Chapter 1
The Role, Effectiveness, and Challenges of AI Tools in Reshaping the Economies

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ABSTRACT

Development means the suppression of the traditional sector by concentrating on the modern sector and expanding that modern sector. The renowned economist like Kuznets, Chenery, Fisher, and Clark have observed a dialectal relationship between structural transformation and economic development which suggests the transformation of ancillary-proficient technology, entrepreneurship, pattern of investment, variations in the composition of consumer's demand, international trade, resource allocation, factor intensity, international specialism, efficient capital accumulation in physical as well as human capital, changes in such socio-economic factors. The collaboration of economies with technology has a tendency to encourage new skills, more productivity, and thus boost the status of economies. The AI tools have tried to contribute to every sector of the economy. The present study is an effort to understand the role, effectiveness, and challenges of AI tools in reshaping the major three

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sectors of the economies through systematic literature review technique using PRISMA model.

INTRODUCTION

Around the world, artificial intelligence (AI) is radically altering a number of industries. AI is transforming self-sufficient and environment friendly corporate practices. While the development of AI raises hopes for a return to consumer spending, increased productivity across most industries, and improved risk management, it also raises concerns about the massive loss of jobs in developed nations, the need for extensive skill retraining, and the widening of the digital divide within social structures (Malviya et al.,2024).

Artificial Intelligence (AI) and sustainability are not coincidental; rather, they are a deliberate response to the pressing need to address environmental problems, boost production, and foster innovation. At its core, sustainability seeks to reconcile the effects of business activities on the environment, society, and economy (Konstantinova et al.,2017). Due to its ability to analyse vast amounts of data, extract valuable knowledge, and make quick decisions, artificial intelligence (AI) is crucial to achieving this balance. It enables enterprises to maximize resource utilization, reduce their environmental effect, and navigate the difficulties of a fast-paced global marketplace while also improving the standard of living for individuals and communities.

By fostering innovation, changing sectors, and altering how people live and work, artificial intelligence (AI) is a key component of the current technology revolution. Because it enables you to go far beyond the capabilities of the technologies now handling the hard jobs, artificial intelligence is a true revolution. AI is transforming the sectors by improving productivity, generate growth, increasing efficiency and innovation. AI is not confined to a single sector in the modern age (Sharma.et.al.2023). It is crucial to the advancement of all economic sectors, including manufacturing, services, and agriculture. Artificial intelligence promotes agriculture sector through precision farming techniques, crop health monitoring and application of robotics. On the other hand, in manufacturing sector