

July 16, 2026

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Artificial Intelligence Governance and
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Ministry of Electronics and Information
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Government of India
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**RE: Perspectives of the Association for Competitive Technology on the Mandate of
India's AI Governance and Economic Group**

Dear Chairperson Vaishnaw, Vice Chairperson Prasada, and Members of the AIGEG,

The Association for Competitive Technology (ACT) appreciates the opportunity to provide perspectives to the Artificial Intelligence Governance and Economic Group (AIGEG). ACT represents the small business and startup technology developer community, both in India and around the world, that creates the artificial intelligence (AI) technologies driving Internet of Things (IoT) use cases across consumer and enterprise contexts. Today, the value of the ecosystem ACT represents is approximately \$1.8 trillion and is responsible for millions of jobs worldwide and serves as a key driver of the \$8 trillion IoT revolution.¹ We strongly support the formation of the AIGEG to serve as India's central institutional mechanism for AI governance policy development and coordination. As leading innovators in critical and emerging technologies, small businesses must be a part of this conversation.

We commend the Government of India and the Ministry of Electronics and Information Technology for adopting a measured, adaptive regulatory approach as outlined in the India

¹ https://actonline.org/wp-content/uploads/Fast-FactS_Website.pdf.

AI Governance Guidelines.² We agree that AI is not a standalone sector but a general-purpose technology that cuts across regulated domains. Regulatory approaches should therefore prioritise coordination and clarity over new, centralised regimes. Early choices in AI policy will shape how the technology is deployed across the economy. Rules that treat AI as a single category or assume a static market tend to slow deployment and raise compliance costs where much of the societally beneficial innovation is happening, especially for small businesses. We strongly support the AIGEG's mandate to review existing mechanisms before creating new laws. ACT has consistently advocated that good AI policy uses existing legal frameworks where they fit and addresses genuine gaps with targeted rules.

At the outset, we urge the AIGEG to recognise that vibrant competition across the AI ecosystem, including among foundational models, cloud infrastructure providers, specialised applications, edge computing solutions, domain-specific AI systems, and other market segments, is the most powerful driver of innovation, affordability, and rapid capability gains.³ The AIGEG should accurately depict this reality in its policy frameworks and recommendations, recognising that India's AI ecosystem already benefits from intense competition amongst domestic champions, small businesses and startups, open-source communities, and others. To preserve this dynamic, the AIGEG should focus on light-touch solutions narrowly tailored to identified harms and risks while preserving incentives for investment, experimentation, and market-driven progress.

We encourage the AIGEG to align with ACT's global policy principles for AI,⁴ which provide comprehensive guiding recommendations to policymakers seeking to understand AI risks and how to address them in policy and through enforcement. In brief, these principles call for coordinating with and building on existing law before creating or layering on new authorities; leveraging risk-based quality assurance and oversight with liability allocated to those best placed to mitigate risk; promoting human-centred and thoughtful design; prioritising access and affordability; maintaining an ethical and inclusive approach to

² Press Information Bureau, Government of India, *India AI Governance Guidelines: Enabling Safe and Trusted AI Innovation* (Feb. 15, 2026).

³ <https://actonline.org/antitrust-at-a-crossroads-protecting-innovation-in-the-ai-era/>.

⁴ ACT, *Global Policy Principles for AI*, <https://actonline.org/wp-content/uploads/Global-Policy-Principles-for-AI-Addressed-to-EU-Policy-Makers.pdf>.

research and development; and respecting intellectual property; amongst other recommendations. Building on this foundation:

- **The AIGEG should prioritise scalable, risk-based guidance and adoption-ready outputs for smaller developers.** For emerging technologies, the policy design choices that agencies make can determine whether best practices become widely adopted or remain aspirational artefacts for only the largest firms. Regulatory flexibility should reduce friction, not relocate it. Even well-intentioned regulatory experimentation, such as the innovation sandboxes contemplated by the Guidelines, can unintentionally exclude small businesses if participation criteria, timelines, or reporting obligations are not designed with small and medium-sized enterprise (SME) realities in mind. We encourage the AIGEG to ensure its outputs are adoptable by smaller teams that do not have dedicated compliance staff or large security budgets.
- **Recognising that the AIGEG’s mandate includes classifying AI use cases by readiness, including whether particular applications should be deployed, piloted, or deferred, ACT supports a sequenced approach that aligns deployment decisions with both readiness and risk.** We encourage the AIGEG to design any such classification so that it is transparent, evidence-based, and therefore limited to intended and reasonably expected uses, and revisited at regular intervals as capabilities and safeguards mature. Further, because many of the use cases that deliver the greatest benefits to Indian consumers and enterprises originate with small developers, a predictable path to move from pilot to wider deployment, with clear criteria at each stage, would give smaller firms the confidence to invest.
- **ACT recommends that the AIGEG focus its guidelines on harmful conduct rather than the underlying technology.** The relevant question is not whether AI is involved, but whether a specific use creates a meaningful risk of harm. Laws must be clear enough to translate into product design decisions. Developers need to know what is permitted, what requires safeguards, and what crosses the line. Without that clarity, the default response is to over-filter or withdraw features altogether. Overly broad liability rules fall harder on smaller developers, leading to scaled-back features, fewer new use cases, and slower deployment. Additionally, policy should preserve space for low-risk, informational uses that expand access. Many AI applications help users understand terminology, organise information, and

prepare for next steps. Policymaking should avoid collapsing these uses into the same category as high-risk decision-making.

- **ACT urges the AIGEG to align with the concept of shared responsibility across the AI value chain.**⁵ The AI ecosystem includes infrastructure providers, model developers, and application developers. Not all actors have visibility into or control over how systems are used in practice. Assigning liability broadly at the point of deployment, without regard to control or context, creates incentives to limit functionality rather than improve safety. Obligations should be allocated across the AI value chain based on who can mitigate risk. Specifically, those in the value chain with the ability to minimise risks based on their knowledge and ability to mitigate should have appropriate incentives to do so. As the AIGEG and the Government of India examine how existing doctrines such as the intermediary safe harbour under the Information Technology Act apply to AI systems, protections should be preserved for parties who do not control how a system is deployed or used.
- **The AIGEG should emphasise that SMEs are a key engine of the technology economy and primary job creators in pursuing its mandate to assess the labour market impacts of AI adoption.** For small businesses, AI systems frequently augment human capabilities rather than replacing them, facilitating administrative simplification and reducing workflow burdens. We support the development of transition plans that account for skill diversity, regional variation, and the realities of India's large informal workforce, and we encourage the AIGEG to support education for the advancement of AI and workforce training to ensure that the benefits of these technologies are broadly shared.
- **The AIGEG should align with approaches reflected in widely used international standards and references.** Key resources include the standards work of the International Organization for Standardization⁶ and the International Electrotechnical Commission,⁷ and instruments such as the United States National Institute of Standards and Technology AI Risk Management Framework.⁸ Unlike

⁵ <https://actonline.org/wp-content/uploads/ACT-AI-Roles-Interdependencies-Framework-final-text-May-2024-UK-English.pdf>.

⁶ ISO/IEC 42001:2023, the first international standard for artificial intelligence management systems (2023), <https://www.iso.org/standard/42001>.

⁷ ISO/IEC 23894:2023, guidance on artificial intelligence risk management (2023), <https://webstore.iec.ch/en/publication/82914>.

⁸ National Institute of Standards and Technology, *Artificial Intelligence Risk Management Framework (AI RMF 1.0)*, NIST AI 100-1 (Jan. 26, 2023), <https://doi.org/10.6028/NIST.AI.100-1>.

larger firms, small developers cannot easily navigate separate compliance programmes for every market they seek to enter or operate in. Where India's guidance maps cleanly to recognised international references, small businesses can build once and serve customers worldwide. We therefore encourage the AIGEG and the Technology and Policy Expert Committee (TPEC) to advance policies consistent with interoperable and internationally recognised approaches.

ACT stands ready to engage further and to share additional insights from the small business AI ecosystem as the AIGEG develops its roadmap for AI deployment over the next decade. We welcome the opportunity to serve as a resource to TPEC and the broader Government of India.

Sincerely



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