UNLOCKING INDIA'S AI POTENTIAL 2025

The AI revolution is taking hold in India

Businesses across India are accelerating their use of artificial intelligence (AI) at an unprecedented pace. Around 225,000 businesses[1] in India adopted AI in 2024[2] – or over one every three minutes. The number of businesses that have adopted AI is **35%**, up from **27%** a year ago. This is a year-on-year growth rate of **30%**.

Today, 980,000 businesses are using AI in India, with businesses in the banking and financial services leading the way: **59%** of these businesses have adopted AI, followed by **57%** in the IT and technology sector, and healthcare at **49%**.

The benefits of this widespread uptake of AI technology are already being felt:

81% of AI-adopting businesses report productivity gains as a direct consequence, estimating that they save 12 hours a week because of AI adoption.

These productivity gains are coming from a wide range of sources, especially through the automation of routine tasks (**55%**), streamlined data analysis and reporting (**45%**), and supply chain efficiencies (**35%**).

As a result of hours saved, businesses say they can redirect focus and time onto:

Customer Service (**58%**)

Developing new products (**45%**)

Innovation (**39%**)

To a similar end, **86%** of Indian businesses that have adopted AI report increased revenue, at an average **29%** increase, thanks to the adoption of AI. In terms of future projections, **88%** of those who have adopted AI technology say it is likely to increase their growth within the next year.

In 2022, the Government of India launched its flagship National AI Portal of India, driving momentum behind AI adoption and the digital transition to maximise the benefits the technology promises. It provides a central hub for AI-related information, including research, resources, policy updates, and news to support innovation and collaboration across sectors. The portal also supports initiatives such as "Responsible AI for Youth", aimed at equipping students with foundational AI skills. India has also emerged as an active global voice in AI governance and collaboration, having hosted the Global Partnership on AI (GPAI) Summit in 2023 and set to host the AI Impact Summit in 2026, further underscoring its leadership in shaping responsible AI development Recently, in March 2024, the Government of India launched its India AI Mission. Through both public and private partnerships, the mission sets out objectives of democratising computing access, improving data quality, developing indigenous AI capabilities, attracting top AI talent, and providing startup risk capital.

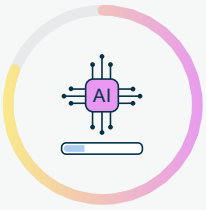
Yet the true opportunity lies not just in ensuring widespread adoption, but in empowering businesses to move beyond introductory applications towards deeper, more transformative AI integration. By advancing capabilities from automating routine tasks to deploying multi-model AI systems for advanced analytics, creative generation, and strategic decision-making, Indian enterprises have the potential to set global benchmarks in AI-driven innovation. If scaled effectively, India's AI trajectory could redefine its business landscape, positioning the country as a regional leader in leveraging AI for productivity, growth, and competitive advantage.

Key findings:

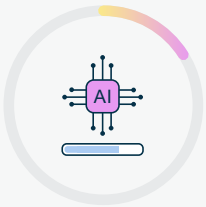
- **35%** of Indian businesses have adopted AI.
- AI adoption among businesses in India is growing rapidly – with a growth rate of **30%** from 2024.
- Now, over 980,000 businesses in India have adopted AI.
- **89%** of startups believe that India is a competitive global hub compared to other regions.
- A lack of digital skills is the highest reported barrier, with three-quarters of businesses saying this restricts their AI adoption and expansion.
- **86%** of Indian AI-adopting businesses say they have seen an increase in revenue thanks to AI adoption, reporting an average **29%** revenue growth.
- **81%** of these AI-adopting businesses have already seen significant productivity improvements.

The untapped potential of India's businesses

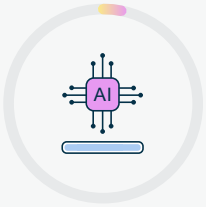
Businesses across India represent great untapped AI potential. Although AI adoption is accelerating and increasingly widespread, most businesses are currently using AI for more basic purposes, signalling room for growth to harness the technology's full potential:



81% of Indian businesses employ AI for basic uses that provide incremental gains (e.g., driving efficiencies and streamlining processes). These businesses are using publicly available chatbots for routine tasks such as scheduling assistants and purchasing ready-made AI solutions. **52%** of businesses are also leveraging AI for summarising reports, and **55%** for transcribing. Businesses in the retail industry remain concentrated at this stage (**88%**), followed by manufacturing (**84%**).



16% have advanced to the intermediate stage of AI adoption. At this stage, businesses are beginning to move beyond implementing one-off AI applications and are integrating the technology into broader business functions (such as delivering personalised recommendations via websites or creating personalised features in apps) to enhance efficiencies and improve customer engagement in their operations and services. The IT and technology industry is leading at this stage (**28%**), followed by banking and financial services (**25%**).



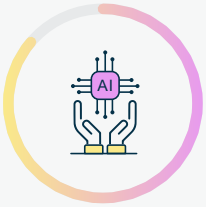
Currently, **3%** of businesses across India have reached the most transformative stage of AI integration, where they are using AI for its most advanced purposes. These organisations are combining multiple AI tools or models for complex tasks and creating custom AI systems (such as integrating multiple AI models for predictive analytics or combining Natural Language Processing and visual models to create multimedia content), which is transforming their operations comprehensively. Banking and financial services are leading the way in terms of the most sophisticated AI uses, with almost a fifth (**19%**) at this stage, followed by IT and technology at **15%**.

Even though most businesses in India are at the basic stages of AI adoption, the fact that businesses are already reporting benefits – from increased revenue and productivity gains, to cost savings – points to an untapped AI and economic growth potential once more businesses progress to more advanced use of AI.

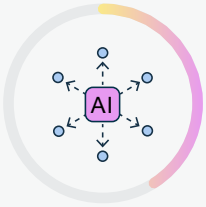
Businesses across the country are taking an important first step toward AI use beyond experimentation, and must be empowered to harness the innovative potential of its more advanced capabilities. At this stage in the AI journey, it is important for them to build on this trajectory and harness AI's transformative potential. Doing so can position Indian businesses to lead in AI-driven innovation on a global scale.

Startups are emerging as leaders for AI innovation

As India's innovation engines, startups[3] are pushing the boundaries of what is possible, building entirely new products and business models around AI that would have been impossible just a few years ago.

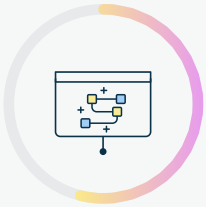


87% of Indian startups are using AI, far outpacing the European average of **58%**.



41% of those who have adopted AI have the technology embedded in their strategies, similar to **38%** across Europe.

Startups are also using AI in a transformative way: **33%** are developing new AI-driven products.



This is reflected in the fact that over half (**54%**) of startups have a comprehensive AI strategy, a roadmap that outlines how an organisation will leverage AI.

Startup success is supported by a strong ecosystem in India: **89%** of startups believe that India is competitive as a global hub for startups compared to other regions, pinning its competitiveness to high levels of education and skills (**57%**), and access to a large and diverse consumer market (**53%**).

Indian startups additionally point to a thriving support system which further strengthens their momentum:

- Access to capital: **45%** of Indian startups report that access to government grants or funding has been the most helpful in enabling their AI adoption.
- Collaboration: **48%** of Indian startups report that collaboration with other research institutions and industries is important to helping them grow.
- Talent: **42%** of Indian startups say that they have a strong AI skill set in stark contrast to the average of just **13%** of large enterprises in India, and **25%** of businesses overall. AI skills are a critical ingredient to future business success, and this data demonstrates that startups are attracting the AI talent more so than their counterparts. As a result, startups have increased their AI investment by **34%** on average in the last year.
- A Flexible AI ecosystem: **98%** of startups indicate they have adequate choice to select and switch between different providers of AI technologies, and a further **90%** of startups say that this choice is important to supporting their AI adoption.

Locobuzz delivers 80% faster customer interaction time with AI-powered CX on AWS

Locobuzz, a Unified Customer Experience Management (CXM) platform, connects brands with their consumers, with AI at the Core. It empowers 400+ enterprise customers across banking & financial services, retail, telecom, automotive, travel & hospitality, and consumer brands. Built on AWS, Locobuzz introduced CMOverse.ai, an agentic multi-modal, generative AI-powered marketing intelligence platform designed specifically for CMOs and customer experience leaders. CMOverse.ai runs on Amazon Bedrock and leverages Amazon Nova models. Using AI, the startup has reduced the time taken to annotate millions of social conversations from 5-6 seconds to under one second (800-900 milliseconds). With AWS's AI services, Locobuzz has enhanced its generative AI capabilities, achieving a **30%** reduction in response latency and optimising costs by **50%**. Locobuzz has recently joined the AWS Partner Network (APN) and listed its Social CX solution on AWS Marketplace.

The cloud as a critical enabler to AI adoption

Cloud services are emerging as a key enabler for AI adoption in India, providing the infrastructure and flexibility required to support a wide range of AI use cases. The cloud supports experimentation, rapid prototyping, and cost-effective deployment of AI solutions. **44%** of Indian businesses say that access to cloud infrastructure has been the most helpful in enabling their AI adoption and integration. Across India, cloud usage is widespread, with **69%** of Indian businesses using cloud services, exceeding the European average of **59%**. This includes strong adoption, at least **45%**, across all major segments, from SMEs to large enterprises, reflecting the increasing accessibility and affordability of cloud platforms.

Since the opening of AWS's first office in Mumbai in 2011, Amazon has made significant investments in local cloud infrastructure to support India's rapid digital transformation and accelerate innovation for local businesses, governments and public sector agencies.

Amazon has a long-term commitment to India and in May 2023, announced plans to invest US$12.7 billion in India by 2030 into its local cloud infrastructure. This investment will contribute US $23.3 billion to India's GDP by 2030, and support approximately 131,700 full-time jobs annually at local businesses. This brings Amazon's total investment in India's cloud infrastructure to INR 1,36,500 crores (US $16.4 billion) by 2030 [Link to the AWS Media Alert.]

Between 2016-2022, Amazon invested US $3.71 billion in India. This includes both capital and operating expenditures associated with constructing, maintaining, and operating the data centres in that region. This investment contributed an estimated US$4.6 billion to India's GDP and supported an average of 39,500 full-time jobs with local businesses.

AWS is deeply committed to training the workforce with cloud and other digital skills, and millions around the world continue to choose AWS to support their learning journey. Since 2017, AWS has trained over 6.2 million individuals in India with cloud skills. We offer several skilling programs such as AWS Skill Builder, AWS Educate, and AWS re/Start.

A dynamic combination of strategic government initiatives with a lively startup ecosystem will work together to foster a pro-innovation environment. This collaborative landscape is being further strengthened by strategic industry partnerships that enhance the country's AI and cloud infrastructure capabilities. For instance, Tata Communications and AWS announced a partnership on July 22, 2025, to further develop advanced AI-ready network capacity across India. The network will connect pre-existing AWS cloud infrastructure across three of India's major cities: Mumbai, Chennai and Hyderabad.

Apollo Tyres is harnessing agentic AI for its digital transformation

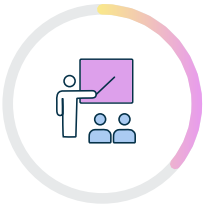
Apollo Tyres, an international tyre manufacturer, developed a custom agentic AI solution called 'Manufacturing Reasoner', which automates multistep tasks by seamlessly connecting with the company's systems, APIs, and data sources. Built on Amazon Bedrock and Amazon Bedrock Agents, it transformed raw machine data into actionable insights, achieving a holistic view of manufacturing operations to enable data-driven decision-making and enhanced operational efficiency. The plant engineers realised an approximate **88%** reduction in effort in assisting root cause analysis (RCA) for dry cycle time (DCT) of curing presses across all machines. The solution reduces the DCT RCA from up to 7 hours per issue to less than 10 minutes per issue.

Help Indian businesses more fully leverage AI by removing barriers

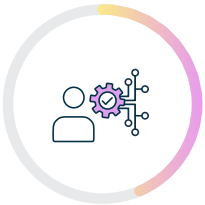
Indian businesses of all sizes and sectors have a huge opportunity ahead to deepen their AI adoption so they can more fully reap the benefits of transformative AI innovation in their businesses. To ensure India retains its AI adoption momentum, where its businesses and startups continue to thrive, there are three key barriers to be addressed:

Skills:

Businesses across India identify that the skills gap is a crucial challenge to their AI adoption. A lack of skills was the highest reported barrier, with **53%** of all businesses saying it prevents them from adopting or expanding their AI use. Businesses expect that AI literacy will be required in **43%** of jobs in the next three years, and only **25%** of businesses feel prepared with their current skillset.



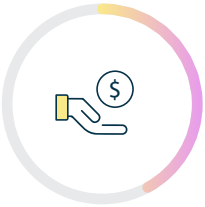
Approximately **37%** of employees have participated in digital skills training or upskilling in the past year.



Nearly half (**44%**) of businesses in India say they have implemented in-house training, **42%** say they have begun internal workshops, and **32%** are using external training courses.

Of the **32%** of businesses in India that source support from external providers or consultants for their AI capabilities, **40%** seek support with training and upskilling staff on AI tools.

75% of businesses in India believe that the level of digital skills in their workforce is hindering innovation.

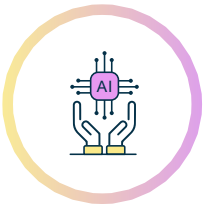


To close their own workforce's skills gap, Indian businesses say they are willing to offer a **42%** salary increase if a candidate has strong AI skills.

Funding:

60% of all businesses (including **70%** of startups) cite government support, including tax incentives or grants, as important to encourage their decision to adopt AI.

Meanwhile, startups say access to venture capital (**50%**) is critical to their ability to scale.



The Indian Government has launched various initiatives through the India AI Startup Financing Initiative, including, notably, an offering of a 100% subsidy for computing infrastructure to startups creating foundational AI models.

Regulation:

The Indian government has taken an innovation-enabling approach to AI governance. Discussions are continuing to evolve regarding the intersection of AI with regulations on privacy, copyright, and other sectoral regulatory requirements. **48%** of Indian businesses say they are familiar with the consultations by the Indian government to implement AI regulation.

Businesses hope that AI regulation would have a positive impact: **78%** expect it to standardise AI quality requirements, **63%** expect it to provide clearer guidance for AI deployment and use.

On the other hand, when asked about potential concerns over the introduction of regulation, **54%** of businesses are worried that the regulation would increase their compliance costs, and **44%** think it may limit regional talent.

Businesses estimate that they spend **19%** of their IT budget on international and domestic compliance-related costs. Although this is lower than the average across the APJ region of **25%**, more clarity around regulations is critical, as **77%** expect this figure to increase in the next 3 years.

Accelerating AI adoption through a three-point plan

India has the right tools and ambition to lead in AI. AWS urges policymakers and industry leaders to take action to unlock AI's full potential:

1. Accelerate private sector digital adoption through skills efforts:

Streamline access to government funding (**60%** of businesses cite this as important), build industry-specific digital skills programs (**72%** see AI skills as crucial, yet only **25%** feel prepared). This gap highlights the need for boosting targeted upskilling initiatives, including partnerships between government, industry, and educational institutions, particularly as the integration of AI introduces new skillsets needed in businesses. Continuing to enable a digital- and AI-ready workforce can unlock a new wave of growth and innovation.

2. Create a clear picture for India's pro-growth regulation:

Businesses in India currently benefit from relatively low compliance costs for technology, spending **19%** of their tech spend on compliance, compared with **25%** tech spend on compliance across the region. However, **77%** expect this figure to increase. Therefore, ensuring that AI regulation is predictable, stable, and innovation-friendly – and maintains India's relatively low-cost compliance model – will be critical to maintaining and strengthening India's position as a global leader in AI-driven growth. A continued consultative approach for expediting AI adoption and innovation is needed, where policy gaps and sectoral blockers for AI enablement are identified and resolved.

3. Transform the public sector's citizen services through AI:

Prioritise digital transformation in healthcare and education (top citizen priorities), use public procurement to drive innovation, and create testbeds and cross-border exploratory projects using AI to deliver new services. **62%** of businesses said that increased public sector adoption of new technologies are crucial to their ability to scale.

Conclusion

India stands at a pivotal moment in its AI transformation journey. With over a third of businesses already adopting AI and startups leading the charge as global innovators, the foundations for an AI-powered economy are firmly in place. The combination of rapid adoption, strong cloud infrastructure investments, and a vibrant startup ecosystem is fuelling both productivity and revenue growth across sectors.

Indian businesses represent immense untapped potential, with many taking the crucial first step toward AI adoption. To move beyond incremental gains, businesses must be empowered to integrate AI more deeply across their operations. Addressing critical barriers such as the digital skills shortage and access to funding will be key to enabling this shift. With continued momentum and stronger support ecosystems, India can accelerate its innovation capacity, foster globally competitive startups, and position itself as a true global leader in AI-driven growth and transformation.

Appendix

Methodology

The fieldwork for this study was undertaken by Strand Partners' research team for Amazon Web Services. This research has followed the guidance set forth by the UK Market Research Society and ESOMAR. For the purposes of this study, business leaders are defined as founders, CEOs, or members of the C-suite in organisations.

'Citizens' are nationally representative members of the public based on the latest available census.

For inquiries regarding our methodology, please direct your questions to: polling@strandpartners.com.

In India:

- We surveyed 1,000 members of the public, ensuring representation based on region, age, and gender.
- Additionally, we surveyed 1,000 businesses, representative by region, business size, and sector.

Sampling:

Our sampling process used a mix of online panels that are recognised for their validity and reliability. These panels are carefully curated to ensure diverse representation across various demographics. For the business leaders, the panels are selected with consideration for organisational size, sector, and position within the company. Our objective with the sampling strategy is to achieve an optimal mix that mirrors the actual distribution of our target populations in the respective markets.

Weighting Techniques:

Post-data collection, we applied iterative proportional weight to correct any discrepancies or over-representations in the sample.

Survey:

This study was designed with the objective of delving deep into the digital landscape:

- Usage Patterns: This survey gauges the evolving patterns of digital technology usage. We are particularly interested in examining the adoption and implementation levels of technologies, focusing on cloud computing and artificial intelligence.
- Perceptions and Attitudes: The survey seeks to unearth the prevailing perceptions and attitudes toward digital technologies, understanding the perceived benefits, challenges, and potential ramifications of both present and emerging tech solutions.
- Barriers and Opportunities: The survey scrutinises the predicted challenges and potential avenues that both businesses and individuals anticipate on their digital trajectory. This involves pinpointing challenges, from skill deficits to regulatory complications, and recognising opportunities for growth, innovation, and market development.
- 'Size of the Prize': The survey shed light on the economic repercussions and growth prospects linked with digital transformation. By elucidating the 'size of the prize', we aspire to stress the importance of digital transformation and foster further investments and technology adoption

References

1. Calculated based on the recent estimate of the total number of registered businesses in India, 2.8 million, from data from the Ministry of Corporate Affairs. Source: https://m.economictimes.com/news/india/over-28-lakh-companies-registered-in-india-65-active-govt-data/articleshow/118357980.cms#:~:text=India-,Over%2028%20lakh%20companies%20registered,%3B%2065%25%20active%3A%20Govt%20data&text=As%20of%20January%2031%2C%202025,highest%20number%20of%20active%20entities.
2. "Adopted AI" or "consistently use AI": a business that consistently uses at least one AI tool. This would not include businesses that experimented with AI once or twice, or ran a temporary pilot programme, for instance.
3. A startup is a business founded in the last 2 years which provides a new product/service or innovation and is aiming for rapid growth in terms of employees and turnover.