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LEGAL ASPECTS OF ARTIFICIAL INTELLIGENCE IN INDIA: NAVIGATING AN EVOLVING LANDSCAPE

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ABSTRACT

Artificial intelligence is now ingrained in India's administration, banking, healthcare, agriculture, and everyday consumer experiences; it is no longer a future idea. Deepfake political videos and AI-powered loan approvals are just two examples of how technology is changing society faster than the legal system can keep up. Legal responsibility, ethical governance, and regulatory clarity are more important than ever, since India's AI market is expected to grow to a value of USD 17–22 billion by 2027.

THE PRESENT SITUATION

As of the now, India lacks a comprehensive legislation pertaining to artificial intelligence. Instead, enterprises, developers, and people must carefully navigate the regulatory landscape, which is a mix of current regulations, loose norms, and developing frameworks.² Thus far, the government has taken a pro-innovation, techno-legal approach, opting to modify current laws instead of rushing into comprehensive stand-alone legislation such as the AI Act of the European Union.

This is a purposeful policy position. According to Chambers and Partners, the government has insisted that it does not want to stifle innovation by overregulating the industry, but it does want

to look for legal loopholes and implement AI-related policies through the proposed. Digital India Act.

EXISTING LAWS THAT GOVERN AI

Several existing statutes indirectly regulate AI systems and their developers in India:

CURRENT AI-Related Laws

In India, a number of current laws indirectly control AI systems and their creators: The Information Technology Act of 2000 (IT Act): The IT Act, which is the cornerstone of digital legislation in India, regulates electronic data and intermediaries. AI platforms run the risk of losing safe harbour protections if they are judged to be in violation of content and bias standards, as MeitY's 2024 advisory broadened the scope of intermediary liability under IT Rules. The Digital Personal Data Protection Act, 2023 (DPDPA) is perhaps the most important regulation about artificial intelligence at this time. Large-scale AI training is directly hampered by the DPDPA's 2025 Rules, which mandate clear, informed consent for data processing. Algorithmic audits and data protection impact assessments for bias identification and mitigation are among the additional obligations that "significant data fiduciaries" must comply with. The legislation

The law becomes fully applicable by May 2027.⁷

India's main copyright law, the Copyright Act of 1957, protects computer-generated works but does not give AI systems authorship. In December 2025, the Department for Promotion of Industry and Internal Trade produced a Working Paper proposing a hybrid statutory licensing structure that would impose royalty obligations upon commercialization while granting AI developers a blanket license for training data.

The 2019 Consumer Protection Act safeguards consumers from unfair trade practices, such as algorithmic designs and AI-driven deceptive experience patterns, also referred to as "dark patterns." "New Regulatory Structures"

The Ministry of Electronics and Information Technology (MeitY) released the India AI Governance Guidelines in November 2025 as part of the India AI Mission. The recommendations offer a pro-innovation framework based on six governance pillars, including infrastructure, capacity-building, regulation, risk mitigation, accountability, and institutional design, as well as seven ethical principles.¹¹

India's adherence to international legal norms and global AI governance frameworks is indicated by its membership in the Global Partnership on Artificial Intelligence (GPAI).¹ "

The Artificial Intelligence (Ethics and Accountability) Bill, 2025, a Private Member's Bill filed in the Lok Sabha in December 2025, is a noteworthy legislative breakthrough. It suggests mandated ethical reviews for high-risk systems, bias audits, developer responsibilities, a statutory AI Ethics Committee, and legal limitations on the usage of AI.

hiring and enforcement, as well as fines of up to ₹5 crore. The Bill indicates increasing parliamentary interest in legally binding accountability for AI, even though it has not yet been passed.

THE DEEPFAKE ISSUE: COURTS TAKE ACTION

Deepfakes and other hazardous AI-generated content are on the rise in India. The Election Commission established a special task team in response to the widespread circulation of AI-generated political movies of public figures prior to elections in 2024.^{1.}"

Leading the way in judicial response has been the Delhi High Court. A PIL in *Chaitanya Rohilla v. Union of India (2023)* requested guidelines for locating and blocking deepfake websites as well as creating a regulatory framework. Similarly, in *Rajat Sharma v. Union of India (2024)*, a journalist who had personally been the victim of deepfake videos filed a lawsuit seeking restrictions for AI-generated content.¹"

The Delhi High Court has repeatedly stated that "the public needs to know what is being done" and that, in the event that the government does nothing, it may form its own committee.¹" The Union of India was instructed in November 2024 to designate nominees for a body that would investigate deepfake complaints and research international regulatory frameworks.

PRINCIPAL LEGAL OBSTACLES

There are still a number of legal gaps notwithstanding recent advancements:

The absence of liability: When AI does harm, there is no clear legal structure that establishes

Algorithmic prejudice: Although no Indian legislation specifically forbids algorithmic bias, AI systems employed in criminal justice, lending, and hiring may reinforce inequality.

The "black box" issue: AI choices are frequently inexplicable, which makes regulatory and judicial review challenging. The ownership of AI-generated information and inventions is still a matter of debate in Indian law.

THE PATH AHEAD

India is moving more quickly toward AI regulation. The India AI Safety Institute is anticipated to be operationalised shortly, and the government's India AI Mission has committed USD 1.25 billion to AI development. AI-specific liability regimes, more stringent data localisation standards, and mandated watermarking of AI-generated content are possible future advancements.

India's strategy, which prioritizes innovation while gradually erecting governance barriers, is akin to the US sectoral method but differs from the EU's prescriptive model.²

The challenge is to ensure that this flexibility does not create a governance vacuum where citizens bear the costs of unregulated AI.

For businesses, developers, and legal professionals, the message is clear: the regulatory landscape is evolving rapidly, and proactive compliance is no longer optional — it is a strategic necessity.

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