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Published in The Hindu Business Line

January 31, 2025 | 08:00 PM IST

## Economic Survey 2024-25 highlights need for reskilling as AI reshapes India's labour market

***'Western markets, where labour costs are high, are likely to adopt AI much earlier than India'***

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**Read on:** <https://www.thehindubusinessline.com/economy/economic-survey-2024-25-highlights-need-for-reskilling-as-ai-reshapes-indias-labour-market/article69164586.ece>

### Article Content:

As AI reshapes global labour markets, India is at a crossroads—it is poised for growth, but is also facing key challenges. AI offers opportunities, but barriers like infrastructure gaps and workforce readiness remain. Amidst this is the rising anxiety of job displacement as highlighted in the Economic Survey 2024-25.

The survey threw a spotlight on the intensified concerns and fears about AI disrupting labour markets as developments in the field have continually demonstrated rapid progress over the last four years. The increasing complexity of the models being developed today represents a paradigm shift in the field of AI, with anticipation of 'intelligent machines' being capable of performing tasks predominantly handled by humans today.

India, leveraging IT to power its growth, has a relatively young population eager to be employed in the sector. The country has many large companies providing worldwide IT services, and is particularly vulnerable to this fear, said Dr Sujata Seshadrinathan, Director of IT and Process, Basiz Fund Services.

“Like most path-breaking, disruptive IT innovations, AI too is expected to bring many benefits and challenges, impacting how we deal with a host of things, apart from information generation and associated developments. For instance, the significant job displacement and its subsequent detrimental impact on society predicted by many leading international organisations is not unfounded. While jobs could be lost to AI replacing the workforce, reskilling and building institutions through collaboration between policymakers, the private sector, and academia is how this can be mitigated,” she said.

Kashyap Kompella, an AI Industry Analyst, observed since India is the fastest-growing large economy, the adoption of AI domestically in different sectors can accelerate this growth. But as the Survey points out, large-scale adoption of AI will happen over a much longer period. That gives India enough runway to plan for a soft landing, he said.

### **Indian technology services sector**

However, the effects of AI can be felt sooner in other areas. “Western markets, where labour costs are high, are likely to adopt AI much earlier than India. For instance, the Indian technology services sector, which caters to the Western economies, accounts for a big chunk of high-paying jobs and drives significant domestic consumption. Since AI solutions require consulting and implementation services, opportunities will arise, complemented by reskilling.”

He continued, “Gen AI is making us question the conventional wisdom about the types of jobs that will be impacted. The assumption is AI will automate only low-value, routine work, but we can see that high-value, creative professions are also at risk. According to me, when it comes to jobs, AI is now collar-blind. Both white-collar and blue-collar jobs are susceptible to automation.”

### **India’s central role**

Alongside, global capability centres (GCCs), which have emerged as major recruiters, also rely on the country’s vast talent pool and growing expertise in AI, giving these centres a competitive advantage in delivering cutting-edge solutions. The rise of AI Centres of Excellence also emphasises the country’s central role in shaping the future of innovation, supported by its talented workforce, shared Milind Shah, Managing Director of Randstad Digital in India.

The Survey also highlights the importance of skill education, especially around new-age technologies like AI, ML, IoT, big data, and robotics.

“A specific scheme focused on skill education on these new-age technologies right from the school level can be a game changer. The government should also look at establishing an AI University to further accelerate the adoption of AI. To ensure the right development and AI adoption, the government must also accelerate the investment in the compute infrastructure and invest significantly in GPUs. A focus on manufacturing in India could be a game changer,” shared Devroop Dhar, Managing Director, Primus Partners.