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Reimagining Sovereign AI for India’s Strategic Future

Context

- Artificial Intelligence (AI) has become a strategic driver of **economic growth**, **national security**, and **geopolitical influence**.
- Countries are increasingly treating **frontier AI** as a national asset, using industrial and strategic policies to strengthen their global position.
- Although India possesses a globally competitive **IT services** industry, it lacks indigenous frontier AI models.
- Therefore, its long-term strategy must combine access to global AI technologies with the steady development of domestic capabilities, ensuring both competitiveness and **strategic autonomy**.

Global Shift Towards AI Nationalism and India’s Strategic Dilemma

- **Global Shift Towards AI Nationalism**
    - The United States has restricted foreign access to advanced AI models and is considering greater government involvement in leading AI firms to safeguard technological leadership.

    - Europe has shifted from strict regulation to investing in **AI compute** and encouraging **Buy European** procurement, while Argentina is promoting AI investment through a **regulatory safe harbour**.
    - These developments demonstrate that **industrial policy**, technological leadership, and national security have become closely interconnected.
- **India’s Strategic Dilemma**
    - India’s digital economy depends heavily on foreign frontier AI systems.
    - Indian businesses require access to the best AI models to improve **productivity**, innovation, and global competitiveness.
    - However, excessive reliance on foreign technologies exposes the country to **geopolitical risks**, changing international policies, and technological dependence.
    - The solution lies in balancing **global integration** with domestic capability building rather than viewing globalisation and industrial policy as opposing approaches.
    - The pharmaceutical sector illustrates this reality. Despite the **Production-Linked Incentive (PLI)** scheme, India still imports nearly 65% of its critical pharmaceutical ingredients from China.
    - This highlights that resilience is achieved gradually through sustained investment rather than immediate self-reliance.

Building Strategic AI Linkages

- India cannot match the enormous financial resources invested by global AI leaders.
- National **research and development (R&D)** expenditure remains only **6% of GDP**, while companies such as **OpenAI** spend tens of billions of dollars annually on AI infrastructure.
- Instead of attempting to outspend these firms, India should strengthen its **backward linkages** by securing reliable access to frontier AI technologies while expanding **forward linkages** through globally competitive AI-enabled products and services.
- A **whole-of-government approach** is essential. Ministries responsible for external affairs, commerce, information technology, defence, energy, and telecommunications should coordinate policies to align technological development with trade, diplomacy, and national security objectives.

Government and Industry Roles

- **Role of Government**
    - The government must also reduce risks that private firms cannot manage independently.
    - Models such as **export credit** guarantees and **hybrid-annuity models** demonstrate how the state can share geopolitical and long-term investment risks.
    - Similar mechanisms can encourage private investment in AI infrastructure, innovation, and research while protecting firms from disruptions beyond their control.
- **Role of Industry**
    - Government support alone cannot create global competitiveness. Indian technology companies must prioritise **innovation**, quality, and the creation of globally successful digital products.
    - Although India remains a leader in IT services, countries such as the **Philippines** are rapidly increasing technology exports.

    - Furthermore, Indian app developers have yet to establish a significant presence among the world's leading digital platforms.
    - The technology ecosystem also requires a unified strategic vision. Established IT companies often focus on **market access**, while startups emphasize regulation and fundraising.
    - Despite these different priorities, both share a common interest in maintaining access to global AI ecosystems while strengthening India's domestic technological capabilities.

The Way Forward

- India should pursue a balanced AI strategy based on **international partnerships**, sustained investment in **digital infrastructure**, stronger **R&D**, coordinated policymaking, and greater collaboration between government and industry.
- Building domestic capabilities while remaining deeply integrated with global AI ecosystems will reduce strategic vulnerabilities and improve long-term competitiveness.

Conclusion

- The future of AI competition extends beyond developing the most advanced models; it depends on capturing the **economic value** and **strategic advantages** created by AI.
- India's success will require a pragmatic approach that combines **global integration**, **industrial policy**, innovation, and resilience.
- By strengthening domestic capabilities while maintaining international cooperation, India can transform AI into a source of sustainable **economic resilience**, technological leadership, and long-term national development.

Reimagining Sovereign AI for India's Strategic Future FAQs

Q1. Why has Artificial Intelligence become a geopolitical issue?

Ans. Artificial Intelligence has become a geopolitical issue because it influences national security, economic growth, and technological leadership.

Q2. What is India's main challenge in the AI sector?

Ans. India's main challenge is its dependence on foreign frontier AI models despite having a strong IT services industry.

Q3. Why should India strengthen strategic AI linkages?

Ans. India should strengthen strategic AI linkages to access advanced technologies while gradually building domestic AI capabilities.

Q4. What role should the government play in AI development?

Ans. The government should reduce strategic risks, coordinate AI policies, and support long-term investment in AI infrastructure and research.

Q5. How can Indian technology companies remain globally competitive?

Ans. Indian technology companies can remain globally competitive by focusing on innovation, quality, and the development of globally successful AI-enabled products and services.

Source: **The Hindu**
