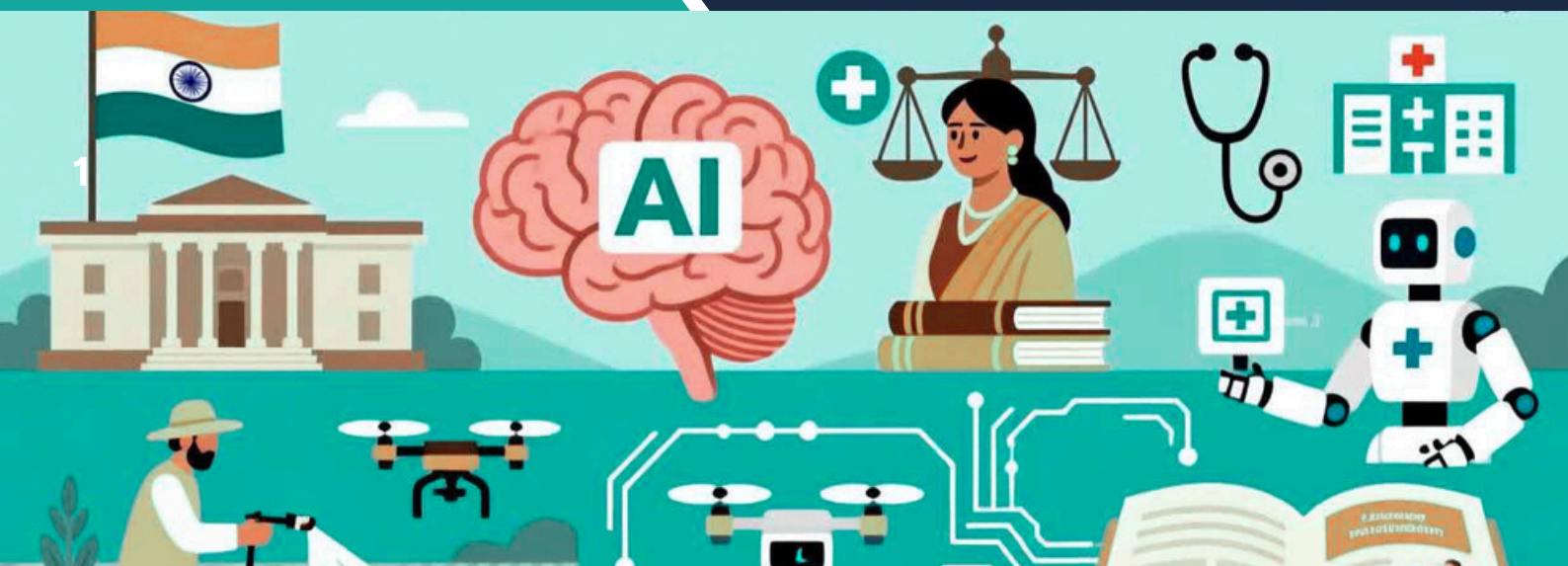# POLICY ACCESS

ARTIFICIAL INTELLIGENCE AND GOVERNANCE

POLICY & ETHICAL CHALLENGES IN THE USE OF AI FOR PUBLIC SERVICE DELIVERY

Artificial Intelligence is becoming central to how governments worldwide deliver public services. In India, this trend is driven by the country's massive scale and ambitious digital transformation agenda. AI technologies offer the potential to streamline government functions and reach citizens more effectively. They can analyse vast datasets to inform policy, automate decisions for speed and consistency, and augment limited human resources in areas such as healthcare and education.

As a result, India's government has embraced AI across various domains, "from improvin healthcare access in remote areas to helping farmers make informed crop decisions". AI is "enhancing public services through faster, data-driven governance". This push aligns with the broader Digital India initiative, which aims to leverage technology for inclusive growth. However, the rise of AI in governance brings into sharp focus the importance of ethical governance and robust policy frameworks. Public services affect citizens' rights and welfare directly, so any automation of decisions must be approached with care. Unlike commercial uses of AI, where it is about targeting consumers' purchasing interests, government use has coercive power – for example, an algorithm may determine who receives welfare benefits or gets flagged by law enforcement.If these systems are biased or unaccountable, they can seriously harm citizens and erode trust in public institutions. Ensuring that AI systems are fair, transparent, and aligned with constitutional values is therefore critical.

Ethical governance means implementing AI in a manner that upholds equity, accountability, and the rule of law, avoiding the amplification of societal biases or arbitrary decision-making. India's public sector is increasingly integrating AI into key functions, reflecting both the opportunities and the urgency of governance considerations. The country's scale provides fertile ground for AI-driven solutions in welfare and administration, e.g. automating identification of beneficiaries among over 1.3 billion citizens, or tracking vast agriculture outputs in real time. Over the past few years, India has launched major AI initiatives: the government think-tank NITI Aayog released a National Strategy for AI emphasising "AI for All," and in 2024 the IndiaAI Mission was approved with a $1.25 billion budget to boost AI research and adoption. AI projects are underway in areas like policing, healthcare, education, and agriculture, often in pilot stages. This growing use of AI in government brings India to a pivotal moment – one that requires balancing innovation with vigilant governance.

The following sections explore how AI is being applied in public service delivery, the ethical and policy challenges that arise, the current policy landscape in India and globally, lastly pointing way forward to ensure effective AI governance.

Use of AI in Public Service Delivery

How is AI-based facial recognition used in policing?

It's used for identifying suspects and missing persons.

What confidence level does Delhi Police accept for matches?

They accept matches at \~80% confidence, which raises misidentification risks.

Is the accuracy the same for everyone?

No, accuracy is significantly lower for women and darker-skinned individuals.

How widespread is AI-enabled CCTV surveillance?

Over 20 cities are expanding these networks.

Fig.: Use of AI-based Facial Recognition in India

How does AI help in agriculture?

AI predicts crop yields, monitors drought/pest risks, and guides farmers on sowing, weather, and pest alerts.

How does PMFBY use AI?
(PMFBY = Pradhan Mantri Fasal Bina Yojana)

PMFBY uses satellite + ML models for automated crop loss assessment, reducing claim settlement times from weeks to days.

Fig.: Application of AI in Agriculture in India

The UK - Automated Welfare Systems
- The UK's welfare agencies have trialed AI to detect fraud and automate benefit decisions.
- Notably, an AI system was used to vet applications for the Universal Credit benefit.

CHINA – AI Surveillance & Social Credit
- Nearly 200 million AI-enabled cameras across the country.
- Social Credit pilots score citizens based on aggregated behavioural data.
- Scores affect access to travel, finance, and services.

Key Ethical Risks of AI in Indian Public Services

Bias and Discrimination
AI systems often reflect societal biases from training data.
- 63% of Indian recruitment platforms favour candidates from elite institutions or dominant groups. 25% higher rejection rate for women in lending algorithms, despite similar profiles.
- These biases can block fair access to jobs, loans, and benefits. Without regular audits and representative data, AI can deepen inequality.

Lack of Transparency (Black Box AI)
Many government algorithms lack explainability.
- Citizens face unexplained welfare exclusions (e.g., crop insurance, food subsidies).
- Decisions can't be contested due to opaque processes. Global examples, like the UK's unregistered AI tools, show how transparency gaps reduce accountability.

Accountability Gaps
AI complicates responsibility for errors.
- In Hyderabad, an AI facial recognition error led to a wrongful arrest without clear accountability.
- Citizens often struggle to appeal AI-driven welfare exclusions. India lacks clear liability laws for AI decisions, unlike the EU's proposed rules.

Data Privacy and Surveillance
AI demands large volumes of personal data, raising privacy risks.
- Integration of Aadhaar, welfare, and health data increases chances of misuse.
- AI-enabled CCTV and facial recognition expand surveillance. The 2023 Data Protection Act introduces safeguards, but broad government exemptions weaken enforcement.

Weak Regulation
India lacks a central AI law or regulator.
- NITI Aayog's Responsible AI principles or MeitY's procurement advisories are voluntary and lead to inconsistent adoption across states and departments.
- As AI enters critical areas like policing and healthcare, enforceable standards are urgently needed.

Policy Landscape: India's Approach and Initiatives

1. Digital India and the IndiaAI Mission

The government's flagship program for digital governance, provides the backbone for AI adoption. Under this umbrella, the IndiaAI Mission (2023–24) represents a major step toward institutionalising AI governance. *Key components include:*
- Establishing AI Centres of Excellence and talent development programs.
- Building national AI infrastructure, including 38,000 GPUs for public research by 2025.
- Creating data governance mechanisms and AI innovation ecosystems.
- The mission emphasises "Responsible AI for Social Empowerment (RAISE)," promoting ethical discussions, use-case development, and cross-sector coordination.

2. National Strategy for AI (NITI Aayog)

NITI Aayog's National Strategy for Artificial Intelligence – #AIforAll (2018) represents India's first comprehensive roadmap for AI adoption. It identified priority sectors, health, agriculture, education, smart cities, and mobility, and emphasised responsible AI anchored in fairness, accountability, transparency, and inclusivity. The strategy encouraged bias testing, explainable AI (XAI), and the implementation of ethical safeguards in government deployments. Although non-binding, it set the tone for public-sector AI by highlighting risks of discrimination and the need for human oversight.

3. Digital Personal Data Protection Act (DPDPA), 2023

India's first comprehensive personal data protection law and a critical component of AI governance. Core provisions include:
- Consent-based data processing
- User rights (access, correction, deletion)
- Requirements for data minimisation, purpose limitation, and security safeguards.

The Act allows the government to process personal data without consent for delivering benefits and welfare services. This legitimises many AI-driven governance applications but also raises concerns due to broad government exemptions and the absence of a fully independent data protection authority.

4. Other Sectoral Guidelines and Soft Regulations

Multiple ministries have introduced early-stage AI guidelines:
- MeitY's Ethical AI Guidelines (2021) recommend risk assessments, bias testing, explainability, and procurement safeguards for AI used in government systems.
- Smart city data policies in several cities require transparency and outline audit mechanisms for AI-enabled citizen services.
- RBI's working groups focus on the ethical use of AI in fintech, especially credit scoring and fraud detection.
- These measures create a patchwork of voluntary governance norms, leading to variation across sectors. India does not yet have a unified AI law or central regulatory authority, although proposals for an AI oversight body have been discussed within NITI Aayog and MeitY.

Global Policy Models and Their Influence

OECD Principles on AI (2019)

The OECD's five guiding principles, human-centred values, fairness, transparency, robustness, and accountability, have become a global reference point and influence G20 discussions, including those led by India.

For India, these principles reinforce the need for:
- Human oversight in automated decisions
- Bias mitigation and rights protection
- Transparency and auditability of government algorithms
- Capacity-building within public institutions
- Although voluntary, the OECD framework shapes India's narrative around "responsible AI" and aligns with its emphasis on social good.

UNESCO Recommendation on the Ethics of AI (2021)

Adopted unanimously by UNESCO member states (including India), this is the first global normative framework on AI ethics. It emphasizes:

- Human rights and non-discrimination
- "Do no harm" and societal well-being
- Privacy, sustainability, and environmental responsibility
- Algorithmic impact assessments before deployment

The recommendation strongly promotes AI literacy and ethical governance mechanisms. India's Responsible AI discourse, including bias audits and inclusive datasets, reflects this influence, though implementation remains uneven.

European Union's AI Act

The EU AI Act is the world's first comprehensive AI law and a major benchmark for global regulation. It adopts a risk-based approach, classifying systems into:

- Unacceptable risk (banned): e.g., social scoring, mass real-time biometric surveillance.
- High-risk systems (strictly regulated): welfare eligibility, law enforcement tools, credit scoring, education systems.
- Limited- and minimal-risk applications.
- High-risk AI must meet stringent requirements: documentation, transparency, human oversight, accuracy testing, and registration in a public database.

Implications for AI Governance in India

To safeguard elections in the era of digital campaigning and viral misinformation, a multifaceted approach is needed. Key policy-level recommendations are summarized in the table below. Each of these recommendations needs careful consideration. However, taken together, they offer a roadmap for strengthening transparency, oversight, and public resilience in the digital political arena.
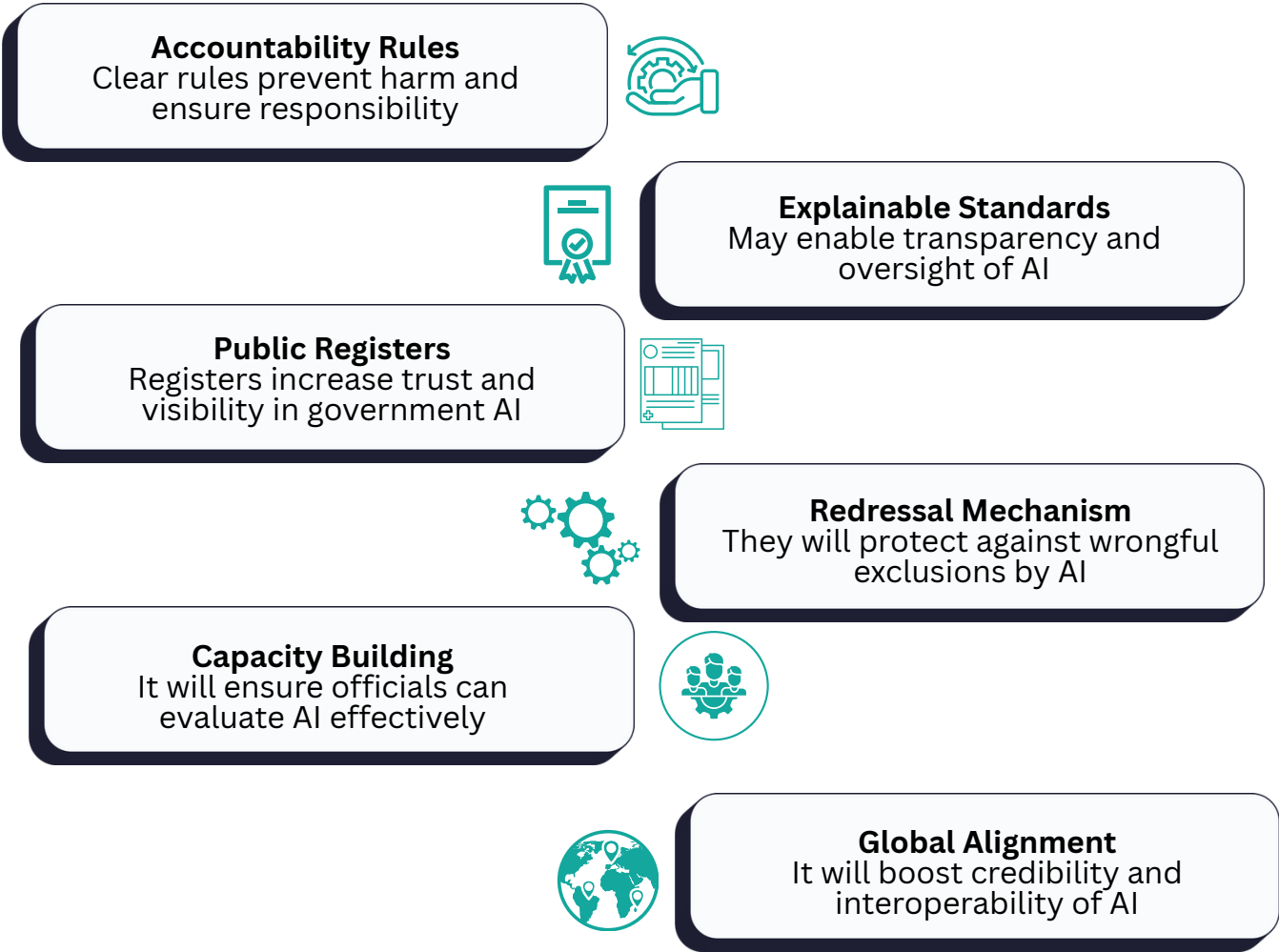
India's AI Governance Landscape: Key Implications

Area	Current Reality	Governance Implications
1. **Responsibility & Decision Pathways**	AI influences welfare, policing, eligibility; human accountability is unclear.	Must define responsibility to prevent harm from AI-driven decisions.
2. **Efficiency vs. Constitutional Rights**	AI improves targeting but risks opacity, exclusions.	Balance efficiency with fairness and due process.
3. **Data Protection & Trust**	DPDP Act is active; implementation is uneven.	Trust depends on transparent, rights-respecting data use.
4. **Transparency & Explainability**	Limited disclosure of government algorithms.	Growing demand for explainable and auditable AI.
5. **Institutional Capacity**	AI adoption is outpacing admin capability.	There is a need to build technical & ethical capacity in the government.
6. **Regulatory Approach**	Soft guidelines; no AI Act yet.	Choice between guidelines, sectoral rules, or a full AI framework.

Governance Choices and Their Strategic Significance

Governance Choice	Implication for the State	Implication for Citizens
1. **Rely on existing IT + DPDP frameworks**	Flexible, lower admin burden.	Risk of uneven protections
2. **Sector-specific AI safeguards**	Tailored rules for high-risk domains.	Clearer protections for vulnerable users
3. **Comprehensive AI law**	Uniform standards and clarity.	Consistent rights and remedies
4. **Independent oversight mechanism**	Objective algorithm review	Trustworthy appeal pathways
5. **Mandate explainability**	Enhances transparency	Improves ability to challenge decisions

Way Forward for Ethical and Effective AI Governance

Accountability Rules
Clear rules prevent harm and ensure responsibility

Explainable Standards
May enable transparency and oversight of AI

Public Registers
Registers increase trust and visibility in government AI

Redressal Mechanism
They will protect against wrongful exclusions by AI

Capacity Building
It will ensure officials can evaluate AI effectively

Global Alignment
It will boost credibility and interoperability of AI

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