Nvidia saga: India must shield its tech from spies

CHIP giant, Nvidia has lost more than $400 billion of its market cap in the last few days after alleged affairs and Chinese spying surfaced relating to the Founder and CEO of the company, Jensen Huang. And the allegations against Huang are serious in nature.

Reports alleged that Huang's personal relationship with 'Megaspeed' executive- Alice Huang has led to several high-powered Nvidia chips making entry to China illegally. Notably, the US government has imposed several restrictions on access to Nvidia chips for China. According to reports, Alice Huang is believed to a Chinese government's spy agent.

While these are all allegations and only ongoing investigation will clear the air, but this event has shocked the business world globally. Reputational risks arising from Nvidia Founder's relationship with Megaspeed executive has shaved off market cap of the chip giant. Now, an internal committee of Nvidia is investigating into the alleged affair of its CEO.



Whatever may come out of this investigation, but the damage has already been done with many expecting Huang to pass on the baton of the CEO role to a professional in coming years. However, personal relationship of top leadership, putting the company in trouble is not something new. Globally, there are several such examples including India. What is new in the Nvidia episode, is the extent of competition between the US and China to take a lead in the ongoing AI race. History shows that nation states use spies to find out various aspects of a rival or competing nation. Since the First World War, state-sponsored espionage is very much a part of statecraft. There were several instances of spying activities between the US and erstwhile USSR during the cold war period. In the last 30 years, such spying operations have intensified between the US and China as the latter emerges as a competitor to the world's biggest economy in several areas. Currently, the US and China are seen as competitors with their horns locked in all emerging areas of technology. Especially, AI has seen the highest level of competitions in recent years.

While the US has come up with several LLMs (large language models) with companies like OpenAI, Anthropic, Meta and others innovating consistently; China also has its own foundational models with several companies operating in the AI space. While the US is home to several cutting-edge chipmakers, China holds the rare earth minerals that are required for making these chips. Interestingly, both are using their respective leverages to create roadblocks in each other's AI growth. For instance, the US has imposed restrictions on access to high-end chips for Chinese companies.

Similarly, China is regulating the supply of rare earth material required for advanced chip making to the US. However, this level of competition is not limited to supply control. Rather, the Nvidia episode shows that both are also actively involved in undertaking spying operations to find out about the extent of development in the AI space.

So, Nvidia episode should be seen as a nation-level rivalry than a company-specific issue. And in all probability, such episodes will continue to surface in the future as geostrategic competition grows. For a country like India, this holds several lessons. As India grows, it is critical that all our vital technological advancements in both public and private sectors should be ringfenced from such espionage activities.

Sonia Gandhi's memoir: Selective memory, convenient silences

Memoir glosses over uncomfortable questions related to the Congress party's most controversial chapters



THERE appears to be no end to the controversy surrounding Sonia Gandhi's memoir, Belonging: A Journey of Love. The BJP has questioned its timing and what it describes as selective references to issues such as the demolition of the Babri Masjid and the 1984 anti-Sikh riots, particularly in view of the forthcoming Uttar Pradesh and Punjab Assembly elections. Meanwhile, the Congress party came up with a fresh claim on Wednesday that even RSS and BJP workers were involved in the anti-Sikh riots in Delhi. The claim was made by Sandeep Dikshit, son of former Delhi Chief Minister Sheila Dikshit. He attempted to portray the horrific incidents as an outburst of public anger cutting across political affiliations. He even suggested that some Congressmen might also have been involved, while maintaining that the Congress party had always condemned the violence.

This is a rather bizarre argument. Until now, no such allegation had been made against the RSS or anyone from the BJP in connection with the Delhi riots.

As a reporter who covered the violence for all three days, I witnessed how Sikhs were lynched by mobs on the streets and their houses targeted. I had several terrifying encounters when my two-wheeler was stopped at different places. Shops were broken into, looted and ransacked in Munirka Market and Ramakrishna Puram and many other areas. Even shops belonging to non-Sikhs were set on fire. The worst part was that the police appeared to look the other way. Though the memoir claims that the Army had been asked to take control, its deployment was delayed for technical reasons; the police, when questioned by the media during those horrific days, claimed they had no information that the Army had been called in. They kept insisting that they were doing their best.

I can say with certainty that this was organised violence. Anti-social elements had a field day for almost three days, while innocent people paid a horrific price.

I also personally experienced the violence. We struggled to bring our relatives home safely from New Delhi Railway Station on November 1, 1984. No taxi was willing to undertake the journey. The one driver who dared faced several obstacles, with lathi-wielding goons stopping the vehicle at least half a dozen times, abusing the occupants before allowing it to proceed.

I was also among those who kept a round-the-clock vigil to protect two Sikh families living in our residential complex. Residents formed self-defence volunteer teams, took turns keeping watch and chased away mobs attempting to enter our lane.

It is unfortunate that Sandeep Dikshit has sought to trivialise the massacre by presenting it as an indiscriminate outburst of public anger. Several Congress leaders of that period, including H.K.L. Bhagat, Sajjan Kumar, Jagdish Tytler, Kamal Nath and Dharam Dass Shastri, were named in allegations and inquiry proceedings. Balwan Khokhar, a former Congress councillor, and Mahendra Yadav, a former Congress MLA, were also prosecuted.

The legal record is significant. Sajjan Kumar was convicted in two separate murder cases relating to the riots. Jagdish Tytler also faced criminal proceedings. H.K.L. Bhagat faced criminal proceedings but was not convicted. Kamal Nath and Dharam Dass Shastri were named in allegations and inquiry proceedings. Balwan Khokhar and Mahendra Yadav were convicted in connection with the killing of five Sikhs in the Delhi Cantonment area.

Against this backdrop, Sandeep Dikshit has attempted to shift the discussion to the 2002 Gujarat riots, which Sonia Gandhi also discusses in her memoir. She writes that 59 pilgrims died when four coaches of the Sabarmati Express were set on fire at Godhra, but adds that "the cause of the fire remains disputed". She describes the subsequent violence as spreading across Gujarat, with Muslims overwhelmingly bearing the brunt. The death of anyone is unacceptable irrespective of religion, caste or creed. Equally unacceptable is the selective sympathy. She did not say anything about the 59 people who were burnt to death by mobs who set the train on fire.

Sonia Gandhi's memoir revisits some of the most defining episodes of India's political history but leaves uncomfortable questions unanswered. From the 1984 anti-Sikh riots to Shah Bano, the Emergency and Bofors, its silences are conspicuous

What is particularly contentious is her assertion that the cause of the fire remains disputed. The fire in coach S-6 of the Sabarmati Express on February 27, 2002, was investigated by forensic experts, police investigators, an SIT and judicial commissions. Although there were initially conflicting findings, the criminal proceedings ultimately accepted the prosecution's case that the coach had been deliberately set on fire as part of a conspiracy. The courts upheld this finding, and 31 people were convicted.

Several analysts and senior journalists believe that the memoir's references to these issues, and its timing, need to be viewed against the backdrop of the 2027 Uttar Pradesh Assembly elections. The BJP alleges that the book conceals more than it reveals and reflects the Congress party's politics of appeasement.

Another contentious issue is Sonia Gandhi's account of the Emergency. She places primary responsibility for its imposition on Sanjay Gandhi. This raises an important question: were major policy decisions taken within the four walls of the Gandhi family's residence? The Cabinet was informed only after the Emergency proclamation had been issued.

According to N Ram, former Editor of The Hindu, Sonia Gandhi told him in an interview that Sanjay Gandhi may have been the primary driver of authoritarian measures, though advisers such as Siddhartha Shankar Ray and several others had also pushed for the Emergency. She reportedly said that Rajiv Gandhi, then a pilot, held a different view, but his mother did not listen to him. She also attributed the sterilisation drive to Sanjay Gandhi, describing him as an extra-constitutional authority. Another controversial issue is the Shah Bano case. Sonia Gandhi says she told Rajiv Gandhi that an injustice was being done to Shah Bano. But I, who covered the controversy as a young reporter, know that the Congress government the Supreme Court verdict granting her maintenance rights.

Following protests from conservative Muslim religious leaders and organisations, the Rajiv Gandhi government enacted the Muslim Women (Protection of Rights on Divorce) Act, 1986, changing the legal framework established by the Supreme Court judgment. Arif Mohammed Khan, then Minister of State in the Union government, strongly supported the verdict and was deeply unhappy with the government's reversal. The night before he resigned, he told me to wait for something sensational the following day. He outlined the broad thrust of his parliamentary speech and indicated that he intended to resign.

He said organisations such as the All India Muslim Personal Law Board and sections of the Muslim clergy had opposed the judgment, arguing that it interfered with Muslim personal law. The Congress leadership feared that alienating electoral support from the Muslim community. According to Khan, senior Congress leaders, including PV Narasimha Rao and Arjun Singh, played important roles in influencing Rajiv Gandhi to reverse his position and introduce legislation that diluted the practical effect of the Supreme Court verdict. The memoir also avoids any substantial discussion of the Bofors controversy, one of the biggest political scandals of the Rajiv Gandhi era that contributed to the Congress government's defeat in the 1989 general election. The Indian Express and The Hindu published several investigative reports concerning alleged kickbacks, including references to Italian businessman Ottavio Quattrocchi and AE Services. Yet the memoir offers little explanation of this politically explosive episode.

Similarly, the question of why Sonia Gandhi took 15 years after her marriage to Rajiv Gandhi to acquire Indian citizenship in 1983 is not addressed in any substantial manner. Nor does the memoir explain the humiliating treatment meted out to Sitaram Kesri, who succeeded her as Congress president. Why was he reportedly locked inside a room when the party leadership changed? As a reporter covering the Congress beat, I witnessed the developments and saw how deeply humiliated Kesri felt.

Sonia Gandhi's memoir may provide the Congress think tank with material to attack the BJP and RSS on issues such as Godhra and the Babri Masjid demolition. But it also raises questions about what the author has chosen to include, what she has left out and how she has presented some of the most contentious episodes in India's political history.

More importantly, the memoir could divert public attention from governance and anti-incumbency issues that the Opposition might otherwise have used to challenge the government effectively. A memoir is a personal account, but when its author has occupied the centre of Indian politics for decades, selective recollections and conspicuous omissions inevitably invite scrutiny. History cannot be rewritten simply by deciding which chapters deserve to be remembered and which can conveniently be left out.

(The author is a former Chief Editor at The Hans India)

Nvidia's Huang scandal: Why it's bigger than a boardroom story

Chips, China and a crisis that could shake the AI boom

ANDREW CULLEN



JENSEN Huang, the chief executive and co-founder of chipmaking company Nvidia, recently admitted to an extramarital affair. However, it's not just a tabloid story: the woman involved, Alice Huang, has been accused of being a Chinese intelligence agent. Computer chips – specifically the chips used to produce and run artificial intelligence (AI) systems – have become a key front in the United States' rivalry with China for geopolitical power and influence. The most powerful chips are needed for the most advanced AI, and the US has tried to maintain its edge over China by restricting access to those chips. While the Chinese government rejects claims of espionage, Alice Huang has reportedly been under investigation by the US for years. So what's so special about Nvidia? What's in it for China? And if Jensen Huang goes down, what else could go down with him?

The world's biggest AI chip company

Nvidia is the world's biggest supplier of the high-end chips used for AI and data centres, with some estimates putting its market share over 80%. The now multi-trillion-dollar company got its start making chips called graphic processing units (GPUs), used largely for video games. However, these chips – and their successors – turned out to be ideal for the kind of number-crunching needed for training and using AI models. Other companies such as Google and AMD have tried to make chips that can compete with Nvidia for speed and efficiency, however neither has been able to displace Nvidia from its dominance of the AI market.

Why China may be interested

As a consequence, Nvidia has played a key role in the US government's strategy to stall China's development of AI. Sales of Nvidia's most powerful chips to China have been restricted since 2022 – though the restrictions were somewhat relaxed last year. However, Chinese enterprises have repeatedly tested the boundaries of US sanctions. Southeast Asian companies including Megaspeed, Alice Huang's former employer, have been accused of buying up Nvidia chips and exporting them into China. Jensen Huang has lobbied intently for a relaxation of US chip export restrictions, which is being seen in a new light after the revelation of his relationship with Alice Huang.

Skipping the sanctions

Trade records indicate over US$3 billion in chips crossed from Singapore to China in a single year, alongside similar volumes from Malaysia. Selling access to banned Nvidia chips to Chinese companies has also become a growth industry. Nvidia's value has soared with the AI boom. However, its share price has fallen after the disclosure of the Huang incident, with some analysts asking whether the company propped up sales figures by ignoring sanctions. It has also been reported that an Nvidia executive leaned on US officials to halt an investigation into the firm's relationship with Megaspeed.

Regulatory impact

Nvidia's share price tumbled after the affair was revealed. Now the company is reportedly under criminal investigation. At the same time, US technology regulators are mobilising, with Congress requesting Jensen Huang explain his interactions with Alice Huang, and how Nvidia protects itself against foreign espionage. If Nvidia is forced to guarantee its chips don't enter China, its sales pipeline may grind to a halt. And if Nvidia hits trouble, the financial impacts could be much wider. The AI sector is notorious for the amount of circular financing going on – where companies invest in their own suppliers or customers. Nvidia is a key player in this loop. Investors are already fretting over whether the enormous amounts of money sunk into AI can ever return profits. While leading AI model builders Anthropic and OpenAI are moving toward public listings or fresh funding rounds, both face harsh reality checks.

OpenAI has delayed its own planned stock market listing, while Anthropic's expected share market listing is rumoured to face a "junk bond" rating, meaning it's a high-risk investment. Data centre firms too are losing value as they face community pushback and soaring energy costs.

Governance crisis

So what now? Clearly Nvidia faces a crisis, with a backlash against AI and data centres sweeping the US, US investigators looking at it closely, and the company's own board of directors investigating its chief executive. On top of this, Nvidia has been inseparable from Jensen Huang's personal brand for decades – and that brand is now somewhat tarnished. Until now, investors have supported the company, and Jensen, as visionary underwriters of the entire AI ecosystem. If that changes, or the company otherwise loses its way, a shortage of GPUs may be the least of the AI industry's problems.

(The writer is a senior research fellow at the University of Melbourne's School of Computing and Information Systems, Australia)

Singapore's data centre boom meets the geopolitics of AI chips

The Megaspeed probe shows how the city-state's role as a regional computing hub can draw it into US-China disputes over export controls

SHE was building a career in Chinese finance before turning to tech with a leadership role at a data centre company in Singapore. He is the high-profile CEO of Nvidia, the California-based company that makes computer chips relied upon by advanced artificial intelligence systems. An affair between Nvidia's Jensen Huang and Alice Huang, who reportedly was suspected of working as a spy for Beijing, has rocked the tech and political worlds.

The Chinese businesswoman also known as Huang Le had a close relationship with Jensen Huang, according to reports over the past month by the New York Times.

The newspaper also reported that top policymakers were informed in a memo that intelligence indicated she was a spy for China's Ministry of State Security, recruited to influence Nvidia to make its most advanced chips more available in China. In one widely shared photograph of the pair, Jensen Huang and people surrounding him are holding drinks in Taipei, while Alice Huang sits behind him, apparently watching him in conversation. The picture was posted in 2024 by software company NetThunder to its LinkedIn page. It remains unclear how long the affair lasted, and when exactly the relationship might have ended. The Associated Press was unable to reach Alice Huang for comment.



Alice Huang

Who is Alice Huang?

Publicly available information about Alice Huang is scant. She was a Chinese finance executive before becoming involved in artificial intelligence, data centres and computer chips.

In 2023, she became a director at Singapore-based Megaspeed, which describes itself as an "NVIDIA cloud partner". Last year, Megaspeed faced scrutiny from the US over its alleged skirting of US export restrictions and routing of a large amount of advanced Nvidia chips for Chinese users. Megaspeed was incorporated in 2015 in Singapore with the name 7Road International, after being spun off as the overseas arm of a Chinese video game developer, according to corporate registration records.

Filings show that in March 2023, it renamed itself Megaspeed International, with all of the shares transferred to Huang Le Limited, a company registered in the British Virgin Islands.

That same month, Alice Huang became Megaspeed's controlling shareholder, according to research by the C4ADS, a Washington-based nonprofit focused on global security.

But by November 2023, she was no longer listed as a director at Megaspeed, and all her shares were transferred to a Singaporean businessman, Tan Yong Pong, who also is known as James Tan.

While public records suggest Alice Huang left Megaspeed, short seller Culper Research issued a report in May this year that cited a Megaspeed employee saying Huang was "actually still our boss" and was still involved in the company's daily operations.

Before Megaspeed, Alice Huang previously held senior positions at the Chinese firm Shanghai Hexi Investment Co. from around 2015 to 2017, according to social media posts and records from Simuwang, a Chinese private equity database.

Her roles at Hexi included deputy general manager, executive director and member of the investment committee, according to Hexi's social media posts, among possible other roles.

Hexi's founder Kang Wei, who appeared on some records alongside Alice Huang, was fined in 2018 by China's securities regulator 400,000 yuan (USD 60,000) over financial misconduct behaviours while Hexi was fined 17.7 million yuan (USD 2.7 million).

Before that, Alice Huang worked at HSBC's Hong Kong private banking arm and at CITIC Securities, a Chinese investment bank.

HSBC and CITIC did not immediately respond to a request for comment on her employment history. Beijing has refuted claims that Alice Huang was a Chinese spy. Its Foreign Ministry said this week that the "Chinese spy allegation is unsubstantiated. It is nothing but smears against China".

Why Megaspeed is at the centre of the controversy

With the emergence of the latest scandal, Singapore-based AI computing company Megaspeed, where Alice Huang was a senior executive, is once again under the spotlight. Megaspeed, an Nvidia customer, was originally incorporated in 2015 before changing its name to Megaspeed International in 2023. Nvidia lists Megaspeed as a partner on its website, while Megaspeed says on its website it's "a core business partner of NVIDIA's computing power cloud business in the Asia-Pacific region". It was the overseas gaming arm of Shenzhen-based developer 7Road Holdings Ltd. Late last year, Megaspeed denied accusations following reports that it was routing Nvidia chips to China, saying in a statement on its website that "there has been no evidence of any violations concerning the illicit transfer of chips or any illegal activities". Singapore's government said in late October, after fresh reports that Alice Huang was accused of being a Chinese intelligence source, that authorities were investigating Megaspeed and that Singapore "does not condone businesses" circumventing or violating other countries' export controls. However, it said, there were no investigations conducted in respect to Alice Huang. Megaspeed did not immediately respond to a request for comment.