



EU-India AI Governance Non-paper:

Legal Approaches, Inclusion,
and Digital Competition

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This paper draws from discussions at the Working Breakfast Roundtable with EU-India Think Tanks, co-organised by the EU-India Digital Policy Dialogue and the ICRIER-Prosus Centre for Internet and Digital Economy (IPCIDE) during the AI Impact Summit 2026, New Delhi.

The EU-India Trade and Technology Council (TTC), through its Joint Statements of May 2023 and February 2025, and the Joint European Union-India Comprehensive Strategic Agenda of January 2026, formally commits both sides to deepen bilateral cooperation between the European AI Office and India AI Mission, including on large language models, ethical AI frameworks, digital public infrastructure, and trustworthy and responsible AI. This non-paper draws on, *inter alia*, discussions from the Working Roundtable that was framed around three distinct AI governance pillars: legal approaches, inclusion and digital competition.

In what follows is a brief discussion on the significance of each theme,

identification of issues for further structured inquiry, and a case for EU-India bilateral cooperation as a platform for AI governance stewardship. As both the EU and India see the role of the state not as a passive observer, but as an active steward which shapes markets, sets guardrails, and safeguards public interest, this cooperation can promote a rules-based international order that the EU continues to anchor, and a principal India has long supported in multilateral forums.

Legal Approaches to AI Governance

The [EU AI Act](#) entered into force on 01 August 2024 and will be applicable on 02 August 2026, except for provisions relating to high risk system providers,^[1] imposes *ex-ante* statutory obligations through a phased implementation timeline. Article 5 of the Act outlines prohibitive AI practices deemed unacceptable due to the potential harm they pose. They have been in application since February 2025.

India's AI regulatory framework is anchored in the [Digital Personal Data Protection Act 2023](#), the [Information Technology Act 2000](#) and its corresponding Rules, and is supported by the [India AI Governance Guidelines 2025](#).¹ The guidelines reflect a 'light-handed' approach characterised by

¹ A drafting committee constituted by the Ministry of Electronics and Information Technology (MeitY) in July 2025 was tasked with developing these guidelines. The committee recommended that

India's AI governance framework be guided by principles applicable across sectors and technologies.



voluntary frameworks, institutional capacity-building, and sandboxes in the near term, with legislation based on emerging risks, and capabilities anticipated only in the long term. This is further supplemented by the recent Office of the Principal Scientific Adviser's [White Paper on Strengthening AI Governance through a techno-legal framework](#).² While both the governance guidelines and the techno-legal framework concluded that existing laws are sufficient to deal with emerging risks from AI technologies, a parliamentary panel i.e. the [Standing Committee on Communications and Information Technology](#), recommended India's union government to explore the possibility of a comprehensive legislation to prevent misuse of AI.

Both jurisdictions have announced sovereign AI Safety Institutes and share concerns about specific high-risk triggers that have yet to be translated into definitive legal provisions, such as manipulation through emotional relationships with AI systems, and epistemic over-reliance on large language models in critical sectors such as healthcare. Both are addressing deepfake risks through content authentication tools and watermarking. Roundtable participants also

referenced lessons from social media governance to observe that voluntary commitments should be treated as a transitional phase toward codification, not a permanent feature.

The issue of General-Purpose AI models represents an area of legal divergence. The EU's GPAI Code of Practice imposes tiered obligations based on computational thresholds and systemic risk assessment, but its practical enforceability against non-EU model providers remains contested. Even as it leads with statutory depth, the EU is now seeking to simplify regulatory processes in the technology domain, without compromising its firm commitment to human-centred AI governance. India's position has been that its fragmented and resource-constrained innovation landscape could be stifled if subjected to heavy regulatory burdens. Thus, India has not yet expressed a statutory response to foundation model governance, allowing for strategic flexibility as it calibrates its regulatory trajectory. At the same time, minimal or unclear regulation can undermine trust, slow adoption, and create systemic risks, particularly as AI penetrates critical sectors such as healthcare, education, governance, and finance.

² techno-legal approach proposes encoding legal obligations directly into technical artefacts and system-level controls at the design stage,

embedding governance as an intrinsic feature of AI systems.



Areas for Further Inquiry

- Comparative institutional analysis of horizontal vs. sectoral AI governance frameworks, including conditions for better performance, and transaction costs of each approach to regulators, firms, and users
- Technical and institutional prerequisites for mutual recognition of AI conformity assessments
- Translating the TTC commitments on "ethical and responsible AI" into practical mechanisms
- A close reading of India's techno-legal approach

Inclusion

The roundtable's framing of the 2026 AI Impact Summit, as positioned around inclusion, marks it as a significant governance objective. However, inclusion has different dimensions that create different policy demands viz., equitable access to AI capabilities and compute; ensuring training data and model outputs reflect linguistic and cultural diversity, rather than replicating entrenched 'California-centric' biases; meaningful involvement and participation of non-expert stakeholders and communities in governance processes; and ensuring that regulatory frameworks do not themselves exclude smaller industry

players and MSMEs through asymmetric compliance costs.

Regarding implementation in both jurisdictions, the EU AI Act mandates bias testing and mitigation for high-risk systems, while India's AI Governance Guidelines emphasise fairness and equity as core principles, with the AI Safety Institute tasked with developing bias detection frameworks. Both confront the same technical challenge of addressing biases and operationalising fairness in diverse socio-technical contexts.

Both jurisdictions address different dimensions of accessibility, with India emphasising infrastructure access and linguistic inclusion via the DPI model through low-cost infrastructure, multilingual interfaces, and interoperability; and the EU emphasising functional accessibility for persons with disabilities through a focus on compliance with disability standards and universal design. India's Bhashini platform also demonstrates efforts towards scalable multilingual AI, addressing a linguistic diversity challenge also faced by the EU, with 24 official languages. Another initiative focused on multilingual AI from India is Project Vaani, an industry-academia partnership that seeks to build an open-source speech and text repository by collecting data directly from people, including those at the grassroots, to enable inclusive development of AI



technologies. On the issue of participatory governance and stakeholder inclusion, the challenge is how to design participatory processes that are genuinely inclusive without becoming procedurally unmanageable.

Both jurisdictions also confront compute concentration among hyperscalers, and have independently recognised that regulatory capacity without industrial capacity is insufficient. In response, the EU's AI Giga-factories initiative and EuroHPC Joint Undertaking represent supply-side interventions on the European side, complemented with reliance on competition policy to address market concentration, while India's IndiaAI Mission invests in national GPU capacity to democratise compute access. The empirical question of whether these investments are commensurate with the hyperscaler advantage remains unresolved. AI will likely have significant labour impact. Devising clear governance mechanisms to mitigate displacement, enable upskilling, and protect vulnerable workers remains important. In this regard, EU's skilling initiatives, such as the German *Ausbildung systems*, are a viable model for replication in other jurisdictions.

Areas for further inquiry:

- Examining how fairness requirements translate across different legal, cultural, and socio-economic contexts and how context-sensitive approaches can be institutionalised
- Exploring the balance and trade-offs between the public compute infrastructure model and competition-based regulatory oversight approach to compute on inclusion
- Role of industrial policy, designing participatory AI governance processes to be genuinely inclusive without becoming procedurally unmanageable

Digital Competition

The competitive risks in contemporary AI markets are not primarily horizontal, i.e., dominance within a product category, but are vertical, i.e., arising from the bundling of cloud infrastructure, proprietary semiconductor access, training data, foundation models, and application distribution within integrated stacks controlled by a small number of firms. Strategic partnerships between large incumbents and AI startups, which provide essential compute and distribution in exchange for exclusivity arrangements, represent a particularly



acute manifestation of this dynamic. They present the risk of "folding" nominally independent AI firms into the business models of incumbent technology companies under terms that are difficult to characterise as anticompetitive in existing frameworks. An institutional follow-through is required where industrial policy and competition policy meet: building strategic capacity through industrial policy, enforcing contestability with competition law, and bridging them with other governance instruments.

While India's embrace of Digital Public Infrastructure (DPI) presents a distinct policy response that creates foundational public rails and brings contestability, the EU's Digital Markets Act represents the most developed *ex-ante* regulatory response to digital gatekeeper power globally. The core questions for AI governance are whether the pace and sharpness of enforcement are sufficient to alter gatekeeper behaviour before market structures calcify; whether the DMA's interoperability and data portability obligations function as genuine competitive remedies; and whether the DMA is displacing traditional antitrust as the default first resort. These questions can determine whether *ex-ante* AI stack regulation may be replicable in other democratic jurisdictions.

Existing competition frameworks have not been adequately stress-tested against AI-specific dynamics. Algorithmic pricing coordination, model-driven market manipulation, and the concentration effects of foundation model access policies are not well-captured by traditional market definition methodologies. The question of whether "open-source" releases of foundation models democratise access or create new forms of lock-in through tooling dependencies, compute requirements, and fine-tuning costs that favour incumbents remains unanswered. There is also no established set of indicators that reliably distinguishes genuine increases in market contestability from compliance checks, paralleling switching, multi-homing, and entry in platform markets.



Areas for further inquiry:

- Early enforcement record of the DMA and its efficacy in restructuring AI-adjacent markets
- Use of economic analysis/principles/tools such as market inquiries for ensuring that regulatory interventions are proportionate and targeted
- Regulatory capacity, conditions under which EU-India coordination on interoperability requirements, such as baseline API standards, portability formats, common audit and logging artefacts, could constitute a replicable first deliverable
- Competition implications of open-source foundation model releases