Indian Economy · GS - III

Artificial Intelligence can increase economic productivity while also widening income and wealth inequalities. Examine the challenges and suggest policy measures to ensure inclusive distribution of its benefits.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 08/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Artificial Intelligence, automation, technological unemployment, skill polarisation, wealth concentration, digital divide, progressive taxation, social security, reskilling, universal access, inclusive growth.

Model Answer

Introduction

Artificial Intelligence is transforming production, services and labour markets. Although it increases productivity and innovation, its economic benefits may be unevenly distributed.

Major Challenges

- **Employment disruption:** Automation can replace repetitive and routine jobs.
- **Wealth concentration:** Ownership of advanced technologies and capital may concentrate economic gains among a limited group.
- **Skill inequality:** Workers lacking digital skills risk exclusion from emerging employment opportunities.
- **Digital divide:** Unequal access to technology can widen regional and social disparities.

Policy Measures

1. Strengthen skill development, vocational education and lifelong learning.
2. Use progressive taxation to ensure a fair contribution from high-income groups and capital gains.
3. Expand social protection, unemployment assistance and worker-transition programmes.
4. Promote affordable digital infrastructure and wider access to AI education.
5. Encourage responsible AI adoption and competition to prevent excessive market concentration.

Conclusion

India must combine technological innovation with inclusive institutions, effective taxation and human-capital development so that AI-driven growth benefits society broadly.

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