INDIA NEXT: REIMAGINING DEVELOPMENT THROUGH AI

Pre-summit Consultation | India AI Impact Summit 2026

22nd January 2026 | India Habitat Centre, New Delhi

Knowledge Partner:

Meta

the^delta

Contents

"The goal is not more ideas, but better decisions and credible next steps.

Knowledge Partner:

the*spark forum

AI should strengthen public systems, not replace them."

1. Context

India is at a clear inflection point in its technology journey. After a decade of building and scaling Digital Public Infrastructure, the central question is no longer about reach at the population scale. It is about whether public systems can serve citizens better, making things easier, more respectful and more reliable.

This pre-summit consultation, in line with the India AI Impact Summit 2026, organised by Meta and the^delta and curated by the*spark forum, convened senior policymakers, academia, technologists, ecosystem and civil society organisation leaders and practitioners around one core question: **How can AI responsibly strengthen governance, reduce exclusion and deliver better services for India's citizens and enterprises?**

The convening featured a panel on "Transforming Governance with AI" with three senior bureaucrats, followed by three parallel working groups that discussed the challenges faced by end users, frontline workers and government departments and explored possible AI-based solutions for the Ministry of Social Justice and Empowerment (MoSJE), the Ministry of Rural Development (MoRD) and the Ministry of Micro, Small and Medium Enterprises (MoMSME).

A common theme emerged: the intent was not to chase novelty or argue over the best AI models, but to identify real outcomes at scale, near-term pilots and safeguards that prevent AI from becoming a new source of exclusion. The discussions did not spend time on "best models" but on outcomes and what it takes to achieve them responsibly.

The discussions positioned AI as the next chapter in India's story of "inclusion at population scale". India has demonstrated Digital Public Infrastructure (DPI) capabilities to the world and the next logical step would be using AI that works with local languages, understands local contexts and fits people's real-life experiences, all while maintaining trust and accountability.

2. The Governance Challenge

The discussions provided a practical assessment: digitisation and DPI have delivered major gains, but citizens and businesses still face ongoing challenges when accessing welfare, livelihood support and government services.

Most Often-encountered Governance Challenges
● Citizens and businesses struggle to navigate multiple schemes, departments and platforms. Different systems do not talk to each other making it hard to deliver services in practice. ● Frontline officials spend too much time on paperwork and administrative tasks. This leaves little time to actually serve people, particularly those in remote areas with limited resources and most marginalised. ● Governments lack real-time information about how programs are actually working on the ground. Reporting remains retrospective and compliance driven rather than decision enabling. This makes it difficult to spot problems early on and fix them quickly. ● Even when policies are well-intended, end users continue to face delays, uncertainty and exclusion. This weakens trust in the system and pushes citizens to rely on intermediaries/middlemen or find ways around the system.

One key theme ran through all three working group discussions. AI can move governance beyond digitisation toward decision support, but in high-stakes areas it must be treated as something that can also carry real risks. The discussions kept returning to augmentation, not replacement, with human oversight wherever the consequences matter. This was not just a generic precaution. It is connected to actual failure patterns: exclusions caused by weak or poorly defined eligibility criteria, errors that spread rapidly once systems are automated and malicious or false inputs that need early verification. The same caution also applied to market and business facing systems. MSMEs already struggle with information scattered across portals and in PDF format, very high dependence on intermediaries and fear of making compliance mistakes. In this context, AI that is not transparent and user ready can widen the gap between those who can navigate systems and those who cannot.

The working groups saw governance friction as something that builds up and not as isolated incidents. Every extra layer increases the number of people who drop out and makes it harder to hold anyone accountable. In rural service delivery, this showed up most clearly in OTP and verification loops and in dashboards that still require manual lookup and followup. In grievance systems, a single problem can involve multiple departments and citizens often do not know where to go or how to describe their complaints or challenges.

3. India's Framing of AI

The discussions positioned AI as a tool to strengthen how governance works and not as a replacement for human judgment, authority or institutional responsibility. The emphasis was that AI should help India move beyond simply digitising processes and towards improving decision making and service delivery whilst keeping accountability firmly with people and within the State's existing systems.

This view came from a practical reading of what is currently happening on the ground. India's DPI rails have enabled scale but many citizens and enterprises still face friction, exclusion and weak feedback loops. AI was therefore seen as a layer that can improve how the existing rails function by strengthening coordination, increasing responsiveness and improving the quality of action at the last mile, instead of creating parallel systems that add one more interface for people to navigate.

What it means by layering AI to enhance Government Capabilities:

- **Reduce friction in Public Systems:** The discussion kept coming back to a simple design goal for government transactions: minimum human interface with maximum delivery. Every interaction with a government entity can become a place where things get delayed, people face harassment or citizens give up. AI can simplify interfaces, cut out avoidable steps and help people describe their problem to get directed to the right place without needing any human interface.
- **Improve predictability and coordination across Schemes and Departments:** A recurring diagnosis was that governance becomes hierarchical even after digitisation when underlying structures remain hierarchical and when data remains locked in silos. Participants noted that even within a federal system, a State asking for data from a national system can be difficult and outside actors face even greater challenges and constraints. AI could improve how systems talk to one another and work together so that the government can function as one entity rather than as disjointed units.
- **Improve human decision making by getting the right information to the right person at the right time:** The strongest version of this is "downward empowerment." The participants pushed against AI being used primarily to strengthen top down reporting. Instead, decision-making support should directly benefit the people closest to delivery: frontline workers, Panchayats, district officials and citizens themselves. Otherwise, digitisation simply centralizes decision-making and increases compliance burdens without improving outcomes.

  In working group discussions, this "right-info-at-the-right-time" idea showed up as tools that can support frontline delivery, reduce repeated manual work and convert data collection burden into visible value for the community (not just for the system).
- **Move from Static Dashboards to dynamic decision support and anticipatory governance:** The discussions described a clear shift from retrospective, compliance-driven reporting to live decision support. This means signals from the ground are summarised, trends are spotted early, bottlenecks are flagged in time and the system can act before problems become crises. The participants also suggested that AI could help surface what is breaking down by collecting reports of failures, summarising them for action and enabling humans to decide how to fix the system, rather than forcing teams to keep working around the same gaps.

Guiding Principles to test AI Ideas:

The discussions used the following principles as a filter to see whether a proposed solution would genuinely improve governance or whether it would merely add another layer of technology.

- Ease of Access: voice-first, multilingual, offline-capable flows as defaults for many target groups, rather than assuming literacy, smartphones or stable connectivity.
- **Dignity:** reduce dependence on intermediaries and gatekeepers. Intentionally design processes so people can understand what is happening and why and can get help without humiliation or fear. (This was closely tied to reducing touchpoints and improving grievance response.)
- **Trust**: not only "data safety" but communicating safety, building transparency and designing grievance loops and repair mechanisms so trust is maintained, not just onboarded. The participants explicitly noted that India is good at onboarding trust but struggles to maintain and repair it and warned that failures can push behaviour back offline.
- **Accountability**: AI should not create black box decisions or diffuse responsibility. Instead, AI should strengthen traceability (who acted, what changed, what remains pending) and keep humans responsible for outcomes.

Boundary Conditions Behind this Framing:

- Augmentation, not substitution: AI should increase the productivity and effectiveness of frontline staff and administrators, but not replace human authority or judgement in high stakes contexts. For example, enabling a field worker to do more meaningful service delivery in a day.
- **People-first, not Tech-first:** The participants cautioned against building the technology first and searching for problems later and highlighted the importance of strategy, process, talent and, especially, change management for any real transformation.

4. Keynote Address

Delivered by: Arun Srinivas, Managing Director and Country Head - Meta, India

India is at an inflection point where AI adoption must graduate from experimentation into purpose-driven deployment. The intent is to use AI to strengthen public systems, reduce friction and augment human decision making, with a clear benchmark: economic and social impact, not innovation for its own sake.

The keynote anchored this approach in four governance values: ease, dignity, trust and accountability:

i) Move from pilots to scalable impact through Pragati AI for Impact: The **"**Pragati AI for Impact" program was positioned as a vehicle to empower startups and social impact organizations to build AI solutions tailored to India's needs. The first cohort supported nine nonprofits and, via a three-year initiative in the next phase, the focus will be on moving beyond pilots to scaling solutions and delivering impact across states.

ii) WhatsApp as a Citizen Service layer, strengthened by AI: WhatsApp was framed as an "outreach arm" that can make citizen centric services more accessible with government deployments already live across four states, i.e Andhra Pradesh, Odisha, Telangana and Tamil Nadu.

iii) Design for India's diversity and access constraints: India's diversity in ethnicity, languages, literacy and geographies was presented as an upfront core design requirement and not as an afterthought. The trajectory highlighted is to move from limited language availability toward voice calling experiences using AI to simplify engagement for citizens and drive more impact.

iv) Operating Principles for the Working Groups:

- Problem-first approaches
- Human-in-the-loop decision making
- Solutions that will work in India's diverse, low-connectivity realities

The keynote closed with a collective call to make AI work for India's citizens, enterprises and institutions responsibly and at scale.

5. Panel Discussion: Transforming Governance with AI

Panelist Name	**Designation**	**Organisation**
Alka Upadhyaya, IAS	Secretary	National Commission for Minorities, Ministry of Minority Affairs, Government of India
Caralyn Deshmukh, IAS	Additional Secretary	Ministry of Women and Child Development, Government of India
Mukhmeet Singh Bhatia, IAS	Former Secretary	Ministry of Minority Affairs, Government of India
Arun Srinivas (Moderator)	Managing Director and Country Head	Meta India

The Starting Point: Digitisation Has Delivered Gains, But Friction Persists

India's governance systems now operate at unprecedented scale. Over the past decade, significant investments in digital public infrastructure have transformed how services are delivered. Payments for employment are now made at the click of a button in Delhi. PMAY-G installments are released based on geotagged photographs of house construction. The Poshan Tracker records child growth parameters daily across 14 lakh Anganwadi workers.

Yet the panel was clear: digitisation has not eliminated friction. Transactions remain fragmented. Human intervention is still high. Systems do not talk to each other. And for the citizen or enterprise on the ground, the experience is often confusing, delayed or exclusionary.

Where Systems Are Breaking

- **Fragmentation across departments and schemes:** Even within the same ministry, systems fail to communicate. EPFO and ESIC serve largely the same clientele, sit in the same ministry and have been trying to integrate for seven or eight years. They still do not talk to each other. The Agri-Stack and the National Digital Livestock Mission operate in parallel but cannot calculate a dairy farmer's credit eligibility together.
- **Outdated infrastructure beneath digital interfaces:** The ESIC's hardware backbone is nearly 15 years old and constantly breaking. Even with AI solutions layered on top, high downtime renders them ineffective. Therefore, before graduating to high-level solutions, existing systems must be fixed first.
- **Validation bottlenecks and human dependencies:** Scholarship disbursements for SC and OBC students remain stuck because of certification requirements, income validation and procedural dependencies on State governments. A student who is clearly eligible and has

taken admission still cannot receive funds automatically. The process demands human sign-off at multiple points, introducing delays and errors.

- **Data exists but is not usable:** Departments hold vast amounts of data: satellite imagery, drone footage, call centre recordings, census databases, etc. But much of it is not annotated, not in a format administrators can act on and not interoperable with other systems. An example: NHAI had a large library of drone footage showing highway construction. But the footage could not answer basic questions about progress until a startup was brought in to label what had actually been built and when.

What Has Worked: Examples from the Field

- **e-MARG for rural road maintenance:** Photographs of rural roads are taken every two months in 500-metre patches. A trained model classifies each patch as satisfactory, unsatisfactory or requiring improvement. Contractor payments are linked to these classifications. This removed the reliance on field officers' subjective reports and reduced scope for dispute.
- **Annotated drone data for highway monitoring:** NHAI had accumulated a large video library from drone surveys but could not extract usable progress metrics. A proof of concept with a startup annotated the footage: earthwork done on specific dates, tarring completed on specific stretches. The data became actionable.
- **COVID-era transfers via Jan Dhan accounts:** When the government decided to transfer INR 1,500/- in three installments to women self-help group members during the pandemic, Jan Dhan accounts enabled rapid disbursement. The data existed in the system. It could be extracted, matched and acted upon quickly. When the numbers turned out to be higher than originally approved, the data supported a revised cabinet proposal.

The Frontline Reality

- Frontline workers remain central to delivery. They collect data, verify eligibility, explain schemes and bridge the gap between policy and household. But they are stretched thin.
- Sarpanches are expected to record lengthy meeting minutes by hand.
- ASHA workers and ANMs carry out multiple duties with limited digital support. Data entry is often duplicated across systems without visible return value to the worker entering it.
- The panel called for simple interventions: dictaphones that convert audio to text, phone-based crop surveys, digitised livestock censuses. These do not require complex AI. They require systems designed with the frontline worker's constraints in mind.
- It was observed that many village-level workers today hold engineering degrees. The opportunity to train them is real. But training must accompany deployment. Without adequate resources and capacity, even smart applications will fail.

The Risk of Exclusion and Bias

- A recurring concern was that AI, if poorly designed, will replicate and amplify existing inequalities.
- An example cited was a predictive analytics model used in a skilling programme. The model could identify candidates likely to take up placement. But this introduced a bias: the system would favour those already more likely to succeed, edging out those who needed support most.
- The panel referenced Ruha Benjamin, a Princeton professor who studies how technology inherits societal biases: "When you build systems using data from an unequal society, those systems will replicate and amplify that inequality unless you actively intervene."
- The implication was clear: AI must be designed with explicit attention to who might be excluded, not just who might benefit.

Design Principles That Emerged

- **Fix the basics first:** If the backbone is broken, no amount of AI will help. Interoperability, data quality and system uptime are prerequisites, not afterthoughts.
- **Distinguish between approval and enforcement:** For approvals, such as a PF advance or MSME registration, the risk of a small error is low. Bias should favour inclusion. For enforcement, such as penalties or sanctions, the risk of wrongful action is high. Human oversight is essential.
- **Design for the last person in line:** The target population for social justice programmes includes beggars, sanitation workers, transgenders and tribal communities. Many have limited literacy, limited digital access and limited time. Systems must be simple, multilingual and usable on basic devices.
- **Human-in-the-loop for consequential decisions:** AI can triage, summarise and recommend. But decision-making authority must remain with people. This is especially important where coercive action by the State is involved.
- **Convergence requires clear SOPs:** Multiple departments must work together to serve the same citizen: education, health, police, rehabilitation. Without clear standard operating procedures and trained frontline workers, there will be a disconnect between departments and the intended coordination will not materialise on the ground.

Near-Term Opportunities Identified

- **Automate routine approvals:** PF advances, ESIC certificates, MSME registrations are low-risk, high-volume transactions where human review adds delay without adding value.
- **Harness existing imagery and data:** Satellite data, drone footage, call centre recordings, etc where the data exists should be layered by what is missing, i.e. annotation, analysis and a policy framework for secure sharing.

- **Shift scholarship delivery to post-admission automation:** If a student is eligible, has taken admission and is entitled, the scholarship should follow automatically. This requires pre-allocated funds and backend integration, not new schemes.
- **Use call centre data for early warning:** Hundreds of call centres record citizen queries and complaints. If a region reports a spike in disease symptoms or scheme-related grievances, that signal should proactively trigger intervention.

Working Group Findings

6. Working Group: Inclusion for Social Empowerment

Name	Designation	Organisation
Caralyn Khongwar Deshmukh, IAS	Additional Secretary	Department of Women and Child Development, Govt of India
Abhinav Katiyar	Head of Technology, EVP	Shiksha.com
Aniket Doegar	Founder	Haqdarshak
Ashish Gupta	Associate Partner (Sr Expert)	McKinsey & Company
Astha Kapoor	Co-founder	Aapti Institute
Dr Partha Pratim Das	Professor, Department of Computer Science Founding Director, Center for Data Science and Analytics,	Ashoka University
Jayant Rastogi	Global CEO and Board Member	Magic Bus India Foundation
Ojasvi Bhatia	Lead- AI Partnerships	Meta India
Sanjana Manaktala	National Initiatives and Policy Lead	Rocket Learning
Sumit Arora	AVP - Technology	Centre for Effective Governance of Indian States (CEGIS)
Riti Mohapatra (Facilitator)	Partner	The Bridgespan Group

Objective
● To reduce exclusion, simplify navigation and strengthen citizen agency and trust by ensuring timely delivery of social protection for India's most marginalised, who are more than 30% of the population and include SCs, OBCs, DNTs, transgender persons, senior citizens and sanitation workers. ● To design solutions around operating reality that most in the target population have only basic phones. Easy tools and platforms, like WhatsApp, which are free and easy-to-use are more likely to work at scale.

	● Shortlist 2-3 priority problem statements where AI can improve access

Key Deliverables	to welfare schemes, reduce administrative burden and enhance predictability, dignity and continuity of support. ● Assess where AI adds value within existing systems versus where process or policy reforms may be more appropriate. ● Define clear boundaries, safeguards and governance frameworks with solutions pilotable within 6-12 months.

Target Population	Scheduled Castes (SCs), Other Backward Classes (OBCs), Denotified Tribes (DNTs), senior citizens, victims of substance abuse, sanitation workers, persons engaged in begging, transgender persons, Nomadic and Semi-nomadic tribes. These populations have very limited access to digital devices. Most of them have only basic mobile phones (feature phones) with low digital literacy. WhatsApp is widely used even among otherwise illiterate users.

Grounding the Problem
● Marginalised populations often do not know schemes exist. They cannot navigate complex applications and see no value in the data they provide. This is driven by information poverty, not just system complexity. Many in the target groups have only a basic mobile phone, limited schooling and low digital literacy. Free, easy, voice-friendly pathways are seen as the most realistic way to reach this targeted population at scale. The Working Group members shared examples of where AI is already being used for outreach and guidance including AI-enabled calling and chatbots that help people ask questions in plain language and to get a next step without reading long documents. ● Frontline workers are overburdened with data collection but see no return. Many end up doing the same work repeatedly without knowing where the data goes or how it is being used. This weakens motivation and quality. A practical example raised was the need to make data useful to citizens and frontline workers, such as a POSHAN-like interface, that shows a mother and ASHA worker a clear, personalised growth trajectory for the child. By doing this, data collection produces visible benefits and strengthens trust. ● Even when policy and law are clear, delivery breaks because administrators lack awareness and procedures are not widely known. Frontline workers often know their immediate tasks, for example, Anganwadi workers follow the POSHAN tracker calendar but lack awareness of broader social justice entitlements. Under the SC/ST (Prevention of Atrocities) Act, 47 offenses trigger relief disbursed in stages, yet police, judiciary and revenue officials frequently don't know these procedures exist. Such kinds of knowledge gaps exist across the chain (police, judiciary, revenue and state machinery) leading to weak execution even when provisions

exist.

- Discoverability remains weak at every level. End users struggle to know their entitlements, where to go for the same (CSCs, NGOs, government offices) and what to do when something gets stuck. “Access” needs to be a full journey and not a single transaction. For example, for DNT families trying to access Ayushman Bharat, it is an eight-step journey spanning mobilisation, awareness, literacy, consent, documentation, card distribution and post-enrolment support. In such low literacy contexts, voice-enabled consent is seen as a practical alternative to paper and AI-enabled co-pilots can be a way to raise field productivity without replacing humans.
- Trust is carried through frontline workers but can erode when systems feel extractive or unresponsive. Anganwadi workers and similar cadres are trusted because they belong to the same communities, yet trust weakens when technology mediates relationships and people experience repeated data capture without visible value or closure. It is important for two-way interaction, grievance loops and transparency as essential design requirements and not add-ons, so that issues can be tracked through to resolution rather than simply recorded.

Problem Diagnosis

- **Data Fragmentation:** Data is fragmented across departments with no unified beneficiary profile. Information sits in separate layers across different departments, various schemes and documents, policies and processes. Barriers and silos between government departments and functions show up as interoperability and harmonisation gaps.

  Secondly, clean, usable datasets are rare, which makes it harder to build a single view for a person or household. Further, no beneficiary models exist in many areas and so systems cannot easily identify eligibility without manual intervention.

  This matters because AI cannot magically create intelligence as it works with the data it is given. Where there is no clear beneficiary model, the system cannot reliably recognise who needs what or when support should trigger.

  Accordingly, preparatory work was stressed as a precursor, including data cleaning and harmonisation and basic interoperability across silos. It also cautioned against assuming that generic datasets will work for India. Without India relevant data and a clear beneficiary model, AI will amplify gaps rather than reduce them.

- **Data Accessibility:** Schemes are buried in scattered, non-query-friendly PDF formats, which make entitlement information harder to find and interpret. Information is spread across policies and processes in ways that cannot be searched in plain language. Accordingly, there are discoverability gaps at every level and hence individuals do not know which scheme may apply to them and where to avail of them.

  Secondly, in some cases, when schemes exist, their interpretation is unclear. For example,

people do not understand the difference in health insurance between 'co-pay' and 'cashless'.

- **Data Challenges:** Even within the government, accessing data is a challenge because systems are not interoperable and data is not harmonised.

  The Working Group's suggested focus was on first using AI to help clean and prepare data as well as to surface patterns that individuals can act on. A practical idea is to use AI as an "auditor" to assess system breaks by collecting failure reports and analysing them with a human in the loop so that departments can fix breaks before adding another layer on top of it.

- **Unclear Pathways:** Beyond awareness, service pathways do not give a reliable two-way response. Hence the increased reliance on intermediaries because people need a) someone to translate the PDFs and b) to guide them about what to do next and how to follow up. Because of this dependency comes the risk of misinformation and exploitation. Citizens are often unaware whether they are being helped and they are being charged for something they should get for free.

  The Working Group highlighted the problem not only being that schemes are difficult to find and comprehend, but that many schemes in practice are redundant or inactive. Secondly, at the point of application citizens must be guided to choose what best fits them and understand trade offs.

- **Multi-step Enrolment:** Enrolment is a chain of steps that can fail at any point because it depends on repeated verification and repeated follow-up. It often requires OTP verification in low connectivity areas, which acts as a barrier. Citizens face multiple login biometrics and application forms vary across services, increasing the number of touchpoints where the journey can break. These issues show up more sharply for the most marginalised groups because access is often limited to a basic feature phone.

  Secondly, reaching the most marginlised is hard, which means a heavy dependency on intermediaries and shared devices. This adds more layers and, therefore, more chances of drop offs. The Working Group also noted that feature phones are often the only realistic device layer for last-mile access, which is why journeys that assume stable data connectivity and repeated authentication steps become exclusionary in practice.

- **Information Asymmetry:** Because steps are unclear and information is hard to find, Intermediaries profit from information asymmetry. Therefore, citizens rely on intermediaries to move their case forward.

  The Working Group's recommendation is to democratise information through voice-first multilingual interfaces and to push the right information at the right time so that citizens are not stuck or forced to rely on intermediaries and agents.

Where AI Can Add Value

- **Bridge Language, Literacy and Digital Literacy barriers:** Literacy, digital literacy and language remain the three biggest barriers for the marginalised and vulnerable. Using voice-first interfaces in local languages becomes the practical bridge to equitable access. It was noted by the Working Group that new models have improved in Hindi and Bangla, which strengthens the case for multilingual delivery.
- **Proactive Delivery:** By enabling proactive delivery, schemes find citizens instead of citizens trying to find eligible schemes. The shift must be towards using existing data to reach eligible citizens 'directly' using government-owned and other trusted datasets held.
- **Contextual Guidance:** By providing contextual guidance to frontline workers through AI-supported co-pilots, Anganwadi workers, ASHA workers and field agents can reduce administrative work burdens and improve delivery by acting with context. The co-pilot approach stays within the principle of augmentation and not replacement. This need is the highest in low network villages, where ASHA workers have little-to-no internet during counselling and work gets delayed until connectivity returns.
- **Data Interoperability:** Digital Public Goods (DPGs) can improve information and access but interoperability across systems remains weak. AI can help clean, audit and prepare datasets so they become usable across functions, thereby making data interoperable post facto and improving data readiness where systems were not interoperable by design.
- **Data Harmonisation:** By using AI as an auditor for broken systems, collecting failure reports and analysing them with a human-in-the-loop. Some large systems have remained broken for years such as EPFO, where AI can help prioritize grievances and target fixes using patterns in complaints. The Working Group noted that CPGRAMS receives about 67 lakh grievances a month with many schemes inter-related. Even simple clustering by location, scheme and issue type can help administrators focus on the biggest recurring failures.

Where AI Cannot Solve

- **Fixing Trust Deficits:** Trust can be onboarded but is hard to maintain and repair. Fundamental trust deficits need long-term relationship building to repair. Technology can also erode trust when it mediates without delivering visible value and follow through. The Working Group noted that digital transformation often fails even with vision and funding because teams first build the tech solutions without having deeply understood the problem and required behaviourial transformation. Most organisations see the need but few start and a very small number eventually realise the full benefit.
- **Resolving Policy Misalignments and Data Sharing:** Some barriers sit outside the realm of technology. For example, WhatsApp on feature phones was probably stopped for corporate reasons, demonstrating how corporate and political choices override feasibility. For AI to be a scale enabler, all stakeholders must align from the outset.
- **Budgetary Constraints:** Tech and IA cannot overcome budget and other resource constraints. High cost for AI deployment will remain a limiting factor, such as high GPU costs. The Working Group believes that support through programmes, such as the IndiaAI Mission, can help.

- **Safe Deployment:** Without strong safeguards and accountability, safe deployment of AI cannot be guaranteed and risks fraud and hallucination threats. Modeling against such threats needs to be designed from day one since early design choices can seed long-term vulnerabilities. As an example, the Working Group shared how UPI opened fraud pathways.

Possible Solutions

- **Voice-first Scheme Discovery:** A single voice-based entry point (e.g. dial 100) for scheme information, rights guidance and grievance support made available in local languages, usable also on basic feature phones, with an intelligence layer that returns actionable next steps rather than documents. The objective is to reduce reliance on written formats and reduce dependence on intermediaries to interpret rules and procedures. The assumption is that feature phones are common and that most people can use a mic and speaker and in some cases a camera. The recommendation includes an intelligence layer behind the interface so an end-user can ask simple questions and get a usable next step rather than being handed another document.
- **Frontline Worker Co-pilots:** Tools that reduce repetitive data entry and support contextual delivery for ASHA workers, Aanganwadi workers and field agents, who are the most reliable bridge for the marginalised. The objective is to reduce burden and support contextual delivery so workers spend less time on repetitive entry and more time on service delivery without removing human judgement or the trust they carry. The assumption is offline first operations to support functioning when there is no internet during counselling so that work is not delayed until connectivity returns. The recommendation is that this is an augmentation, not a substitution.
- **Proactive Outreach:** A shift from applicant-pull to system-push. Use existing data to identify eligible non-applicants and trigger outreach. When legally feasible, the move should be towards automatic enrolment once basic eligibility is established (e.g. scholarships on registration). The objective is to use existing datasets to identify eligible people and trigger outreach instead of waiting for them to navigate complex steps. The assumption is many people do not know what they are entitled to and do not know where to apply or go next. The recommendation is to simplify processes so that some entitlements can move closer to automatic support once basic registration or eligibility is established.
- **Closed-loop Grievance and Governance Targeting:** Voice-based grievance channels that create reliable response loops. The objective is to not only receive complaints but to create a reliable response loop to close the same. The assumption is even if every issue cannot be resolved, the grievance flow can reveal top problems by location and time so that efforts are targeted where they matter the most. The recommendation is a support for humans through a backend AI layer that summarises incoming voice inputs by location to detect recurring issues so administrators can act with better information.
- **Trust and Participation:** Co-design, community evaluation and bottom-up adaptation are necessities and not add-ons. The value of AI and technology must be visible to citizens and

frontline workers. The objective is that when technology is involved, its value must be visible and ongoing to citizens and frontline workers to ensure that trust does not erode. The assumption is that transparency must be built in as core product features from the start. The recommendation is participatory design so that solutions are user-centric.

Key Shifts

1. Move from citizen finding schemes to schemes reaching eligible citizens through proactive outreach using channels that work in low literacy settings.
2. Make the interface voice first, multilingual and built for basic feature phones, whilst keeping a strong human-in-the-loop bridge through trusted intermediaries.

Non-Negotiables

- **Augmentation not Replacement:** Frontline workers (ASHA workers as an example) are often the only trusted, consistent government 'face' in their communities. AI-enabled solutions and tools must strengthen their capacity and not reduce them to data entry operators.
- **Voice-first, Opt-in with a Human-in-the-Loop:** Many targeted citizens have basic feature phones and reside in low digital literacy. Engaging with them through voice-first services in their vernacular, ensuring authorised intermediaries are available as required and ensuring that required consent is explained plainly and revocable without penalty.
- **Offline Capability:** Given last-mile delivery challenges and reliable connectivity, solutions that assume constant internet will fail where they are most needed. Hence, intentionally designing solutions with offline capabilities is critical.
- **Visible Value and Grievance Loops:** Repeated data capture without visible return and feedback loops leads to disengagement. Keeping loops open so that end users and frontline workers can ask questions, raise grievances and see follow-through builds trust.
- **Participation as Default:** Use co-design and community evaluation from the outset. Regional customisation, if required, should not be optional but mandatory to address schemes and location-specific constraints.

Suggested Pilots

A six-to-twelve-month pilot on accessibility and access to schemes for communities served by the Ministry of Social Justice and Empowerment.

- **Voice-first, Offline-first, Two-way:** People can ask questions and receive responses

through a simple dial-in number (e.g. "Dial 100 for Schemes") with a voice-first approach that is available offline so it works in low connectivity settings.

- **AI Augmentation, Not Substitution:** AI supports access and guidance whilst humans-in-the-loop remain responsible for any high-stakes decisions.

The risk is that increased awareness of the solution will increase usage and create pressures if the system is not able to handle the volume load.

Parallel Audit Track: Pair the pilot with a second track that adds an audit layer to surface exclusions and leakages, particularly recurring delivery gaps. This decision helps strengthen accountability for targeted action. The audit layer should be treated as decision support for humans rather than a replacement for judgment.

Preparation:

- **Harmonise data and systems first** to ensure Interoperability which is a prerequisite for reliable access flows and meaningful audit signals. Without this groundwork, AI will not help and could create confusion or harm.
- **Design with users in mind from day one** so that it is designed for trust and avoids unintentional harm by building something that does not serve the people it is meant to serve.

7. Working Group: Economic Development and Social Good

Name	Designation	Organisation
Alka Upadhyaya, IAS	Secretary - National Commission for Minorities	National Commission for Minorities
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Anjani Kumar Singh	Senior Program Officer and Country Lead	Gates Foundation
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Objective
● Identify AI enabled solutions that improve transparency, coordination and implementation capacity across rural development programmes supporting livelihoods, employment and basic services, targeting 65% of India's population living in rural areas. ● Build this around last-mile realities including delays, weak grievance response and data silos so the focus stays on practical delivery outcomes for citizens, Panchayats and frontline teams with inclusive voice-based access and human judgement kept in the loop.

Key Deliverables	● Shortlist 2-3 priority problem statements where AI can improve last-mile delivery and coordination by reducing delays, errors and uncertainty and strengthening planning and monitoring. ● Define boundaries, safeguards and governance frameworks for

	responsible AI adoption. ● Focus on solutions that work within existing rural systems and capacities, pilotable in 6-12 months without major system overhauls.

Target Population	Rural workers and wage-seeking households, women in SHGs and livelihood collectives, small/marginal farmers, rural non-farm workers, migrant workers and seasonal labour households dependent on government programmes for income support, employment or basic services.

Grounding the Problem
Rural delivery continues to face issues that directly shape trust and lived experience. ● Rural households face delayed payments, often waiting months for completed work under government employment schemes, creating severe financial stress for households already operating on thin margins. The technical infrastructure for direct payments exists through Aadhaar, yet workers face multiple verification loops including OTP authentication that often fails in regions with poor connectivity. Each verification attempt adds days or weeks to the payment timeline. Frontline workers spend time fielding payment queries instead of delivering programmes. Without timely payments, families struggle to manage daily expenses and workers begin to abandon participation in otherwise beneficial programmes. The broader consequence is that even the lived experience is uncertainty, stress and loss of trust at the point of delivery. ● Frontline workers and government officers struggle with grievance channels, with current mechanisms failing without personal connections or media pressure. Participants described a system where filing complaints through official channels produces no response, acknowledgement or resolution. Even district level engineers report knowing that contractors failed to complete work properly under schemes like Jal Jeevan Mission, but when they lodge complaints through designated channels, nothing happens and the contractor continues receiving payments. The problem compounds when a single civic issue involves multiple departments, such as a blocked footpath with garbage, an illegally parked vehicle and damaged pavement, where each department points to the others and no one takes ownership. An absence of response creates learned helplessness where citizens and frontline workers stop reporting problems, weakening the entire accountability ecosystem. What is needed is systematic routing of every complaint to appropriate authorities, tracking through to resolution and escalation if action is not taken within defined timelines. A deeper pattern also came through: when a hierarchical system is simply digitised, the digital system can reproduce the same hierarchy, centralising decision making and leaving the bottom layers with reporting duties but limited power to

fix what they see.

- Gram Panchayats receive Finance Commission funds but lack capacity to utilize them efficiently. The question is not only whether money is reaching Panchayats, but whether Panchayats have planning and execution support to use funds well and show outcomes. A Panchayat head might utilize funds based on personal preference rather than addressing basic needs like water supply or sanitation, with no index to show that the village might have achieved certain parameters on quality of life. The 'Gram Panchayat Development Plan' exists but its implementation is uneven and lacks the detail needed to guide real decisions. Creating an ease of living index for rural areas, similar to what exists for cities, which is tied to funding releases will ensure that Panchayats meet baseline metrics before pursuing additional projects. There is limited capacity to plan across multiple years or coordinate related investments, such as linking water supply improvements with sanitation infrastructure. When funds are spent poorly, there are few mechanisms to catch the problem quickly and correct the course.

- Migrants lose record continuity when migrating for work across states. Migration for work is a survival strategy for millions of rural households, yet when workers move across state boundaries their records do not follow them. Benefits that are technically portable in policy become practically inaccessible, as workers enrolled in schemes in their home state find that enrolment does not transfer when they relocate. Most social protection schemes are tied to a fixed location and household registration, so migrants often lose access to ration cards, employment guarantee schemes, health services and other benefits. Women face particular challenges, losing access to maternal and child health programmes with pregnancies going untracked and immunisation schedules disrupted when records are tied to home locations. Participants noted that whilst Aadhaar provides a foundation for portable identity, service delivery systems have not been redesigned to check entitlements based on Aadhaar regardless of location. State level data sharing remains weak making it difficult for one state to verify an individual's eligibility based on records from another state.

- Women face compounded barriers without a family ID system reinforcing household level identity over individual rights. Most administrative systems default to the household as the unit of service delivery, mirroring and reinforcing existing social structures that prioritise family cohesion over individual rights. A parallel was drawn to the shift from landline telephones that served families to mobile phones that empower individuals, suggesting digital systems should enable each person to access services independently rather than consolidating household level identity through family IDs. Within households, gender dynamics determine who controls information and resources, so when service access requires household level authentication or benefits go to a household head (typically male), women's agency is constrained. If women leaving abusive situations worry about whether they can receive entitled benefits without household credentials, then the digital infrastructure is actively blocking rather than enabling their freedom. Livelihood schemes operating through household registration may channel resources to male household members even when women are the primary workers. The path forward requires design choices that default to individual empowerment, ensuring women can authenticate identity, access information about entitlements, file complaints and receive benefits

directly without requiring permission from other household members.

Problem Diagnosis

- **Data siloed across Departments and Ministries:** Data sits in separate systems across departments with no way to see what a household is actually receiving or missing across schemes. Interoperability keeps coming up as a challenge across health, government schemes and service targeting. Even within government, large programmes see states struggling to retrieve data they have entered and in a federal system a state requesting data from national systems faces huge barriers. Systems should be interoperable by design. LLMs can now make datasets interoperable post-facto by using knowledge graphs to link semantic entities. Done systematically in collaboration with the government, this could unlock value across multiple sectors. Without a unified household view, targeting remains poor, exclusions go unnoticed and citizens cannot see their full entitlements across schemes.
- **Migrant Records remain fragmented across States:** Static household registries provide snapshots at one point in time but fail to track seasonal and circular migration that is normal for millions. It was noted that whilst scheme saturation is fairly high before elections, migrants remain a major gap because the administrative system treats migration as an exception requiring special intervention rather than as a standard pattern to accommodate by design. The root issue is that service delivery systems query eligibility based on location rather than individual identity, so even though Aadhaar provides portable identity infrastructure, the benefits tied to it remain location locked.
- **Excessive Administrative Touchpoints:** Multiple verification loops create cascading delays in scheme delivery and payments. For example: the National Digital Livestock Mission, where OTP verification was initially required, villagers refused to share OTPs having been told never to disclose them. Structural solutions exist, such as biometric face recognition generating QR codes for immediate payment, bypassing OTP loops entirely. On dashboards, participants observed that even good ones require officers to log in and look when there is a problem. Data needs to come to decision-makers proactively, perhaps through WhatsApp, where an officer can ask a chatbot for scheme status and comparisons with neighbouring districts, rather than navigating systems manually each time.
- **No Accountability for Inaction**: The grievance system fails because inaction has no consequence. The response to stimulus is missing and little will change until people face real consequences for non performance. Officers sometimes want their names associated with fixing problems because it creates positive attention, but there is no systematic tracking of who is responsible and whether they acted. Unresolved complaints should appear in officer records during appraisals and promotions. This also requires quality checks to prevent malicious complaints, keeping humans-in-the-loop for verification. Without linking performance to grievance resolution in a structured manner, the system remains reactive and dependent on personal connections rather than operating on clear accountability rules.

- **Weak Scheme Convergence:** There is weak scheme convergence where systems are not updated, reorganisations are not reflected in routing and complaints go nowhere because they reach the wrong desk. The problem multiplies when one issue crosses multiple departments. A blocked footpath might involve garbage collection, traffic police for an illegally parked vehicle and public works for pavement repair. Each department points elsewhere and no one takes ownership. AI could parse complaints in natural language, identify all relevant departments and send formatted requests to each simultaneously. However, this only works if the directory of responsibilities stays current and cross-department protocols exist. Right now, weak convergence wastes citizen effort because complaints never reach someone with authority and responsibility to act.

Where AI Can Add Value

- **Voice-Based Access for Inclusion:** Voice-first interfaces in local languages remain the practical bridge for citizens with low literacy or digital literacy. Systems must be voice-based and potentially camera-based in future to respect sign language.
- **Intelligent Grievance Routing:** AI can parse complaints in natural language, identify all relevant departments even when issues cross multiple jurisdictions and send formatted requests to each simultaneously with automatic escalation if action is not taken.
- **Data Interoperability Post Facto:** LLMs can make datasets interoperable after the fact using knowledge graphs to link semantic entities. Done systematically with the government, this unlocks value across sectors where data sits in silos.
- **Proactive Information Delivery:** AI can bring data proactively through WhatsApp where officers can ask a chatbot for scheme status or comparisons with neighbouring districts rather than logging into dashboards manually.
- **Auto-Enrollment and Eligibility Discovery:** AI can scan across schemes to tell citizens what they are eligible for based on Aadhaar and minimal inputs. This is auto-enrollment not auto-inclusion, with transparent wait-lists when demand exceeds budget.
- **Market Linkages for Rural Entrepreneurs:** AI can assist nano entrepreneurs, artisans and weavers who missed the technology wave in understanding which products suit which markets, refining designs and identifying marketing channels, requiring government facilitation with technology companies.
- **Panchayat Planning Support:** AI can propose prioritised actions by identifying which facilities are missing relative to population needs and how to coordinate related investments such as linking water supply with sanitation.

Where AI Cannot Solve

- **Last-Mile Execution and Human Action:** AI can identify problems and propose solutions, but the person actually taking action remains essential. A human must do the execution at

the end of the day.

- **Decision Making with Consequences:** AI should serve as an enabler and option generator, not the final decider. Citizens need someone interested in their wellbeing to guide them through trade-offs as each scheme carries different consequences.
- **Accountability and Real Consequences:** Technology can track and flag inaction, but creating real consequences sits outside AI's scope. As one participant noted, response to stimulus means people getting fired.
- **Quality Verification and Fraud Prevention:** Verifying whether complaints are legitimate and whether resolutions actually happened requires human judgement in the loop to prevent malicious use.
- **Exclusion Problems from Technology Itself:** AI is not going to solve the exclusion problem as exclusion is happening largely because of a technology divide.
- **Trust Deficits and System Design:** Trust erodes when systems feel extractive or when people experience repeated data capture without visible value. Digital transformation often fails because teams build technology without first understanding the problem and required behavioural changes.
- **Budgetary and Resource Constraints:** AI cannot overcome budget limitations or create money where resources are insufficient. Deployment costs for AI including infrastructure remain limiting factors.

Possible Solutions

- **Citizen Grievance Platform:** Voice-first interface (WhatsApp, dial-in, or simple app) for citizens and frontline workers to raise grievances in local languages. AI parses input, identifies all responsible departments, even across jurisdictions, and routes formatted complaints simultaneously. Auto-escalation if no action within defined timelines; unresolved complaints flagged in officer appraisals. The system supports accountability for inaction and recognition for resolution. Human verification remains essential (photos, satellite imagery, on-ground inspection) to check legitimacy and prevent misuse. e-Gram was cited as a reference: the system knows which department is responsible even when citizens do not. Recommended: pilot in one or two states or aspirational districts before scaling.
- **Auto-Enrollment and Eligibility Discovery**: A unified social registry leveraging Aadhaar and minimal inputs scans eligibility across Central and State schemes, particularly for rural development, agriculture, animal husbandry, social welfare and similar departments. The system returns a personalised, ranked list of eligible schemes with wait-list positions, required actions and short- and long-term consequences. The approach is auto-enrolment but not auto-inclusion; inclusion depends on scheme rules and appropriate checks. Critical guardrails include transparent wait-listing and human guidance through options as schemes carry consequences, and a list without counselling could lead to poor choices. The recommendation is to start with one Ministry cluster before attempting whole-of-

government integration. This could be transformative for citizens who currently do not know their entitlements or waste effort pursuing schemes for which they are ineligible while missing ones that could genuinely help.

- **Frictionless Biometric Payments:** Biometric face recognition generates QR codes for instant or seven-day payment validation in wage-based schemes, bypassing OTP loops that fail in poor connectivity or where workers refuse to share OTPs. Payments trigger within defined windows without subsequent authentication steps - the Haryana government has experimented with this approach. Post-payment validation with controlled fraud tolerance could prioritise getting legitimate workers paid quickly. The Government will be required to accept some risk, but the current system already causes exclusion and hardship. Hence the question is whether faster payment with limited fraud is better than delayed payment with verification gridlock. The structural shift is verifying at the worksite when labour is completed rather than through administrative loops afterwards.
- **Quality of Life Index for Panchayats:** A metrics-based dashboard building on the Gram Panchayat Development Plan which shows where each Panchayat stands (out of 100) on quality of life, with baseline needs visible before discretionary projects. Achievement levels are tied to Finance Commission grant releases and performance incentives. AI can propose prioritised actions based on missing facilities relative to population needs and how to coordinate related investments (e.g. linking water supply with sanitation). There should be recognition for improvements and consequences for persistent gaps. Human decision-making must stay in the loop, with AI as enabler and not decider. The start should be with basic metrics, calibrated to rural contexts and by creating downward accountability to measurable community needs rather than top-down reporting.

Key Shifts

1. Move from household and location-based identity to individual and portable identity where women can authenticate and receive benefits independently without household gatekeepers and migrants' entitlements travel with them across state boundaries.
2. Move from connection-dependent grievance resolution to systematic accountability where complaints are routed to appropriate authorities, tracked through to resolution with automatic escalation and unresolved cases appear in officer performance records.

Knowledge Partner:
the*spark forum

Non-negotiables

- **Human-in-the-Loop:** AI should serve as an enabler and option generator with humans making final decisions and triangulating with ground reality. Citizens need someone interested in their wellbeing to guide them through trade-offs and one cannot go blindly by what AI suggests.
- **Gender Intentionality:** Design must default to individual empowerment, ensuring women can authenticate identity and receive benefits directly without household credentials. If women leaving abusive situations must have to worry about accessing benefits without household authentication, then digital infrastructure is actively blocking rather than enabling their freedom.
- **Trust and Transparency:** Build trust by explaining why data is needed, why applications get stuck and making the entire design visible to citizens and government employees. The example of villagers refusing to share OTPs, having been told never to give them out, demonstrates how lack of transparency creates resistance.
- **Bias Benchmarking:** Measure AI bias against existing human decision making bias, as participants emphasised that whilst AI will make mistakes based on underlying data, so do humans and it is important not to lose sight of bias already present in human systems.

Potential Pilots

- **Citizen Grievance Platform in Aspirational Districts:** Launch Janata AI in selected aspirational districts where reliable data systems exist to enable integration. The voice and camera-based platform allows citizens to register complaints without knowing which department is responsible, with the system identifying officers, routing across departments and implementing automated escalation. This includes WhatsApp integration and centralised dashboards, where AI recommends actions, whilst humans make final decisions. Start with States, Ministries or programmes that have reliable data systems for integration, demonstrating success in one place to enable scaling to others. Implementation may require a public-private partnership model with a neutral third-party working deeply with the government, as federal coordination across concurrent list items faces political challenges that technical solutions alone cannot resolve.
- **Implement Full Citizen Interface:** Pilot a complete interface from registration through routing, escalation and dashboard tracking, with strong human-in-the-loop protocols. Human verification and data quality audits prevent malicious complaints as the system tracks individual officer performance based on complaints received and resolved. Humans verify complaint legitimacy and whether resolutions actually happened, thereby ensuring credibility before scaling.

8. Working Group: Resilience, Innovation and Efficiency

Name	Designation	Organisation
Mukhmeet Singh Bhatia, IAS	Former Secretary	Ministry of Minority Affairs, Govt. of India
Anil Bhardwaj	Secretary General	FISME
Debdoot Mukherjee	Chief Data Scientist, Head of AI & Demand Engg	Meesho
Ketul Acharya	President/CEO	Global Alliance for Mass Entrepreneurship (GAME)
Pritesh Talwar	President & SBU Head - Electric Mobility	Lectrix
Raghu Dharmaraju	CEO	Artpark @ IISc
Rishi Agrawal	Co-founder & CEO	TeamLease Regtech Pvt. Ltd
Shalini Kapoor	Chief Strategist, Data and AI	EkStep Foundation
Sidharth Madaan	Partner	BCG
Divya Khemani (Facilitator)	Strategic Programs and Partnerships	Meta India

Objective

- Identify AI enabled pathways to reduce friction, improve resilience and enhance productivity for MSMEs, which contribute around 30% of India's GDP and employ around 28 crore people, particularly workers operating at the margins of formality.
- Build this around reducing compliance burdens, improving access to schemes and markets and creating tools that guide rather than penalise, with voice and vernacular delivery, to meet users where they are.

	● Shortlist 2-3 priority problem statements where AI can simplify regulatory/compliance engagement, improve enterprise survival

Key Deliverables	and income stability, and enhance access to markets and institutional support. ● Define clear safeguards and governance frameworks for responsible AI adoption. ● Focus on solutions pilotable in 6-12 months within current systems.

Target Population	● Home-based businesses, small shop owners, small manufacturers, service providers, traders, first-generation entrepreneurs, family-run enterprises, women entrepreneurs (especially in collectives), artisans and weavers. ● 97% of registered MSMEs are micro enterprises, 2.7% are small and 0.3% are medium enterprises.

Grounding the Problem

- 99% of 8 crore Udhyam registered enterprises are micro and only 1.5 lakh employ more than 10 people. This reveals a fundamental structural problem where businesses face such strong disincentives to scale or hire that they intentionally remain small. The compliance burden explodes once a business crosses the threshold of 10 employees, making growth actively undesirable for entrepreneurs who might have otherwise expanded. Within this ecosystem, roughly one third are in retail, one third in services and one third in manufacturing, each facing distinct challenges. Manufacturing enterprises are subjected to the discipline of imports and must remain competitive or be outpaced, whilst retail faces challenges from larger format stores and quick commerce. A key question raised was why people are not employing more workers, with the answer possibly lying in wrong incentives built into the system itself.
- Nano and micro entrepreneurs face severe information asymmetry, forcing reliance on costly intermediaries. Entrepreneurs constantly report wanting to understand which specific schemes they are eligible for rather than being presented with broad lists they cannot interpret, which is currently how it happens. Participants working with nano and micro enterprises described how these businesses rely heavily on intermediaries such as lawyers, chartered accountants and others, who hold the knowledge and gatekeep access to information. An example shared was where an entrepreneur running a biotechnology business with INR 1 crore in revenue and with aspirations to reach INR 4 crores faced delays in patent reimbursements because she did not know which form to fill or where to go. The information currently exists across thousands of portals and documents, but understanding what applies specifically to an individual business in a particular location and sector remains nearly impossible. When entrepreneurs search for schemes, 10 to 20 options pop up, so they fail to decide which is best, at what stage they are eligible, and

how to go about leveraging them. Participants noted that whilst MSMEs have access to information, what they lack is the ability to suitably interpret this information and apply the same to their specific context without having to pay an intermediary.

- Women entrepreneurs have low digital confidence, limited mobility and prefer conversational interfaces. Women nano entrepreneurs, particularly those in rural areas working through collectives and self help groups, face compounded barriers. They have low digital confidence, limited mobility and are generally fearful of making compliance mistakes and being penalized. Participants working with these groups consistently hear that instead of something they must read and interpret, they are more comfortable with conversational interfaces. The preference is for solutions that feel like talking to someone who can guide them, rather than navigating complex written documentation or digital forms. Even when technology is made available, they are not confident to use it without human support. Whether a solution includes a partial human element or is purely AI driven, it must be conversational in nature to be beneficial for this segment of users. Additionally, women entrepreneurs working in rural segments face an additional challenge in creating business profiles in the format and structure needed by multiple platforms, such as producing product photographs in particular specifications as well as understanding marketplace requirements.
- Manufacturing enterprises face inevitable automation pressure while confronting job displacement concerns. They form a critical part of the supply chain for India's larger manufacturing sector, but are unprepared for the transformation they face. They must digitize and automate to meet quality standards and remain competitive, yet this threatens employment in both clerical administrative roles and on the shop floor. Participants noted that voice interfaces and software innovations are making clerical work obsolete as this category of jobs continues to exist only because frictions still exist. Within three-to-five years, large chunks of these roles will become redundant as companies like Zoho and others innovate on software with voice interfaces in manufacturing businesses, where the vocabulary is generally narrower and more structured than in unstructured environments. On the manufacturing floor itself, automation is required for viability but raises serious questions about what happens to no-skill, low-skill workers. This creates a tension where business viability and employment do not pull in the same direction as is being seen in the IT sector, where automation is causing layoffs across multiple layers.
- Artisans, weavers and nano entrepreneurs have missed the tech bus entirely and therefore are unable to access digital market opportunities. Despite platforms like Meesho, Flipkart, Amazon, WhatsApp Business and ONDC existing, nano entrepreneurs and artisans cannot leverage these opportunities because they lack the ability to create business profiles in the required format. Participants working closely with some of the platforms shared instances where there are 70 standard operating procedural steps needed to list one product, taking anywhere from 25 days to 180 days depending on supplier readiness. The complexity of onboarding, documentation requirements and specific technical standards, such as product photographs being in a particular format, creates insurmountable barriers. One example of working with 10,000 women entrepreneurs across three states as part of self-help groups, found challenges at every level: with the entrepreneurs, the partner State

Rural Livelihood Missions (SRLMs) and the banks. While technology can play a role, much needs to happen with banks and supporting organisations (SRLMs in this case) to build entrepreneur readiness.

Problem Diagnosis

- **Regulatory Cholesterol:** Over 3,000 primary and subordinate legislations create compliance obligations across seven categories of law, 20 kinds of compliances and 27 kinds of instruments, with 13,000 regulatory changes in the last year alone, of which MSMEs must deal with 500 to 700. Yet no clarity exists on what any individual business is liable for. One of the biggest problems today is that no one has a list of what compliances they are liable for. MSMEs face a mountain of compliance issues because two fundamental questions remain unanswered:1) what am I obligated to do, and 2) how are those obligations changing? The regulatory cholesterol is so extreme that participants are required to track over 3 million websites to ensure that businesses adhere to compliance instances. Digital does not mean usable. Today portals exist but are designed more for administration than for the enterprises, thereby failing the test of whether the last person in line would be able to understand them.
- **Formalisation Penalty:** Formalisation increases risk rather than reducing it as registration triggers agency follow-ups and compliance burdens explode with 10 plus employees. There is resistance towards formalisation because entrepreneurs do not know how data will be used, particularly after seeing what happened with UPI adoption, where transaction data was used to enforce tax compliance processes. This fear is compounded by lack of trust that if digital systems come in, alternative income sources might be threatened or jobs might be lost. Spreading awareness and managing this transition responsibly is critical, yet district offices, banks and facilitation centers are overloaded, with burdened District Magistrates often dealing with emergency situations, VIP visits and firefighting issues. In such circumstances, enterprise creation and business promotion ranks the lowest for such overburdened District Magistrates. What is necessary are tools that can help frontline officials respond faster and work consistently, not just tools aimed at MSMEs.
- **Procurement Exclusion**: There are 70 plus steps to list on Amazon's marketplace platform, requiring a business 25 to 180 days to complete the required formalities. Most nano entrepreneurs are therefore unable to meet platform technical standards. This complexity extends across most digital platforms. The friction in onboarding to formal and digital systems, particularly for women nano entrepreneurs, comes from complex documentation requirements and technical specifications. With AI-enabled tools to guide through processes, some basic requirements that currently impede businesses, could enable lakhs and millions of potential entrepreneurs to benefit. There is also the challenge of low credit readiness among nano and micro entrepreneurs because of their inability to predict cash flows. Whilst technology can help enhance credit readiness and cash flow prediction, systemic work is first needed.

- **Procurement Reservation Leakage:** Public procurement in India is equivalent to around one-fourth to one-third of GDP, approximately USD 1 trillion in a USD 4 trillion economy. 25% of Central government purchases is set aside for procurement from MSMEs, which is also followed by many States. The Government E-marketplace (GEM) platform, through which government procurement happens, processes over USD 50 billion annually, with 40 to 50% coming from MSMEs. However, most of this is from medium-sized firms because smaller-sized businesses cannot deal with the complexity of platform registration. Secondly, if something goes wrong, they get stuck in cycles of arbitration whilst trying to get their payments released. Further, whilst the GEM's MSME share is material, discovery remains extremely difficult, and hence small enterprises are excluded due to procedural complexity. Therefore, despite the 25% MSME reservation, the value reaching nano and micro segments, for whom it is intended, is minimal. A clustering approach, where smaller businesses group together, has been explored, but has not been executed at scale unlike the success seen with SHGs in other contexts.

Where AI Can Add Value

- **Compliance Discovery:** Applying LLMs on top of thousands of primary legislations, subordinate legislations and 28 instruments that comprise compliance obligations, with English or vernacular language questions going into the system and reasonable answers coming out, such as stating the applicable compliance in a given context. This can use existing data that the government has published, requiring no change to core systems, but only taking feeds and running trained LLMs on top.
- **Regulatory Change Alerts and Legalese Simplification:** Use AI and the power of LLMs to simplify the legalese drafted in complex regulatory changes, addressing the 13,000 plus changes annually. Users should be able to ask questions like “what is the minimum wage requirement for an unskilled worker in a specific district” and receive a clear answer instead of having to search through reams of paper.
- **Personalised Scheme-matching in Local Languages:** Proactively provide scheme eligibility matching where the AI acts like an insurance agent, explaining the plans in digital accessible formats and offering personalised recommendations based on location, turnover, sector and other parameters. Delivery of this service needs to be in local languages via voice to be accessible to rural women and nano entrepreneurs with low digital confidence.
- **Market Access Support for Onboarding and Technical Compliance:** AI-assisted product photography guidelines, catalog creation and platform onboarding support for women and nano entrepreneurs trying to list on marketplace platforms like Meesho, Flipkart, Amazon, ONDC, etc. This will enable them to meet the 70-plus technical requirements and documentation standards that currently takes 25 to 180 days to complete.
- **Voice plus Vernacular Delivery:** The solution is not AI alone but voice as the form factor, aligning with users based on their current digital literacy standards rather than expecting

them to adopt complex technology. QR codes have been instrumental in UPI succeeding. Similarly, voice-first access could be the answer for making compliance and scheme guidance accessible.

Where AI Cannot Solve

- **Structural Problems:** If any problem can be solved by clearer rules, then before deploying AI, the basic problems should be first fixed. The fundamental incentive structure that discourages businesses from employing more than 10 people or the wrong incentives in the system that keep enterprises deliberately small first require policy and regulatory reform, and not technological intervention. These are systemic issues where technology can assist but cannot replace the need for structural change.
- **Tribunal and Arbitration Dysfunction:** Access to justice failures, particularly the 50 to 60% of MSME problems that relate to tribunals rather than courts, require process improvements at State and District levels. For example, when MSME Facilitation Council arbitration awards are issued, there is no mechanism to enforce them other than having to go to courts, which then takes years for resolution. These are process issues, where technology can help with efficiency, but cannot solve for underlying procedural and institutional failures.
- **Job Displacement from Automation:** Automation is inevitable in manufacturing for competitiveness, but this creates risk of job displacement in low-and-medium skilled roles. Business viability and employment have always been forces that do not pull in the same direction. This requires skilling interventions and social safety nets that technology cannot provide. The 'haves' and 'have nots' will diverge at a massive scale unless there is immediate work on reskilling.

Possible Solutions

- **Compliance Discovery Bot:** Develop and deploy an MSME Obligation and Compliance Discovery Bot that applies a LLM on top of the thousands of primary legislations, subordinate legislations and instruments that create compliance obligations. The Bot should accept questions in major Indian languages through voice input and provide reasonable answers. This is already being implemented in some places. However guardrails need to be put around questions whilst so that the LLM finds the answers only from within legislation PDFs. Such tools must offer low friction access and be accessible to anyone, including those with basic feature phones. Clear disclaimers are essential to indicate that this is only guidance and not legal advice, with transparent reporting of which rules are being referenced and a human escalation path for complex cases. As data already exists, this solution requires access to that data and running a trained LLM on top of it. Two major problems that can be addressed are: 1) what am I obligated to do, and 2) how are those obligations changing?

- **Personalized Scheme Eligibility Agent:** A Personalized Scheme Eligibility and Navigation Agent which can answer which schemes apply based on location, turnover, employee count, gender and sector. Starting with high value Central and State programmes, such as Mudra loans, PM-EGP, credit linked schemes, procurement reservation, export incentives and women entrepreneurship schemes. Entrepreneurs should get answers to questions like “does this apply to me?”, “what should I do first?” and “when will I get a response”? rather than being presented with lists and information that they cannot interpret. This agent should function like an insurance agent, explaining plans, but in accessible, digital formats. Multi-state coordination is required as eligibility criteria vary across States. Disclaimers and human verification for final application steps will be required.
- **AI-Assisted Market Access:** AI-assisted onboarding and listing support targeting women, nano and micro entrepreneurs in collectives and SHGs, which can help them list on marketplace platforms. Support on product-listing guidelines such photo guidelines, catalog and profile creation, etc. Delivery must be via voice and conversational formats. Cluster-based hand-holding with AI-assisted profile generation may prove most effective.
- **Data Boarding Pass:** A Data Boarding Pass, similar to DigiYatra or DigiLocker, with structured data interoperability across critical data sources via APIs. For example, data sources linking Udyam registration, GST number, Aadhaar or MyGovID, HS code for exporters, ESIC and PF linkage and bank account verification. Interoperability of key identifiers can unlock more powerful and personalized AI agents in future, enabling better accuracy for eligibility matching, compliance discovery, credit readiness assessment and market access support. By creating a framework for how data unlock can happen systematically, there can be a shift of entrepreneurs being dependent on intermediaries.

Key Shifts

- Two major problems will be addressed: 1) What am I obligated to do? and 2) How are my obligations changing? By solving for these two questions through accessible AI-enabled tools, compliance will look achievable.
- This shifts MSMEs from being paralyzed by fear of unknown obligations and dependent on costly intermediaries, to having direct access to clear guidance on what applies to their specific business, delivered in their language through interfaces they are comfortable using.

Non-negotiables

- **Guidance not Enforcement:** Systems must warn before they penalise and guide before they reject. Whether it is application approvals, compliance requirements or scheme

eligibility, the design principle must prioritise helping entrepreneurs understand and comply rather than catching them in violations. Formalisation should reduce risk not increase it, which requires a fundamental shift in how regulatory systems interact with small businesses.

- **Voice and Vernacular Priority:** Technology must meet users where they are. Design must be for basic feature phones and prioritise voice interfaces in local languages. The last person in line, whether a woman nano entrepreneur in a rural collective or a shop owner with limited schooling, must be able to understand and use the system. Portals designed for administrators that exclude users by being overly objective and fancy do not serve their purpose.
- **Immediate Skilling Focus:** Whether short term or long term, immediate work on skilling is essential. The 'haves' and 'have nots' are going to be further distributed at a rapid scale. There are near term benefits and long term benefits to acting now. Administrative roles that exist because frictions arill exist will become obsolete in three-to-five years and automation in manufacturing will displace workers at the no-skill, low-skill end. Without proactive reskilling, massive unemployment will result even as businesses become more competitive.
- **Address Data-wse Fears:** There is resistance towards formalisation because entrepreneurs do not know how data will be used. Spreading awareness and managing the transition in a responsible manner is critical, such as building trust with government employees, who fear job loss if systems are automated, and with entrepreneurs, who worry about losing alternative income sources. Unless this trust is built into how data will be used and protected, adoption will remain limited despite technological capability.

Potential Pilots

- **WhatsApp-based Obligation and Compliance Bot:** Launch a WhatsApp-based Obligation and Compliance Bot, applying LLMs to over 3,000 primary and subordinate legislations. The bot answers what compliances apply based on location, sector, employee count and turnover and what regulatory changes happened in the last 12 months. Engagement should extend beyond the Ministry of MSME, to include the Department of Legal Affairs and the Ministry of Housing and Urban Affairs, to keep obligations accurate across 13,000 plus annual regulatory changes. Deliver via voice-first interfaces in multiple Indian languages with clear disclaimers that this is guidance not legal advice and available human escalation paths for complex cases.
- **Voice-first Multilingual Scheme Discovery Bot:** Develop a Scheme Discovery Bot delivered via WhatsApp that can act as a single window, answering which schemes apply based on personalised inputs. Cover high-value Central and State programmes including Mudra loans, PMEGP, credit linked schemes, procurement reservation and women entrepreneurship schemes. Delivery must be voice-first in languages of choice. This must

function like an insurance agent, explaining plans but in an accessible digital format, with necessary disclaimers and human verification for final application steps.

9. Key Takeaways Across Working Groups

- **Minimise Human Interface, Maximise Delivery:** Every touchpoint with a government office or official introduces friction like delays, harassment, dependence on personal connections. Administrative intermediation should be reduced wherever possible without citizens and businesses having to navigate multiple offices or rely on knowing the right

person. The default path must be straightforward with human intervention reserved for exceptions.

- **From Reactive to Proactive:** Systems should identify who is eligible and reach out to them, flag problems before they escalate and push relevant information at the right moment. Whether it is a marginalised household missing an entitlement, a village facing a water quality issue or an MSME unaware of a regulatory change, the system should act before a citizen has to ask.
- **Accelerate Convergence:** Data fragmentation forces citizens and businesses to provide the same information repeatedly and prevents anyone from seeing the full picture. Interoperability is no longer optional. The ask is not for new databases but for existing ones to speak to each other so that eligibility, delivery and grievance redress can happen without citizens running between offices.
- **AI is a Layer, Not a Replacement:** AI should sit on top of India's DPIs, making them faster and smarter, not replacing them or operating in isolation. AI should augment frontline workers and officials, not substitute them. The human-in-the-loop remains essential for verification, judgement, trust-building and accountability.
- **Intentional Design for Inclusion:** Voice-first, vernacular, offline-capable interfaces, designed for basic feature phones, people with low digital confidence and communities that have been excluded. Inclusion must be the starting point of all AI-enabling designs.

10. Non-Negotiables for Government AI

Safeguard	What This Means
Human-in-the-Loop	● AI recommends, humans decide.

	● No auto-enrollment, rejection or enforcement without a human sign-off. ● Frontline workers and officials retain authority over consequential decisions. ● AI can triage, summarise and propose but verification, judgement and accountability rest with people. ● Space must exist to flag errors, negotiate outcomes and override the system when it gets things wrong.
Transparency	● Clear decision pathways. No black boxes, hidden scoring or opaque profiling. ● Citizens and officials must understand why an application was approved, rejected or flagged. ● Grievance loops must show where a case is stuck and who is responsible. ● Frontline workers should be able to explain to communities how their data is being used. If the logic cannot be explained, it should not be deployed.
Institutional Alignment	● Work within existing policies and capacity. ● Strengthen institutions, do not bypass them. ● Solutions should sit on top of current systems, not demand wholesale redesign. ● Use existing data feeds rather than building parallel databases. ● Respect the roles of states, districts and local bodies. The goal is to make government work better, not to replace it with technology.
Designed for India	● Low connectivity, multilingual, incomplete data. ● Works for the last person in line. ● Voice-first interfaces that function on basic feature phones. ● Support for local dialects, not just standard Hindi or English. ● Offline capability that syncs when connected. ● Gender-intentional design that accounts for who holds the phone in a household. ● If a solution requires a smartphone, stable broadband and English literacy, it has already failed.
Near-Term Focus	● Solutions pilotable in 6 to 12 months, not long-horizon redesigns. ● Start with one scheme, one district, one user group before scaling. ● Demonstrate value before scaling. ● Use existing legislation and data rather than waiting for perfect

	architecture. ● The goal is visible improvement in daily life within a year, not a five-year transformation roadmap that never arrives.

11. Next Steps and Way Forward

1. Pilot with the Government: Work in deeper consultation with select Ministries to sharpen the problem statements raised during the consultation and translate them into pilotable, scalable interventions. What matters is what works on the ground. The focus must remain on real outcomes at scale, with impact as the benchmark. India is uniquely positioned, having already demonstrated through DPIs, that inclusion and population scale delivery are possible. The next step is applying AI at scale in ways that reflect local languages, local context and lived realities.
2. **Enable the Ecosystem:** Host a Public Sector Summit in March to explore building on existing WhatsApp initiatives with State and Central governments. AI layering on top of WhatsApp government-citizen services can make citizen engagement even simpler, particularly when designed for local languages and ground realities. Addressing these issues is an ecosystem play as no single actor can solve them alone. Meta to play an enabling role through partnerships, capacity building and sustained investment in this journey.
3. **For Working Group Participants:** Support targeted, cross-transferable pilots with relevant Ministries and Departments. The goal is to demonstrate success in one place and create momentum for wider replication. The intent is to carry forward the problem statements and solutions surfaced through the Working Groups, refine them through pilots, and build on them through ongoing collaborations.

"This is the start, not the end. India has shown the world that inclusion at a population scale is possible through DPI. Now it's about applying AI responsibly with local languages, local context and lived realities at the center. The time for pilots is now."