



India's Global Economic Impact at Davos Summit 2024

This editorial is based on [“At World Economic Forum, how India made a mark”](#) which was published in Indian Express on 31/01/2024. The article explores how India's flourishing economy goes beyond national development; it serves as a guiding light for collective global progress, underscoring our dedication to forging a bright and sustainable future for the world.

For Prelims: [World Economic Forum \(WEF\)](#), CII India Business Hub, [Artificial Intelligence \(AI\)](#), [Non-Performing Assets \(NPAs\)](#), Moody's Investors Service, [Gross Domestic Product \(GDP\)](#), [UNCTAD World Investment Report](#).

For Mains: Significance of Davos Summit 2024 for Indian Economy.

A diverse mix of global leaders, tech innovators, and thought leaders gathered at the [World Economic Forum \(WEF\)](#) meeting in Davos held recently in January 2024 to tackle the most pressing economic, political, and social challenges, with [Artificial Intelligence \(AI\)](#) taking centre stage. The discussions highlighted AI's transformative potential and underscored the need for innovative and prudent governance.

Between the last edition of the WEF and this one, the world has faced multiple challenges-geopolitical emergencies, [climate change](#), dips in growth trajectories of nations and the threat of misuse of technology. Amid global challenges, India shines in its growth trajectory at Davos 2024, presenting highlights of success.

What is the World Economic Forum (WEF)?

▪ About:

- The WEF is a Swiss nonprofit foundation established in 1971, based in Geneva, Switzerland.
- Recognized by the Swiss authorities as the international institution for public-private cooperation.

▪ Mission:

- Committed to improving the state of the world by engaging business, political, academic, and other leaders of society to shape global, regional, and industry agendas.
- Founder and Executive Chairman: **Klaus Schwab**.

▪ Some Major Reports Published by WEF are:

- [Energy Transition Index](#).
- [Global Competitiveness Report](#).
- Global IT Report
 - WEF along with INSEAD, and Cornell University publish this report.
- [Global Gender Gap Report](#).
- Global Risk Report.

- Global Travel and Tourism Report.

What are the Key Takeaways of Davos Meeting, 2024?

▪ Artificial Intelligence (AI):

- This issue took centre stage at this year's WEF meet. While its many transformational abilities for human welfare were discussed, so were the need for regulation, fear of job losses, the risks of impersonation and misinformation, and the inequalities it can potentially worsen.
 - The overall observation, however, seemed to be that the positives outweigh the negatives, and human intelligence did not face a major threat from AI.

▪ War and Uncertainty:

- Business leaders spoke of the risks posed by fragile geopolitical situations in various parts of the world - wars in the Middle East and Europe, the threats to global supply chains, and the uncertainty around food security.
 - Yet, no plans or roadmaps for peace were offered about the [Israel-Gaza violence](#).

▪ Climate:

- The need for businesses to adapt to climate change and for countries to unite for action against it despite differences was another hot topic.
 - [World Bank](#) President highlighted the ultimate benefit businesses will reap from adopting [sustainable practices](#) and about the need to allocate resources correctly in the fight against climate change.
- It stressed that developed countries have to assist in the financing of climate action in the developing countries, failing which the inequality will only grow.

▪ China's Economy:

- Facing a slowing economy, China tried to attract more investment from the West, which has witnessed some cooling.
 - At 5.2%, China's GDP growth in 2023 is still below pre-pandemic levels, and it is battling American attempts to isolate it, as evidenced in the [semiconductor](#) trade standoff.
- Meeting held that China is experiencing very significant structural economic challenges. A lot of companies in the West are no longer investing what they used to invest.
 - But even 3%-4% growth in China is still fairly meaningful for a lot of companies that are attending the WEF summit.

▪ India's Prospects:

- Davos' meeting highlights that India is transforming rapidly as one of the fastest growing large economies in the world. India also made its presence felt in ways other than its economic potential.
 - When it comes to technology, talent, healthcare, and other areas, its future in 2024 and beyond, is worth paying attention to.

▪ Investment in Women's Health:

- One of the ideas discussed at WEF this year was how investment in women's health could boost the global economy by USD 1 trillion annually by 2040.
- **Global Good Alliance for Gender Equity and Equality:**
 - One of the key takeaways from the Forum meeting was the announcement of the launch of a Global Good Alliance for Gender Equity and Equality with the support and endorsement by WEF and Government of India.
 - The idea of this alliance emerged from the [G20 Leaders' Declaration](#) and India's abiding commitment to the cause of women-led development.
 - The objective is to bring together global best practices, knowledge sharing and investments in the identified areas of women's health, education, and enterprise.

Global economic prospects

61% expect the **global economy to weaken** in the coming year

Chief economists' expectations for the year ahead

93% pace of interest rate rises will slow

79% domestic politics will be a source of global economic volatility

90% geopolitics will be a source of global economic volatility

68% labour market conditions will loosen in advanced economies

86% the worst of the global inflationary surge will have passed

85% lending conditions for businesses will tighten

Source: Chief Economists Outlook, World Economic Forum, September 2023



What was the Special Focus on AI at Davos Meeting 2024?

Davos 2024 emphasised the widespread influence of AI, showcasing its transformative potential in reshaping economies and societies. The discussions underscored the importance of balanced governance, ethical considerations, and skill development in harnessing AI's benefits.

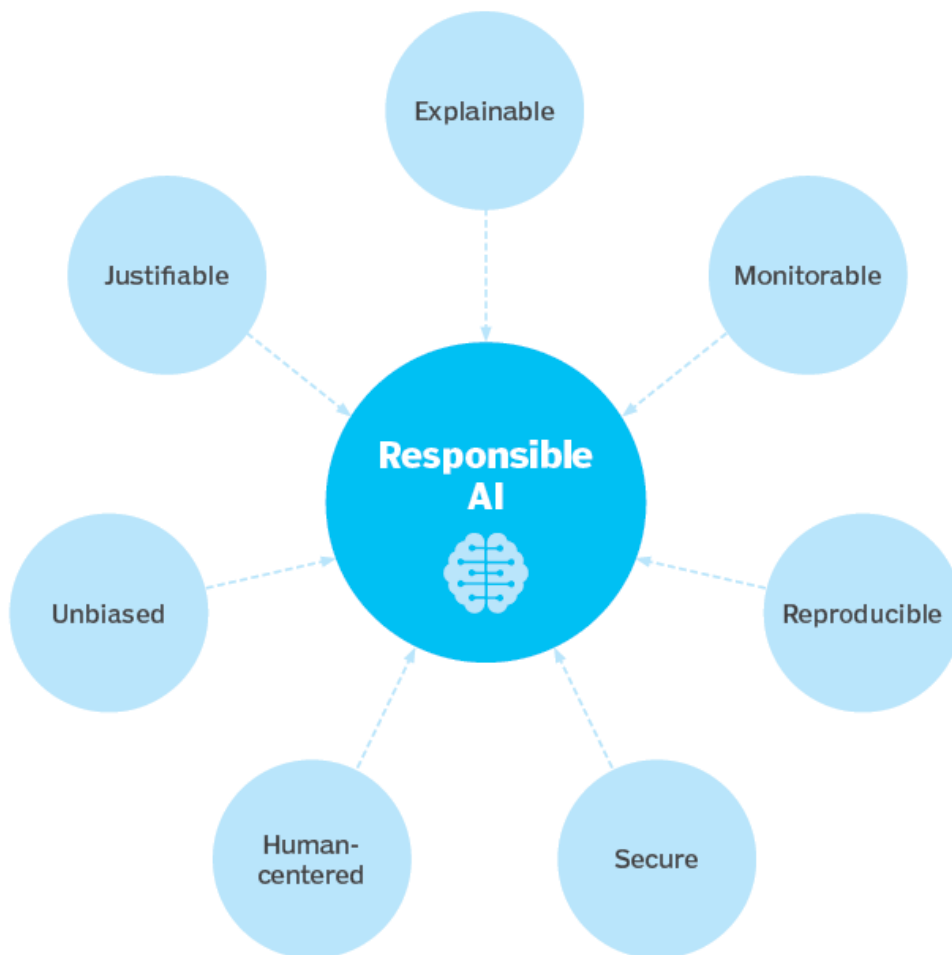
▪ Focusing on AI-Era Job Market:

- The [International Monetary Fund's \(IMF's\)](#) "Gen-AI: Artificial Intelligence and the Future of Work" report, unveiled at Davos, paints a stark picture: up to 60% of jobs in advanced economies are at risk due to AI.
 - This alarming statistic sparked intense discussions about the future of work, underscoring the urgency of skills training and adaptation.
 - Report stressed the importance of equipping people with the necessary skills to harness AI's benefits while managing its risks.
- The IMF's report highlighted a crucial shift: **the real challenge is not job replacement by machines but by people proficient in AI.**
 - It advocated for the integration of AI education to prepare citizens, especially the youth, for a world augmented by AI.
 - Summit emphasised the need for job creation, particularly in green sectors, and the adaptation of education systems to meet the demands of an AI-driven labour market.
- Meeting aimed to **tackle complex issues like the [copyrighting](#) of AI-generated content** and distinguishing between human and machine creations.
 - Leaders advocated for collaborative efforts to establish interoperability standards and best practices, reflecting a global trend towards more integrated AI systems.
- It also projected a shift towards more idea-centric roles, facilitated by AI's ability to elevate job functions to higher levels of abstraction.
 - The WEF summit expressed optimism about AI value alignment, observing

significant advancements from GPT-3 to GPT-4.

▪ **Calls For Ethical and Responsible use of AI:**

- It raised profound [ethical questions about AI](#), delving into its impact on human authenticity and the blurring lines between virtual and real human connections.
 - These discussions and inquiries urged a deeper reflection on our relationship with technology.
- The need for responsible AI governance resonated throughout Davos, with calls for a balanced approach that fosters innovation while mitigating risks.
 - China's Premier emphasised the importance of global AI governance mechanisms.
 - Microsoft discussed the convergence in AI regulations, highlighting a common understanding of fundamental issues and strategies to address them.



How did India Fare at the WEF Summit 2024 in Davos?

▪ **CII India Business Hub Highlights:**

- The CII India Business Hub at Davos witnessed significant activity as business visitors explored upcoming opportunities, providing a platform for India to showcase its successes.

▪ **Geopolitical Impact on India:**

- Being part of the integrated global economy, India acknowledges the impact of geopolitical incidents and strives to secure trust commercially and geopolitically, emphasising its role as a reliable partner.

▪ **Government Reforms and Technology:**

- India showcased its effective use of technology in governance through steady and proactive reform announcements.
- Discussions at Davos centred around AI, focusing on maximising benefits while minimising AI-related risks, where India is making deep inroads.

- **Women's Socio-Economic Participation:**
 - India took a prominent position in discussions on global issues, particularly women's socioeconomic participation. Notably, Indian women entrepreneurs in self-help groups manage businesses worth \$37 billion annually, making a case for increased investment in women-owned businesses.
- **Energy Transition Challenges:**
 - Energy discussions paralleled technology discussions, with a focus on climate change. India emphasised three energy transition challenges - availability, affordability, and sustainability - while exploring solutions like green hydrogen.
- **India's Equitable Growth:**
 - India's growth in 2024 is projected to be among the world's fastest. Equitable growth is evident through infrastructure development across the country, gender inclusivity in employment and entrepreneurship, and social security measures for disadvantaged sections.
- **India as a Pocket of Resilience:**
 - Moody's Investors Service views India as a "pocket of resilience" amid global economic challenges. Recognised for economic, social, and political stability, India's robust growth trajectory and domestic market make it an attractive investment destination.
- **Global Recognition and Economic Prowess:**
 - India, once on the sidelines, now receives global attention for its economic, social, and political stability. A population exceeding 1.4 billion, a dynamic workforce, and supportive government policies contribute to India's consistent GDP growth.
- **India as a Trusted Global Partner:**
 - India's participation at Davos reinforces its position as a trusted global partner and a resilient economy. The country's commitment to collaborative global advancement reflects its role in shaping a bright, sustainable future for the world.

Conclusion

Davos 2024 showcased India's remarkable growth trajectory amid global challenges. The country's strategic use of technology, particularly in AI, and proactive governance reforms were highlighted, positioning India as a digital leader. Recognized for economic, social, and political stability, India emerges as a pocket of resilience in the global economy. With a commitment to collaboration and inclusivity, India's thriving economy becomes a beacon for global progress and a model for shaping a sustainable future.

Drishti Mains Question:

Discuss the significance of India's role and key outcomes at the World Economic Forum Davos Summit 2024, focusing on technological advancements, global partnerships, and sustainable growth strategies.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Q1. Which of the following gives 'Global Gender Gap Index' ranking to the countries of the world? (2017)

- (a) World Economic Forum
- (b) UN Human Rights Council
- (c) UN Women
- (d) World Health Organization

Ans: (a)

Q2. Who among the following is the founder of World Economic Forum? (2009)

- (a) Klaus Schwab
- (b) John Kenneth Galbraith
- (c) Hobert Zoellick

(d) Paul Krugman

Ans: (a)

Q3. The Global Competitiveness Report is published by the (2019)

- (a) International Monetary Fund
- (b) United Nations Conference on Trade and Development
- (c) World Economic Forum
- (d) World Bank

Ans: (c)

PDF Reference URL: <https://www.drishtias.com/printpdf/india-s-global-economic-impact-at-davos-summit-2024>

