

Artificial Intelligence and the Indian Labour Market: A Comprehensive Analysis of Employment Effects, Channels and Distributional Effects

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Abstract: AI is flooding into India's job market faster than most legislative frameworks can keep up with. This review draws together nineteen peer-reviewed publications, working papers and institutional reports, mostly published between 2023 and 2026, in order to evaluate what is empirically known about the employment effects of AI in India, as opposed to what is anticipated or assumed. The review finds that empirical evidence is still concentrated in India's formal services sector, where AI-related hiring has skyrocketed since 2016 and appears to have reduced demand for high-skilled managerial and analytical roles rather than low-skilled ones. Most of the Indian workers are engaged in manufacturing, agriculture and the informal economy, all of which have little evidence largely based on projections and not empirical. The review categorises the literature based on four recurring mechanisms: task displacement, task reinstatement, productivity-driven labour demand and skill polarisation. Distributional data show AI exposure in India is stratified by caste, gender and educational attainment. The most urgent void in Indian literature is sector-specific, worker-level empirical research outside of IT services.

Keywords: Artificial Intelligence; Employment; Labour Market; India; Automation; Task Displacement; Systematic Review

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