

AI ADOPTION IN INDIA

STATE LEVEL POLICY ANALYSIS

FEBRUARY 2025

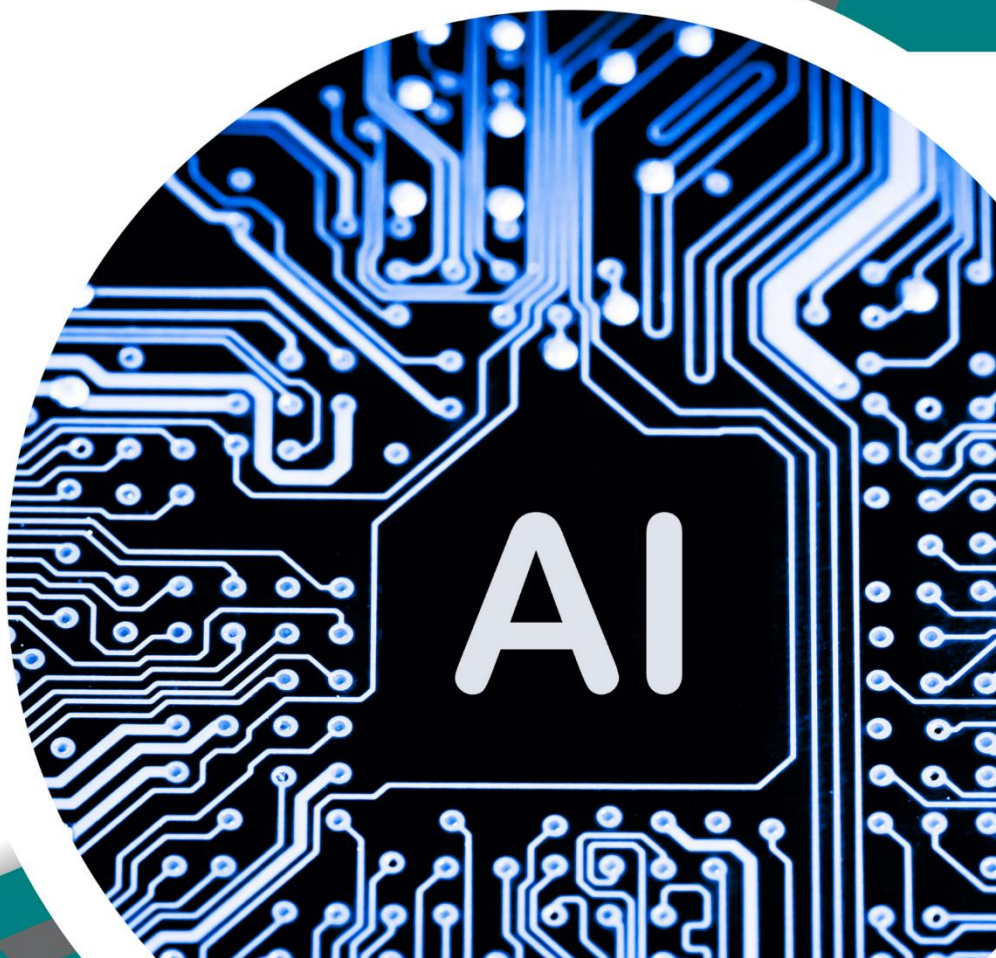


Table of Contents

01

Executive Summary
Page 2-4

02

Global Position on AI
Page 5-6

03

National Policy on AI
Page 6-7

04

State Analysis

Page 7-13

Andhra Pradesh - Page 7

Gujarat- Page 8

Haryana- Page 9

Karnataka- Page 10

Maharashtra- Page 11

Telangana- Page 12

05

Region Wise Breakdown
Page -13

06

Economic Implication
Page 14-15



Note- Complete state level benchmarking table attached in the Annexure 1: Page 17

1.0 Executive Summary

Artificial Intelligence (AI) has become a key driver of economic transformation globally, with major economies implementing policies to enhance competitiveness, innovation, and governance. In alignment with global trends, India's national AI policy, supported by ₹10,300 crore under the IndiaAI Mission, focuses on AI infrastructure, skill development, and startup financing, with initiatives like IndiaAI Compute Capacity, IndiaAI Innovation Centre (IAIC), and IndiaAI FutureSkills. Several Indian states are complementing this national strategy by launching their own AI policies, aimed at fostering industry growth, attracting investments, and integrating AI into governance.

Some states' policies are elaborated. Andhra Pradesh is advancing AI in agriculture, education, and digital infrastructure, with ₹100 crore allocated for AI startups. A collaboration with Google is set to drive AI skill-building, while the Data City in Visakhapatnam is expected to attract tech investment, mirroring Hyderabad's AI ecosystem. Gujarat has positioned itself as an AI hub through an AI Center of Excellence, backed by ₹50-200 crore in CAPEX funding for AI-driven industries. The state is also incentivizing MSMEs and AI startups, strengthening its manufacturing and automation sectors. Haryana, in partnership with the World Bank, is developing a Global AI Centre with a focus on healthcare, smart cities, cybersecurity, and transportation. AI-driven governance reforms, public service automation, and investments in digital infrastructure align Haryana with global AI adoption trends. Karnataka, home to India's leading tech ecosystem, is enhancing AI development with a ₹28 crore AI Center of Excellence in Bengaluru. The state's Global Capability Centers (GCC) policy targets 350,000 AI jobs by 2029, boosting AI-driven automation, fintech, and research. Maharashtra is integrating AI into industrial automation, digital finance, and governance, with a focus on FDI growth. With \$39.2 billion in FDI inflows over three years, Maharashtra is leveraging AI for GDP expansion, smart city projects, and a data-driven economy. Telangana's AI roadmap aims to provide AI-driven services to over 1 crore citizens by 2027. The state is fostering AI innovation through AI City near Hyderabad, a Telangana Data Exchange Platform, and 500,000 AI-skilled professionals, setting an example of AI-driven public services.

The following tables present an overview of AI-related policy implementation across various Indian states categorized into key sectors: Healthcare, Education & Skill Building, Smart Cities & Infrastructure, Cybersecurity & Data Privacy, Agriculture, and Smart Mobility & Transportation. Each cell indicates the status of policy implementation in a given field for a specific state.

Checkmarks (✓) indicate full implementation of policies/initiatives.

Circular dots (●) suggest partial or in-progress implementation/framing of policies.

Crosses (✗) signify no policy implementation in that sector.

The detailed elaboration of policies in these states is given in section 4.0.

*The following distribution for all the states and Union Territories is presented in the Annexure 1**

State/UT	Healthcare	Education & Skill Building	Smart Cities & Infrastructure	Cybersecurity & Data Privacy
Central Government	✓	✓	✓	✓
Andhra Pradesh	✓	✓	✓	✓
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	✓
Karnataka	✓	✓	✓	✓
Maharashtra	✓	✓	✓	✓
Telangana	✓	✓	✓	✓

State/UT	Agriculture	Smart Mobility & Transportation	Promotion of Startups	Research & Development
Central Government	✓	✓	✓	✓
Andhra Pradesh	✓	●	✓	✓
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	✓
Karnataka	✓	✓	✓	✓
Maharashtra	✓	✓	✓	✓
Telangana	✓	✓	✓	✓

State/UT	Collaboration with Companies	AI in Governance	Incentives and Subsidies	AI Policy in place
Central Government	✓	✓	✓	✓

State/UT	Collaboration with Companies	AI in Governance	Incentives and Subsidies	AI Policy in place
Andhra Pradesh	✓	✓	✓	●
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	●
Karnataka	✓	✓	✓	✓
Maharashtra	✓	✓	✓	✓
Telangana	✓	✓	✓	✓

While Southern and Western states are rapidly integrating AI into industry, automation, and governance, North Eastern and Central states lag due to infrastructure and AI literacy gaps, highlighting regional disparities in AI readiness.

Indian states are effectively complementing the National AI Strategy by developing localized AI policies that align with IndiaAI Mission goals, emphasizing skill development, AI infrastructure, and startup ecosystems. These initiatives also reflect global best practices:

- US and China's AI leadership: States like Karnataka, Telangana, and Maharashtra mirror Silicon Valley's AI startup ecosystem, while Haryana and Gujarat's AI industrial policies align with China's AI-driven manufacturing.
- UK and EU regulatory models: States like Maharashtra and Telangana are emphasizing AI safety, governance, and data exchange, similar to the EU AI Act.
- World Bank-backed AI growth: Haryana's AI partnership with the World Bank aligns with global AI funding models, supporting infrastructure-led development.

AI is transforming India's industrial landscape by driving efficiency, investment, and global competitiveness across multiple sectors. In **agriculture**, states like **Punjab, Maharashtra, and Andhra Pradesh** are advancing **precision farming, predictive analytics, and AI-powered supply chains**, attracting investments in agritech automation. **Manufacturing and automation** are experiencing a shift toward **AI-driven smart factories and robotics-led production**, particularly in **Gujarat, Tamil Nadu, and Maharashtra**, positioning India as a key player in global supply chains. The **fintech and digital economy** are expanding in **Karnataka and Maharashtra**, with AI applications enhancing **risk assessment, fraud detection, and digital banking**, drawing **foreign direct investment (FDI) and venture capital**. AI is also revolutionizing **governance**, with states like **Telangana and Haryana** automating **public services, smart city management, and traffic systems**, aligning with global **AI-driven governance models**.

Additionally, AI funding in **Andhra Pradesh, Gujarat, and Karnataka** is fostering a **startup ecosystem**, supporting MSMEs and mirroring the **AI-led economic strategies of the US and EU**. Collectively, these

developments are solidifying India's position as a global AI hub, integrating AI across industries to drive economic growth and technological leadership.

2.0 Global Position on AI

In a world gyrating in revolution surged by artificial intelligence, almost all major countries are rolling out policies, regulations and initiatives on Artificial Intelligence. Truly, Artificial Intelligence has become the new oil and the global AI race is synonymous to the arms race of the Cold War. All the countries want to maintain supremacy in technology, especially Artificial Intelligence. Be it the western bloc with the US, UK and EU or China, both sides are proactively advancing their capabilities in AI. The **United States** stands out as a global power house of AI innovation with tech giants like Google, Microsoft, Apple and Open AI leading the way in generative AI. With A business friendly environment along with government policies investing heavily in research and development of new age technology, the US is emerging as a leader in AI.

China has emerged as a formidable player in the field of artificial intelligence, undergoing a rapid transformation that has positioned it as a key competitor on the global stage. With its New Generation Artificial Intelligence Development Plan, It aims at becoming a tech leader by 2030. Leading the charge are tech giants like Alibaba, Tencent, Baidu, and Huawei, which have become synonymous with innovation and technological prowess. Giving tough competition to USA's closed source OpenAI's Chat GPT, China's open source DeepSeek, a generative AI chat bot has entered the market with a fraction of the cost which quickly became the number one app download. This has also redefined AI race and left stakeholders questioning if million dollar tech companies are justifies after their plummeting stock prices. Additionally, this also raises privacy concerns. This could lead to the government of China, a leading contender in the global AI race - potentially getting access to huge amounts of Western citizens' personal data leading to bilateral tensions in the international sphere. From a business point of view, though, DeepSeek's triumphant launch is as much a victory of open source over closed, proprietary methods of AI development as it is of East over West. Therefore, one might hope that we are moving past the era when building AI tools is only possible for extremely well-funded global corporations and towards a more democratized development landscape.

The **United Kingdom** is also contributing through Initiatives like the AI Sector Deal aim to harness the potential of artificial intelligence. It is also investing in data centres and focusing on AI startups.

The **European Union (EU)** is leading the world in AI regulation. The EU AI Act, the first of its kind, classifies AI systems into different risk categories, regulating high-risk AI applications such as biometric surveillance and AI-driven healthcare.

With AI's rapid evolution, global cooperation has become essential. Several international agreements and treaties aim to regulate AI development like Bletchley Declaration (2023): Signed by countries including the US, UK, and India aiming at regulating AI.

The global AI landscape is evolving rapidly, with countries adopting distinct strategies based on their economic priorities and governance models. While the **United States and China** are leading in AI

innovation, other nations, including the **UK, EU, India, and Canada**, are shaping policies to balance **AI growth with ethical concerns**.

Figure 1.0 AI adoption worldwide



Courtesy: Global AI Law and Policy Tracker

3.0 National Policy on Artificial Intelligence

The Central Government of India has taken a “pro-innovation governance approach” to AI and is actively implementing AI policies through structured government initiatives, strategic investments, and public-private partnerships. The Union Parliament approved a sum of **₹10,300 crore for the IndiaAI Mission** underscoring India’s commitment in building its AI ecosystem.

The key emphasis is on data, compute and model launching pivotal platforms such as the **IndiaAI Compute Capacity, IndiaAI Innovation Centre (IAIC), and the IndiaAI Datasets Platform**, focusing on expanding research, computing infrastructure and access to high quality data sets. The government is focusing on building skills and AI literacy to bridge the gap between education and unskilled labour workforce, a major challenge to AI adoption which is also evident through initiatives such as the **IndiaAI FutureSkills program** and the establishment of **Data and AI Labs** across both metropolitan and smaller cities. Recognizing the economic prowess of the startup industry, the Indian government is also encouraging entrepreneurship and incentivizing startups to invest in Artificial technology. The **IndiaAI Startup Financing and Safe & Trusted AI** initiatives aim to empower AI-driven startups and ensure responsible AI adoption. In addition, India has endorsed the need for further engagement on fairness,

accountability, transparency, privacy, intellectual property, and the development of trustworthy and responsible AI.

These initiatives of India align with the global goals of leading countries looking at skill enhancement, fostering innovation, and expanding AI infrastructure to drive economic growth. Additionally, **NITI Aayog's "AI for All" framework**, seeing AI as transformative technology that can address societal challenges, is focusing on key sectors like **healthcare, agriculture, education, smart cities, and transportation**, and resembles AI-driven transformation efforts seen in South Korea, Israel, and Australia. With a rapidly growing digital economy and an emerging AI talent pool, India is positioning itself as a global AI hub, much like other leading nations that recognize AI's transformative power in shaping the future.

These efforts of the Indian Government will promote digital economy, lower barriers in adopting AI both large and small enterprises, enhance productivity, reduce operational costs and attract foreign direct investment from large firms. The industries should view this as a game changing time for India's economy with heavy flow of investment flowing in India with a large pool of talent being skilled and support and incentives from the central government.

4.0 State Analysis

Following is the analysis of the policies being implemented in some of the states to promote Artificial Intelligence in different fields and their economic implications for respective industries. A summary of all initiatives of all the states is provided in Annexure 1.

4.1 Andhra Pradesh

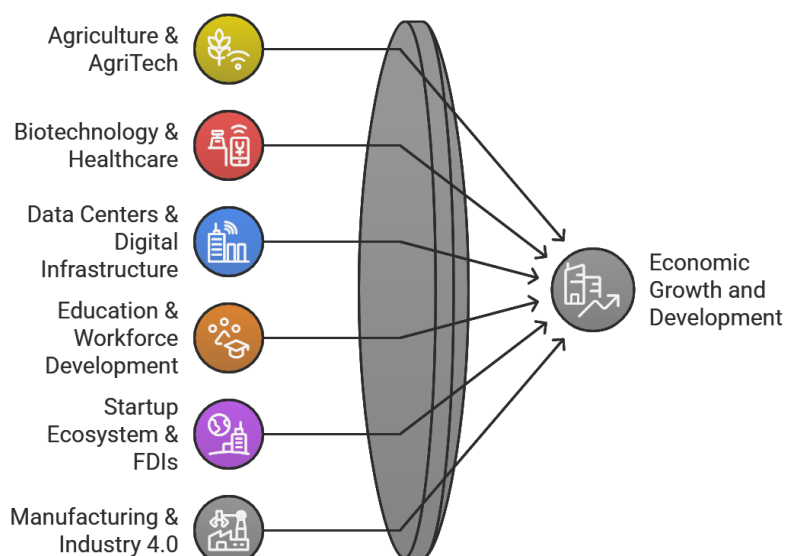
1. Andhra Pradesh is actively integrating Artificial Intelligence (AI) across various sectors, aiming to foster economic growth and establish itself as a technological leader. The Andhra Pradesh government, under Chief Minister N. Chandrababu Naidu, has set an ambitious goal to produce an AI professional from every family¹. This initiative underscores the administration's commitment to embedding AI literacy and skills within the populace. Andhra Pradesh is poised to create a robust talent pool, attracting businesses seeking skilled professionals.
2. In the **agricultural sector**, AI is being utilized to optimize resource use, **enhance crop yields**, and improve **market access for farmers**. Initiatives such as AI-powered early pest detection systems have demonstrated the efficacy of AI in identifying threats up to 10 days earlier than traditional methods, leading to better crop management and increased farmer incomes.
3. The Andhra Pradesh government has been proactive in creating an **enabling environment for startups**, particularly those focusing on AI and technology-driven solutions. The establishment of the **Andhra Pradesh Innovation Society (APIS)** aims to promote entrepreneurship through initiatives like the Innovation and Startup Policy 2014-2020, technology incubators, and

¹ PTI. (2025, January 27)

accelerators. **A fund of Rs 100 crore** has been set up to support entrepreneurs and startups, with plans to incubate 100 startups over five years.²

4. The Andhra Pradesh government has also signed a **partnership with Google** to drive AI adoption across key sectors, including **healthcare, environmental sustainability, and industry innovation**. The collaboration includes AI training programs for businesses, skill development initiatives in schools and colleges, and the **issuance of 10,000 Google AI Essentials certifications** to build an AI-ready workforce while also establish a facility on 80 acres in Visakhapatnam.
5. Moreover, the Andhra Pradesh government has decided to develop Data City near Madhurawada in Visakhapatnam, replicating Hyderabad's HITEC city providing state-of-the-art infrastructure for data centres and AI hubs.³

Figure 2.0 Sectors focused by Andhra Pradesh State Government



4.2 Gujarat

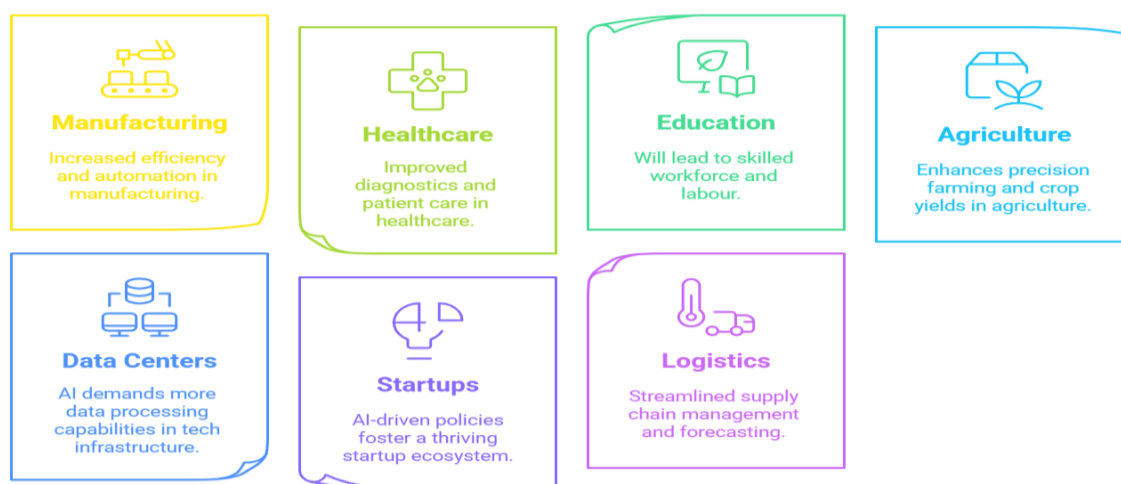
1. The Gujarat government has established an Artificial Intelligence (AI) Center of Excellence to promote AI integration across sectors such as **manufacturing, healthcare, and education**. To support this, the Gujarat IT/ITeS Policy 2022–2027 provides **financial incentives**, including Capital Expenditure (**CAPEX**) support of **up to ₹50 crore for standard projects** and **up to ₹200 crore for mega projects**, as well as Operational Expenditure (OPEX) support of up to ₹20 crore per year for standard projects and ₹40 crore for mega projects.

² eHealth Network. (2018, June 23).

³ South First. (2025, January 30)

- The government also presented awards to **Micro, Small, and Medium Enterprises (MSMEs)** for their early adoption of innovative AI and IoT-led solutions, as well as to startups. These efforts aim to position Gujarat as a leader in AI-driven industrial development, attracting investments and stimulating economic advancement.⁴

Figure 3.0 Economic Implication of Gujarat's AI policies



4.3 Haryana

- Haryana has undertaken a strategic approach to integrate Artificial Intelligence (AI) across various sectors with a focus on growth, innovation, and sustainability. The state has allocated **funds to support** the development of AI-powered projects in **healthcare**, including AI-based diagnostic tools and smart healthcare systems, aiming to reduce costs and improve service delivery.
- The Haryana state will soon be home to a **Global Artificial Intelligence (AI) Centre** with the assistance of the **World Bank**.⁵ In **education and skill-building**, Haryana has introduced AI training programs, collaborating with academic institutions to offer AI certifications and create specialized research centers.
- The state's focus on smart cities and infrastructure includes the implementation of AI technologies for **traffic management, energy optimization, and public service automation, contributing to more efficient urban planning** in collaboration with CivilCops.
- To address **cybersecurity and data privacy**, Haryana has established a framework to secure digital infrastructures, with policies ensuring data protection for citizens and businesses.

⁴ Chief Minister's Office, Gujarat. (2025, January 27)

⁵ Chief Minister's Office, Haryana. (2024, November 29).

5. In agriculture, AI-based solutions for **precision farming, pest detection, and weather prediction** are being developed, with funds allocated to scale up these projects.
6. The smart mobility and transportation sector benefits from AI applications in traffic management and the development of autonomous vehicles for better city connectivity.
7. In terms of promoting startups, Haryana **offers financial incentives, including grants for AI-based businesses and tax breaks for tech startups**. Research and development in AI is supported through the establishment of **AI Centers of Excellence**, aiming to drive innovation and attract industry collaborations.
8. The state government is fostering collaboration with both global and local companies, focusing on AI development for industry-specific needs like **manufacturing and agritech**. AI is also being integrated into **governance**, with the use of automated systems for public services to increase transparency and efficiency.

4.4 Karnataka

1. Karnataka is actively advancing its artificial intelligence (AI) landscape through strategic initiatives aimed at fostering innovation and economic growth. A significant development is the establishment of a **Center of Excellence in Artificial Intelligence** in Bengaluru, with an investment of **₹28 crore**. In collaboration with the **World Economic Forum**, the state has signed a Letter of Intent to set up a **world-class AI center**.⁶
2. The **Karnataka Data Centre Policy 2022** further underscores the state's commitment to the digital economy, aiming to **attract ₹10,000 crore in investments by 2025**. The policy offers substantial incentives, including **capital subsidies, electricity duty exemptions, and land purchase subsidies**, to catalyze the growth of data infrastructure.⁷
3. It aims to establish **Global Capability Centres (GCC)** through its policy of 2024-2029: The state aims to double the number of GCCs to 1,000 and **create 350,000 jobs by 2029**, with an **expected economic output of \$50 billion**.⁸ The state is also working towards traffic management integrating AI.
4. In October 2017, the Government of Karnataka signed a MoU with **Microsoft India** to increase **farmers' income** using cloud-based technologies, machine learning, and advanced analytics making advances in including **AI in Agriculture**.
5. Additionally, **Karnataka Forest Department (KFD)** faced challenges in predicting timber sales revenue and generating insights pre/post-sale. To address this, KFD and **Nasscom CoE** collaborated with AI innovators, evaluating **60+ startups**. This maximized revenue and enhanced **forest management efficiency**.⁹
6. The government is also focusing on establishing digital infrastructure development **"Beyond Bangalore"**.

⁶ Deccan Herald. (2025, January 30)

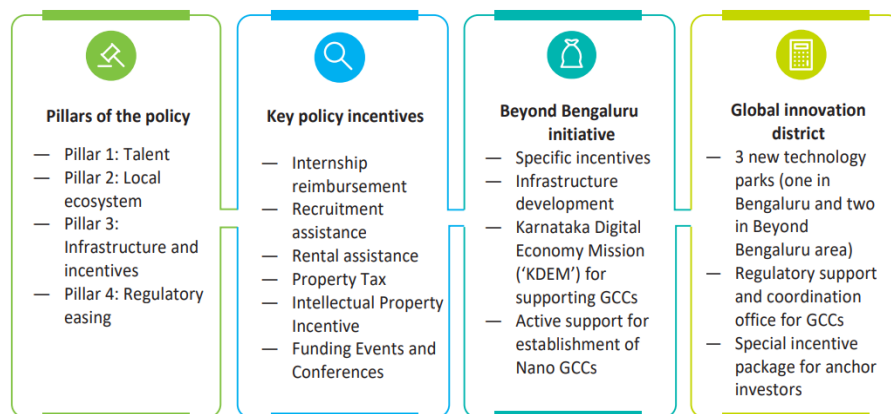
⁷ Elets News Network. (2024, December 12)

⁸ Department of Electronics, IT, Bt and S&T, Government of Karnataka. (2024)

⁹ National e-Governance Division. (n.d.). *Government of Karnataka*. INDIAai.

7. Karnataka hosts the hub of **Startup industry** working in innovative solutions using AI. The government is giving them incentives in the form of tax cuts, subsidies and land benefits.

Figure 4.0 Key fields of Karnataka's AI policy



Courtesy: Deloitte¹⁰

4.5 Maharashtra

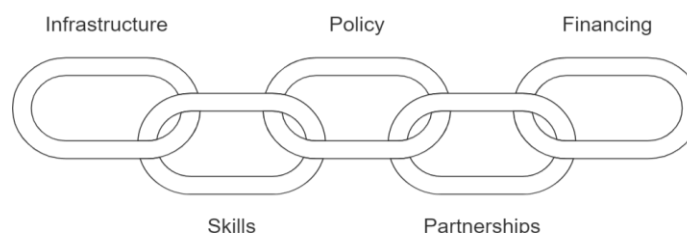
1. The Maharashtra government has established a **13-member task force** to draft the state's first **comprehensive Artificial Intelligence (AI) policy**, aiming to position Maharashtra as a leader in AI and leverage the growth of AI-driven industries.¹¹
2. The state plans to host **Mumbai Tech Week from February 24 to March 1, 2025**, in collaboration with the **Tech Entrepreneurs Association of Mumbai (TEAM)**, positioning India as a global leader in AI innovation and technology.
3. A **Centre of Excellence in AI**, robotics, IoT, Industry 4.0, 3D printing, and allied technologies is set to be established in Maharashtra, creating significant opportunities for students and providing them with **necessary skills and job placements**.
4. Maharashtra received **\$39.2 billion in Foreign Direct Investment (FDI)** over the past three fiscal years, with the software industry attracting **23% of the total FDI**, indicating a strong foundation for AI development.
5. The state's AI policy framework emphasizes **inclusivity, equity, and accessibility**, aiming to foster competition and collaboration while ensuring the benefits of AI are distributed equitably without widening the digital divide.
6. The policy focuses on five pillars: **Infrastructure, Skills, Policy, Partnerships, and Financing**, aiming to create a robust AI ecosystem that benefits all citizens.

¹⁰ Deloitte Touche Tohmatsu India LLP. (2024, December 23)

¹¹ IANS. (2025, January 17).

7. The **Maharashtra Cyber Security Policy 2025** aims to create a **robust cybersecurity framework** for citizens, educational institutions, industries, startups, and the government sector, ensuring the security of IT infrastructure and delivering secure digital services.
8. The state aims to achieve a \$1 trillion GDP in the coming years by **empowering startups in AI**.
9. The AI policy aims to diversify the economy through **real-time monitoring** and AI-driven solutions, and strengthen governance **using chatbots and other AI tools**.
10. Maharashtra's strong **industrial base and financial infrastructure** provide a solid foundation for advancements in **digital finance and advanced manufacturing** through AI integration.
11. The policy framework includes **guardrails against algorithmic bias, data misuse, and privacy violations**, ensuring protections are embedded to uphold individual freedoms and civil liberties.
12. The state emphasizes the importance of **partnerships among technology companies, universities, NGOs, and grassroots communities**, ensuring that **public-private** collaborations are transparent and lead to equitable outcomes.
13. Approximately **52% of Maharashtra's** population depends on agriculture, which contributes 11.8% to the state's economy; the AI policy aims to address major challenges in this sector, including **weather-related issues** and disparities.

Figure 5.0 Key fields of Maharashtra's AI policy



4.6 Telangana

Telangana has launched the "**AI-Powered Telangana Strategy Document and Implementation Roadmap**" ¹² focusing on:

1. Primarily, the State will be pursuing a **six-point agenda**, including setting for itself a goal of delivering AI-driven services to more than one crore people in sectors such as agriculture, health, education and mobility by 2027.
2. AI integration into **public services** is expected to enhance efficiency, accessibility, and the overall quality of life for citizens.
3. The strategy prioritizes the development and utilization of local datasets to create AI models tailored to the state's specific requirements.
4. Telangana will facilitate **access to compute capacity through hyperscalers**, offering subsidized resources to early-stage startups, focusing on socially conscious solutions.

¹² Government of Telangana. (2024)

5. The state aims to train **500,000 professionals in AI specializations** by 2027 through a combination of formal education and digital initiatives.
6. Collaboration is encouraged between **10,000 startups**, established firms, academic institutions, and government bodies to build a strong AI ecosystem that drives economic growth and attracts investments.
7. The government will also launch **Telangana Data Exchange Platform (TGDex)** thus enabling access to quality data for innovators in the ecosystem and fueling AI-powered innovation through a collaborative approach.
8. A strong focus is placed on **generative AI** to explore advanced AI technologies and their diverse applications.
9. The initiative aims to leverage AI for inclusive development, ensuring that technological advancements lead to social progress and benefit all citizens equitably.
10. The state proposes the **creation of an AI City near Hyderabad**, designed as a future-ready facility to host multinational corporations, research institutions, and startups.

5.0 Region-Wise Breakdown

Based on the observation from the Table in Annexure 1* It is evident that there is **widespread imbalance** in the framing of policies around AI and its implementation across different regions of India. This indicates an ulterior problem of the economic inequalities that persists in different states of India which has translated into the inequality in technological revolution. In the states of the North Eastern region, the level of AI adoption is highly minimal and is limited to basic education in artificial intelligence. The policies on responsible AI are absent and the state governments are in the preliminary position in implementing agritech except some states like Sikkim.

Contrastingly, the more developed regions of North India are increasingly becoming a hub of leading Artificial Intelligence. There is a strong to moderate level of implementation in AI policies. It is however concentrated in the Delhi NCR Region and Uttar Pradesh. There is a strong demand for Agritech in Punjab and North western states. They are complementing the National AI Mission of the Central Government.

A moderate level of developments have been deduced in the Central region India. It has mostly been limited to edtech and agritech and is still to roll out full fledged policies on AI. Mostly, none of the states in this region are focusing on cyber security and data privacy.

Compared to all regions, there is a paradigm shift with the highest level of implementation has been seen in the states lying in South India. The states government of Karnataka, Maharashtra, Telangana, Kerala, Tamil Nadu and Andhra Pradesh are proactively working on digital infrastructure, research, upskilling and social welfare policies using AI.

This is due to the lack of digital infrastructure including limited data centers, slow internet speeds, and fewer AI-focused institutions. The skewed **Internet penetration** and AI talent concentration with the lack of AI literacy, there is a lack of skilled labour are the major driving cause of this inequality. The higher GDP states are investing more in R&D as compared to the ones with lower GDP. Moreover, States with better digital governance (Karnataka, Gujarat, Maharashtra) are showing a faster AI adoption.

6.0 Economic Implication

India's state-driven AI policies are shaping a dynamic economic landscape, with major implications for **industry growth, investment opportunities, and labor markets**. India is an emerging playground for tech giants, MNCs, startups, MSMEs and for anyone involved in innovation using artificial intelligence and cloud computing. With increasing digital penetration, states are leveraging AI to enhance governance, industry productivity, and public services, making AI a critical driver of economic expansion.

There is huge potential for investments in the field of **AgriTech** and innovative solutions for agricultural inefficiencies using AI. Since the mass population is involved in rural agricultural employment, the states are largely focusing on agritech and giving incentives for the same. AI-powered predictive analytics, precision farming, and automated irrigation systems are **receiving significant government backing**, with states offering incentives for AI-led innovations in agriculture. This positions states like **Punjab, Maharashtra, and Telangana** as prime locations for agritech investments.

Manufacturing and automation are also seeing strong AI-driven transformations, particularly in states with well-established industrial bases like **Tamil Nadu, Gujarat, and Maharashtra**. AI-integrated smart factories, supply chain optimization, and robotics-driven production processes are making manufacturing hubs more competitive globally. States are focusing on AI-driven industrial corridors to **attract foreign direct investment** and global manufacturers.

Moreover, there is scope in **Financial technology (FinTech)** with AI applications in digital lending, risk assessment, and fraud detection revolutionizing banking and insurance. The states are also looking to expand financial inclusion in **tier-2 and tier-3 cities**, creating new revenue streams. Case in point, "Beyond Bangalore" of Karnataka.

The **education sector** is undergoing a massive AI transformation, with governments investing in AI-driven personalized learning, virtual classrooms, and skilling initiatives. Majorly all the states are spending on education and skill enhancement. This also indicates huge potential for **skilled labour** in the upcoming years.

Healthcare is emerging as a **high-revenue AI sector**, with AI applications in diagnostics, telemedicine, and drug discovery attracting significant investments. States like **Kerala, Telangana, and Delhi-NCR** are focusing on AI-driven healthcare infrastructure.

Additionally, the states are likely to give incentives, subsidies and grants to **startups and young entrepreneurs** involved in AI-centric startups creating a pipeline of innovative solutions that can be commercialized, offering industries new tools and methodologies to improve their operations.

Other emerging fields like tourism, fishing and transport are also lucrative for businesses to invest in.

With India's AI policies emphasizing skill development, automation, and infrastructure expansion, the next decade will see AI-integrated economic hubs emerge. Strategic placement of AI-driven industries in industrial zones, **IT parks, and smart cities** will maximize growth while ensuring equitable economic benefits. States that actively encourage AI innovation will likely **become the most profitable investment destinations**, solidifying India's position as a global AI powerhouse.

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Annexure 1*

The table presents an overview of AI-related policy implementation across various Indian states and union territories, categorized into key sectors: Healthcare, Education & Skill Building, Smart Cities & Infrastructure, Cybersecurity & Data Privacy, Agriculture, and Smart Mobility & Transportation. Each cell indicates the status of policy implementation in a given field for a specific state.

Checkmarks (✓) indicate full implementation of policies/initiatives.

Circular dots (●) suggest partial or in-progress implementation/framing of policies.

Crosses (✗) signify no policy implementation in that sector.

State/UT	Healthcare	Education & Skill Building	Smart Cities & Infrastructure	Cybersecurity & Data Privacy
Central Government	✓	✓	✓	✓
Andhra Pradesh	✓	✓	✓	✓
Arunachal Pradesh	●	●	✗	✗
Assam	✓	✓	✗	✗
Bihar	●	●	✗	✗
Chhattisgarh	✓	✓	✓	✗
Goa	✓	✓	●	✗
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	✓
Himachal Pradesh	✓	✓	●	✗
Jharkhand	✗	●	✗	●
Karnataka	✓	✓	✓	✓
Kerala	✓	✓	✓	✗
Maharashtra	✓	✓	✓	✓
Madhya Pradesh	✓	✓	✓	●
Manipur	✗	✗	✗	✗
Meghalaya	✓	●	✗	✗

State/UT	Healthcare	Education & Skill Building	Smart Cities & Infrastructure	Cybersecurity & Data Privacy
Mizoram	●	●	✗	●
Nagaland	✗	✓	✗	●
Odisha	●	●	✗	✗
Punjab	✓	✓	●	●
Rajasthan	✓	●	✓	●
Sikkim	✓	●	✗	✗
Tamil Nadu	✓	✓	✓	✓
Tripura	✗	✓	✗	✗
Telangana	✓	✓	✓	✓
Uttar Pradesh	✓	✓	✓	✓
Uttarakhand	●	✓	✓	●
West Bengal	✓	✓	✓	●
Andaman & Nicobar (UT)	●	✓	✗	✗
Chandigarh (UT)	●	●	✓	●
Dadra & Nagar Haveli and Daman & Diu (UT)	✗	✗	✗	✗
Delhi [National Capital Territory (NCT)]	✓	✓	✓	✓
Jammu & Kashmir (UT)	✓	✓	●	●
Ladakh (UT)	✗	✗	●	✗
Lakshadweep (UT)	✗	✗	●	●
Puducherry (UT)	●	●	✗	✗

State/UT	Agriculture	Smart Mobility & Transportation	Promotion of Startups	Research & Development
Central Government	✓	✓	✓	✓
Andhra Pradesh	✓	●	✓	✓
Arunachal Pradesh	●	✗	✗	●
Assam	●	●	✗	✗
Bihar	●	✓	●	●
Chhattisgarh	✓	●	✗	●
Goa	✗	✓	✗	✗
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	✓
Himachal Pradesh	✓	●	●	●
Jharkhand	●	✗	✗	●
Karnataka	✓	✓	✓	✓
Kerala	✓	●	✓	✓
Maharashtra	✓	✓	✓	✓
Madhya Pradesh	✓	✓	✓	✓
Manipur	✗	✗	●	✗
Meghalaya	✗	✓	✗	✗
Mizoram	●	●	✗	✗
Nagaland	✗	✗	✗	●
Odisha	●	●	●	●
Punjab	✓	✓	✓	●
Rajasthan	✓	✓	✓	✓
Sikkim	✓	✓	✗	✗
Tamil Nadu	●	●	✓	✓

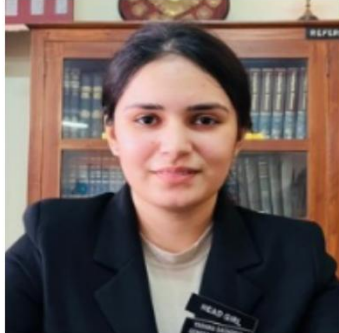
State/UT	Agriculture	Smart Mobility & Transportation	Promotion of Startups	Research & Development
Tripura	✗	✗	✗	✗
Telangana	✓	✓	✓	✓
Uttar Pradesh	✓	✓	✓	✓
Uttarakhand	●	✓	✗	●
West Bengal	✓	✓	✓	✓
Andaman & Nicobar (UT)	●	●	✓	✓
Chandigarh (UT)	✓	●	●	●
Dadra & Nagar Haveli and Daman & Diu (UT)	✗	✗	●	✗
Delhi [National Capital Territory (NCT)]	✓	✓	✓	✓
Jammu & Kashmir (UT)	✓	✓	✓	✓
Ladakh (UT)	✗	✗	●	✗
Lakshadweep (UT)	✗	✗	●	✗
Puducherry (UT)	✗	✗	✓	✗

State/UT	Collaboration with Companies	AI in Governance	Incentives and Subsidies	AI Policy in place
Central Government	✓	✓	✓	✓
Andhra Pradesh	✓	✓	✓	●
Arunachal Pradesh	●	●	●	✗
Assam	●	●	✗	✗
Bihar	✓	✓	✗	●

State/UT	Collaboration with Companies	AI in Governance	Incentives and Subsidies	AI Policy in place
Chhattisgarh	●	✗	✗	✗
Goa	●	✓	✗	✗
Gujarat	✓	✓	✓	✓
Haryana	✓	✓	✓	●
Himachal Pradesh	✓	●	●	●
Jharkhand	●	●	✗	✗
Karnataka	✓	✓	✓	✓
Kerala	✓	✓	✓	●
Maharashtra	✓	✓	✓	✓
Madhya Pradesh	✓	●	✓	●
Manipur	✗	✓	✗	✗
Meghalaya	✗	✓	✗	●
Mizoram	●	●	✗	✗
Nagaland	●	●	✗	●
Odisha	✗	●	✗	●
Punjab	●	✓	●	✓
Rajasthan	✓	✓	●	✗
Sikkim	✗	●	✗	✗
Tamil Nadu	✓	✓	●	✓
Tripura	●	✗	✗	✗
Telangana	✓	✓	✓	✓
Uttar Pradesh	✓	✓	✓	✓
Uttarakhand	●	●	●	●
West Bengal	✓	✓	✓	✓

State/UT	Collaboration with Companies	AI in Governance	Incentives and Subsidies	AI Policy in place
Andaman & Nicobar (UT)	✓	●	✓	✗
Chandigarh (UT)	✓	✓	●	●
Dadra & Nagar Haveli and Daman & Diu (UT)	●	✗	✗	✗
Delhi [National Capital Territory (NCT)]	✓	✓	✓	●
Jammu & Kashmir (UT)	✓	✓	✓	●
Ladakh (UT)	✗	●	✗	✗
Lakshadweep (UT)	✗	✗	✗	✗
Puducherry (UT)	✓	✗	✓	✗

About the Author



Yashika Sachdeva is a Research Intern at VeK and an Economics Honours student at Miranda House, Delhi University. She is also pursuing a Diploma in International Relations and Diplomacy, with the aspiration of joining the Indian Foreign Service through the UPSC Examinations.

Passionate about climate advocacy, Yashika serves as the Coordinator of Fridays For Future, Uttar Pradesh. She has represented youth voices on global platforms, including as a Youth Advocate at the UNCSW 66th Session and the UN NGO Generation Equality Forum, where she moderated sessions on the intersection of gender and climate change. Additionally, she is a Student Ambassador at YLAC, furthering her commitment to youth engagement and policy discourse

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