

India Diffuses AI Faster Than Any Nation. The Next Phase Demands Building Sovereign Capabilities.



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India already leads the world in AI talent diffusion and workplace adoption, yet the foundational layers it runs on are still largely owned abroad. The next phase demands the state to set new missions and absorb risk, and the private sector and startups to build the capabilities India must own.

India is no longer a follower in the artificial intelligence transition. By two measures that decide whether a country can build a working AI economy, the breadth of its talent and the depth of its adoption, India already leads the world. The harder task begins now. India has to own the foundational layers that the future of machine intelligence is built upon, and it has to build these capabilities before dependence is locked in.

India Diffuses AI Faster Than Most Countries

The Indian AI advantage is growing, and this is happening organically and at world-leading velocity. It

was built through talent diffusion at a scale no other economy has matched. The Stanford AI Index 2026 places India first in the world in relative AI skill penetration, with AI skills appearing on Indian professional profiles at close to three times the global average. India ranks second only to the United States in the number of AI authors and inventors. India has GitHub's largest developer community, and is in the top three for AI projects. Leading organizations like AI4Bharat drive the country's open-source AI ecosystem, building high-quality language models, localised voice assistants, and tools tailored for Indic languages and public health.

This breadth has been decades in the making, drawn from a large engineering education base, working command of English, and a national fluency with digital public infrastructure.

The most striking figure belongs to Indian women. Their relative AI skill penetration reached 1.9 in 2025, up from 1.61 a year earlier, the highest rate recorded for any country. That places them ahead of women in the United States at 1.71, Canada at 0.97 and the United Kingdom at 0.90, the very economies long treated as the frontier of technology talent.

Adoption confirms the same lead from the demand side. India tops every surveyed market in everyday workplace AI use, with about 41% of employees using these tools almost daily. Indian women use them more often than Indian men, at 44% against 40%. A country that learns a general-purpose technology this fast, and applies it this widely, holds a head start that capital or policy alone cannot manufacture.

The World Is Investing in Indian AI Adoption

Global capital has already bought into Indian AI adoption, and is investing in the infrastructure for how local inference is going to scale. Google is investing USD 15 billion in an AI hub at Visakhapatnam between 2026 and 2030, a gigawatt-scale data centre campus built with Adani and Airtel. Microsoft has committed USD 17.5 billion to cloud and AI infrastructure, skilling and operations in India across 2026 to 2029. Counted with the commitments of Amazon and others, United States technology majors have announced more than USD 68 billion of AI infrastructure spending in India over five years. India's own data centre market is forecast to cross USD 100 billion in value by the end of the decade, and state governments are competing hard to win these projects.

This is a vote of confidence, but it carries a warning as well. The compute, the campuses, and the connectivity will sit on Indian soil. The chips that process the computing, the models that run on them, and the value that compounds inside those models, will largely belong to others. India is fast becoming the place where the world hosts its artificial intelligence, without yet owning the value of what is hosted.

India's Service Giants Are Becoming The World's AI Deployment Engine

The same pattern repeats one layer higher, among the firms that carry AI into global enterprises. In December 2025 Microsoft named Cognizant, Infosys, TCS and Wipro as Frontier Firm partners, with the four together deploying more than 200,000 Copilot licences. Infosys has signed parallel collaborations with OpenAI, built around the Codex models and its Topaz Fabric agent suite, and with Anthropic for work in regulated industries. TCS now runs partnerships across Anthropic, OpenAI and Mistral, and is putting frontier models to work inside businesses such as Diligenta, its United Kingdom life and pensions arm that serves 22 million customers.

This delivery capacity rests on a base no competitor can replicate. India hosts 2,117 Global Capability Centres employing 2.36 million professionals, close to half of every such centre in the world, and it is now the single largest AI hiring market on the planet. More than 500 of the Forbes Global 2000 run a capability centre in the country. India has converted its engineering depth into the world's primary channel for putting AI to work.

Indian Startups Are Building The Applied Edge

The most original Indian work is emerging in the vertical and embedded niches that large general-purpose models do not serve today. Smallest.ai, based in Bengaluru, builds foundational voice models and already handles enterprise voice workloads for customers including Paytm and RingCentral. H2Loop builds hardware-aware AI for safety-critical embedded systems across automotive, aerospace, defence and semiconductors, where on-edge reliability and control over intellectual property matter far more than raw model size. Unbox Robotics applies swarm-intelligence AI to warehouse sortation as a physical AI innovator, has been profitable since 2024, and counts Inditex, DTDC, and Mondial Relay among its clients across India, Europe, and the United States.

These companies share one defining trait. They compete on domain depth and on owning the model that solves a specific problem, rather than on wrapping around a borrowed one. They also build for the world rather than for India alone, which is the standard the country now has to set across its AI economy. This is the layer where Indian ownership compounds, and it is the layer India must multiply.

Borrowed Foundations Are A Risk India Must Mitigate

Dependence on technology controlled elsewhere stays invisible until the moment it is triggered. The world saw a clear illustration recently when access to two frontier AI models was abruptly restricted under a government directive. Technology, and the supply chains beneath it, are now instruments of statecraft, switched on the moment trade or diplomatic tensions arise.

With AI, the dependency runs deeper than it ever did with chips or rare earths. It sits in the layer where economic value, talent, security infrastructure, and core intellectual property will compound for a generation. A nation that rents intelligence cedes the ground on which its future industries, defence systems, public utilities, and innovation will stand.

India has the demand, the talent, and the deployment scale already in hand. Policy implemented on a mission intensity must set the runway for this new priority.

Sovereign Capability Now Needs The State and Private Sector To Collaborate

Against more than USD 68 billion of foreign AI infrastructure commitment, India's flagship programme, the IndiaAI Mission, is funded at Rs 10,372 crore, close to USD 1.25 billion. The mission has achieved a great deal with that sum, but the asymmetry is stark.

National compute has scaled past 38,000 GPUs, against a target of 100,000 by the end of 2026, and is offered to startups and researchers at rates well below the market. It has selected over 20 startups to build indigenous foundation models, and Sarvam has already released open-source models of 30 billion and 105 billion parameters. Bhashini now delivers real-time translation across all 22 scheduled languages and reaches citizens at population scale.

The next phase demands a new posture from the state. Since Independence, India has run an under-invested and uncompetitive public-sector-led model that never built an indigenous innovation ecosystem at the scale a USD 4 trillion economy now demands. For decades, policy has held back from directing grant capital, low-interest credit, and government demand toward private builders. That reluctance is the habit India can no longer afford.

The correction is not to abandon the sovereign goal but to widen who delivers it. India has proved this new model works. Aadhaar succeeded because the state fixed a clear mission and brought in private capability to execute it, and the same logic now applies to AI.

The state should act as mission setter, risk absorber, and anchor customer, name private enterprises as National Champions, and use public procurement to grow a dense ecosystem of private innovators and startups beneath the PSUs. Programmes such as RDI and IndiaAI need to draw far more qualified talent from industry, in the way the UID effort did across the last decade. They should be measured on the efficiency of transmission and enrolment, and run by accountable professional asset allocators rather than government committees whose membership turns over every quarter.

India has built the broadest applied AI talent base in the world and made itself the place where global AI is deployed, tested, and put to work. The decade ahead decides whether it also owns the foundations beneath that work. The talent has answered. The capital has arrived. Sovereign policy execution must now keep pace.