



Centre for Digital Transformation at IIM Ahmedabad

Policy Briefing:

RESPONSIBLE AI: Awareness, Adoption, and Organizational Preparedness

• Introduction: AI Implementation in the Indian Economy

Currently, India is one of the leading countries globally in innovation, particularly in artificial intelligence. The motivation to introduce AI technologies stems from the "AI for All" initiative proposed by NITI Aayog and supported by the "IndiaAI" program, driven by India's digitalized government system. Nevertheless, the gap between AI deployment aspirations and India's current business situation should not be ignored.

According to the results of the primary research conducted with almost 100 leading experts (mostly from large companies, 71%, with experience of more than ten years in their industry), the problem of the capability crisis emerges. In particular, although AI deployment is experiencing significant growth, the issues associated with ethical governance and Responsible AI (RAI) are still at an early stage. The current score of the degree of implementation of AI is 2.3/5; therefore, only recently have companies started deploying AI technologies. Table 1 shows the different AI application areas in organizations.

Table 1: Primary AI Application Areas in Indian Organizations

Sector / Application Area	Adoption Percentage
Customer Service (Chatbots, Virtual Assistants)	49%
Coding and Software Development	45%
Business Analytics and Intelligence	41%
Daily Operations and Process Automation	38%
Marketing and Customer Engagement	23%

1. Paradigm of Decision-Making: "Black Box" to "Glass Box"

- The transformation of AI into a decision-maker has been initiated and has achieved significant milestones. According to survey results, 58% of organizations provide AI with the opportunity to assume a significant role or even lead the decision-making process.

- Advice (41%): AI is used as a supporting tool to help human decision-makers base their decisions on data analysis.

- Decision-maker (23%): Almost a quarter of organizations succeeded in assigning AI the role of a decision-maker, at times almost entirely disregarding humans.

- Governance Implications: From "Black Box" to "Glass Box." The delegation of decision-making to AI creates explainability problems and creates a governance gap. In the new paradigm of "Glass Box," it is necessary to justify not only the technical aspects of AI outcomes but also software engineering and organizational factors.

2. The Awareness and Training Challenge: A Capability Gap

It should be noted that there is a significant "gap of awareness" that jeopardizes the sustainability of AI technology in India. According to the research, only 19% of people currently demonstrate sufficient awareness of RAI fundamentals. In particular, 60% of participants consider themselves "somewhat aware," and 21% admit they are "not aware."

POLICY WARNING: THE TRAINING GAP

Another shocking statistic underscores the lack of training in RAI technology. Namely, 80% of those surveyed had never undergone training in RAI before. Moreover, it is important to note a "support gap": 80% of people lack training, while only 9% believe there are sufficient opportunities to learn about RAI within their organizations.

The reason for these training gaps is the **informal approach** to skill development through occasional training sessions. Table 2 presents various learning sources.

Table 2: Informal vs. Formal Learning Sources

Learning Source	Source Type	Usage Percentage
Online Resources (Webinars, Articles)	Informal	64%
Colleagues and Peers	Informal	29%
Professional Training / Workshops	Formal	27%
Industry Conferences	Formal	20%
Academic Courses	Formal	18%

3. Algorithmic Bias and The Deficit of Trust

The evidence of a governance deficit in the current scenario comes from the prevalence of biases. An astounding 69% of survey respondents have experienced workplace bias. Furthermore, 23% of them have faced these issues repeatedly. Therefore, it becomes clear that there is a significant deterioration of trust in the use of locally available and imported systems dominating the Indian market. It is essential to note that only 10% of respondents consider the currently available AI systems, such as ChatGPT, Gemini, and GitHub Copilot, which 45% of survey participants use in programming, to be unbiased.

Ethical Issues Posed by Survey Respondents

- Bias and Discrimination (71%): Major ethical issues concerning AI discrimination during decision-making.
- Inadequate Transparency (66%): Lack of questioning about the black box problem related to the technology.
- Insufficient Accountability (63%): Inability to attribute liability for AI mistakes.
- Violation of Privacy (58%): Ethical problems specific to the DPDPA of India.

4. Preparedness: "The Vulnerability Paradox"

However, as of today, the Indian business environment still faces problems related to the so-called "dual preparedness gap," with 37% of businesses lacking RAI frameworks and 80% of the population unaware.

However, the biggest problem is the "vulnerability paradox": 69% of the population personally experienced AI misconduct. However, 49% believe the threat is moderate, and 38% say they are somewhat vulnerable. That means that there is definitely a problem with a "governance gap."

Status of Implementation: "Three-Way Split": At present, there are RAI programs in India that can be categorized into three groups:

At present, there are RAI programs in India that can be categorized into three groups:

- Implemented: 36% of companies have an ethics and bias detection policy.
- Partially Implemented: 27% have certain things done, but not enough.
- Not Implemented: 37% of companies have no governance program.

5. Insights From Statistical Analysis: Factors That Influence the Level of Preparedness

A two-way ANOVA will show which factors play the most important role in organizational readiness. As for the results gained from data analysis, we can state that RAI awareness and ethical concerns impact the level of organizational readiness, and their interaction does not demonstrate any statistically significant results.

Therefore, it should be noted that the impact of these two factors on each other is not significant; thus, they can be controlled independently by management. To put it more clearly, there should be no special conditions for starting this process.

6. Strategic Recommendations for Policymakers and Leaders

Recommendation 1: RAI Training and CSR Application.

It is essential to bridge the training gap to 80%. The government should require RAI training for organizations working in high-risk domains. It would be best if organizations used the CSR budget to cover the "resources support gap" of 71%.

Recommendation 2: Sector-Specific Policies (RBI, SEBI, Ministry of Health and Family Welfare (MoHFW)).

Only the guidelines will not work; sector-specific policies should be framed: For example, RBI and SEBI: Credit justice and trading algorithm transparency. For MoHFW: Diagnosis of accuracy and data justice.

Recommendation 3: Formal Education through Top Universities. Presently, learning occurs through informal means such as online platforms (64%). Formalization of the process is required.

Recommendation 4: Real-Time Monitoring and Auditing. Policymakers need to shift from guidelines to real-time monitoring. If AI has a significant influence on an organization's operations (integration at levels 4 and 5), a mandatory "glass box" audit of the software should be conducted.

Recommendation 5: Data Privacy should Become an Integral Component of Governance. All organizations should adhere to the DPDPA guidelines and adopt the "Privacy by Design" framework to ensure AI systems do not become a means of violating data privacy.

Recommendation 6: Offering Financial Incentives through certification "Preferred Provider" status or other financial incentives offered by the government to organizations adhering to certified RAI frameworks could alter the mindset about the high costs associated with RAI.

Recommendation 7: Establishing Careers in RAI. Given the fact that only a small percentage (66%) of the respondents feel that career paths can be established in the realm of RAI, there is a likelihood of facing challenges about brain drain from the governance domain in India.

● Conclusion: Towards an Ethical AI Future

Currently, India stands at a very crucial crossroads. While adoption of AI is certain, there is no guarantee of success. With high levels of bias and inadequate AI training, the technology remains weak and poses a major security threat. As much as ethical AI may be seen as a barrier to innovation, the truth is that it is the key to innovative success. The more knowledgeable India is about AI, the better equipped it will be to handle the coming AI revolution. When AI rules the world, trust is the ultimate currency.

● For More Information

Please contact Prof. Pankaj Setia, chr-cdt@iima.ac.in for more information.

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