

BY LEVERAGING ITS YOUNG, DYNAMIC, AND  
TECH-SAVVY POPULATION, INDIA HAS THE  
POTENTIAL TO CREATE A WORKFORCE THAT  
CAN UTILISE AI TO AUGMENT THEIR WORK AND  
PRODUCTIVITY - ECONOMIC SURVEY 2024-25

SOCIAL INFRASTRUCTURE ENCOMPASSING  
ENABLING INSTITUTIONS, INSURING  
INSTITUTIONS AND STEWARDING  
INSTITUTIONS TO HELP GRADUATE OUR  
WORKFORCE TOWARDS MEDIUM-AND HIGH-  
SKILL JOBS

ECONOMIC SURVEY 2024-25 ENVISIONS A  
PRACTICAL, RELIABLE, SCALABLE AND  
EFFICIENT ARTIFICIAL INTELLIGENCE MODEL  
FOR ADOPTION IN INDIA

THE FUTURE OF WORK REVOLVES AROUND  
'AUGMENTED INTELLIGENCE', WHERE THE  
WORKFORCE INTEGRATES BOTH HUMAN AND  
MACHINE CAPABILITIES - ECONOMIC SURVEY  
2024-25

INDIA BEING A PREDOMINANTLY SERVICE-  
ORIENTED ECONOMY IS PARTICULARLY  
VULNERABLE TO AUTOMATION

# TO ENSURE INNOVATION LEADS TO INCLUSIVE DEVELOPMENT, FAST TRACK CREATION OF TRIPARTITE COMPACT BETWEEN THE GOVERNMENT,

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Artificial Intelligence (AI) promises to usher in a new age, one where a bulk of the economically valuable work is automated across various fields, but at the same time it can result in large scale labour displacement, especially at the middle-and lower-quartiles of the wage distribution, states the Economic Survey 2024-2025 tabled by the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman in the Parliament today.

## **Risks and opportunities for India in adoption of AI**

The Economic Survey 2024-25 states that as illustrated by Andrew Haldane, the former Chief Economist of the Bank of England, previous industrial and technological revolutions have been painful, characterized by widespread economic hardships, protracted unemployment for those displaced and widening income inequalities.

In this light, the Economic Survey notes, as policymakers, the possibility of such an outcome materialising in connection with automation must be taken very seriously, especially for a country like India. India's economy is predominantly service-oriented, with a large portion of its IT workforce engaged in low-value-added services. These roles are particularly vulnerable to automation, as companies may replace labor with technology to reduce costs.



## Adapting Work to the Era of Artificial Intelligence

### The Challenge



*AI should be able to Help rather than Replace Jobs*

- › Fears of adverse effects of large-scale AI adoption not far-fetched
- › Automation ushered in by AI can lead to large-scale workforce displacement, especially for middle and low-wage workers
- › Need to raise overall quality of workforce and help them graduate towards medium-and high-skill jobs, where AI can augment their efforts rather than replace them
- › Innovation must be balanced with societal costs; AI must be introduced with sensitivity to India's needs



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### Necessary measures to leverage AI wave in India

Economic Survey 2024-25 highlights that to minimise the negative impacts of creative destruction a collective societal effort is required, involving the creation of new social infrastructure to promote environments where innovation leads to inclusive growth. It further adds that India will therefore have to fast track the creation of robust institutions through a **tripartite compact between the government, private sector and academia**.

Among the measures to leverage AI, Economic Survey underlines essentiality of **Social Infrastructure encompassing Enabling Institutions, Insuring Institutions and Stewarding Institutions** to help graduate our workforce towards medium-and high-skill jobs, where AI can augment their efforts rather than replace them. But building these institutions as it is a time-consuming process due to need of mobilization of massive amount of intellectual and financial resources towards a singular goal.



## Adapting Work to the Era of Artificial Intelligence

### The Way Ahead



*New Social Infrastructure needed to minimize adverse societal effects of AI-driven transformation and deliver inclusive growth*

- › India has a window of opportunity to mobilize a nation-wide institutional response to the challenge AI poses to the world of work
- › India has the potential to create a workforce that can utilize AI to augment their work and productivity
- › The future of work is 'Augmented Intelligence', where the workforce integrates both human and machine capabilities
- › This can be achieved through creation of new social infrastructure - robust institutions including Enabling Institutions, Insuring Institutions and Stewarding Institutions
- › Government, private sector and academia need to come together to fast-track the creation of this new social infrastructure



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The Economic Survey notes there are certain challenges that need to be overcome by AI developers before wide-spread adoption can be achieved. Among those, firstly, **Practicality and reliability** are core issues that need to be addressed by developers. Secondly, AI also needs **significant infrastructure for scaling**, which takes time to build. And lastly, AI models have to target **efficiency gains without compromising on performance**.

The Economic Survey 2023-24 distinguishes that India's employment challenge is not just one of numbers, but also one of raising the overall quality of its workforce. It observes that labour and technology, when balanced in the right way, can complement one another. As history also shows us, through careful integration and institutional support, automation brought along with it a rise in the employment-to-population ratio over the 20th century. In this context, the future of work revolves around '**Augmented Intelligence**', where the workforce integrates both human and machine capabilities. This approach aims to enhance human potential and improve overall efficiency in job performance, ultimately benefiting society as a whole. In this light, by leveraging its young, dynamic, and tech-savvy population, India has the potential to create a workforce that can utilise AI to augment their work and productivity.

Considering above, the Economic Survey suggests that the policymakers must balance innovation with societal costs, as AI driven shifts in the labour market could have lasting effects. Similarly, the corporate sector also must act responsibly, handling the introduction of AI with sensitivity to India's needs, Economic Survey adds. It acknowledges that due to AI presently being in its infancy, India is afforded the time necessary to address these challenges, strengthen its foundations and mobilise a nation-wide institutional response. For that, it concludes that a collaborative effort between government, private sector, and academia is essential.

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