

# India's AI spend may touch \$5 bn by 2027

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Spending on artificial intelligence (AI) in India is expected to grow at a compound annual growth rate of 31.5 per cent from 2023 and might reach \$5.1 billion by 2027, according to a joint study released on Tuesday by Intel and International Data Corporation (IDC). The growth in AI spending is set to be the fastest among the eight markets surveyed, including Australia, India, Indonesia, Japan, South Korea, Malaysia, Singapore, and Taiwan.

The AI software sector is projected to be the primary driver of overall market growth, reaching \$2.6 billion by 2027, the study revealed.

According to the report, entities in India spent \$1,703.8 million on AI in 2023, with banking, financial services and insurance, manufacturing, healthcare, telecommunications, and retail being the highest spending sectors during the year.

“2023 was primarily a year of planning, and this year is going to see more expansive AI adoption. We are in the phase where many organisations have conducted pilots, proofs of concept, and by around 2027-2028, we are



## WAY AHEAD

- AI software sector is projected to be the primary driver of overall market growth, reaching \$ 2.6 billion by 2027
- Entities in India spent \$1.70 billion on AI in 2023
- Spending on AI infrastructure is projected to hit \$733 million by 2027

going to see AI everywhere,” said Sharath Srinivasamurthy, associate vice-president, IDC. He also highlighted the chances of brain drain of AI talent from India. “If you look at the overall spending on AI across the globe, 50 per cent of it is coming from the US. There is a huge demand outside India for AI talent as well. So, there is a high possibility that the talent created here (India) might get forced into other countries,” he added.