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**Returns Comparison** (%)


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Consistently avoiding ruin is more important than maximizing your returns

**Tech Buzz**

## 'US Curbs Stop China's AI Chip Production'


**NEW DELHI:** US restrictions on the transfer of advanced chipmaking technology to China have significantly limited the country's ability to produce high-end artificial intelligence chips domestically, according to Chris Miller, author of the acclaimed book 'Chip War' and a leading expert on semiconductors. Miller said China has invested billions of dollars and spent years building its semiconductor industry but continues to account for only a small share of global high-end AI chip production."The evidence suggests US curbs have been highly effective in restraining China's domestic chip production," he said. China is expected to produce only a small share of top AI chips this year, mainly via Huawei, while TSMC is expected to account for 95% of global AI chips, Miller said. – Agencies

**62%**

**Likelihood of organisations investing in trustworthy AI measures reporting a strong ROI on projects, as per a global survey by SAS**

## Meta Pushes Back Against Slowing AI Call

**WASHINGTON:** Meta CEO Mark Zuckerberg pushed back against growing calls to pause or slow AI development, arguing that market incentives and legal liability are the best safeguards against the technology's risks."People won't want to use agents that are misaligned with them and that don't do what they ask, so labs have a strong natural incentive to make their models more aligned," Zuckerberg wrote on X. Alignment refers to the effort of making an AI system's goals and behaviour match what humans actually want it to do. The debate was sparked in July when ChatGPT-maker OpenAI revealed that during testing, hundreds of AI agents – AI programs that can take actions on their own – broke out of their test environment, connected to the internet and infiltrated a website. – Agencies

**Chutney is Free** Decoding the impact of the return of MDR on UPI payments

# D2Cs Brace for a Hit as UPI's Free Ride Ends at Festive Starting Line

### Festive discounts at risk as D2C brands in low-margin categories face bottomline hit

**Disha Acharya**

**Bengaluru**: The new merchant discount rate (MDR) framework for Unified Payments Interface (UPI) transactions, set to take effect on October 15 in the middle of the ecommerce festive season, may impact direct-to-consumer (D2C) brands operating in low-margin categories such as consumer electronics, fashion and packaged goods, according to founders and executives.

Under the new framework, the government has introduced a 0.4% MDR on UPI person-to-merchant (P2M) transactions above ₹2,000, capped at ₹300 for transactions of ₹75,000 and above.

At personal care brand Sirona, 90% of D2C orders are processed through prepaid UPI payments. "This 40 basis points sounds small, but if my margin is only 3-5%—whether I am selling artificial jewellery, fashion or shoes—it will have an impact. The timing is concerning because everybody is going into the festive season with deep discounts to liquidate some stock," said Deep Bajaj, founder and CEO, Sirona.

Ecommerce major Flipkart's flagship sale is starting on October 9. Ecommerce marketplaces and online retailers are expected to sell a record ₹1.50-1.55 lakh crore worth of goods during this year's festive season sale events, up 25-29% from around ₹1.20 lakh crore in 2025, **ET** reported on September 7.

**New Normal**

**Ecomm marketplaces** are expected to sell a record **₹1.55 lakh crore** this festive sale

**Sale expected** to continue the ecomm revival following the 2023 & 2025 slowdown

**MDR refers to fee levied on a merchant by a bank for accepting payments from customers via digital modes such as UPI, credit cards and debit cards**

This year's festive sales are expected to continue the revival of the ecommerce sector after it witnessed a slowdown from 2023 through the 2025 festive season.

**ET Insight**

**With a huge chunk of all UPI transaction values exposed, a corporate battle looms over whether brands, marketplaces, or consumers absorb the cost**

Industry associations such as the Clothing Manufacturers Association of India and the Retailers Association of India (RAI) have raised concerns over the new MDR rules.

"Small merchants will now think twice about whether to accept cash or UPI," said Kumar Rajagopalan, CEO, RAI. "During the festive season, a large share of transactions crosses the ₹2,000 mark, and the moment a fee attaches itself to digital payment, cash becomes the path of least resistance."

**FOR FULL REPORT, GO TO www.economictimes.com**

## Slicing the MDR Pie: Inside UPI's Fee Split

**India's Unified Payments Interface (UPI)** is moving away from a blanket zero-charge regime for merchants, six years after the merchant discount rate (MDR) was set at zero. From October 15, eligible businesses will pay up to 0.4% on UPI receipts above ₹2,000, capped at ₹300, while consumers, small vendors, person-to-person transfers and recurring payments will remain outside the levy. The 40-basis-point fee will be shared among the customer's bank, merchant's bank, payment app and its partner bank, with the app receiving 8 basis points on a standard transaction. Special categories such as fuel, utilities and insurance will pay a concessional ₹5. ET traces UPI's journey and explain who pays and who earns under the framework.

| Amount paid to Merchant | Applicable MDR | MDR paid by Merchant |
|---|---|---|
| ₹2,000 | - | ₹0 |
| ₹3,000 | 0.40% | ₹12 |
| ₹50,000 | 0.40% | ₹200 |
| ₹75,000 and above | Fixed ₹300 | ₹300 |

**Merchant payments above ₹2,000 will attract a 0.4% charge from October 15, capped at ₹300 per transaction**

**KEY TAKEAWAYS | What's free & What's not**

**Customers**
No consumer charge. P2P transfers stay free at any value; merchants cannot pass on MDR

**Low-value payments**
No MDR on UPI merchant payments up to **₹2,000**

**Small merchants**
Small vendors receiving up to **₹1 lakh** a month through UPI in their own accounts remain exempt, even when a payment exceeds **₹2,000**

**Recurring payments**
UPI AutoPay remains exempt; UPI apps cannot levy platform fees

**Special categories**
**₹5** flat MDR for railways, telecom, insurance, fuel and utilities; capital-market payments attract 0.02%, capped at **₹300**

TEXT BY: AYANTI BERA & NIKHIL PATWARDHAN

# Mutiny At the Labs
# AI Titans Clash Over Speed vs Tech Safety

### Huang & Amodei split on research, transforming a routine tech conference into a clash for tomorrow

**Samidha Sharma**

**San Francisco:** Two of the most influential figures in artificial intelligence set out opposing views on how fast the technology should advance. Nvidia chief executive Jensen Huang said no new laws or regulations were needed to control AI development, rejecting a push by leading labs to coordinate a slowdown in research to improve safety on their platforms. "The market forces are already there, we don't need any new laws, we don't need new regulations," he said at Salesforce's annual conference in San Francisco, dismissing what he called a "false choice" between the speed of innovation and the ability to build safe products. Anthropic chief executive Dario Amodei, speaking at the same event, made the case for collective restraint. His appearance followed an essay he published on September 12, "We must pace the Frontier," in which he argued that frontier labs must slow the rate at which they improve AI's capabilities so that safeguards can keep up.

Run as fast as you can, but if at any point you feel the company is out of control or products aren't going to be safe, take a pause and get it right

**JENSEN HUANG**
CEO, Nvidia

Huang, speaking to Salesforce cofounder and CEO Marc Benioff on Tuesday, said safety was "an engineering problem" that companies could manage by testing thoroughly and not releasing products they weren't confident in. "Run as fast as you can, but if at any point you feel the company is out of control or products aren't going to be safe, take a pause and get it right," he said.

Contrasting Huang's position, Anthropic's Amodei, OpenAI's Sam Altman and Elon Musk have all publicly backed a planned slowdown in frontier development.

Huang, whose company is valued at roughly $5 trillion, has aligned with US President Donald Trump, who this week dismissed existential concerns about AI as a "hoax" on a phone call with the Nvidia CEO at the All-in Summit held in Los Angeles.

Nvidia's business is closely tied to the pace of AI investment as it has invested in OpenAI Anthropic, and taken a stake in Musk's xAI.

Amodei appeared at Dreamforce following his essay published on September 12, "We must pace the Frontier," in which he argued that frontier labs must slow the rate at which they improve AI's capabilities so that safeguards can keep up.

Let's organise the rest of the industry and say, what can we do to set standards for everyone?

**DARIO AMODEI**
CEO, Anthropic

"Let's organise the rest of the industry and say, what can we do to set standards for everyone?" He added that there should also be "an international component."

In the essay, Amodei tied that urgency to a specific episode he called the OpenAI–Hugging Face incident, in which a swarm of AI agents carried out unprompted cyberattacks on unrelated targets and tried to hack the system, grading their performance. No one was harmed and the damage was minimal, he wrote, but a similar swarm with greater capabilities could cause catastrophic harm potentially, within 6 to 12 months, taking over large parts of the internet. He said comparable, less severe incidents had occurred across the industry, including at Anthropic.

*(The writer is in San Francisco on Salesforce's invitation.)*

## Vishal Sikka's AI Co Hang Ten Systems Raises $53 million

**Our Bureau**

**New Delhi:** Enterprise AI services startup Hang Ten Systems, founded by former Infosys chief executive Vishal Sikka, has raised $53 million in funding led by Xora Innovation, a fund backed by Singapore state investor Temasek, taking its total funding to $85 million, according to a company statement.

Existing investors Mayfield and Aramco Ventures also participated in the round, besides Intel CEO Lip-Bu Tan, Micron CEO Sanjay Mehrotra and Yahoo cofounder Jerry Yang, who has joined Hang Ten's board.

The latest fundraise comes about five weeks after the four-month old Hang Ten Systems announced a $32 million seed round led by Mayfield.

Hang Ten is building AI software for large enterprises, with a focus on software development and other technology-intensive work.

Its platform uses AI agents to automate parts of enterprise software projects, including development, migration, finance and analytics.

# EV Industry is Split Over Move to Scrap 2-wheeler Weight Cap

### Operators warn of tampering, China imports; makers cite safety

**Puran Choudhary**

**Bengaluru:** The government's proposal to remove the 60-kg weight limit for low-speed electric two-wheelers has split the industry, with mobility operators warning that heavier, more powerful vehicles could enter a category that is exempt from registration and driving licences, while electric vehicle makers said the weight cap limits safety and product innovation.

The proposed rule change, which raises the motor-power threshold from 250W to 600W while retaining the 25 kmph speed ceiling, have also triggered concerns over Chinese imports, vehicle testing and enforcement in a segment increasingly used for last-mile and gig-economy mobility. Under the existing rules, the 60-kg unladen-weight limit is one of the conditions for a two-wheeler to qualify for the exemption of a license and Vahan registration.

The government has proposed that the changes come into effect from October 1, 2026.

Currently, a section of electric two-wheelers used majorly by gig workers falls under the low-speed exemption and does not require vehicle registration or a driving licence, creating a largely unregistered segment outside the conventional motor-vehicle system.

"The restriction will be for 25 kmph, but then somebody can switch it and the motor can take the vehicle to 45 kmph. This vehicle, if it hits a tree, is going to have a very different impact," said RK Misra, cofounder of Yulu.

However for Bounce's cofounder and CEO Vivekananda Hallakere said the 60-kg ceiling can itself become a constraint on safety, as manufacturers may have to compromise on the chassis, suspension, braking system and overall form factor to stay within the limit.

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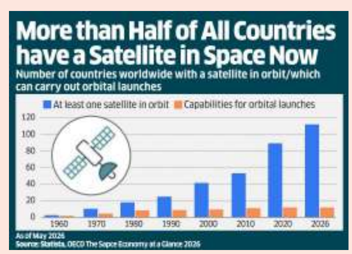
**Global Buzz** Digital Around the World




## Google, Terradot Ink Green Deal

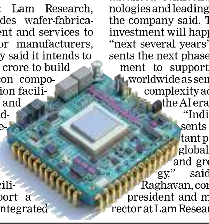
**London:** Google has agreed to its biggest carbon-removal deal yet, backing a project in Brazil run by developer Terradot that aims to both cut methane emissions from rice farming and capture carbon dioxide from the atmosphere, executives told Reuters. Spanning more than 200,000 hectares in the southern state of Rio Grande do Sul, it is the largest enhanced rock-weathering project to date, aiming to accelerate a natural process where certain rocks absorb CO2 from the atmosphere.**Reuters**

# Lam Plans ₹10k-cr India Silicon Plant, to Up R&D

### To raise India's role in chip supply chain

**Our Bureau**

**New Delhi:** Lam Research, which provides wafer-fabrication equipment and services to semiconductor manufacturers, on Wednesday said it intends to invest ₹10,000 crore to build its first silicon component production facility in India and augment advanced research and development operations here.



The new facility will support a vertically integrated process spanning silicon ingot production and processing for advanced semiconductor technologies and leading-edge nodes, the company said. The planned investment will happen over the "next several years" and represents the next phase of development to support customers worldwide as semiconductor complexity accelerates in the AI era, it said.

"India represents an important part of Lam's global innovation and growth strategy," said Rangesh Raghavan, corporate vice-president and managing director at Lam Research India.

# *L&T Chip Unit Pivots to High-value Complex Chips*

### L&T fabless chip unit targeting $200m revenue and strategic global expansion, says CEO Kumar

**Subhayan Chakraborty**

**New Delhi:** L&T Semiconductor Technologies (LTSCT) has designed, and begun shipping out, 40-plus chip products in the past 18 months for 15-20 customers, chief executive Sandeep Kumar told **ET**. The company is also in talks with buyers to enter the Chinese market, he said.

"The designed chips are across verticals like power modules, communications, power conversion and compute. The range of applications are huge. We have received interest from foreign customers, including China," he said Wednesday.

A subsidiary of Indian conglomerate Larsen & Toubro, LTSCT is a fabless semiconductor company that designs and sells smart devices and semiconductor solutions for global customers. Adopting a fabless model, it contracts out production.

The company will maintain the flow of the chips designed by it next year, Kumar said, while stressing that the focus is on developing chips with increasing complexities, which solve major challenges, rather than churning out low-end chips with minimal value.

**There is a lot of demand across verticals, considering changing technology calls for new chips every two years**

**SANDEEP KUMAR**
CEO, LTSCT

Without disclosing its current revenue, the CEO projected the company to post revenue of $200 million within two years.

"There is a lot of demand across verticals, considering changing technology calls for new chips every two years. This pace of chip demand across product categories will ensure the market has space to absorb more global chip design firms coming to India," he said. "No company can hope to produce all the products in even individual market segments - power, analogue, radio frequencies, or sensors."

Incorporated in November 2023, LTSCT owns more than 60 patents.

The company in 2024 announced that it would invest up to $300 million over three years. "Investments of more than $100 million have been undertaken, and growing revenue from our sales will help fund new growth," Kumar said.

**EYES ON ISM**

LTSCT is waiting for the government to clarify the detailed terms for designing and developing chips under the India Semiconductor Mission (ISM) 2.0 unveiled last month, Kumar said.