# AI Adoption and Challenges in India vs. Oil and Gas Sector's Optimism Amid Challenges



**AI Adoption and Challenges in India**

In the last three years, Artificial Intelligence (AI) has transitioned from a niche technology to a central component of digital transformation for many businesses. Companies across various sectors including healthcare and retail have integrated AI into their operations to enhance efficiency and customer experience.

The Indian government's initiatives, such as the National AI Strategy, have significantly accelerated AI adoption. In retail, AI aids in inventory management, allowing predictions based on demand and trends. AI-driven automation reduces errors and boosts productivity. A report predicts AI could add $500 billion to the Indian economy by 2025, with AI chatbots handling up to 80% of customer interactions by the same year.

However, challenges persist. Data security is a major concern, cited by 56% of Indian businesses. The talent pool for AI professionals in India is limited, contrasting with the global projection of 97 million new AI roles by 2025. High integration costs, noted by 53% of companies, particularly impact small and medium enterprises.

Despite these obstacles, AI’s potential remains vast. Companies need to invest in training programs and create collaborative solutions to leverage AI effectively. As AI continues to evolve, businesses must decide their approach to this transformative technology.

**Oil and Gas Sector's Optimism Amid Challenges**

A new report by Norwegian research firm DNV highlights the optimism within the oil and gas industry despite facing higher interest rates, supply chain disruptions, and the existential threat of climate change.

The report, based on responses from nearly 450 senior professionals, notes that the sector is on a strong recovery path due to continuous global demand for oil and gas. Despite this, there is a paradox in the industry: while there is a push towards low-carbon energy, nearly half of the respondents view low financial returns on these investments as a major challenge.

The sector is heavily investing in alternative energy sources like wind, solar, hydrogen, and biofuels, driven by a renewed focus on energy security influenced by geopolitical events, including the war in Ukraine. However, 51% of executives believe investment in new oil and gas capacity is insufficient, with 70% of North American executives particularly concerned versus 40% in Europe.

Operational performance and efficiency remain priorities, with significant investments planned in energy efficiency and standardized tools. Yet, achieving profitability remains challenging due to the high-risk nature of the industry. The survey also identifies barriers to renewable energy investment, such as low financial returns, existing business model constraints, and high capital investment requirements.

Addressing skills shortages is crucial, with 66% of executives prioritizing the attraction of young, skilled workers to support sector growth and decarbonisation efforts. The sector's future hinges on balancing demand with decarbonisation targets, leveraging digital tools, and new workforce strategies to navigate this structural transition.

DNV’s CEO, Ditlev Engel, underscores the critical juncture faced by the oil and gas sector, emphasizing the need for profitable business models and clear policies to accelerate the energy transition.