



# 5 Forces Shaping India's Digital Economy in 2026

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India's digital landscape is at a turning point. Some organisations have robust infrastructure, skilled teams, and established innovation practices, while many still face gaps in technology, talent, and regulatory clarity. AI, cloud, and other emerging technologies offer real potential to scale operations and explore new business models, but success is not guaranteed.

In 2026, the challenge for technology leaders will be to understand where progress is possible, where constraints remain, and how to prioritise investments that deliver measurable outcomes

These five forces will define strategy and adoption in 2026.



# 1. Leadership, Policy & Sovereignty: Shaping AI Strategy in 2026

**India's transformation journey is increasingly shaped by government policies, regulatory frameworks, and national initiatives that guide AI, cloud, and deep tech adoption.**

Technology leaders should not look at these as abstract rules; they should directly inform investment priorities, operational decisions, and governance practices. Sovereign AI infrastructure is becoming a practical enabler. Programmes like the IndiaAI Mission, national compute grids, and native LLMs trained on Indian languages open new avenues for innovation while ensuring data residency, IP protection, and ethical compliance.

This could be key to finally deploying AI at scale, testing localised solutions, and designing workflows that meet both business objectives and regulatory requirements.

## CIO TAKEAWAY

Understand how government policies and sovereign requirements affect your AI strategy. Align projects with national guidelines, choose providers who can meet local compliance standards, and make use of government-backed infrastructure to deploy AI securely and reliably at scale.



## 2. Tech Ecosystem: Edge & Distributed Infrastructure as an Opportunity

**India's AI ambitions depend on infrastructure that is resilient, scalable, and distributed where it matters most.**

Beyond central cloud data centres, the real opportunities are at the edge — in Tier-2 and Tier-3 cities, industrial sites, and other distributed networks — where data is generated in real time and insights can be acted on immediately.

Edge AI and distributed computing are already making a difference in sectors like manufacturing and BFSI. Leading manufacturers have factories are using Digital Twins, predictive maintenance, and cobots, while financial institutions deploy real-time risk assessment and fraud detection, across all locations. Making these work reliably requires low-latency connectivity, scalable compute, and data pipelines that can handle complex, multi-point workflows. Expanded data centre capacity within India, both at core hubs and edge locations, helps reduce latency, keep sensitive data within jurisdiction, and support these distributed workloads.

### CIO TAKEAWAY

View edge and distributed infrastructure as a practical enabler. Leverage India's growing data centre footprint (from large campus deployments to emerging edge sites) together with connectivity advances, to reach new markets, speed innovation, and deliver AI solutions where they are needed most.



## 3. The Consumption Economy: Consumers Driving the Next Wave

**India's consumption landscape is being reshaped from the ground up by empowered consumers.**

Platforms like ONDC, AI-powered vernacular interfaces, and offline-first tools are giving small retailers and businesses in Tier-2 and Tier-3 cities unprecedented reach. Consumers themselves are driving adoption, demanding seamless, accessible, and personalised experiences, accelerating AI and digital innovation.

This shift presents a clear opportunity: meet consumers where they are, scale beyond metros, and turn behavioural insights into actionable growth strategies. AI-enabled vernacular, voice-first, and low-connectivity solutions allow businesses to serve the “next 500 million” users while bridging digital literacy gaps.

### CIO TAKEAWAY

Support business leaders with AI-powered interfaces, open networks, and flexible workflows, while ensuring compliance in regulated sectors. Turn consumer insights into scalable outcomes, including in semi-urban and rural markets where new opportunities are emerging.



## 4. Future of Work: Human-AI Collaboration as a Competitive Advantage

**AI should not be considered just a tool for cost reduction or labour arbitrage — it has the potential to reshape the nature of work.**

To make this opportunity real, organisations need a centralised yet federated approach. Anchored by an AI CoE, business and technology teams can present use cases for prioritisation, budget, and implementation. Scaling AI effectively requires lateral investments; small, isolated pilots yield limited returns and hinder long-term impact.

Success depends on a solid AI foundation. Governance frameworks, observability, ethical guardrails, and reliable data practices ensure AI is safe, accountable, and scalable. Reskilling initiatives, flexible career pathways, and AI-enabled decision support equip employees to translate technology into tangible business outcomes.

### CIO TAKEAWAY

Embed AI in tech workflows to track impact, ensure observability, and redesign processes. Combine this with targeted upskilling so employees use AI effectively and drive real business value.



## 5. GCCs as Growth Catalysts: Accelerating Enterprise AI Initiatives

**India's Global Capability Centres (GCCs) are not just for back-office operations today.**

Many have evolved into strategic hubs for innovation, experimentation, and regional impact. Leading centres in Bengaluru, Hyderabad, Pune, and Gurugram now manage end-to-end product R&D, AI deployment, cybersecurity, and business innovation, with some owning entire product lines and incubating India-first pilots.

For Indian organisations and tech teams, GCCs offer access to global-scale operations, advanced AI capabilities, and sophisticated tech stacks without building in-house. Partnering with these centres enables rapid piloting of AI initiatives, integration of agentic AI into workflows, and accelerated digital transformation. GCCs combine infrastructure, talent, and governance to test, scale, and de-risk innovation, acting as a launchpad for enterprise-wide AI impact.

### CIO TAKEAWAY

Treat GCCs as innovation accelerators, not just cost centres. Co-develop AI pilots, expand technical capabilities, and build expertise that can be applied across the organisation, all while ensuring compliance with local and global mandates.

# Big5

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