

THE IMPACT OF ARTIFICIAL INTELLIGENCE ON THE LABOUR MARKET AND EMPLOYMENT IN INDIA: A CRITICAL ANALYSIS

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Abstract

The advent of Artificial Intelligence (AI) has transformed the labour market and employment landscape in India. This article examines the impact of AI on the labour market and employment in India, highlighting both the benefits and challenges. We analyse the effects of AI on job displacement, skills requirements, and the future of work in India. Our analysis suggests that while AI has the potential to increase productivity and efficiency in various industries, it also poses significant challenges for workers, particularly in sectors where tasks are repetitive and can be automated. We conclude by highlighting the need for policymakers, educators, and industry leaders to work together to mitigate the negative impacts of AI on the labour market and ensure that the benefits of technological progress are shared by all.

INTRODUCTION

Artificial Intelligence (AI) has emerged as a transformative technology with far-reaching implications for the labour market and employment in India. AI refers to the development of computer systems that can perform tasks that typically require human intelligence, such as learning, problem-solving, and decision-making (Kaplan & Haenlein, 2019). The increasing adoption of AI in various industries has raised concerns about the impact of AI on the labour market and employment in India.

Impact of AI on Job Displacement in India:

One of the most significant concerns about the impact of AI on the labour market in India is job displacement. According to a report by the McKinsey Global Institute, up to 50% of jobs in India could be automated by 2030 (Manyika et al., 2017). This could lead to significant job displacement, particularly in sectors where tasks are repetitive and can be automated.

Impact of AI on Skills Requirements in India:

The increasing adoption of AI in various industries has also led to a shift in skills requirements in India. According to a report by the National Association of Software and Services Companies (NASSCOM), the Indian IT industry will require 50% more skilled workers by 2025 (NASSCOM, 2018). This means that workers will need to acquire new skills to remain relevant in the job market.

Examples of AI Adoption in India:

Several Indian companies have already adopted AI in various ways, leading to significant changes in the labour market and employment. For example:

- 1. Tata Consultancy Services' (TCS) Use of AI in IT Services:** TCS has adopted AI-powered tools to improve IT services, such as chatbots and virtual assistants. This has led to a reduction in the number of IT personnel needed, but has also created new job opportunities for AI developers and trainers.
- 2. Infosys' Use of AI in Automation:** Infosys has adopted AI-powered automation tools to improve efficiency and reduce costs. This has led to a reduction in the number of workers needed in certain sectors, but has also created new job opportunities for automation specialists and AI trainers.
- 3. Flipkart's Use of AI in E-commerce:** Flipkart has adopted AI-powered tools to improve customer service and personalize product recommendations. This has led to a reduction in the number of customer service representatives needed, but has also created new job opportunities for data analysts and AI trainers.

Challenges and Concerns:

While AI has the potential to increase productivity and efficiency in various industries, it also poses significant challenges and concerns for workers in India. Some of the key challenges and concerns include:

- 1. Job Displacement:** The increasing adoption of AI in various industries could lead to significant job displacement, particularly in sectors where tasks are repetitive and can be automated.
- 2. Skills Gap:** The increasing adoption of AI in various industries has also led to a shift in skills requirements, which could lead to a skills gap if workers are not provided with the necessary training and upskilling.

3. Digital Divide: The increasing reliance on AI and digital technologies could exacerbate the digital divide, particularly in rural and disadvantaged areas where access to digital technologies is limited.

CONCLUSION

The impact of AI on the labour market and employment in India is a complex issue that requires careful consideration. While AI has the potential to increase productivity and efficiency in various industries, it also poses significant challenges and concerns for workers. To mitigate the negative impacts of AI, policymakers, educators, and industry leaders must work together to provide workers with the necessary training and upskilling, address the skills gap, and ensure that the benefits of technological progress are shared by all.

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