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AI Policy and Regulations of India

Comprehensive Report

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Content

Introduction

This comprehensive report examines India's current state with a focus on recent legal regulations from 2020-2025, government AI action plan, intellectual property and data usage frameworks, AI outputs and IP protections, AI investments and computing power development, and judicial decisions on artificial intelligence applications.

1. Recent Legal Regulations (2020-2025)

Digital Personal Data Protection Act: The Digital Personal Data Protection Act (DPDP Act), enacted in August 2023, represents a landmark development in India's data protection landscape. The Act aims to protect individuals' privacy while establishing a framework for data accountability and governance across various sectors, including healthcare. When its provisions take full effect, the DPDP Act will supersede the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data of Information) Rules of 2011 (SPDI Rules) and Section 43A of the IT Act. The framework introduces several compliances related to collection, processing, storage, and transfer of digital personal data.

The DPDP Act defines key privacy rights for Indian citizens, including the rights to access, update, correct, challenge, port, and erase their data, with additional safeguards for children's data. It places obligations on data stewards to secure user data, maintain accuracy, limit usage, and establish responsibilities for proper data management.

To support the implementation of this law, the **Digital Personal Data Protection Rules (DPDPR), 2025** will provide detailed regulatory guidelines. These rules are distinct from the **Digital Personal Data Protection Act (DPDPA)** and are specifically designed to operationalize its provisions effectively.

Information Technology Act Framework: The Information Technology Act of 2000 (IT Act), enhances security safeguards to make online transactions and electronic data transfers safe. It governs various internet activities, including the legal status of electronic records and the authentication of digital signatures, while also covering a wide range of cybercrimes including hacking and denial-of-service attacks. Before the DPDP Act, the IT Act and SPDI Rules served as the primary regulations for data protection, providing safeguards for the collection, disclosure, and transfer of sensitive personal information such as medical records, financial data, and biometric information.

2. Government AI Action Plan

IndiaAI Mission: The Indian government is actively shaping an AI ecosystem by making computing power, GPUs, and research opportunities accessible at an affordable cost. In March 2024, the Union Cabinet led by Prime Minister Modi approved the IndiaAI Mission, allocating ₹10,300 crore (approximately $1.24 billion) over five years to strengthen AI capabilities. This strategic initiative aims to establish a robust and inclusive AI ecosystem that aligns with the country's development goals. The mission is driven by a vision to position India as a global leader in artificial intelligence by focusing on seven foundational pillars: IndiaAI Compute, IndiaAIFutureSkills, IndiaAI Startup Financing, IndiaAI Innovation Centre, IndiaAI Datasets Platform, IndiaAI Applications Development Initiative, and Safe & Trusted AI.

The mission reflects the country's ambitions to become a global AI powerhouse and is supported by the National AI Strategy, created by the National Institution for Transforming India (NITI Aayog). The strategy provides a comprehensive roadmap for AI adoption in targeted sectors including healthcare, education, agriculture, and smart cities. This approach seeks to establish India as a global AI leader while addressing pressing social issues, closing economic gaps, and improving the quality of life for its diverse population of over 1.3 billion people.

AI Infrastructure Development: A key focus of the IndiaAI Mission is the development of a common high-end computing facility equipped with 18,693 Graphics Processing Units (GPUs), making it one of the most extensive AI compute infrastructures globally. This capacity is nearly nine times that of the open-source AI model DeepSeek and about two-thirds of what ChatGPT operates on. The initial phase of the mission has already made 10,000 GPUs available, with the remaining units to be added soon. This initiative will enable the creation of indigenous AI solutions tailored to Indian languages and contexts.

To promote greater access to computational resources, India has also pioneered the launch of an open GPU marketplace, making high-performance computing accessible to startups, researchers, and students. The government has selected 10 companies to supply the GPUs, ensuring a robust and diversified supply chain. To further strengthen domestic capabilities, India aims to develop its own GPU within the next three to five years, reducing reliance on imported technology. A new common compute facility will soon be launched, allowing researchers and startups to access GPU power at a highly subsidized rate of ₹100 per hour, compared to the global cost of $2.5 to $3 per hour.

AI Innovation and Development: The IndiaAI Dataset Platform has been launched to provide seamless access to high-quality, non-personal datasets. This platform will house the largest collection of anonymized data, empowering Indian startups and researchers to develop advanced AI applications. By ensuring diverse and abundant datasets, this initiative will drive AI-driven solutions across key sectors, enhancing innovation and accuracy.

On January 30, 2025, IndiaAI launched a Call for Proposals inviting startups, researchers, and entrepreneurs to collaborate on building state-of-the-art foundational AI models trained on Indian datasets. The initiative aims to establish indigenous AI models that align with global standards while addressing unique challenges and opportunities within the Indian context.

In the first month, IndiaAI Mission received a total of 67 proposals aimed at building India's foundation models, with contributions from both established startups and new teams of researchers and academia. Of these, 22 are focused on Large Language Models (LLMs) and Large Multimodal Models (LMMs), while the remaining 45 are centered on domain-specific models (SLMs), targeting key sectors such as healthcare, education, and financial services.

AI Training and Skills Development: The Government of India has established Centres of Excellence (CoE) for AI in Healthcare, Agriculture, and Sustainable Cities in New Delhi. The Budget 2025 further announced a new CoE for AI in education with an outlay of ₹500 crore, making it the fourth such center. Plans are in place for five National Centres of Excellence for Skilling, which will equip youth with industry-relevant expertise through partnerships with global entities to support the 'Make for India, Make for the World' vision in manufacturing and AI innovation.

Under the IndiaAI FutureSkills Pillar, the government aims to increase the number of graduates, postgraduates, and PhD scholars in the AI domain while establishing Data and AI Labs in Tier 2 and Tier 3 cities to offer foundational courses in Data and AI. As part of this initiative, IndiaAI Fellowships are awarded to students pursuing relevant undergraduate and postgraduate programs at Private or Centrally Funded Technical Institutes (CFTIs) recognized by AICTE, NBA, NAAC, or UGC. So far, 150 undergraduate students, 48 postgraduate students, and 3 PhD scholars have been selected for the fellowship. Additionally, IndiaAI has set up Data Labs at NIELIT's Delhi centre and ICIT, Nagaland, with plans to establish 27 more labs in collaboration with NIELIT across Tier 2 and Tier 3 cities.

3. Intellectual Property & Data Usage

Intellectual Property Framework: India's intellectual property laws have been significantly influenced by its colonial history. The first copyright law in India was the Copyright Act of 1847, essentially an extension of the British Copyright Act of 1842. After gaining independence in 1947, India began developing its own legal systems and policies, though the foundation laid during the colonial period continued to shape its approach to intellectual property. The Indian government approved its first Intellectual Property Rights Policy in May 2016.

The current IP framework in India includes several key laws. The Copyright Act of 1957, as amended by the Copyright Amendment Act 2012, governs copyright law in India. Indian trademark law is statutorily protected under the Trademark Act, 1999, and also under the common law remedy of passing off. The Patents Act, 1970, was brought into force on April 20, 1972, with further amendments in 1999, 2002, and 2005, while the Patent Rules, 2003, was introduced alongside the Patent Act (amendment) of 2002, with recent amendments in 2016 and 2017. The Intellectual Property India is administered by the Office of the Controller General of Patents, Designs & Trade Marks (CGPDTM), a subordinate office of the Government of India that administers the Indian law of Patents, Designs, Trade Marks, and Geographical Indications.

Data Protection Framework: The Digital Personal Data Protection Act (DPDP Act) introduces several compliances with respect to the collection, processing, storage, and transfer of digital personal data. The Act provides for consent as the primary lawful basis for processing personal data. Consent under the DPDP Act must meet specified conditions – it must be provided through a positive action by the data subject and must be free, specific, informed, unconditional, and unambiguous. Data subjects, referred to as "data principals" in the legislation, are provided with enhanced rights, including the right to request a summary of their personal data being processed and entities with whom the personal data has been shared, the right to access, review, and correct their personal data, the right to withdraw consent and request deletion of their personal data, and the right to a grievance redressal mechanism.

Prior to the DPDP Act, the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (SPDI Rules) governed the personal data protection regime in India. The SPDI Rules prescribed certain restrictions with respect to the collection, storage, transfer, processing, and disclosure of Sensitive Personal Data and Information (SPDI), which included passwords, financial information, health data, sexual orientation data, medical records, and biometric information. The SPDI Rules mandated obtaining prior written consent from data subjects, maintaining reasonable security practices and procedures, and appointing a Grievance Officer to address concerns.

Sectoral Data Regulations: In addition to the general data protection framework, several privacy-focused regulations have been framed by regulators in India to ensure protection of financial and other sensitive information. For instance, the Insurance Regulatory and Development Authority of India (IRDAI) has framed regulations requiring insurers to maintain confidentiality of insurance policyholders, mandating that insurance records be held in data centers located in India, and requiring that all data provided by insurance service providers to their outsourced service providers be retrieved immediately after provision of the services.

The Reserve Bank of India (RBI) has mandated that all Payment System Operators in the payment ecosystem ensure that the entire data relating to payment systems operated by them are stored on systems and data centers only in India. While there is no prohibition on overseas processing of payments-related data, data processed outside India should be deleted from the overseas systems and brought back to India no later than one business day or 24 hours from payment processing. Additionally, the Guidelines on Regulation of Payment Aggregators and Payment Gateways prohibit authorized non-bank payment aggregators and merchants from storing actual card data, except the last four digits of card numbers for reconciliation purposes.

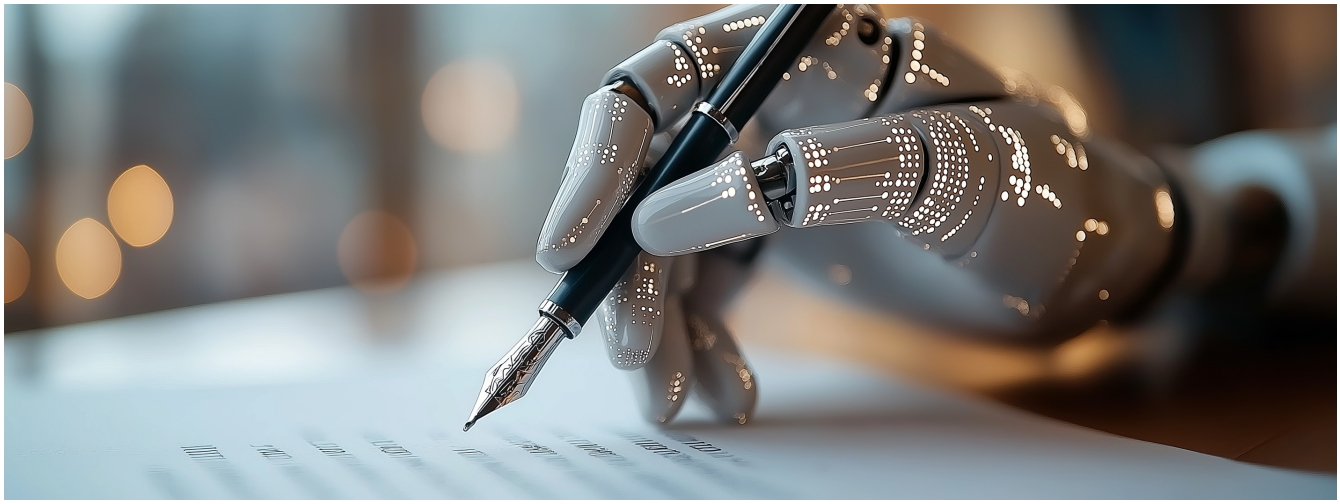
4. AI Outputs & IP Protections

Current Legal Framework for AI and IP: The current legal framework under the Patent and Copyright Act in India is considered well-equipped to protect Artificial Intelligence generated works and related innovations. However, the situation remains complex as laws like the Copyright Act, 1957, and Patents Act, 1970, struggle to address AI-generated content adequately. India does not have a dedicated law exclusively governing AI. Instead, the regulatory environment consists of policies, guidelines, and existing legal frameworks that are being adapted to address AI-related issues.

In India, the Patents Act, 1970, provides patent protection consistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights. To obtain patent protection in India, the invention must meet patentability requirements of novelty, inventive step, and industrial applicability, while falling outside the scope of Sections 3 and 4 of the Act. Section 3(k) of the Patents Act prohibits the patenting of inventions based solely on a computer program. This affects innovations based on software and computer programs in many sectors such as digital health, financial technologies (fintech), artificial intelligence and automation. However, the Delhi High Court has clarified that not all computer programs fall within the scope of Section 3(k) and if a computer program provides a 'technical effect' or 'technical contribution', it is patentable.

Challenges in AI-Generated Content Protection: The question of authorship and ownership in AI-generated content presents significant challenges. Indian copyright law requires 'human authorship' for copyright protection, leading to uncertainty about whether AI-generated work is eligible for copyright. Section 2(d)(vi) of the Copyright Act, 1957, specifies that for computer-generated works, the person who causes the work to be created is deemed the author. This could mean the AI system's creator or operator is held liable for copyright infringement if they control the AI's operations and content production.

AI and Patent Law: In India, an AI system or device cannot be considered the inventor of a patent. Since the Indian Patents Act and related patent forms explicitly require human inventors, the extension of inventorship to AI-enabled innovations is only possible through legislative arrangements. This poses a serious obstacle for inventions largely developed by AI, where human intervention is minimal.



5. AI Investments & Computing Power

National Computing Infrastructure Development: India is undergoing a remarkable transformation in Artificial Intelligence, driven by administration that is actively shaping an AI ecosystem where computing power, GPUs, and research opportunities are accessible at an affordable cost. Unlike in the past, AI in India is no longer confined to a privileged few or dominated by global tech giants. Through forward-looking policies, the government is empowering students, startups, and innovators with world-class AI infrastructure, fostering a truly level playing field.

The IndiaAI Mission, approved in 2024, allocated ₹10,300 crore over five years to strengthen AI capabilities. A key focus of this mission is the development of a high-end common computing facility equipped with 18,693 Graphics Processing Units (GPUs), making it one of the most extensive AI compute infrastructures globally. This capacity is nearly nine times that of the open-source AI model DeepSeek and about two-thirds of what ChatGPT operates on. The initial phase of the mission has already made 10,000 GPUs available, with the remaining units to be added soon.

Private Sector Investments in AI Infrastructure: In January 2025, it was reported that Billionaire Mukesh Ambani's Reliance Group is buying Nvidia's AI semiconductors and setting up a data center in Jamnagar, Gujarat. The data center is anticipated to have a total capacity of three gigawatts, making it potentially the world's largest data center. Currently, the largest data centers in operation are under 1 gigawatt in capacity. Reliance plans to run the new data center using renewable energy as much as possible. According to reports, the project may cost between $20 billion and $30 billion, with the planned Reliance data center in India projected to be larger than Microsoft's 600-megawatt site in Virginia, the current largest data center.

Microsoft has also announced plans to invest $3 billion in cloud and AI infrastructure in India over the next two years, including establishing new data centers. In partnership with IndiaAI, Microsoft aims to skill 500,000 individuals by 2026, including students, educators, developers, government officials, and women entrepreneurs.

AI Industry Growth and Investments: India's Generative AI (GenAI) ecosystem has seen remarkable growth, even amid a global downturn. The country's AI landscape is evolving from experimental use cases to scalable, production-ready solutions, reflecting its growing maturity. According to BCG, 80% of Indian companies consider AI a core strategic priority, surpassing the global average of 75%. Additionally, 69% plan to increase their tech investments in 2025, with one-third allocating over USD 25 million to AI initiatives.

According to a November 2024 report by the National Association of Software and Service Companies (NASSCOM), Indian GenAI startup funding surged over six times quarter-on-quarter, reaching USD 51 million in Q2FY2025, driven by B2B and agentic AI startups. The Randstad AI & Equity Report 2024 states that seven in 10 Indian employees used AI at work in 2024, up from five in 10 a year earlier, showcasing AI's rapid integration into workplaces. AI-driven technologies, such as autonomous agents, are helping Small & Medium Businesses (SMBs) scale efficiently, personalize customer experiences, and optimize operations. According to Salesforce, 78% of Indian SMBs using AI reported revenue growth, while 93% stated AI has contributed to increased revenues.

6. Judicial Decisions on AI

Supreme Court's Use of AI: The Supreme Court of India has confirmed that AI is being used in various tasks including translation of judicial documents, enhancing legal research, and automating multiple processes. Union Minister of State (Independent Charge), Arjun Ram Meghwal, informed the Lok Sabha on August 9, 2024, that the technology had already been adopted for transcribing oral arguments into regional languages in Constitution Bench matters. A Committee formed by a Supreme Court Judge oversees the translation of important Supreme Court and High Court judgments, conducting regular meetings to determine ways to speed up the translation process.

As of August 5, 2024, the Supreme Court had translated 36,271 judgments into Hindi and 17,142 translations into 16 other regional languages using AI, all available on the e-SCR portals. Eight High Courts have launched their e-HCR portals, while others are still in the process of doing so. Earlier in April 2024, Chief Justice of India D.Y. Chandrachud stated that the adoption of AI in the judicial system was inevitable despite the challenges, highlighting AI-powered transcription as an example of a task that could be successfully delegated to AI.

High Courts' Varying Approaches to AI: Indian High Courts have shown varied attitudes towards the utilization of AI within the legal process. In March 2023, Justice Anoop Chitkara of the Punjab & Haryana High Court used ChatGPT to deny bail to Jaswinder Singh, who was accused of assault leading to death. The judge sought ChatGPT's input on jurisprudence regarding bail in cases involving cruelty in assaults. While ChatGPT's response highlighted a cautious approach, possibly denying bail or setting high bail amounts, the Court clarified that ChatGPT's input was for broader legal context, not case-specific opinion. This instance showcases the High Court's use of AI for legal research to supplement judicial reasoning.

The Manipur High Court mentioned its reliance on Google and ChatGPT 3.5 for additional research while adjudicating a case, highlighting a growing trend of AI utilization in Indian courts, albeit with a prevailing sense of caution akin to global judicial sentiments regarding AI integration. In the case of Md. Zakir Hussain v. The State of Manipur & Others, Justice A Guneshwar Sharma directed police to detail the dismissal procedure after Hussain challenged his dismissal from the Village Defence Force (VDF) in January 2021. When the affidavit submitted by police lacked clarity and didn't explain VDF, the Court turned to ChatGPT for further research. ChatGPT revealed that VDF comprises local volunteers trained to guard against threats, and the judge used this information in ruling to set aside Hussain's dismissal.

In contrast, the Delhi High Court has shown a more cautious approach. In August 2023, Justice Pratibha M Singh of the Delhi High Court ruled in favor of Christian Louboutin in a trademark case where Louboutin's legal team used ChatGPT-generated responses to demonstrate the brand's reputation for its "spike shoe style" with a "red sole". However, Justice Singh rejected the use of ChatGPT for deciding legal or factual issues in court, citing concerns about potential inaccuracies, fictional case laws, and imaginative data generated by AI chatbots. This case exemplifies the Delhi High Court's cautious approach towards AI integration in legal proceedings, emphasizing human judgment over AI-generated content in court decisions.

AI-Related Copyright Cases: India is witnessing its first major test cases of unauthorized use of copyright content to train AI models. In November 2024, India's Asian News International (ANI) filed a lawsuit alleging the unauthorized use of its copyrighted content to train OpenAI's large language model. ANI claimed that ChatGPT produced identical or substantially similar outputs to its original content and requested OpenAI to delete its stored data. This represents the first major case of unauthorized use of copyright content to train AI models in the Global South and will set a significant precedent.

OpenAI has told the Delhi High Court that any order to remove training data powering its ChatGPT service would be inconsistent with its legal obligations in the United States. The Microsoft-backed AI firm also argued that it was not within the jurisdiction of Indian courts to hear the copyright breach case as OpenAI had no presence in the country, with "no office or permanent establishment in India ... the servers on which (ChatGPT) stores its training data are similarly situated outside of India". OpenAI stated that it is currently defending litigation in the United States concerning the data on which its models have been trained, with laws there requiring it to preserve the data while hearings are pending. OpenAI is therefore "under a legal obligation, under the laws of the United States to preserve, and not delete, the said training data".

This case is not isolated, as Indian book publishers and their international counterparts have also filed a copyright lawsuit against OpenAI in New Delhi. These cases are thought to be the first in India against OpenAI or any AI company to test the law on training Large Language Models and are likely to take at least a year to resolve.

Conclusion

India is building a strong AI ecosystem through comprehensive legal regulations, strategic government initiatives, and significant investments in infrastructure. The Digital Personal Data Protection Act of 2023 is an important step in the field of data protection, reflecting India's commitment to balancing innovation with privacy and security concerns.

The IndiaAI Mission, with an allocation of ₹10,300 crore over five years, demonstrates India's ambition to become a global AI leader. The development of a shared computing facility with thousands of GPUs and plans to manufacture India's own GPUs are steps toward technological independence.

The Indian judiciary exhibits varying approaches to AI adoption. While the Supreme Court has embraced AI for translation and research, some High Courts remain cautious about using AI in decision-making processes.

India has the potential to become a key global player in AI, advancing technology while maintaining a balance between ethical, regulatory, and accessibility considerations.

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