



## **Artificial Intelligence and Legal Personhood: Defining Accountability and Responsibility**

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### **ABSTRACT**

The exponential growth of artificial intelligence (AI) requires reconsidering legal personhood and legal responsibility within the frame of Indian law. With the growing complexity and enhanced decision-making of AI systems, many traditional legal doctrines, especially those based on intent and moral personality, are threatened. This paper outlines the consequences and legal status of AI and whether it should be personified just as a corporation or whether its responsibility should lie with the designers and utilizers. Pearson utilizes comparative legal research approaches using the European Union's AI Act and an enlightened self-organizing Japanese approach, the study advocates for specific AI legislation in India that categorizes them by risk. Proposals include the development of an autonomous agency, developing a legal responsibility regime for recognizing AI selfishness, and the creation of public enlightenment. AEOS identifies factors of ethical concern as the concern that personhood undermines accountability for AI, while directives specifically deal with the lack of laws governing data privacy, AI liability, and operational risk management for AI systems. The conceptual accreditation of AI as a legal person has theoretical applications that have practical, moral, and societal definitions that have to be managed and balanced through the law to regulate AI's expanding involvement in people's lives and address the public interest and society's values. This paper supports the preservation of a rational framework environment that will hold the AI systems responsible for preventing technology from compromising on legal responsibility.

**Keywords:** Artificial Intelligence, Legal Personhood, Accountability, Bharatiya Nyaya Sanhita, AI Regulation, Digital Data Protection Act, 2023

### **Introduction**

AI and legal personhood present major questions about attributions of responsibility and liability, especially given current innovations. With the AI systems becoming more and more independent and capable of making their decisions, it became unclear from the point of view of legal responsibility. AI functionalities in every field of business and social activity, including finance and health care, where algorithms that no human could manage analyze vast amounts of data and make decisions with practical outcomes. However, this self-governance creates problems on who is to blame each time AI's decisions result in an adverse effect. Should AI be considered a legal person like any other corporation, or should responsibility lie solely with designers and customers? It is crucial to ask and answer this question for legal systems generally and for the Indian context specifically due to the current burgeoning technological development that requires robust legal foundations to regulate AI and its deployment in society. The appearance of AI-specific laws in such nations as the United States and the nations of the European Union underlines the necessity of the process on the international level.<sup>1</sup>

In India, concepts of responsibility and accountability are founded heavily on the principles of legal personae. The concept of a legal person under Indian law encompasses humans as well as Corporations for they both have rights as well as liabilities in the eyes of the law. Widening this status to cover AI leads to a reconsideration of the basic concepts of the law. The BNS, which was formerly the Indian Penal Code, continued to adhere to the legal principle that a crime must have mens rea to prosecute an offender. Since AI is not aware, attributing the criminal intent becomes challenging.

In this article, a legal person is defined, noting that historically the concept has been restricted to natural and juridical persons. Still, in light of such implications, the offer of autonomous systems requires a systematic extension of the concept of the person. The applicability of this discussion becomes more emphatic today, particularly arising from the fact that some AI systems are deployed in governance and decision-making agencies where such systems might perform certain tasks on their own without human intercession. The considerations that allow for data analysis, the foresight as to the potential results, and the human-like interaction with the AI machinery mean that the autonomous nature of such systems is something that was not seen in traditional machinery. It found that legal personhood is useful because it can attribute responsibility to AI entities, freeing creators and operators from unfair blame and making accountability possible. This concept is felt in Indian law; AI's broader involvement has been under the BNS and related statutes, especially within torts, contracts, and data protection laws.

<sup>1</sup> Bart Verheij, "The Study of Artificial Intelligence as Law", 90 *Law and Artificial Intelligence* 477 (2022).

This study aims at considering the Indian legislation in connection with the proposed legal recognition of AI as a legal person. The work analyses the possible legal approaches in assigning liability to AI entities and analyses the outcomes of granting legal personalities to artificial structures. The purpose of this paper is to determine whether AI should have its legal status and whether an appropriate model of accountability should be developed based on the features of AI. This study incorporates statutes such as the Digital Data Protection Act, of 2023, whereby accountability for handling personal data by AI is required, and the advanced BNS provisions on criminal liability. To inform India's response, the paper reviews comparative studies from the European Union and the United States, while the feasibility of implementing legal personhood for AI within the context of Indian laws is also discussed.

To address the complex issues surrounding AI and legal personhood, this paper is structured around key research questions: Is it possible that a machine can be awarded legal personality in India? If so, then how can AI's accountability be organized within the legal framework? Also, what are the implications arising from addressing AI as a legal entity for civil and criminal responsibility? In terms of the method, this paper employs doctrinal research analysis to conduct a statutory and case law analysis of the possibility of affording personhood to AI.<sup>2</sup>

### ***Conceptual Foundations of Legal Personhood***

The idea of personality is primary in defining who or what may bear rights or duties in the eyes of the law. Traditionally, it has been afforded based on the capacity of an entity to do something in a legal framework. Originally it applied only to natural persons, which means human beings capable of thinking, reasoning, and having intent. Nevertheless, with changing social and economic conditions and new requirements for personification, the subject of extension of personhood to non-persons capable of assuming legal responsibility and possessing related rights appeared. The growth of corporate personhood also has a basis for comprehending a legal person as distinct from the all-natural born limitations of humans. The analysis of legal personhood looks at the attributes and roles that the objects have that entitle them to legal responsibilities and authority, providing the base upon which current debates about AI and legal personhood are built. In BNS adoxography, legal personhood always entails some amount of intention or agency as a minimal bar. Despite this, this definition has emerged inconsequential, especially given the current advancement in AI technology.

### ***Historical Context and Legal Definition of Personhood***

The concept of a legal person is connected to the designation of entities capable of enforcing rights and bearing certain legal responsibilities. In the past, legal personhood could adapt to the current state in societies and also cope with the new entities that have big impacts on organizations. In classical legal theory, personality was synonymous with humanity because of moral character to form social contracts. In Indian law, the concept is also derived from morally dominant theories of contemporary law and fairness as enshrined in fundamentals.<sup>3</sup>

### ***Types of Personhoods: Natural vs. Legal Persons***

Legal personhood is normally distinguished into natural and juridical (or artificial) persons. Natural individuals are people who are endowed with certain rights freedoms and responsibilities because they are people. On the other hand, legal persons are artificial, created, and recognized by the law, and have certain rights and obligations attributed to them. The legal person concept in Indian law is given for legal entities like companies to legally accomplish the aim, which cannot be possibly done normally by a physical person for business or any social cause. This recognition enables corporations to own assets, make and be bound to contractual obligations, and sue or be sued, thereby representing legal personality in several rights and responsibilities. This distinction between natural and legal persons is important for the discussions on AI, as it is a natural person in the sense that it autonomously operates and makes decisions on its own but is not a person. The legal systematic treatment of corporations as legal persons indicates the general approach of legal frameworks to the concept of having other than organic beings as liable subjects or entities, thus preparing the ground for extending the same consideration to AI.

### ***Extending Personhood Beyond Humans: Corporate and Animal Cases***

The legal person status of the corporation is one of the most important witnesses of attributing rights and duties to non-human entities. Corporate personality, as it will be seen in the case of *State Trading Corporation of India v. Commercial Tax Officer*<sup>4</sup>, provided corporations the legal personality thus making them capable to sue and be sued own property, and incur contractual liabilities and engagements. The rationale of the reforms was quite operational, which was to promote and regulate various business processes and manage liabilities in large companies. Indian law also brought certain animals and natural resources within the rights entitled as persons, in the case of "*Animal Welfare Board of India v. A Nagara & Ors*"<sup>5</sup>, where the Supreme Court appended the rights to animals for their protection. This is a good example of the subject's expressiveness and possibility to be applied to non-traditional human and corporation figures.<sup>6</sup>

<sup>2</sup> Rushil Chandra & Karun Sanjaya, *Artificial Intelligence and Law* 152 (Academic Guru Publishing House, Delhi, 1st edn., 2024).

<sup>3</sup> Purvi Pokhariyal, Amit K. Kashyap et. al., *Artificial Intelligence: Law and Policy Implications* 98 (Eastern Book Company, Lucknow, 1st edn., 2020; reprint 2024).

<sup>4</sup> [1963] 33 CompCas 1057 SC.

<sup>5</sup> (2014) 7 SCC 547.

<sup>6</sup> Céline Castets-Renard & Jessica Eynard, *Artificial Intelligence Law: Between Sectoral Rules and Comprehensive Regime. Comparative Law* 534 (Larcier, Brussels, 1st edn., May 24, 2023).

The granting of legal personhood in these cases again shows that the law can be fluid and evolve in a way that complements the needs of society. To date, legal systems have given rights to corporations and animals, which means other forms of entities are also recognized as capable of working under legal and social structures without having attributes of human beings. It is therefore pertinent to ask whether AI stands a chance of being legally recognized by the newly evolved legal person. If the AI systems continue to replicate decision-making and perform societal roles, they may need another form of legal personality. This may give some legal definition of who or what is an AI and what its responsibility is, especially where such an AI processes data autonomously from human intervention. However, for all the differences between corporations and animals, AI does not possess consciousness or sentience, and this creates a whole range of other ethical and legal questions concerning the responsibility of AI. Such issues evidence why there is a liberal application of nonlinear argumentation to address such aspects in ensuring there is accountability while keeping in mind the specificities of the artificial intelligence technology that is in use.

### ***AI and the Case for Legal Personhood***

As AI systems integrated into organizations continuously develop their capabilities to learn and make decisions for themselves, the legal profession is forced to ponder the question of AI as 'affiliates of law'. In a matter of legal personhood, which was for thousands of years attributed to human beings and corporations solely, underpins the capacity for possession of rights, performance of duties, and above all, liability. Advanced digital AI, especially computational decision-making and machine learning, for example, are issues of agency intent and even accountability under the law. These issues are very relevant in the contemporary world, especially concerning India; the advancement in technology and the growing adoption of AI solutions in most sectors across the country entail a deeper analysis of the current legal regime governing AI. This section looks at the aspects of AI that place it squarely within the realm of legal consideration, assesses the arguments of AI personhood, and analyses the counterpoints that call for the consideration of the Indian legal context.<sup>7</sup>

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## **Understanding AI: Characteristics and Capabilities Relevant to Legal Status**

AI systems have unique features that make them stand out from typical mechanical devices and bring them closer to objects that can attain legal personality. Since they can take data, make choices, and adapt through usage without external control regarding decision-making, artificial intelligence reflects a form of sovereignty that was formerly ascribed to individuals or organizations only. Machine learning models based on deep learning show a forecasting ability to enhance their results based on the results of previous calculations. They had nearly complete control, and so there are questions of interaction and purpose, questions of agency. For instance, imagine an independent car gets into an accident because the program made an error in calculation, and it is not easy to decide who is at fault: the producer, the owner, or the program. In Indian regulations, establishing intent for the culpability in the harms enabled by technology relies on the doctrines of BNS and other regimes; assigning intent and accountability to non-agent entities is novel and creates many practical issues.

In addition, autonomous systems like chatbots or decision-support algorithms in banking, healthcare, or legal industries work increasingly self-responsible. For example, in banking, the AI-based fraud detection models independently notify concerning transactions based on live analysis of large data. In such cases, the AI's operational autonomy directly affects decisions that influence the rights of individuals, such as funding or data control. Thus, as one might expect given this degree of autonomy, several legal academics believe that AI requires a novel status akin to corporate personality to answer the question of its legal responsibility. Another argument that is raised is that awarding legal personality to artificial installers would help to establish order in a situation when it is to be decided who should be held accountable when legal consequences stem from autonomous decisions.

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## **Arguments for AI as Legal Entities**

The primary reason given for attributing legal personality is to make AI legally responsible for its actions and the organization of AI systems being autonomous. Legal analysts explain that if AI advances further, it may become unreasonably difficult to hold either developers or users liable for any action of an autonomous system. In this regard, the legalization of AI can isolate risk in the same way that corporate personhood isolates responsibility. The tenets of Indian law where strict liability can be applied in hazardous operations where the fault does not have to be established to make AI applicable to it under legal personhood. For example, a self-driving car that learns patterns to make decisions for steering rather than relying on a driver automatically creates legal issues of who is responsible in case of an accident. Perhaps the best approach is to address AI as a legal entity, introducing legal responsibility upon the AI "entity" to make the process clearer and more efficient as victims can sue the program directly.<sup>8</sup>

In addition, AI legal personhood enables procedural aspects that address regulation, guaranteeing that AI systems are within standard ethics and legal requisites. For instance, with the Digital Data Protection Act, of 2023 in India, data is tightly protected, and violation cases have fines. If some AI were considered a separate legal entity, then violation sanctions would occur, making it possible to hold it directly punishable rather than blaming users or developers. Further, this approach is more harmonious with global trends, for example, the European Union's attempts to regulate AI as a separate category of technology and develop corresponding legal responsibility. The Indian law could proactively outline the art of regulation to harmonize the integration of AI with multiple legal tenets as well as to protect the rights of individuals.

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<sup>7</sup> Dr. Pavan Duggal, *Artificial Intelligence – Some Legal Principles* 134 (Pavan Duggal Associates, New Delhi, 1st edn., 2019).

<sup>8</sup> Dr. Pavan Duggal, *Artificial Intelligence – Some Legal Principles* 134 (Pavan Duggal Associates, New Delhi, 1st edn., 2019).

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## Counterarguments Against AI Personhood

Nevertheless, many legal and ethical grounds are provided below that prohibit the recognition of AI as a person. The first simple counterargument relates to the absence of two primary features of persons: sentience and consciousness. Meaning, intent, and moral agency specifically provide the basis for granting legal personhood in Indian law, especially as it applies to the BNS. Unfortunately, these moral capabilities are not genetically inherent in AI to make its decisions solely based on neural moral instinct without any bias or prejudice; rather, AI decisions are computed and derived from programs. To attempt to hold AI as a human or as a corporation would undermine the basis for many ethical theories, namely that a person is responsible in ways that require making free, conscious decisions. Some opinions are quite clear on the fact that AI, being an invention of man, cannot be accorded rights or handed responsibilities that its creators know it cannot fulfil on its own without intermediate human help.

Further, treating AI as a person can lead to new ways of exonerating developers and corporations for harm: one simply 'runs' an AI and cannot be held responsible for anything the AI does. Indeed, for worse, this 'corporate shield' could skew the right to fairness in legal accountability, especially where AI's actions are underpinned by intended choices by the developers.

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## Accountability and Responsibility in AI Systems

When AI is integrated in different sectors, important questions about who is legally responsible, liable, accountable and who are the human rights and security parties involved between the entity and the AI system emerge. Accountability, under this legal term, means who is responsible for their actions, where those actions affect others. The difficulty with AI is that humans make it and then it goes out on its own, deciding for itself how to make decisions that impact the real world. As it has been mentioned earlier, the issue of accountabilities and responsibilities is rather multifaceted within the Indian legal context, and such principles as the concept of intent and agency inscribed in the Bharatiya Nyaya Sanhita (BNS). We delve deeper into the traditional agent, principal, and instrumentality theories in the light of AI, gainsay differentiation between autonomous actions and programmed decisions, and discuss controversies of civil, criminal, and moral responsibility when it comes to the use and development of AI.<sup>9</sup>

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## Legal Theories of Accountability: Agent, Principal, and Instrumentality Theories

A traditional legal perspective assists us in explaining responsibility to agents who operate on behalf of others. Implied for business and legal purposes, the agent theory postulates that an agent is a party acting for a principal. It must be noted that in situations where an agent performs a wrongful act while exercising agency authority, the principal will also be vicariously liable. Applying this theory to AI, the theory is that the principal creates an agent and then instructs them on what to do next, then the AI system is the agent while the developer/user is the principal. For this reason, applying agent theory to autonomous AI is difficult because AI does not have human consciousness and purpose. Specifically, an AI's lack of moral understanding renders the direct application of agent theory to decision-making processes in AI systems somewhat problematical.

Principal-agent relationships are also applied to instrumentality theory, whereby an entity can be made answerable for having wielded another entity as a tool to achieve a goal. Here, the idea that a developer or an organization employing AI for specific tasks would be liable for the actions of the AI appears very obvious. In India, there is a traditional rule that principals are held vicariously liable for harms created by instrumentalities, cases include: *Municipal Corporation of Delhi v. Subhagwanti*<sup>10</sup>, when the Supreme Court of the country also upheld the strict liability principles. Applying the same to AI would mean that somebody, specifically the developer of the AI, would be held responsible for changes that the AI wanted to bring in, especially in risky or regulating fields. However, there is some debate on precisely to what extent instrumentality theory can explain the formation of autonomous AI decisions, especially where an AI decision is being made independently of human oversight.

### *Assigning Responsibility: Autonomous Actions vs. Programmed Decisions*

The primary difference of AI between autonomy and decision management is crucial in determining responsibility. Programmed decisions are what developers code to be executed, while autonomous actions are actions that are taken by machine learning or other adaptive processes. In the Indian context of legal regulation of responsibility, the principle is still associated with the intent or negligence of the actor.

The last approach to addressing the accountability of AI means that if the AI agent acts on its own, the responsibility is shifted to the user of the AI because the agent extends the user's decision-making process. This view also supports the legal approach, as in cases like *Google India Pvt. Ltd. v. Visaka Industries*<sup>11</sup>, where India's supreme court supported the cases where the legal responsibility for the action of the customer was attributed since they were enabled by an automatic tool. But for complex forms of performing AI, including machine-independent ontological, altruistic decision-making, the user-oriented model encounters difficulties, especially in applied forms concerning such intricate automation systems as self-driving automobiles and

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<sup>9</sup> Margaret Hu, "The Philosophy of AI: Learning from History, Shaping Our Future", available at: <https://scholarship.law.wm.edu/testimony> (last visited on October 15, 2024).

<sup>10</sup> AIR 1966 SC 1750.

<sup>11</sup> AIR 2020 SC 350.

automatic trading platforms. Self-initiated AI decisions that do not have a human management overlay create legal uncertainty, requiring new ways of categorizing liability when the AI is operating independently.<sup>12</sup>

### ***Liability Concerns: Civil, Criminal, and Moral Dimensions***

AI escalating in important use cases across multiple domains—medical, automotive, social, and industrial—brings civil, criminal, and ethical responsibility questions to the surface. This, of course, in civil law refers to negligence or the breach of duty that leads to harm or injury. In this paper, we seek to examine how legal systems assign civil liability when or if the AI system fails, misbehaves, or harms other persons, as illustrated by a misdiagnosis in healthcare or an accident involving an autonomous vehicle. At the current state of applying Indian law, the developer or operator of such an AI would be held liable under the product liability principles where negligence in AI designing and maintenance caused harm. Enhancing this view is the shortcoming of Indian product liability norms under the Consumer Protection Act of 2019, which may be triggered in cases of AI consumer harm.

In the criminal law system, proving negligence is even more difficult due to the absence of intention from the AI system. In India, *mens rea*—having a “guilty mind”—is needed to establish criminal responsibility, which, given that AI has no consciousness, cannot be held. For example, in a situation where an instance of a machine learning algorithm that caused harm to a person does not bear criminal intent, its criminal responsibility becomes complex. However, if it is proved that the developers deliberately incorporated a defective AI system into practice, criminal responsibility extends to them, as in “*R v. Cunningham*”<sup>13</sup>, the idea of reckless disregard as the grounds for criminal charges. This approach may be operationalized in India’s criminal law, where carelessness or omission in designing a product can be prosecuted.

Fairness has both legal and moral implications, but regarding moral responsibility or moral liability, general principles of ethical duties could be at issue about AI functioning in society. With AI achieving decision-making tasks that guide critical aspects of human lives, the developers and users develop moral responsibilities to guarantee that the AI systems are ethical and fanciful. Ethical AI principles are largely aspirational at the present moment, but they enact a rhetoric of responsibility and promulgate the idea that harm from AI must be avoided. In India, where consumer rights and data protection in AI are governed by the Digital Data Protection Act, of 2023, moral liability may be the other working alongside the regulations to ensure that AI practices reflect the acceptable standards in society. Therefore, even as the holding of moral responsibility for AI’s actions must lie elsewhere since AI is not an agent itself, the blame lies with both the creators of AI and the implementers.<sup>14</sup>

### **Legal Precedents and Comparative Perspectives**

The analysis of the connection between AI and the concept of legal personhood relies on similar sources, such as in the case of corporate misconduct and automatons, as well as specific laws regarding non-natural entities. Legal development of systems like AI from different jurisdictions—United States, European Union, and Japan—provides comparisons of how such systems are regulated across the world. Additionally, the trends shown in robotic rights and legal persona, recognize animals as examples of alternative non-human subject regulation. In India, as AI legal status remains unwritten, learning from those examples can help to identify the lessons to be learned on how AI accountability, liability, and legal personhood can be framed.<sup>15</sup>

### **Case Studies in Corporate Liability and Autonomous Systems**

Corporate liability is thus a persuasive source from which to derive a conception of AI responsibility since both corporations and artificial intelligence entities are self-governed entities. Under corporate law, corporations are jurisdictional *FACTA*, which means that they are independent legal persons capable of owning property, consummating contact, suing, and being sued in their corporate name rather than in the name of their shareholders or directors. , in *State Trading Corporation of India v. Commercial Tax Officer*<sup>16</sup>, the Supreme Court of India affirmed the corporate entities’ legal personality allows business interactions and corporate governance and responsibility. This high-profile case not only demonstrates the applicability of such principles to deepen responsibility upon AI systems but also allows for the holding of liability for actions executed independently.

Self-driving automobiles are one of the examples that demonstrate the challenges regarding the assignment of responsibility in the case of AI use. For example, with self-driving cars, such issues of legal responsibility for crashes in case of no human driver have arisen. An example of an incident in the US was one in which an Uber test car with autonomous features made a fatal decision earlier in 2018 when it caused the death of a pedestrian. The incident raised critical questions about who should be held accountable: the manufacturer of the vehicle, the producer of the software, and Uber as the deploying organization. Though Indian law has not faced such issues, similar subsequent occurrences about the system autonomy in India may also seek a reconfiguration of the liability regime.

<sup>12</sup> Peter Wahlgren, *Automation of Legal Reasoning: A Study on Artificial Intelligence and Law* 176 (Kluwer Law and Taxation Publishers, Dordrecht, 1st edn., 1992).

<sup>13</sup> [1957] 2 QB 396.

<sup>14</sup> Harry Surden, “Artificial Intelligence and Law: An Overview”, 35 *Georgia State University Law Review* 1305 (2019)

<sup>15</sup> Massimo Genovese, “Introduction: Artificial Intelligence and Law”, available at: <https://www.collegesoflaw.edu/blog/2023/11/30/artificial-intelligence-law-introduction/> (last visited on October 15, 2024).

<sup>16</sup> [1963] 33 CompCas 1057 SC.

### ***Emerging Challenges and Implications***

The discourse on the ability to task AI with accountability and responsibility raises many issues and implications arising in practical, ethical, and legislative qualms. With the advancement of artificial intelligence in various fields such as healthcare, finance, and law, the possible effects or consequences of legalizing AI legal persons are significant and multifaceted. The Indian legal structure, which goes back to the intents and liabilities under the BNS, faces challenges toward non-human entity integration. Acknowledging AI personhood entails questions not simply about the mode of functioning within conventional legal contracts but also about the effects and consequences of AI automatism. Solving such problems requires understanding gaps in the regulation and scrutinizing the legislative deficiencies that exist in the AI sphere.<sup>17</sup>

### ***Practical Implications of Recognizing AI Personhood***

AI is recognized as a legal person, and this has certain working effects on the Indian legal system concerning the aspects of responsibility. If AI systems are to be granted a particular legal personality, then liability for any given outcome could be squarely placed at the doorstep of an AI that autonomously caused the harm and therefore give resolution to emerging liability issues. However, this recognition would require the development of a framework that will address AI's lack of intentionality, subjectivity, or decision-making that is found in humans. For example, in the case of finance applications that allocate money for investment based on automated decision-making, such as the AI algorithm, and the organization suffers a loss, that is where determining the liability of the AI, the creators of the AI, and the organization using IA would come into play. Presently, the Indian legal perspective of liability analysis in autonomous action continues to be rooted in fundamentals like intention and volition or board fundamentals of human company like "*Vishaka v. State of Rajasthan*"<sup>18</sup>, where the Supreme Court urged the employers' corrective responsibility for delegated actions. To translate such frameworks into fully autonomous IS, it is necessary to change a full paradigm of liability regulation.

In addition, if AI was granted legal personality, new legal regimes for ownership, patents, and liability for assets, products, and contractual relations generated by the AI system would need to be formulated. For example, if an AI-created work is covered under the intellectual property laws, the existing laws of India allow authorship only to human beings. If one day AI qualifies for personhood, it means that the AI is the owner of all it produces, and this could be complex regarding ownership and royalties. This creates apprehensions regarding the nature of the rights AI will enjoy in the event of personhood, and this has to be laid down to limit the status of the rights of AI. Definite general concerns that vary in enforcement, involving fines or tasks about non-natural persons, would also pose innovative concerns because AI cannot be penalized conventionally.

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### **Ethical and Social Considerations in AI Responsibility**

The concept of having AI as a legal person poses deep and serious ethical and social realities. No current AI system is sentient, and by logical extension, they do not have moral machinery that informs human actions. Giving AI personhood brings concerns on legal issues that arise from conferring on machine personhood and another charge of holding an entity legally responsible for an act that the entity does not understand. Such a move could potentially undermine a long-established ethic of personhood in which rights and duties were a matter of moral agency. As it has been pointed out earlier, ethical concern is inherently inherent in the structure of the law in India.

Finally, the legal approach will make people change their ways of considering accountability for AI things and may transfer responsibility from the developers and users who control its applications. This change could introduce the factor of moral hazard, where companies perceive AI personhood as an opportunity to escape culpability for the loss resulting from their products. A situation like this may lead to cases where ethical issues are neglected and pave the way for the advancement of artificial intelligence. In addition, the right to the three necessities such as food, water, shelter, clothing, and even medication is a fight that humans continue to wage to this very day, whereas the AI will be given these rights akin to human rights. This will lead to social friction between citizens and technology, where on one side some individuals and on the other side a machine or technology will have rights, mandated by the state. Consequently, from the ethical social perspective, the issues connected with AI personhood require certain undeviating concerns to utilize them, having no negative impact on human rights and social justice.<sup>19</sup>

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### **Conclusion**

The analysis of the AI concept and the legal personhood construction concerning the Indian legal environment draws concern on the diverse difficulties occurring after AI becomes more autonomous and makes decisions. As AI begins to invade areas such as finance, medicine, and policing, the basic notions of responsibility, derived from traditional legal theory and based on the notion of animus, do not quite fit the bill because AI is not animate. There are questions concerning the legal status of AI, such as questions of responsibility, attribution of rights, and the regulation of legal duties—challenges regarding which Indian law has not fully articulated a conceptual framework, even as the system recognizes legal personality where AI might likewise seek it, for corporations or animals.

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<sup>17</sup> Klaus Heine and Alberto Quintavalla, "Bridging the Accountability Gap of Artificial Intelligence – What Can Be Learned from Roman Law", 3 *Legal Studies* 1 (2023).

<sup>18</sup> [1997] 6 SCC 241.

<sup>19</sup> Artificial Intelligence Ethics and Social Responsibility, available at: <https://pecb.com/article/artificial-intelligence-ethics-and-social-responsibility> (last visited on October 14, 2024).

From the current legal perspectives and judgments like the corporate and the animal personhood, there are certain invaluable provisions, but these provisions are unable to meet the problem of AI. The critics of this perspective claim that the operational independence of AI can serve as a basis for a call for a new legal status of personhood for AI, but they deny its consciousness and point to its lack of morality as a reason why this new legal status should not be granted. The social and regulatory issues as to whether AI should be granted personhood also need to be addressed, as such a legal status would have several undesirable consequences for society as a whole or citizens in particular, such as moral hazards, and probably lead to changes in existing norms governing accountability.

India has significant legislative voids about AI legal responsibility, code of conduct, as well as business and scientific functioning. Risk regulatory that is of the same nature as the EU's AI Act could assist India in categorizing AI use cases according to the risk they pose and guide the nation in establishing proportionate regulatory measures. This structure, therefore, zeroes in with India's Digital Data Protection Act 2023, guaranteeing that AI deployment is legally acceptable and ethical.

Finally, it must be noted that the future of AI as well as legal personhood in India indeed very much yet not without. Buffered by technological growth but should equally be accountable to society. While India ponders on it, the consistent preparation of progressive legislation will constitute the core of the protection of the rights of humanity, preservation of justice, and unity of scope in an atmospheric context of artificial intelligence.

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## Suggestions

For an effective solution to all the problems more or less related to legal personhood, which has grown as a consequence of AI and applications, the following suggestions are as follows:

- Pass a separate bill concerning artificial intelligence; regulation of AI liability, safety, and ethical guidelines; and accountability. It should categorize AI systems by their risk level as the EU's risk-based AI Act does, so that certain legal measures can be applied to high-risk use cases, including, but not limited to, health and finance.
- This should be coupled with establishing another independent body that would regulate artificial intelligence consistent with bodies such as the Competition Commission. This enterprise could guarantee that AI systems faculty ethical, safety, and operational requirements across sectors and enable continuous observation and alteration as the technology advances.
- The responsibility has to be assigned to the AI systems, especially in situations where the systems are to make their own decisions. Liability regimes are developed depending on the developer's, users, or deploying entity's responsibility concerning the AI, for settings where the AI functions autonomously of people.
- Considering the great potential of AI in handling data, make sure you are following the Digital Data Protection Act of 2023. This entails responsibility for breaches of AI-centred systems, thus making the AI systems liable and ensuring user data rights' protection, besides promoting transparency.
- Improve strict liability for specific emerging and advanced technologies with more or less human supervision, e.g., automotive driving algorithms and health-related diagnostic systems. It would do so while also guaranteeing that the victims would have a one-stop window for seeking justice while at the same time forcing companies to consider safety as they develop their AI systems.
- Promote the practice of ethical self-governance with the developers of AIs and organizations involved by explaining the principles of honest and reasonable self-serving across AI applications. There was an idea that voluntary codes of ethics could enhance regulatory initiatives, contributing to the sustainable development of AI and reflecting industry trends in terms of society's standards.
- Built-in modest legal rights for AI in some cases include the rights to authorship or ownership of works produced through AI or rights about the fulfilment of contracts with AI parties. This would help to illustrate ground in such areas as ownership and use of intellectual property, which at the moment AI generates are not within standard authorship legislation regimes, while also easing coherent regulatory application.
- Enshrine the rationale for AI advocacy in public enlightenment and education on the ethical, legal, and social characteristics of AI. This could enable people to make informed decisions, join the AI debate in the correct way, and ensure proper governance of an AI system to societal needs or wants.
- Support international cooperation that aims at the synchronization and adjustment of different international systems and laws related to AI, which will enhance the communication as well as the coherence of the AI assignments of accountability. This would make it possible for India to borrow from other advanced nations' frameworks of AI regulation to improve its legislative action.
- AI laws and regulations should be developed with provisions calling for their review after some time to allow reformulation based on emergent AI technologies. It would also ensure that the legal framework adapts successfully to the existing new technology application to make it relevant and efficient.