Should India Build a Sovereign, Foundational AI Model?

In 2023, Sam Altman's remarks in India sparked a debate on whether Indian firms should invest millions in foundational AI models. The discussion revolves around sovereignty versus financial constraints. Is it necessary for India to develop a foundational model, as the IT Ministry's IndiaAI Mission intends?

by OJAANK IAS

The Debate: Sovereignty vs. Open Source

Pranesh Prakash: Focus on Application

India should work on foundation models, but not for sovereignty. It's crucial to have experts who can build and apply AI. Open source models eliminate national security concerns and sanctions, as Indians can modify existing code.

Tanuj Bhojwani: Pride and Returns

Sovereignty is a factor, but even with a local model, GPUs are needed. India lacks contracts with chip manufacturers. The key is to ensure returns on investment, balancing pride with financial practicality.

The Cost Factor: Is It Worth It?

High Investment

Even with DeepSeek, developing a foundational model costs hundreds of millions of dollars, including failed attempts and salaries.

Market Domination

The U.S. dominates the market. Indian enterprises may not provide sufficient returns on AI investments due to lower labor costs.

Error Tolerance

The government needs an autonomous institute with high error tolerance, as 90% of spending may go to failed experiments.

Leveraging Existing Models and Innovation

1

Software Focus

India can succeed by focusing on software and commercializing existing AI models. Young developers are enthusiastic and quick to learn.

2

Innovation

Promote innovation based on constraints, as demonstrated by Alibaba and DeepSeek. This approach can lead to unique solutions.

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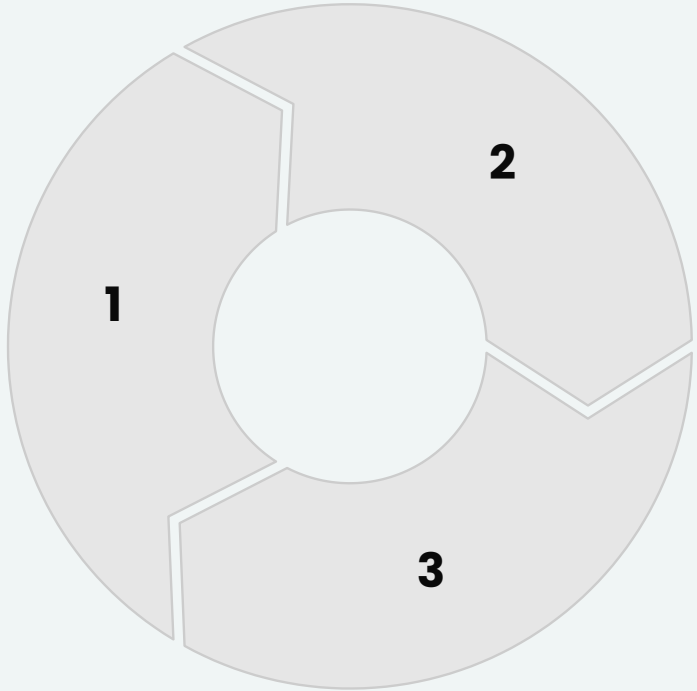
The Real Question: Improving the Ecosystem



Research Environment

Innovation

Private Market Investors

The key question is not just building a model, but improving the research environment, innovation, and private market investments to foster the organic development of LLMs.

Government Initiatives: GPU Clusters

1

Capital Expenditure

The government's capital expenditure on GPU clusters is a positive step, making resources available to startups and academia at subsidized rates.

2

Responsible Usage

The government should promote responsible technology usage, including studies on necessary and unnecessary regulations.

The Challenge of Resource Constraints

1 **Data Center Margins**

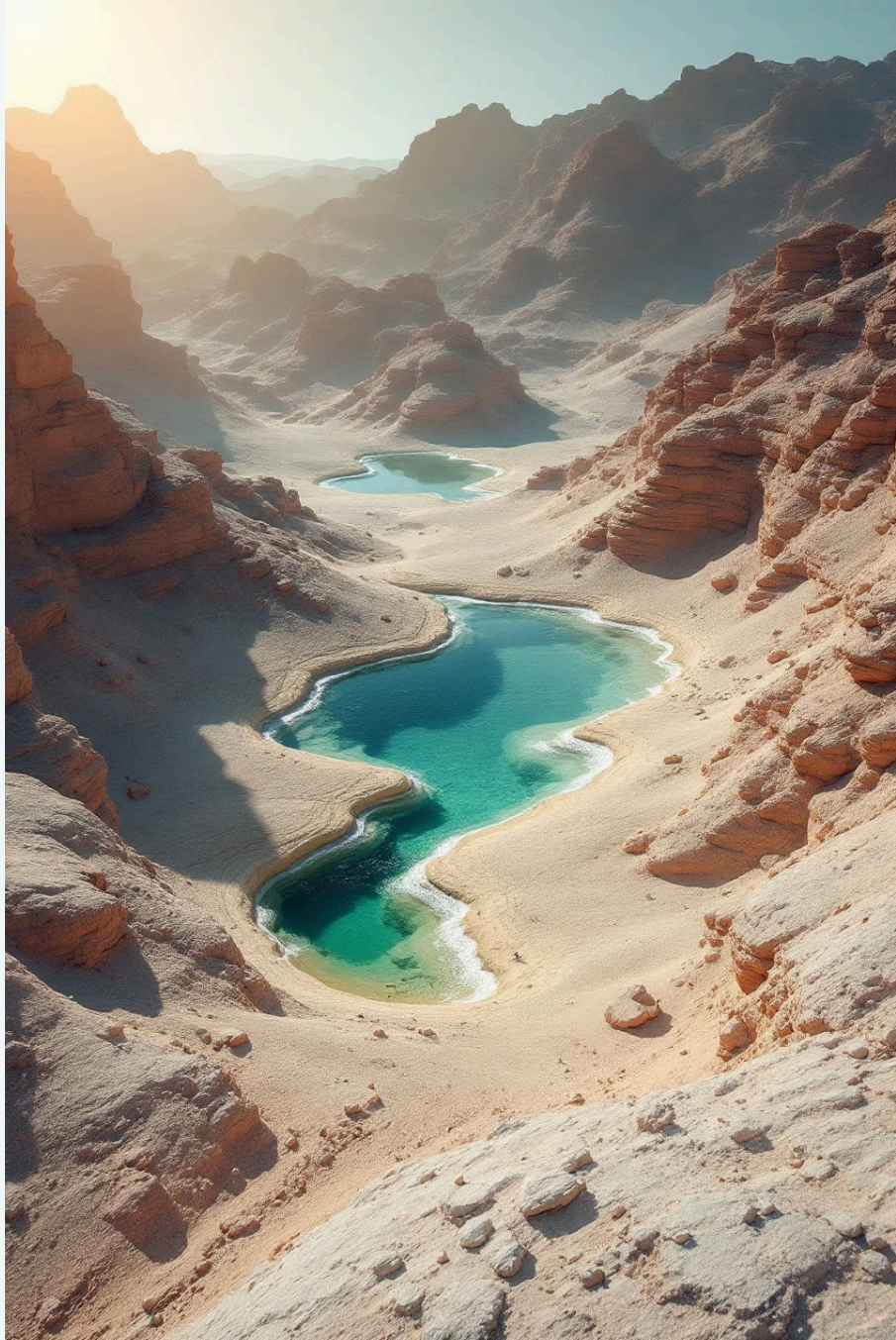
Subsidies lower GPU rental costs, but margins still go to data center operators and providers.

2 **Captive GPUs**

Large labs like DeepSeek have dedicated contracts for buying and installing GPUs for training runs.

3 **Limited Budget**

India's budget is less than the cost of training Meta’s Llama 4, requiring equitable distribution.



Strategic Spending: AI for Bharat

IndicTrans2

Training IndicTrans2 and developing text-to-speech systems for Indian languages are critical needs.

Text-to-Speech

These tasks can achieve good results with fewer GPUs compared to state-of-the-art models.

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Wise Resource Allocation

1	Limited Resources
2	Strategic Spending
3	Focused Goals

Acknowledge limited resources and prioritize spending wisely. Competing with ChatGPT or DeepSeek R1 may not be the best use of available funds.

Key Takeaways

Sovereignty vs. Pragmatism

Balance the desire for sovereignty with practical financial considerations.

Ecosystem Development

Focus on improving the research and investment ecosystem.

Strategic Resource Use

Prioritize AI projects that address specific local needs.

Next Steps

1

Promote Open Source

Encourage the use and development of open source AI models.

2

Invest in Talent

Support education and training for AI developers.

3

Foster Innovation

Create an environment that encourages AI innovation and entrepreneurship.

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