan.

During the Sheikh Hasina years, Obaidul Quader was considered one of the most powerful Awami League leaders.

Following the fall of Ms. Hasina on August 5, 2024, Mr. Quader and Mr. Arafat are known to have lived in exile. The verdict was delivered by a three-member tribunal of the ICT, led by Justice Nozrul Islam Chowdhury.

On November 17, 2025, Ms. Hasina and the former Home Minister Asaduzzaman Khan Kamal were given death sentence in absentia for their roles in the crackdown on the July-August 2024 uprising, in which hundreds of protesters were killed.

China, Russia warn against 'weaponisation' after U.S. acknowledges weapons in space

Agence France-Presse
WASHINGTON

The United States has weapons deployed in space, the U.S. Space Force said on Monday, confirming the presence of such capabilities in orbit for the first time.

"The U.S. has on-orbit space control weapons capable of defending the Joint Force against hostile adversary action," a U.S. Space Force spokesperson said in a statement that did not provide specifics on the weapons.

"Space control encapsulates the mission areas required to contest and control the space domain – employing kinetic and non-kinetic means to affect adversary capabilities," the statement said, adding that "these capabilities can be employed for offensive and defensive purposes".

Both Russia and China – the two main geopolitical rivals of the United States – pose potential threats to U.S. interests in space.

China "develops and operates space and counter-space capabilities as part of a military modernisation strategy," while Russia "views space as a war-fighting domain and believes space supremacy will be a decisive factor in future conflicts," according to the U.S. Space Force.

China warned against turning space into a 'battlefield'; Russia said it must be 'free from any weapon'

Meanwhile, China's Foreign Ministry opposed the move, warning against the "weaponisation of outer space, turning it into a battlefield, as well as an arms race there". "We urge the U.S. side to stop expanding its military capabilities and preparing for war in outer space," Ministry spokesperson Guo Jiakun said.

Russia called for space to be kept "free of any weapons". "We are counting on broad international consolidation to continue working toward the complete demilitarisation of space," said Kremlin spokesperson Dmitry Peskov.

The U.S. statement did not provide concrete details about what weapons are deployed in space and how many.

FPIs on selling spree, offload 44% of August inflows in 10 days

Their cumulative net outflow from the stock market has reached ₹2,37,579 crore in the first eight months and 10 days of the year

Ashokamithran T.
MUMBAI

Money matters

FPIs have been net sellers of Indian equities for most of 2026

- Renewed selling pressure attributed to elevated Indian equity valuations relative to corporate earnings
- Weak returns from Nifty, particularly after adjusting for rupee depreciation, reduced attractiveness of Indian equities
- Persistent foreign portfolio outflows are adding to pressure on the rupee

Foreign portfolio investors (FPIs) have offloaded Indian equities stocks worth ₹13,138 crore in the first 10 trading sessions of this month, data showed. The selling has already wiped out 44% of the ₹29,631 crore net inflow recorded by foreign investors in August, raising concerns that the brief revival in foreign flows seen in July and August may be losing momentum.

FPIs have been net sellers of Indian equities for most of 2026. Their cumulative net outflow from the stock market has reached ₹2,37,579 crore in the first eight months and 10 days of the year, making it a record annual sell-off so far.

Foreign investors have been reducing their exposure to Indian equities for nearly three years, barring intermittent periods of strong inflows. July and August were notable exceptions, with FPIs turning net buyers during both months.

"There are indications of FPI flows again turning negative after the positive flows in July and August," said V. K. Vijayakumar, Chief Investment Strategist at Geojit Investments Ltd.

However, foreign investors have shown greater interest in India's IPOs and primary market. "FPI investments through the primary market up to September 12 stood at ₹1,336 crore, taking their total primary-market investment this year to ₹47,183 crore, Mr. Vijayakumar said. Analysts attribute the renewed selling pressure largely to elevated Indian equity valuations relative to corporate earnings. Weak returns from the benchmark Nifty, particularly after adjusting for rupee depreciation, have further reduced the attractiveness of Indian equities for dollar.

Persistent foreign portfolio outflows are adding to pressure on the rupee, prompting the Reserve Bank of India (RBI) to announce measures to attract dollar-denominated deposits from non-resident Indian (NRI) customers of domestic banks.

The rupee weakened for the fifth consecutive session, closing at ₹95.88 against the US dollar on Tuesday, down around 30 paise from its previous close of ₹95.54, according to CCIL data.

The currency remains vulnerable to global macroeconomic factors, particularly movements in US monetary policy and crude oil prices. The continued exit of foreign investors from Indian equities has also added to pressure on the domestic currency.

"The Indian rupee extended its losses for the fifth consecutive session, dragged down by a persistent surge in global bond yields and rising crude oil prices amid ongoing supply disruptions. Heightened risk aversion ahead of the critical FOMC rate decision further weighed on Asian currencies, including the domestic rupee. In the near term, the spot USD/INR pair has resistance at 96.30, with support pegged at 95.45 with bias favouring the dollar bulls," Dilip Parmar, Research Analyst, HDFC Securities.

India's 26% goods exports surge lowers trade deficit

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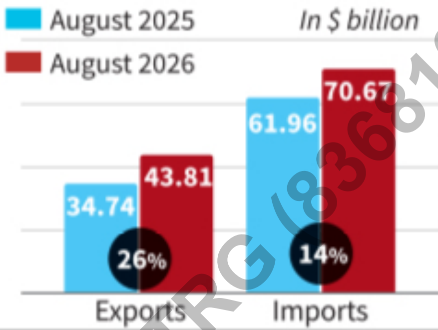
India's trade deficit fell in August, driven by strong merchandise exports that grew more than 26%, outpacing the growth in imports in percentage as well as in absolute value terms, said Commerce Secretary Rajesh Agrawal, adding that this has happened for the first time.

While acknowledging the positive impact of a depreciating rupee on exports, Mr. Agrawal said that the growth in exports has been in dollar terms as well as in rupee value, and that a large amount of India's exports have grown strongly in volume terms.

India's overall exports, including merchandise and services, grew 25.4% to $82.7 billion in August 2026. Imports, on the other hand, grew at a relatively slower 18.7% to $92.1 billion. As a result, India's total trade deficit shrank to $9.4 billion in August 2026 as compared to $11.6 billion in August last year.

Outward bound

Growth in merchandise exports has outpaced growth in imports in percentage (●) as well as absolute value terms (bars)



Source: Ministry of Commerce and Industry

Merchandise surge

Within this, merchandise exports grew 26.1% or by $9.07 billion in August 2026 to $43.8 billion. Merchandise imports grew 14% or by $8.71 billion to $70.7 billion in the same period.

"This is the first time we are seeing that in absolute value terms also that export growth is higher in value than import growth," Mr. Agrawal said. "That is a positive sign." The Commerce Secretary also sought to dispel the notion that all of this export growth was a result of the depreciating rupee. "There is always a debate about whether this is volume or value-led growth," Mr. Agrawal said. "We looked into that as well. India's merchandise export surge is not only a value-led growth, but also a remarkable volume growth."

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Goods exports surge lowers trade deficit

"When we looked at granular data available up to July, it shows that segment volumes have also gone up in the majority of segments, underscoring the demand and breadth of demand in the global market," he added.

Mr. Agrawal explained that out of 168 principal commodities that India exports, 68 principal commodities have seen both volume growth and value growth, while 39 have seen value growth but not volume growth. In comparison to merchandise, India's services sector saw slightly more subdued growth in August 2026. Services exports grew 24.6% to $38.9 billion in August this year compared to last year.

Services imports, on the other hand, grew a much quicker 37.4%.