BACKGROUNDERS
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Government of India

AI@Work: Driving Productivity, Jobs, and Innovation

Harnessing Artificial Intelligence for Inclusive Growth, Innovation, and Skilling

AI IN INDIA
FROM VISION TO IMPACT

12th February, 2026

Key Takeaways

- **India ranks 3rd** in Stanford University's 2025 Global AI Vibrancy Ranking.
- Data infrastructure, entrepreneurship and demography are key **enablers for AI adoption.**
- In India the relative penetration of AI skills was 2.5 times greater than the global average across the same set of occupations (Standford Global AI Index Report).
- **87% of enterprises** are actively using AI solutions (NASSCOM AI Adoption Index).

AI: Engine of Growth

From code to creativity, Artificial Intelligence (AI) is rewriting the rules of growth, powering industries, transforming jobs, and propelling India into the future. AI is becoming kinetic enabler for the growth of India's digital economy, investments and jobs.

Source: Competition Commission of India

India is in the first group of AI-ready nations, with systematic progress across all five layers of the AI architecture applications, models, chips, infrastructure and energy. The report published by CCI (Competition Commission of India) cites that the global market size of AI has increased from USD 103.6 billion in 2020 to USD 288.8 billion in 2024. During the same period, the AI market in India has

expanded from USD 2.97 billion to USD 7.63 billion. **The Indian AI market is expected to grow to USD 131.31 billion by 2032 at a CAGR of 42.2%.**

India-AI Impact Summit 2026

Scheduled from 16 to 20 February 2026 in New Delhi, the Summit is positioned within the wider international discourse on AI.

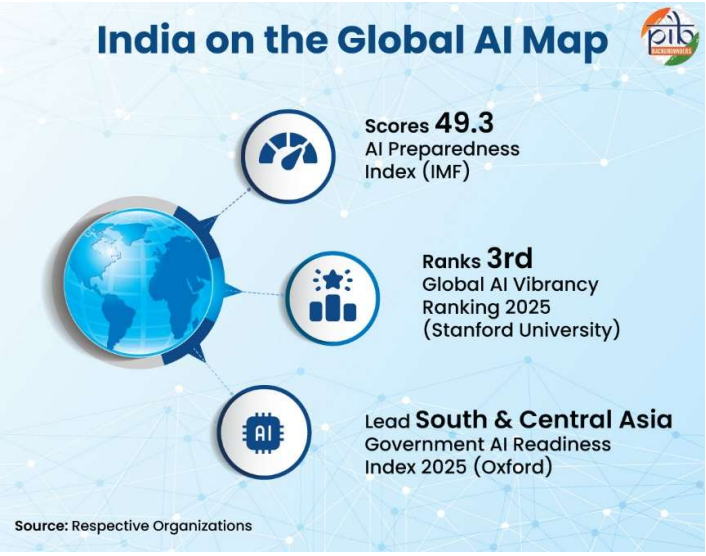
It aims to contribute in harmonising global cooperation for development and deployment of artificial intelligence.

Reflecting upon its core objectives, the Summit will deliberate its thematic priorities, referred as the **seven "Chakras" viz. Human Capital, Inclusion for Social Empowerment, Safe and Trusted AI, Science, Resilience, Innovation and Efficiency, Democratising AI Resources, and AI for Economic Development and Social Good.**

The Government of India is actively promoting **technological development in India** aligned with AI led transformation. This has come to pass through focused initiatives in research, innovation, and skill development while ensuring "**Welfare for All, Happiness for All**". The steps taken by government make certain that technology enhances productivity, generates new employment opportunities, and strengthens the nation's global competitiveness.

India's Emerging Leadership in Global AI

Global benchmarks indicate that India is emerging as a relatively well-positioned economy for Artificial Intelligence readiness.



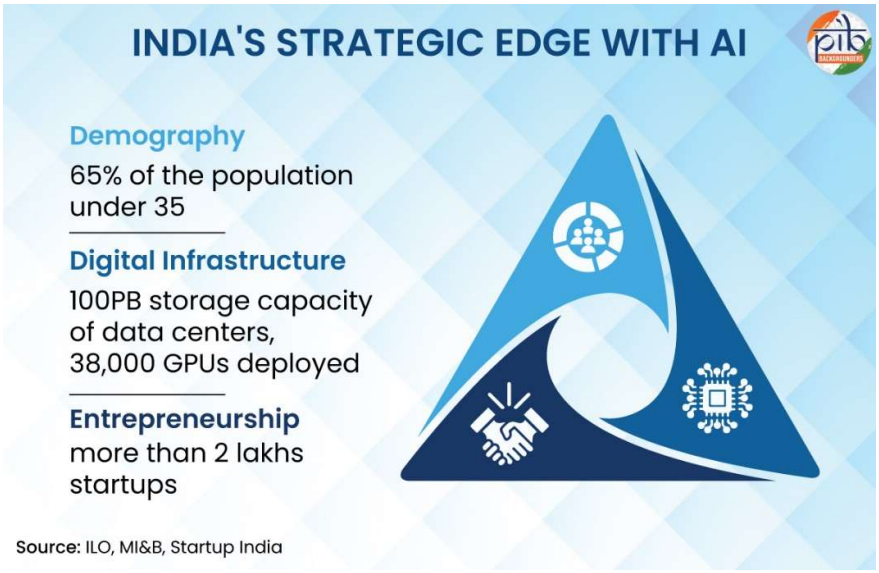
India's Standing in Global Indicators		
Index	**India's ranking**	**What it signifies?**

Stanford University's 2025 Global AI Vibrancy	**3rd,** behind the U.S. and China	Growth in R&D, talent, and economy
IMF's AI Preparedness Index	**India gained the score of 49.3, which is higher than the 42.1 average for other emerging and developing economies**	India is better positioned to adopt and benefit from Artificial Intelligence.
Oxford's Government AI Readiness Index 2025,	India continues to lead South and Central Asia and ranks 27th with a score of 66.55	India's strong year-on-year progress on the basis of flurry of measures and efforts throughout 2025.

Together, these global indicators highlight India's rising capacity to leverage artificial intelligence as a driver of productivity, inclusion, and long-term economic transformation.

India's Strategic Edge in the Age of Artificial Intelligence

India's global AI readiness is underpinned by a unique combination of a young, digitally skilled population, robust digital public infrastructure, and a fast-growing startup ecosystem. These foundational strengths provide India with a durable strategic edge in developing, deploying, and governing AI at scale.



Demography

India has one of the **youngest workforces in the world**, with over 65% of the population under 35. This large, tech savvy talent base can be trained and adapted for AI driven industries, creating a strong foundation for innovation, digital services, and future ready jobs.

Digital Infrastructure

India's rapid digital transformation is being underpinned by **strong foundational infrastructure**, with **data centres and widespread internet connectivity** emerging as critical enablers of cloud adoption, AI deployment, and data-driven governance across the country.

One of the central pillars of India's digital infrastructure is the expansion and development of **data centres**. These centres are crucial for supporting the increasing demand for cloud computing, data storage, and AI/ML applications. The National Informatics Centre (NIC) has established **state-of-the-art National Data Centres (NDC) in cities like Delhi, Pune, Bhubaneswar, and Hyderabad,** providing robust cloud services to government ministries, state governments, and public sector undertakings (PSUs). At NDC, storage capacity has been expanded to approximately 100PB, including All Flash Enterprise Class Storage, Object Storage, and Unified Storage. Data storage is crucial for training, deploying, and hosting AI models and rapid growth in data centres reduces bottlenecks.

- **Internet connections crossed the milestone of 100 crore to reach 100.29 crore in June, 2025** compared to 25.15 crore in March, 2014, **registering a growth of 298.77%**.
- With over 400M+ 5G users, India stands as the world's **second-largest 5G subscriber base** and among the fastest adopters globally.
- **Optical Fiber Cable (OFC)** length increased from 19.35 lakh route km (2019) to **42.36 lakh route km**. A total of 2,14,843 Gram Panchayats now endowed with broadband connectivity.
- **136 projects** at cost of ₹ 550 Cr have been funded spanning across emerging telecom technologies viz. 5G/6G, AI, Quantum communications etc, as of December 2025.
- Prioritising AI in 2024, **India has already acquired 38,000 GPUs** (Graphics Processing Unit), reflecting India's effort to become a 'a global leader in AI'.

Entrepreneurship

India is witnessing a surge in **startups and innovation led enterprises**. Over the past decade, the Indian startup ecosystem has recorded unprecedented expansion, with more than **2,00,000 startups recognised by DPIIT across the country**. Startups and AI entrepreneurs are the co-architects of India's future and this growing entrepreneurial ecosystem ensures that AI solutions are locally relevant, scalable, and globally competitive.

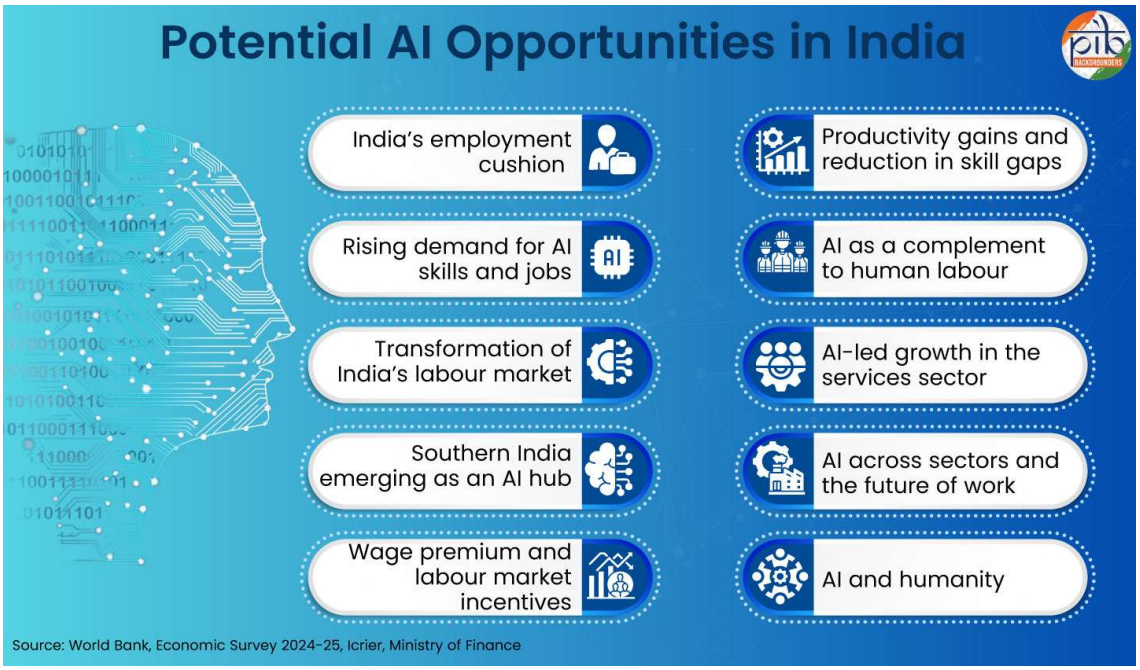
AI Start-Ups

In preparation for the India AI Impact Summit 2026, 12 Indian AI start-ups selected under the Foundation Model Pillar engaged in Roundtable chaired by Prime Minister Shri Narendra Modi, and presented their ideas and work.

These Start-ups are working in a diverse set of areas including **Indian language foundation models, multilingual LLMs, speech-to-text, text-to-audio and text-to-video; 3D content using generative AI for e-commerce, marketing, and personalized content creation; engineering simulations, material research and advanced analytics for data-driven decision-making across industries; healthcare diagnostics and medical research, among others.**

AI as an Opportunity: Labour Market Evolution

While AI is frequently viewed as a workforce disruption worldwide, it offers India a unique opportunity to drive inclusive growth and innovation.



Rising demand for AI skills and jobs

The demand for AI-related skills is rising rapidly. In South Asia, between January 2023 and March 2025, the proportion of AI-related job postings more than doubled, increasing from 2.9% to 6.5% of all vacancies. During the same period, demand for AI skills grew 75% faster than non-AI roles, largely driven by high-wage, urban, white-collar employment. Overall, the rapid rise in AI-related jobs highlights a decisive shift toward high skill, urban employment, with India increasingly positioning itself as a significant hub for AI adoption and talent demand.

Transformation of India's labour market

The rapid growth in AI-related jobs signals a positive transformation in India's labour market.

- As per Stanford AI Index Report 2025, **India leads the world in AI talent acquisition, with an annual hiring rate of about 33%.**
- As per global data on GitHub AI projects by geographic distribution, India was the second-largest contributor worldwide in 2024, accounting for 19.9% of all AI projects.
- According to Standford University's AI Index Report 2025, **India the relative penetration of AI skills was 2.5 times greater than the global average** across the same set of occupations.
- As per Georgetown University, **India published 2,62,404 AI-related research articles during 2015–2025**, placing it among the world's leading contributors to artificial intelligence research. This research output underscores India's deep technical talent base in AI, a position reaffirmed in the Economic Survey 2025–26 too.
- Having **one of the most AI-literate workforces globally**, second only to the United States, India also enjoys significant potential comparative advantages from its extensive domestic

data ecosystems across key sectors such as health, agriculture, finance, education, and public administration. .

It points to the creation of new, high-value employment opportunities across technology, services, manufacturing, and creative industries. As AI adoption expands, demand is emerging for a diverse set of roles, including AI trainers, safety testers, prompt engineers. This diversification is supporting both experienced professionals and new entrants through upskilling and reskilling initiatives under programmes such as **Skill India, Digital India, and FutureSkills Prime**.

Southern India emerging as an AI hub

According to World Bank's South Asia Development Update Report, AI-related job opportunities in South Asia are heavily concentrated in India and Sri Lanka, with India accounting for the majority of listings.

In India, 5.8 percent of white-collar 2025 listings required AI expertise, driven by the southern technology corridor including Bangalore (11% share of AI jobs) and Hyderabad (9.57%), followed by Pune (6.95%) in Maharashtra, with Chennai (6.62%) also featuring prominently.

Wage premium and labour market incentives

AI-related employment offers significant wage advantages, reflecting strong global demand for emerging skills. As per the World Bank report, jobs requiring digital skills offers an average **12% wage premium**, while **AI-focused roles command a much higher 28% premium**. As AI skills scale up, India is poised to attract higher-value investments and technology-driven projects, creating better-paying jobs and strengthening its position in the global digital economy.

India's employment cushion

India has an opportunity to **reskill its workforce and integrate AI in a gradual, inclusive, and productivity-enhancing manner. Sectors such as** agriculture, healthcare, and logistics, where human skills remain essential**, are also moving towards AI adoption.**

Productivity gains and reduction in skill gaps

Evidence points to significant productivity gains from AI adoption in India. The **NASSCOM AI Adoption Index scores India at 2.45 out of 4, with 87% of enterprises actively using AI solutions (December 2025)**. Based on a survey of 1993 firms by McKinsey, 88% of organisations surveyed in 2025 reported that they are utilising AI in at least one of their business functions. Studies also show that generative AI tools boost productivity by 14% overall and by 34% among new or lower-skilled workers, helping close skill gaps while improving efficiency and customer experience.

AI-led growth in the services sector

The services sector, contributing about **55.3% of India's Gross Value Added (GVA) in 2024–25**, remains the backbone of the economy. Key industries such as IT, finance, healthcare, education, and communications are rapidly integrating AI, creating opportunities to boost productivity, innovation, and sustainable business practices. Building on these strengths, Indian firms are well positioned to enhance global competitiveness through AI adoption.

AI and humanity

AI is increasingly shaping the future of work in India by **augmenting human capabilities** and expanding high-value employment opportunities while ensuring humans remain central to decision-making and creativity. AI is best positioned to **augment human work rather than replace it**, especially in complex and context-rich tasks.

AI is expected to enhance productivity, enables workers to focus on **creative, analytical, and interpersonal roles** and foster inclusive growth by enabling humans and machines to work together, rather than replacing human labour. India's tech and AI ecosystem already employs **over 6 million people** and continues to grow, reflecting the nation's commitment to **balancing AI and humanity** in its workforce strategy by supporting **job transformation instead of job displacement.**

AI across sectors and the future of work

Beyond services, AI's transformative potential spans manufacturing, production and supply chains, and customer-facing activities through greater efficiency and personalization. Its broad adoption can **expand employment opportunities**, reshape the labour market, and promote **continuous skill upgradation**. This supports a **dynamic and inclusive workforce** that effectively combines human expertise with technological advancement.

Transforming the Nature of Work with AI

India is strategically advancing Artificial Intelligence. This exhibits the need of **democratisation of technology** which Indian government is achieving through a series of national programmes and upskilling initiatives that aim to make technology a driver of productivity, inclusion, and employment.

NITI Aayog, in its report "The Opportunity for Accelerated Economic Growth", highlighted that one of the key potential outcomes of AI-led value creation **is India's ability to progressively narrow the AI skill gap with leading countries by 2035**. Similarly, an **IMF report** has observed that **one in every 10 job postings in advanced economies and one in every 20 job postings in emerging market economies now require at least one new skill**, underscoring the growing pace of skill transformation in the labour market.

This can be achieved through the development of a skilled workforce, the strengthening of research capabilities, and active contributions to AI models and innovation. The trend underscores the growing imperative for continuous skill upgradation to remain relevant in an evolving world of work. Recognising this shift, India is actively equipping its skilled labour force for the age of Artificial Intelligence through **a series of targeted skill development initiatives.**

National Programmes

Under the **Viksit Bharat Vision 2027**, **AI is envisioned as a key driver of digital transformation**. By integrating AI across industries, India aims to enhance workforce productivity, create new employment opportunities, and bridge skill gaps. This approach will empower both high-skilled and entry-level workers, ensuring equitable participation in the evolving digital economy.

Ministry of Electronics and Information Technology (MeitY) of India envisioned the **National Program on Artificial Intelligence.** The program serves as the overarching framework for fostering AI adoption to promote inclusion, creativity, and adoption for social impact. Four pillars of the program are:

- National Center on AI,
- Data Management Office,
- Skilling in AI, and
- Responsible AI.

Aligned with the principle of ***#AIforAll***, the government is emphasizing self-learning online program for each life stage, to acquaint everyone with digital transformation. The program is divided into two sections, i.e., **AI Aware, and AI Appreciate**.

The **BHASHINI** initiative, **leveraging AI for 36+ language with 1.2 million+ mobile app downloads,** is breaking communication barriers in the digital economy. This enhances workforce participation, particularly for those in non-English speaking regions, and empowers local entrepreneurs and digital workers.

As per the Economic survey 2025-26, an **'AI Economic Council'** is intended to operate to calibrate the pace of AI adoption within the country. The council must ensure that deployment of 'Artificial Intelligence' does not come at the cost of 'Human Intelligence'. They will operate as a coordinating authority that is responsible for **aligning technology deployment with the evolution of India's education and skilling infrastructure, while navigating resource constraints and developmental priorities**.

Together, these programmes are reshaping the nature of work in India, positioning the nation to harness AI for productivity, inclusion, and sustainable job creation in the evolving digital era.

Skill Development Initiatives

1. **National Education Policy (NEP) 2020**: The policy emphasizes digital and AI literacy as core competencies across all levels of education. By embedding computational thinking and AI learning into curricula, the policy ensures that India's next generation enters the workforce ready for the evolving technological landscape.
2. **Skill India Mission:** Skill India Mission, led by the Ministry of Skill Development and Entrepreneurship (MSDE), is integrating AI and emerging technologies into its training ecosystem.

As of December 2025, **SOAR (Skilling for AI Readiness) initiative enrolled 1.34 lakh students and teachers**. Under this initiative, AI-readiness courses are being delivered in partnership with Microsoft, HCL Technologies and NASSCOM to equip students and educators with foundational and applied AI skills.

The President of India also launched the **#SkilltheNation challenge** under the SOAR (Skilling for AI Readiness) to expand public awareness around AI readiness.

3. **YUVAi (Youth for Unnati with AI)**: The initiative, launched by MeitY and National e-Governance Division (NeGD), was designed to equip students from Classes 8 to 12 with artificial intelligence, technological, and social skills in an inclusive manner. The programme aims to provide a platform for young learners to explore and apply AI-driven solutions across eight thematic areas which are:

Eight Thematic Areas of YUVAi			
Krishi (Agriculture)	Aarogya (Health)	Shiksha (Education)	Paryavaran (Environment)
Parivahan (Transport)	Grameen Vikas (Rural Development)	Smart Cities	Vidhi aur Nyaay (Law and Justice)

4. **'YUVA AI for ALL'**: It is a free national course to make AI literacy a core life skill with the aim to empower 1 crore (10 million) citizens with foundational AI skills. The course is available in 11 languages (Assamese, Bengali, Gujarati, Hindi, Kannada, Malayalam, Marathi, Odia, Punjabi, Tamil and Telugu) on leading learning platforms such as FutureSkills Prime, iGOTKarmayogi, DIKSHA and other popular ed-tech portals.

5. **Artificial Intelligence and Computational Thinking (AI & CT): Artificial Intelligence and Computational Thinking (AI & CT) are essential components of future-ready education.** They reinforce the concept of learning, thinking, and teaching, and will gradually expand towards the idea of "AI for Public Good." This initiative marks a significant step towards the ethical use of AI, as the technology will be organically embedded from the foundational stage, beginning in Grade 3.

6. The **FutureSkills Prime Initiative**: The initiative, a collaboration between MeitY and NASSCOM, focuses on upskilling professionals in AI, big data, cloud computing and other emerging technologies. The initiatives are aligned with National Occupational Standards (NOS) and National Skills Qualification Framework (NSQF), enabling learners to acquire in-demand skills that are highly valued by employers. With over **25.3 lakh registered learners** and **3000+ course and pathways**, the platform directly contributes to workforce transformation, enhancing employability and productivity across sectors.

7. **IndiaAI FutureSkills**: The initiative launched under the IndiaAI Mission (2024), seeks to build a strong ecosystem of AI-skilled professionals through targeted interventions across multiple education levels from undergraduate to doctoral studies. Its key components include fellowship programmes for UG, dual degree, PG, and PhD students, establishment of AI and Data Labs, and development of specialized skill-enhancement courses.

   As of December 2025, the **government is supporting 500 PhD scholars, 5,000 postgraduates and 8,000 undergraduates for AI related work. 27 IndiaAI Data and AI Labs are established in Tier-2 and Tier-3 cities through NIELIT** to conduct coursework in AI, data curation, annotation, cleaning and applied data science. Also, **174 ITIs and Polytechnics across 27 States/UTs have been approved to set up additional IndiaAI Data and AI Labs**.

8. **Skill India Digital Hub (SIDH):** MSDE also launched Skill India Digital Hub (SIDH), a unified digital platform for skill development programs with a diverse selection for AI and Machine learning course ranging from introductory programs to advance level to support learners at all proficiency levels.

Towards a Future-Ready and Inclusive Workforce

India is at the forefront of an AI-led transformation, where technology is driving productivity, innovation, and job creation. With robust digital infrastructure, a young workforce, and progressive policies, the nation is well-positioned to leverage AI for inclusive growth. This integrated approach of government ensures that AI enhances employability and bridges skill gaps across sectors. **By aligning technology with inclusion, India is shaping a resilient and future-ready workforce.**

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