

Dharma and the Regulation of Artificial Intelligence: Toward a Contextual Jurisprudence for Responsible Business Innovation

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Abstract

The fast adoption of artificial intelligence systems in business decision processes has turned companies into unregistered governing bodies that use their algorithms to decide about work opportunities, financial services, product availability, and market involvement. The current AI ethics frameworks focus on technical standards and risk control and system visibility, but they fail to explain how businesses should handle their responsibilities, how to distribute legal accountability, and how to determine proper regulatory authority. The paper develops a Dharma-based regulatory governance system which serves as a duty-based legal framework to achieve ethical AI deployment through Indian Knowledge Systems. The research presents AI as a business tool that needs regulation instead of as a social-technical system to develop ethical AI governance based on four principles, which include Ahimsa, Satya, Lokasangraha, and Shraddha. These principles are translated into concrete corporate governance obligations and corresponding regulatory oversight functions, clarifying responsibility across the AI lifecycle. The paper shows, through its comparison of the EU AI Act with U.S. sectoral liability rules and discussions of the Algorithmic Accountability Act, that Dharma-based governance works alongside current laws to create a moral system that enables better law enforcement, minimises the spread of responsibility, and makes regulatory bodies more trusted. The analysis proves that duty-based AI governance systems decrease regulatory uncertainty, which benefits startup businesses and innovators, while they also reduce compliance risks and enable safe market expansion across different emerging markets. The paper links ethical duty with legal accountability and innovation sustainability to provide business law scholarship with AI governance as a moral-institutional system which supports the development of lawful and trustworthy and resilient entrepreneurial ecosystems.

Keywords: Artificial intelligence governance; business law and regulation; Duty-based corporate governance; Algorithmic accountability; AI liability and enforcement; Sustainable innovation

1. Introduction

1.1 Rise of Artificial Intelligence in Business: Governance and Legal Implications

Businesses today operate through AI, which serves as their main operational tool to support their decision processes across recruitment and consumer analytics and credit assessment and supply-chain optimisation and financial modelling. Organizations depend on algorithmic systems to handle managerial decisions, so AI functions as a business instrument which receives regulatory oversight that creates various legal and governance challenges. Organizations choose to adopt AI because it improves their operational efficiency and delivers accurate predictions and helps them stay ahead of competitors, but it generates new problems about how businesses should be held responsible and who should handle legal matters and how authorities should monitor them (Brynjolfsson & McAfee, 2017). The paper establishes AI governance as a business law and corporate governance and regulatory design matter instead of viewing AI ethics as a technological or philosophical subject. The way algorithmic systems affect job results and market entry and price determination and consumer benefits makes AI-using companies capable of acting as regulatory entities which used to be under legal control (Mittelstadt et al., 2016). Organizations face their main governance problem because they need to fight prejudice while they work to enhance transparency, but they must also identify which entities should face legal consequences for AI system damage and how to monitor accountability and protect regulatory authority. The current AI ethics discussion focuses mainly on establishing compliance systems together with audit capabilities and risk management practices. The current methods fail to show how duty-based governance and internal corporate responsibility systems affect proper AI management and trustworthy AI application, according to Floridi et al. (2018). The study presents a governance method which establishes that organizations must handle ethical AI deployment through their duty-based framework and their need to protect public interests and maintain institutional trust instead of depending on technical solutions which operate after the fact.

1.2 Organizational Accountability, Legal Responsibility, and Stakeholder Trust

Organizations now face legal requirements which determine how they must handle responsibility in business environments that use artificial intelligence systems. The automated systems that manage recruitment, marketing, pricing, lending, and performance evaluation have prompted various parties—including employees, consumers, regulators, and courts—to focus on issues of fairness, privacy, and accountability. Organizations which use AI technology now build their trustworthiness through their decision system authenticity and their responsible behavior instead of depending on their product excellence or their ability to create new things (Mayer, Davis, & Schoorman, 1995). The current cases show that trust becomes vulnerable when organizations do not have sufficient governance systems in place. Amazon stopped using its AI recruitment system in 2018 when the company found out that it produced unfair results that affected women during the hiring process because it learnt from previously biased data (Dastin, 2018). The system fulfilled all the operational requirements that the company needed, but it created discriminatory results which threatened the company with negative public perception because the development team lacked proper ethical and legal supervision. Facebook's use of AI technology to micro-target political advertisements led to public controversy, raising doubts about the company's handling of data, its ability to manipulate information, and its capacity to protect democratic processes; as a result, regulators began investigations while the public expressed strong opposition (Isaak & Hanna, 2018). Organizations now use AI governance systems which protect both legal and ethical standards. Microsoft has created internal AI ethics committees which work together with their published transparency reports to direct suitable AI implementation practices. Salesforce has created an Office of Ethical and Humane Use of Technology, which serves to connect AI operations with the fundamental values that society upholds (Salesforce, 2020). The current initiatives show that organizations understand AI governance needs more than ethical self-regulation because it functions as a strategic tool which helps them follow laws and maintain their reputation and sustain their operations. Digital economies have become more regulated, so ethical AI stands as their required standard, which also preserves trust between systems.

1.3 The Indian Context and the Need for Value-Based Regulatory Frameworks

India has experienced a fast-growing digital market, which drives AI implementation across multiple industries, including financial technology, online shopping, medical care, and government operations. The

use of AI technology now spreads between international companies and local startups, which apply it to develop customised customer experiences and automatic choices and improved business management. Flipkart applies machine learning algorithms to create personalised product suggestions for its customers, and ICICI Bank uses AI-based virtual assistants to improve its customer service operations (NASSCOM, 2020). The fast spread of technology has moved ahead of the establishment of complete regulatory systems and ethical frameworks which need to be created. The Indian environment contains multiple obstacles which prevent AI regulation because the law continues to develop, digital skills vary throughout the population, and social inequalities run deep. The practice of unauthorised facial recognition testing by law enforcement in Hyderabad and Delhi has created major issues about surveillance activities, privacy rights, and civil liberties (Jain, 2021). Western regulatory systems show their limits when they attempt to function in environments with social systems that differ from Western models and where power distributions and institutional capabilities operate differently. The current environment demands Indian Knowledge Systems (IKS) to serve as a valuable ethical base which will guide the development of AI governance systems that respect cultural values. The Dharma system contains three essential principles, which include Ahimsa, Satya and Lokasangraha, to establish an ethical and legal base which focuses on duty, maintains social bonds and promotes community health. The Dharma-based approach to regulation establishes a moral duty which exists within social structures to make organizations work for the benefit of the public (Dash & Iyengar, 2025). The Indian society, which values multiple perspectives, demands AI regulatory systems to include value-based principles because these systems defend technological progress, which benefits both social fairness and human dignity and creates trust while driving economic development.

1.4 Research Objectives and Contribution

The fast expansion of AI technology into vital business operation systems has generated two major effects which impact organizational skills and the core beliefs that governance systems and regulatory bodies follow. AI systems now determine loan approvals and customer profiling and recruitment decisions and performance assessment results, which used to require human evaluation and legal examination. The current developments have made people more worried about how organizations will maintain open communication and equitable treatment and their ability to supervise critical decision-making processes (Mittelstadt et al., 2016; O'Neil, 2016). The worldwide community has started to discuss AI ethics more, but official regulatory bodies only establish basic technical rules and operational requirements which fail to address the essential cultural and organizational aspects that define what is acceptable. The research addresses this knowledge gap through its AI governance investigation, which combines normative assessment with jurisprudential methods based on traditional Indian knowledge. The research wants to show how Dharma serves as an operational legal system which works to control AI operations within business settings while working with current legal frameworks and policy-based systems. The research uses social-psychological theories to show how AI rules affect business environments through their influence on organizational systems and leadership styles and public trust in institutional management systems. The paper introduces a Dharma-based regulatory system which uses ethical foresight to direct the entire process of AI system development and management. The framework, which follows Ahimsa, Satya, and Lokasangraha principles, works to create a legal system that protects human dignity and social welfare through its core values. The research adds fresh knowledge to business law and technology regulation studies by showing how indigenous ethical values help create authorised AI rules for nations that maintain diverse legal systems and develop economies (Dash & Iyengar, 2025).

2. Literature Review: A Comparative Regulatory Perspective

2.1 Global and Indian Approaches to Ethical AI Governance

The fast development of artificial intelligence technology which businesses need to preserve at proper levels, has become a major topic for worldwide discussion about AI system management. International institutions together with regulatory bodies have set up ethical and governance principles which direct AI deployment through proper functioning and ethical practice. The European Union, along with the IEEE and OECD, has

established frameworks that base their ethical AI standards on five essential principles: fairness, transparency, privacy protection, accountability, and human control (Jobin, Ienca, & Vayena, 2019). The High-Level Expert Group on AI of the European Commission established seven essential requirements that trustworthy AI systems must meet, which include technical robustness, accountability, transparency, and non-discrimination (European Commission, 2019). The EU's Artificial Intelligence Act serves as a regulatory instrument that applies risk-based controls to AI systems that operate in sensitive areas, including employment, finance, and public services. The existing frameworks establish AI governance rules, but they base their systems on Western legal systems which focus on protecting rights through compliance rules and procedural defense measures. The universal application of these principles has become a subject of growing doubt because they might not work well in different social and economic environments, which include Indian society. The policy framework Responsible AI for All, which India's NITI Aayog developed to address this problem, focuses on creating safe environments that include everyone while maintaining fairness and understanding local needs for governance (NITI Aayog, 2021). The policy-orientated approach continues to follow worldwide regulatory discussions, but it does not actively involve indigenous legal systems in its development. The Indian Knowledge Systems (IKS) provide a deep cultural base, which India uses to establish its AI management systems because of its civilisational and intellectual heritage. Dharma as a concept directs people to perform their duties for their community instead of following outside rules. The cultural values of Ahimsa (non-harm), Satya (truthfulness) and Lokasangraha (collective welfare) provide natural methods to manage AI operations through accountability systems which focus on relationships instead of following strict rules. A Dharma-based system works to support global standards because it establishes ethical duties, which operate through social networks and institutional structures to improve AI governance systems.

2.2 Socio-Psychological and Regulatory Dimensions: Bias, Transparency, and Moral Accountability

People, along with their organisations, shape AI governance through their understanding of duty, their sense of justice, and their trust in official authorities. The literature shows algorithmic bias as a common problem because training data preserves existing social inequalities which have existed throughout history. The failure to handle these prejudices properly will result in discriminatory results during recruitment processes and financial loan approval and customer service operations which break both ethical standards and legal requirements for equal treatment (O'Neil, 2016). Scientists encounter an ongoing issue because AI operations function as mysterious systems, which they call a "black box" problem. When decision-making processes lack interpretability, they diffuse accountability, making it challenging for regulators, courts, or affected individuals to assign responsibility (Burrell, 2016). Organizations need to follow ethical standards and regulatory requirements because transparency and explainability serve as their main operational principles, which help people trust automated systems and their implementing organizations (Doshi-Velez & Kim, 2017). The Indian government frightens citizens because it runs facial recognition technology without following legal processes and without getting permission from people (Jain, 2021). The current situation shows how missing regulations create social reactions, which produce fear and resistance and mistrust among people. The situation becomes worse because people and companies tend to blame automated systems for dangerous results instead of taking responsibility for their own choices. The psychological distancing process which Bandura (1999) studied becomes most evident in bureaucratic systems and technological environments where people lose their sense of ethical and legal responsibility. AI regulation needs human-centered design principles because these methods create moral responsibility systems which stop people from blaming technology for their actions.

2.3 Dharma and Indian Knowledge Systems as a Jurisprudential Governance Logic

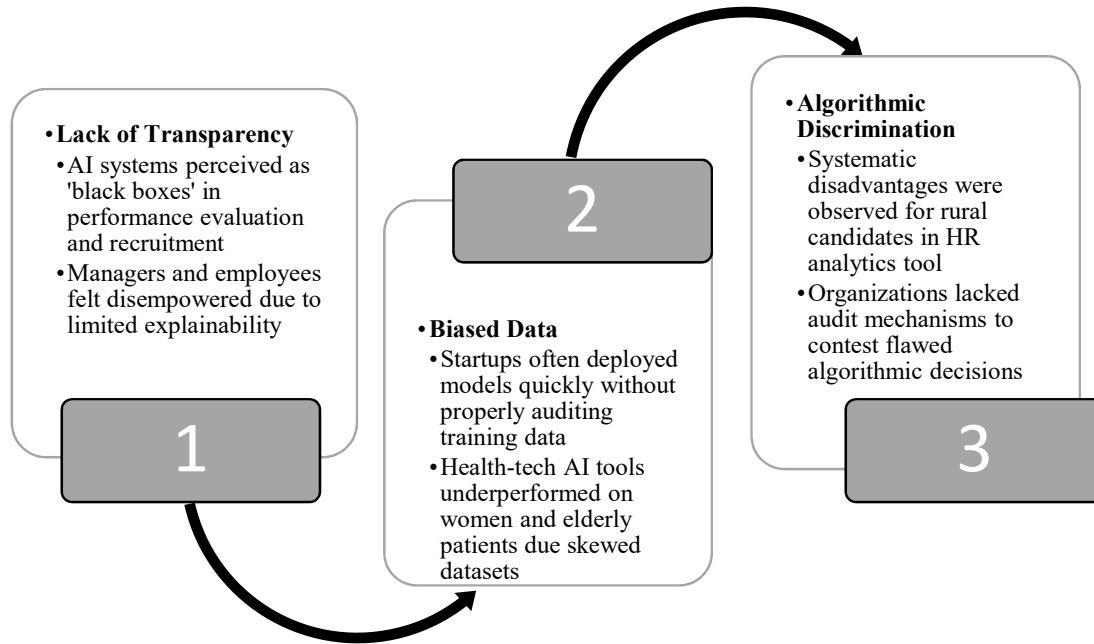
The Indian Knowledge Systems (IKS), together with Dharma principles, create a normative legal system which serves to develop new AI governance approaches that move past current compliance-focused frameworks. The research studies Dharma through its legal system of duty-based management, which focuses on responsible actions and makes decisions based on specific situations and serves the needs of society (Raju, 2006). The Western ethical systems which base their approach on individual rights and utility maximisation

and procedural safeguards do not match Dharma because it views ethical behavior through the lens of duty-based obligations which stem from social roles and personal power and community influence. The governance system of Dharma transforms AI deployment governance into institutional management, which requires organizations to predict potential damage and demonstrate their decision-making authority and perform actions that defend their social standing. The core principles of Dharmic ethics, which include Ahimsa (non-harm), Satya (truthfulness), Seva (responsibility), and Lokasangraha (collective welfare), directly correspond to modern governance issues that include algorithmic discrimination, transparency, accountability, and public interest regulation (Dash & Iyengar, 2025). The document presents Dharma as a public-interest legal system which establishes rules for corporate management and official requirements and determines legal responsibility while maintaining the current legal system. The study establishes Dharma as a governance system that functions independently of its cultural heritage to support AI regulatory systems in pluralistic emerging economies through its ability to build trust, institutional strength, and legitimacy (Jobin, Ienca, & Vayena, 2019).

2.4 Ethical and Regulatory Challenges in Practice

Organizations now use AI technology to create better personalisation while achieving higher operational efficiency and improved scalability in their business operations. The fast expansion of digital economies in India has revealed a gap between operational needs and the current pace of ethical and regulatory oversight. Organizations tend to view ethical problems as general concepts which exist independently from their specific governance challenges that depend on leadership decisions and organizational capabilities and social values. The deployment of AI technology faces multiple ethical and regulatory hurdles, which affect various industries at different times. The three main categories, which combine a lack of transparency, biased data, and algorithmic discrimination, represent the main challenges shown in Figure 1 (Ethical Issues in AI Deployment). The problems expose fundamental organizational and psychological deficiencies which affect AI system comprehension and management and user confidence in these systems. The lack of transparency becomes evident when AI systems function as mysterious black boxes which staff members and managers encounter during their work with performance evaluation and recruitment processes. Senior leadership often relies heavily on technical vendors, creating accountability gaps (Burrell, 2016; Doshi-Velez & Kim, 2017). Startups experience biased data because they introduce AI systems without proper checks on their training data, which results in poor health-tech application results for female and senior patients, and they choose rapid system expansion at the expense of cultural understanding (O'Neil, 2016). The study by Mittelstadt and his team (2016) presents examples of algorithmic discrimination, which produces two main problems for rural candidates through HR analytics because these systems lack sufficient audit mechanisms to detect their errors. The current lack of trust between people requires immediate solutions, which include value-sensitive design systems and decision-makers who understand ethics and governance structures based on Dharma principles to protect AI from regulatory gaps. The ongoing ethical and governance challenges need to be consolidated, as Table 1 presents a basic regulatory risk taxonomy that illustrates how ethical failures in AI deployment lead to legal and governance risks, ultimately affecting both institutional trust and the fairness and accountability systems.

Figure 1: Ethical Issues in AI Deployment



Source: Authors

Table 1: Core Regulatory Risk Taxonomy for AI Deployment

Risk Category	What the Risk Involves	Why It Matters for Regulation
Transparency Risk	AI decisions are difficult to explain or contest.	Undermines due process, procedural fairness, and auditability
Bias Risk	Training data reflects historical or social inequalities.	Leads to discriminatory outcomes and legal exposure
Accountability Risk	Responsibility for AI decisions is unclear or diffused.	Weakens liability attribution and governance oversight
Discrimination Risk	Automated systems systematically disadvantage groups.	Violates equality and non-discrimination norms
Trust Risk	Stakeholders lose confidence in AI-driven decisions.	Triggers reputational damage and regulatory backlash

Source: Authors

2.5 Stakeholder Impact and Organizational Responses

Multiple groups, including staff members and clients and government agencies, face major effects from AI system governance decisions. People base their acceptance of AI decisions on their perception of fairness and the level of inclusivity and transparency which these systems demonstrate. When these values are absent, trust erodes and resistance intensifies. The elimination of human decision-making from vital choices creates a workplace environment which makes staff members feel less human, according to Bandura's (1999) moral disengagement theory. The system allows users to pick their preferences through AI-based personalisation, but this method still maintains existing social prejudices. An Indian educational technology company demonstrated through its algorithm-based course suggestion system that it directed women students toward arts and humanities programs while blocking their access to STEM subjects, which reinforced conventional female career opportunities (O'Neil, 2016). The system produces these results because designers failed to recognize their own unconscious prejudices during its creation and because they did not include various viewpoints throughout the development process. Organizations choose different methods to deal with the problems which they face. Some firms have initiated algorithm audits and fairness reviews, while others outsource their responsibilities to third-party vendors. Infosys and Wipro have started

to place ethics officers within their AI teams while they provide internal training programs which help employees develop better ethical awareness (Dash & Iyengar, 2025). The business world has not yet adopted these practices as standard operating procedures. The literature shows that stakeholder impact functions as a core factor which shapes AI governance systems, so organizations must actively involve stakeholders while keeping open communication and established internal monitoring systems.

2.6 Gaps in the Integration of Ethics, Law, and AI Governance

The formal guidelines which organizations maintain face major obstacles when they try to implement them into their existing governance frameworks. Organizations tend to implement AI ethics frameworks at a basic level, but they fail to make these frameworks influence their leadership conduct and their organizational environment and their relationships with stakeholders (Floridi et al., 2018). Organizations continue their destructive activities through unethical practices which they mask as ethical behavior because they use deceptive tactics to hide their actions. The deployment of artificial intelligence systems by Uber and Amazon demonstrates how these companies use technological systems to bypass regulatory rules while operating in ways that harm their workforce, even though they maintain operational efficiency (Wakabayashi, 2017). Research shows that AI ethics and behavioural sciences operate as independent fields that lack any meaningful connection when studying moral disengagement, psychological safety, and empathic technology adoption (Bandura, 1999; Mittelstadt et al., 2016). The difference between their approaches becomes most obvious when we study their actions in different cultural settings. WhatsApp users needed to provide permission for data sharing after the company released its worldwide privacy policy update during 2021 because they could not use the service anymore. The policy follows U.S.-based corporate ethics, which focus on informed consent and market choice, but India experienced major opposition because people worried about their data protection and foreign technology companies' control and their faith in international firms (Mozur & Satariano, 2021; Kumar, 2021). The public response revealed multiple governance problems, which included poor cultural understanding and users who lacked legal knowledge, and WhatsApp showed a major power imbalance because people need it for vital communication rather than for leisure use. The Indian government, along with civil society organisations, fought against the policy because they believed it violated privacy rights and failed to respect how people used digital technology in their local communities. The case shows that global ethical standards fail when they do not consider the specific cultural aspects which exist in different societies. The need for multidisciplinary governance frameworks that base their approaches on culture becomes evident through the Dharma-Based Ethical AI Framework because it unites legal, psychological, and philosophical elements to direct responsible innovation.

3. Methodology

The study applies a conceptual and normative research methodology to investigate new regulatory difficulties which lack complete doctrinal understanding and empirical agreement and established legal norms. This conceptual–normative design aligns with established approaches to qualitative and mixed-method inquiry (Creswell, 2014). The study creates its own theoretical framework through interpretive analysis, which it compares to other systems for developing an AI regulatory jurisprudential structure. The research method works well to study abstract governance issues because it produces normative models which serve as lawmaking tools and policy design resources and upcoming empirical research foundations (Jabareen, 2009). The research method uses thematic conceptualisation to extract information from various knowledge domains, which the researchers apply to their analyses. The research draws from four main sources, which consist of current AI ethics and governance literature and regulatory and policy systems and organizational behavior studies and Indian Knowledge Systems (IKS). The research establishes a unified analytical system through the combination of different research elements, which allows it to study how AI ethical problems create legal and governance threats. The synthesis-based approach allows researchers to find missing elements in current AI governance systems because these systems do not properly understand cultural aspects, and they fail to connect with how people behave and how institutions operate for accountability purposes.

The development of the Dharma-based regulatory framework is informed by a triangulated knowledge base. The research begins by studying worldwide AI governance publications, which include international ethical rules and regulatory systems to identify common methods for AI control. Research findings from socio-psychological studies about trust and moral disengagement and stakeholder perception demonstrate that formal rules fail to accomplish responsible AI deployment because of practical implementation challenges (Bandura, 1999; Mittelstadt et al., 2016). The research employs Indian Knowledge Systems through Dharma philosophy, which functions as a normative base to enhance modern legal and regulatory discussions. The system uses three methods to create a framework that treats both official rules and public wellness, as well as institutional trust recognition, as important factors to consider.

The research applies a philosophical–analytical approach together with hermeneutic analysis to study core Dharmic values, which include *Ahimsa*, *Satya*, *Lokasangraha*, and *Shraddha*, for developing governance-based interpretations. Hermeneutic reasoning proves valuable when reinterpreting classic philosophical concepts for present-day legal and organizational frameworks because it enables understanding through interpretive methods which go beyond basic word-for-word translations (Gioia, Corley, & Hamilton, 2013). The process converts abstract ethical principles into specific regulatory requirements, including duties for harm prevention, transparency requirements, a focus on public interest, and institutional accountability based on trust. The research uses comparative theory integration to establish a connection between its proposed framework and worldwide academic discussions. The study evaluates Dharma-based methods through comparison with Western AI ethics and governance systems which include IEEE standards and European Union High-Level Expert Group on AI recommendations. The study finds that organizations across the board maintain similar concerns about fairness and transparency and accountability, but they differ in their focus between relational responsibility and collective welfare, according to Floridi et al. The comparison between these two systems shows that Dharma-based governance systems function as supplementary systems which support existing regulatory structures instead of replacing them.

The framework developed its final version through analytical generalisation, which used selected secondary cases from documented AI deployment experiences in Indian organizational contexts. The research uses these cases for contextual understanding instead of treating them as empirical proof to show how the proposed regulatory principles work in practice (Yin, 2014). The method enables the research team to keep their conceptual framework at a high level of precision while dealing with actual governance problems, which affect the real world. The research method unites critical literature reviews with jurisprudential interpretations and governance analyses across different systems to build an AI regulatory system that draws power from cultural values. The research presents normative frameworks together with conceptual frameworks which organizations and governments and regulatory bodies can use to develop their AI governance systems even though the study does not establish research findings which apply broadly. The framework functions as a base for upcoming empirical research while it simultaneously offers an instant solution to current discussions about proper AI governance systems which should be both legal and socially acceptable. The thematic structuring of governance dimensions follows established qualitative synthesis techniques (Braun & Clarke, 2006).

4. The Proposed Dharma-based Ethical AI Framework

The research develops a Dharma-based AI Regulatory Governance Model to address ongoing regulatory gaps and accountability issues which organizations face when using artificial intelligence systems. The system operates differently from Western AI governance models because it establishes AI governance through a duty-based system that links relationships with specific environments. The model uses Indian Knowledge Systems (IKS) to establish Dharma as a governance system which goes beyond its ethical value to direct proper AI deployment in social settings. The proposed model unites cultural values with modern regulatory needs through its foundation, which rests on five essential Dharmic principles, including Dharma (righteous duty), Ahimsa (non-harm), Satya (truthfulness), Seva (responsible service), and Lokasangraha (collective welfare). The three principles together establish a legal basis for AI governance that emphasises mandatory rules instead of discretionary power, requires transparency and accountability, and serves the needs of society instead of maximising efficiency (Dash & Iyengar, 2025). The Dharma-based model functions as a supportive framework which merges with existing legal systems to establish ethical duties through

organizational structures and decision-making systems and monitoring systems. The governance system, which Figure 2 presents, organises four connected regulatory elements that function together to achieve one common public-interest goal. The three operational governance systems which these dimensions support enable ethical value implementation for AI regulations and corporate monitoring and institutional assessment.

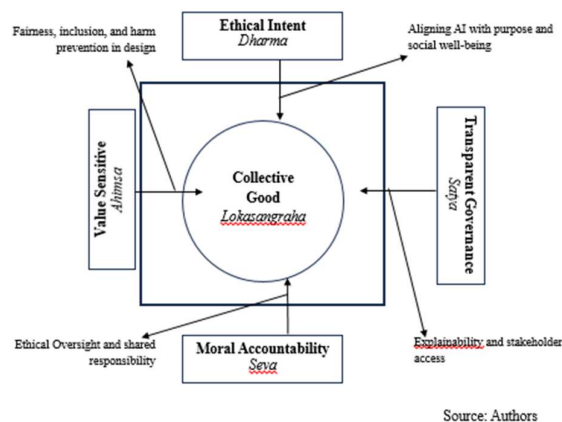
The *first dimension* derives from 'Dharma', which regulatory authorities use to define AI deployment objectives. Organizations need to link their AI projects with social benefits and legal requirements instead of using AI technology for business growth or operational improvement. The regulatory framework of Dharma protects AI systems through its test, which verifies these systems perform their intended organizational duties while adhering to social rules and fulfilling public service requirements.

The *second dimension* derives from Ahimsa. Harm-preventive design translates the principle of non-harm into concrete regulatory duties. Organizations must actively find and evaluate potential risks which result from discriminatory data and algorithms that exclude people and create uneven effects on particular population segments. Ahimsa functions as a governance system which stops problems before they happen because it protects the rules about fair treatment and discrimination prevention and risk management during AI system development and deployment.

The *third dimension* derives from Satya. Transparent and contestable governance foregrounds transparency as a regulatory requirement rather than a voluntary ethical choice. The Satya framework requires that AI-based decisions have both an explanation system and an audit system, which stakeholders who receive them can access for examination. The governance system supports procedural fairness through this dimension, which grants people the ability to access automated decisions, while they can also challenge these decisions.

The system establishes institutional accountability through its ability to get rid of hidden vendor systems and technical intermediaries. Organizations need to establish defined responsibility systems for their operations based on the Seva dimension, which promotes moral and institutional accountability. Seva transforms accountability into a continuous obligation which organizations need to serve their stakeholders through the creation of oversight bodies and ethical review systems and human-in-the-loop governance systems. The regulatory system faces challenges because it fails to hold anyone accountable when AI systems produce results which third-party vendors or technology platforms accept responsibility for. The four regulatory dimensions reach their final point at Lokasangraha, which serves as the governance model's normative result. Lokasangraha represents the principle that AI systems should ultimately advance social well-being, institutional trust, and long-term public value. The regulatory framework ties AI management to public-interest jurisprudence, which protects society from negative technological impacts by controlling innovation progress.

Figure 2: Dharma-Based AI Regulatory Governance Model (conceptual)



The Dharma-based governance model provides an operational system for AI regulation, which prevents governance systems from becoming simple or bureaucratic compliance checklists. Organizations must perform bias audits and impact assessments before they can deploy AI systems under the Ahimsa principle. The Satya principle requires organizations to develop systems which reveal and explain their

algorithmic decision-making processes. The first organizations which started using ethical foresight for AI governance development were Infosys and TCS. The authors present these practices as additions to worldwide regulatory systems which enhance both legitimacy and accountability through cultural validation (Dash & Iyengar, 2025). The Dharma-based AI Regulatory Governance Model showcases the transformation of indigenous philosophical principles into operational systems that oversee regulatory frameworks. The model establishes an AI regulation system which protects human dignity through duty enforcement and harm prevention and transparency and accountability and collective welfare protection and cultural diversity acceptance and institutional trust reinforcement. The system creates AI governance that meets all legal requirements, delivers peak operational performance, receives public approval, and adheres to established social norms.

Table 2: Dharma-Based AI Legal Governance Model

Dharmic Principle	Pillar 1 (Corporate Governance Duties)	Pillar 2 (Regulatory / State Oversight Roles)
<i>Dharma</i> (Duty & Purpose)	Define the legitimate purpose of AI use; align AI deployment with lawful business objectives and social responsibility.	Assess public interest alignment; prevent misuse of AI contrary to societal welfare.
<i>Ahimsa</i> (Non-Harm)	Conduct bias audits, risk assessments, and impact evaluations before deployment.	Mandate harm assessments; enforce non-discrimination and consumer protection laws.
<i>Satya</i> (Truth & Transparency)	Ensure the explanation, disclosure, and internal documentation of AI decisions.	Impose transparency standards; require auditability and explanation compliance.
<i>Seva</i> (Accountability & Stewardship)	Establish AI ethics committees, human-in-the-loop systems, and internal accountability structures.	Clarify liability attribution; enforce fiduciary and governance obligations.
<i>Lokasangraha</i> (Collective Welfare)	Evaluate long-term social impact beyond profitability.	Protect public interest; ensure equitable and inclusive technological outcomes.

Source: Authors

While Figure 2 outlines the normative architecture of the Dharma-based AI governance model, effective regulation requires a clear and enforceable allocation of responsibilities between private organizations and public authorities. Organisations, together with technology vendors and regulatory bodies, maintain responsibility for AI-related damage because ethical principles are too theoretical to create institutional accountability. The process of diffusion creates problems which reduce the power of enforcement and damage the public perception of regulatory institutions. The current research solves this missing element by creating a dual-actor legal governance framework which uses Dharma to separate corporate governance responsibilities from regulatory monitoring duties. Table 2 shows how the core Dharmic principles of Dharma and Ahimsa and Satya and Seva and Lokasangraha connect to specific duties which organizations need to follow when they use AI systems and the responsibilities that regulators and state institutions must handle. The model applies role-based duties to governance which establishes Dharma as a legal system that directs both accountability and compliance and enforcement throughout the AI operational process. The document establishes its own directives which operate independently from existing laws and policies by defining responsibility boundaries, creating public interest-based private decision rules, and enhancing legal structures for AI governance.

5. Normative Regulatory Claims and Policy Implications

The research based its analysis on legal theory, which resulted in the development of regulatory standards instead of scientific hypotheses. The Dharma-based governance system provides a framework which helps organizations create their regulatory systems and identify which areas must receive enforcement attention and determine how to hold institutions responsible for their actions in artificial intelligence management.

Regulatory Claim 1: *AI governance systems which follow Dharma-based duty principles achieve better regulatory compliance while organizations maintain their relationships with all stakeholders.* Organizations will build lasting trust with institutions and regulatory bodies when they adopt duty-based principles which include Ahimsa (non-harm), Satya (truthfulness), Lokasangraha (collective welfare), and Shraddha (trust). The Dharma-based duties system makes organizations responsible for managing AI systems through continuous duty, which serves public needs instead of just avoiding potential problems. Organizations that perform these duties through their internal systems of control show they understand their duty to maintain transparency while treating everyone equally and staying accountable, which builds trust among their stakeholders (Bandura, 1999; Mittelstadt et al., 2016). Regulatory authorities need to move past their current checklist approach because they should support duty-based governance systems which require organizations to build internal accountability systems, establish ethical oversight bodies and conduct public-interest assessments for their most dangerous AI systems.

Regulatory Claim 2: *The governance system requires Satya and Ahimsa as core principles to decrease algorithmic damage and enforcement failures that emerge from system complexity.* The AI governance system fails because its decision-making process remains hidden while it lacks sufficient protective measures to stop harmful outcomes. Organizations must perform Ahimsa as a preventive regulatory duty which involves detecting and eliminating any discriminatory or harmful results that occur during the entire AI development process (O’Neil, 2016). Satya supports this duty through the establishment of procedural safeguards that enable due process by making systems transparent, providing audit capabilities, and explaining operations (Burrell, 2016; Doshi-Velez & Kim, 2017). These principles work together to solve two main sources of regulatory risk which stem from algorithmic harm and accountability gaps. Regulators need to establish mandatory requirements which will make organizations perform bias audits and impact assessments and follow explainability standards for their AI systems that operate in employment and finance and healthcare and public services. Organizations must follow transparency and harm prevention rules, which should become official requirements instead of optional best practices.

Regulatory Claim 3: *Dharma-based governance offers a context-sensitive regulatory alternative to universalist AI ethics frameworks.* The Western AI ethics frameworks that dominate modern society focus on individual rights, procedural compliance, and technical risk classification; however, they fail to adequately incorporate an understanding of cultural context, relational accountability, and the needs of collective welfare. The Dharma-based governance system which Lokasangraha and Shraddha support directs regulatory work toward gaining public support and building trust in institutions. The model creates a strong regulatory system because it focuses on collective impact and relational responsibility, which suits pluralistic and emerging economies that struggle with power imbalances and varying legal knowledge (Floridi et al., 2018). Regulators need to develop rules which will support international standards through systems that recognize cultural values to create flexible governance systems which protect essential rights yet adapt to social needs that exist locally.

Table 3: Operational Regulatory Implications of the Three Normative Regulatory Claims

Parent Normative Regulatory Claim	Operational Governance Dimension	Core Governance Issue Addressed	Regulatory Implication	Recommended Policy Action for Regulators
Claim 1: Duty-based AI governance	Internal accountability (Dharma)	Erosion of public trust and weak institutional	Ethics framed as voluntary	Require organizations deploying high-risk AI to establish internal

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enhances regulatory legitimacy and trust.		legitimacy in AI deployment	compliance lacks durability.	accountability mechanisms, including ethics committees, human-in-the-loop oversight, and public-interest statements.
Claim 2: Harm-prevention duties reduce algorithmic harm and enforcement failures.	Harm prevention (Ahimsa)	Bias, exclusion, and structural inequality embedded in AI systems	Reactive enforcement fails to prevent systemic harm.	Mandate ex ante harm assessments, bias audits, and periodic impact reviews for AI systems affecting employment, finance, healthcare, or public services.
Claim 2: Harm-prevention duties reduce algorithmic harm and enforcement failures.	Transparency and contestability (Satya)	“Black box” AI undermines explainability and due process.	Lack of transparency weakens enforcement and accountability.	Impose explanation, documentation, and auditability requirements; ensure affected individuals have enforceable rights to explanation and review.
Claim 3: Context-sensitive governance strengthens regulatory effectiveness.	Accountability and stewardship (Seva)	Responsibility shifted to vendors or automated systems.	Accountability gaps impede liability attribution.	Clarify human responsibility for AI decisions; prohibit delegation of legal accountability to automated systems or third-party vendors.
Claim 3: Context-sensitive governance strengthens regulatory effectiveness.	Public-interest orientation (Lokasangraha)	Overemphasis on efficiency and profitability	Narrow compliance overlooks societal impact.	Integrate public-interest and social-impact criteria into AI regulatory approvals and sector-specific guidelines.
Claim 3: Context-sensitive governance strengthens regulatory effectiveness.	Cultural legitimacy	Universal frameworks fail in diverse socio-legal contexts.	One-size-fits-all regulation lacks legitimacy.	Allow adaptive, context-sensitive regulatory principles aligned with local social realities while maintaining baseline protections.

Source: Authors

The three regulatory claims serve as Dharma's foundation to create a jurisprudential system which directs AI governance through its ability to boost enforcement operations and protect public trust in institutions while protecting public welfare through private technological progress. The framework enables organizations to move beyond ethical compliance because it supports businesses to take charge of regulatory supervision through systems which protect AI operations by building responsibility and enforcing transparency and preventing damage. We presented the three claims earlier, which serve as the basic framework for developing an AI governance system based on Dharma principles. The claims need to have operational governance dimensions, which will show how institutions and enforcement systems can apply their normative duties through actual implementation. Table 3 serves as a bridge between these two systems because it breaks down each claim into its particular governance elements, which match with specific policy

actions. The table presents no new claims because it shows how each normative proposition links to particular regulatory duties, which agencies should follow during all stages of AI system development and operation and supervision. The table establishes a clear framework for regulatory design that supports uniform enforcement by separating duty formation from harm prevention, transparency, accountability, and public-interest orientation. The discussion which follows will analyse how this Dharma-based governance system can help current AI regulatory frameworks through its methods for assigning liability, its system for enforcing rules, and its structure for monitoring organizations.

6. Discussion

6.1 Comparative Regulatory Perspective: Dharma-Based Governance and Western AI Ethics Frameworks

Dharma-based governance systems operate under different principles than Western AI ethics frameworks, yet both systems work toward achieving similar regulatory goals. The Western frameworks, which include IEEE Ethically Aligned Design and the European Commission High-Level Expert Group on AI, base their operations on rights-based approaches and risk-management systems. The frameworks focus on individual autonomy, data protection, procedural fairness, and compliance-based security measures that aim to reduce potential risks (Floridi et al., 2018; Jobin, Ienca, & Vayena, 2019). Their power emerges from their ability to show operational procedures which the system can verify and enforce through established legal frameworks. The Dharma-based governance system uses its own regulatory approach, which works together with existing systems. The system of Indian Knowledge Systems presents ethics as a natural obligation which directs how institutions should operate instead of being a rule-based external control. The principles of Ahimsa (non-harm), Satya (truthfulness), Lokasangraha (collective welfare), and Shraddha (trust) establish AI governance as a responsible system that operates through contextual relationships rather than being driven by punishment anxiety. The regulatory system now demands organisations shift from defensive compliance work toward proactive management because they must stop damage from occurring while they need to show their work and protect public interests at all times. The Western frameworks which focus on algorithmic transparency and bias detection and risk categorisation might not work effectively in socio-legal systems that contain deep-rooted social inequalities and multiple cultural groups and weak public confidence in institutions. Organizations that stick to their procedures don't always earn public trust because they need to show their work through transparent operations so people can watch their activities. The Dharma-based model solves this problem by establishing three core regulatory elements, which include self-assessment, shared duty, and ethical responsibility. The analysis shows that AI regulation in pluralistic societies like India benefits from a governance system which mixes procedural safeguards with duty-based principles that stem from cultural values to achieve better regulatory performance and public acceptance.

6.2 Contextual Universality: Dharma as a Global Regulatory Anchor

The worldwide AI governance system needs to overcome its major challenge, which involves uniting particular cultural values with ethical and legal standards that apply universally. The operation of AI systems between different jurisdictions requires regulatory frameworks that need local approval while maintaining international coordination. The Dharma-based governance model shows how to find equilibrium between these elements through its regulatory system, which stems from values that exist in cultural traditions while maintaining their global applicability. The Dharma-based principles which stem from Indian intellectual traditions contain ethical values which various cultures throughout time have shared. Multiple normative traditions, which include Confucian ethics in East Asia, Ubuntu philosophy in Africa, and virtue ethics in Western thought, share common values of non-harm, truthfulness, trust, and collective welfare concern (Jobin et al., 2019). The convergence shows that Dharma functions as a context-based expression of human values which people across different cultures understand rather than being a doctrine restricted to Indian culture. The Dharma-based model operates through its regulatory system, which offers adaptable rules. The system lets governance frameworks apply their own rules based on their cultural, economic and institutional contexts instead of creating one-size-fits-all rules which fail to understand social dynamics. The method enables different ethical systems to operate under a single regulatory framework, which lets different areas

create their own AI rules that match their social background while protecting basic rights. The regulatory system of Dharma functions as a model which unites public interest with cultural legitimacy and institutional trust to create AI oversight. The development of worldwide AI regulatory discussions has led to the emergence of frameworks that offer solutions that bridge the gap between a complete worldwide agreement and complete national autonomy. The system which operates between local and global levels and technical and moral aspects enables Dharma-based governance to build AI regulatory systems which function through efficient enforcement mechanisms and social understanding and human-focused protection.

6.3 Liability and Enforcement Implications of Duty-Based AI Governance

The regulatory claims presented in Section 5 create direct effects on how liability should be distributed and the design of enforcement mechanisms which govern AI systems. The growing use of algorithmic systems for business choices has broken down responsibility for AI-induced damage between multiple organisations, which include firms and vendors and developers and automated systems. The spread of information creates problems which prevent authorities from performing their duties, and it damages the trust people have in their regulatory bodies. The Dharma-based governance system solves this issue because it requires institutions to maintain their essential responsibilities without any need for delegation. Organizations which use AI systems must maintain responsibility for all results that occur under their control regardless of whether these systems were built internally or obtained from outside sources. The principle follows new regulatory patterns which demand people to stay responsible while maintaining effective monitoring systems (Floridi et al., 2018). The distribution of duties becomes more explicit, which helps businesses operating under innovation and entrepreneurship principles to decrease their regulatory challenges when they start new ventures and grow their businesses. The first stage of innovation encounters operational risks because companies cannot define their responsibilities, which makes it difficult to manage their regulatory compliance. The duty-based framework enables companies to establish their expectations before anything happens, which helps them create governance systems that predict regulatory inspections and decrease the number of enforcement penalties they must face. Ethical governance operates as an organizational system which reduces risks to help businesses maintain their market operations sustainably.

6.4 Comparative Perspective: U.S. Sectoral Liability, the Algorithmic Accountability Act, and Innovation

The European Union maintains a complete system of pre-approval regulations for artificial intelligence, but the United States employs sector-based liability rules together with post-approval monitoring, which includes new proposals like the Algorithmic Accountability Act (AAA). The system allows users to function with adaptability, but it establishes separate monitoring systems which activate only when specific issues need attention in situations where algorithms produce ongoing or multiple problems. The AAA's proposed impact-assessment requirements demonstrate an emerging trend toward predictive responsibility, which aligns with the Dharmic values of Ahimsa and Satya. The United States' discussions about this matter focus mainly on business compliance issues, while they ignore how this affects public trust in institutions and the general well-being of society. The current system of divided liability creates obstacles for entrepreneurs because it creates unpredictable legal situations which affect businesses that operate under multiple regulatory frameworks. The governance system based on Dharma principles works with AAA-style systems because it incorporates public interest duty and trust stewardship into its design to support regulatory authority and innovation growth without removing current religious principles. The comparison in Table 4 shows that the EU AI Act focuses on making rules enforceable, while the AAA uses impact assessments to improve transparency, but the Dharma-based model adds a new legal structure which incorporates duty and collective welfare and trust into AI management systems.

Table 4: Comparative Overview of AI Governance Approaches

Dimension	EU AI Act	U.S. Algorithmic Accountability Act (AAA)	Dharma-Based Governance Model
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Regulatory Orientation	Comprehensive, ex ante, risk-based regulation	Sectoral, hybrid shift toward ex ante impact assessment	Normative, duty-orientated, context-sensitive governance
Primary Governance Logic	Compliance with harmonised technical and procedural standards	Transparency and risk assessment within existing sectoral laws	Institutional duty, harm prevention, and public interest
Scope of Application	Broad, cross-sectoral (with a focus on “high-risk” AI systems)	High-risk automated decision systems, primarily consumer- and employment-facing	All AI systems with material social or institutional impact
Accountability Structure	Clear obligations on providers and deployers; strong regulatory oversight	Organizational self-assessment with regulatory backstop	Human and institutional responsibility embedded throughout the AI lifecycle
Treatment of Harm	Preventive via risk classification, conformity assessments, and safeguards	Addressed through impact assessments and post-hoc enforcement	Preventive and relational, grounded in <i>Ahimsa</i> (non-harm)
Transparency & Explainability	Mandatory documentation, auditability, and disclosure	Impact assessments and disclosures to regulators	Satya-based obligation of explainability and contestability
Public Interest Orientation	Implicit, mediated through risk and safety objectives	Limited, firm-centric and compliance-driven	Explicit, grounded in <i>Lokasangraha</i> (collective welfare)
Cultural & Contextual Sensitivity	Limited; standardised across Member States	Limited; dependent on sectoral enforcement	High; adaptive to social, cultural, and institutional contexts
Strengths	Legal certainty, enforceability, systemic risk control	Flexibility, compatibility with existing U.S. doctrines	Legitimacy, trust-building, anticipatory governance
Key Limitations	Regulatory rigidity; compliance burden	Fragmentation; reactive enforcement	Normative by design; requires integration with formal law

Source: Authors

7. Implications

7.1 Implications for Theory: Advancing a Relational and Jurisprudential Paradigm for AI Ethics

The research establishes an ethical framework for AI through its duty-based relational system, which draws from Indian Knowledge Systems to expand Western academic understanding of responsible AI practices. The current body of AI ethics research bases its studies on three main approaches, which include rights-based systems and procedural methods and utilitarian perspectives that focus on protecting personal freedom and reducing threats and following established safety protocols (Floridi et al., 2018; Jobin, Ienca, & Vayena, 2019). The methods offer essential analytical understanding, yet they fail to develop proper theories about how relational responsibility and collective welfare and trust function as core components of ethical governance systems. The research implements Dharma principles together with Ahimsa, Satya, Lokasangraha, and Shraddha to establish AI ethics as a dual system, which functions as both a legal structure and an organisational system instead of depending on technological limits or current legal frameworks. The framework establishes a path for moral exploration which surpasses legal requirements by demonstrating duties people must follow and their connections to society and the authoritative power of

organizations. The system meets current research demands, which ask for AI governance frameworks that respect cultural differences and multiple contextual needs through the demonstration of indigenous ethical systems that support universal normative values. The Dharma-based model provides a theoretical framework which adds relational and duty-based elements to modern discussions about ethical AI and trustworthy systems.

7.2 Implications for Practice: Ethical AI Governance as an Innovation Enabler

The Dharma-based framework provides businesses with operational instructions which they can use to develop governance systems for their AI-based innovation initiatives. Startups, together with businesses that seek expansion, need these systems because their operations occur under strict regulatory frameworks. The framework identifies ethical governance as a strategic asset which organizations should treat as more than an external compliance expense because it reduces legal risks and builds stakeholder trust and supports market acceptance. Organizations can forecast upcoming regulatory requirements through their established accountability systems, their defined explainability requirements and their protective measures against damage, which will help them stay away from expensive regulatory actions. The system provides business owners with definite operational procedures which help them understand legal requirements and prove their business value to investors and develop their enterprises properly in regions where institutional trust determines market acceptance. Organizations can achieve public interest approval for their innovation through AI governance because they follow the principles of Ahimsa and Satya and Lokasangraha and Shraddha while maintaining their market competitiveness. Organizations can apply the Ethical Impact Checklist from Table 5 as a useful resource to assess their AI systems during development stages and deployment operations and audit assessments. The checklist provides an organised method to assess ethical threats and shows how to manage responsibilities and assess effects on stakeholders, which helps turn core values into standardised governance systems. The system of duty-based AI governance serves as an enabling framework which supports sustainable innovation while protecting businesses from legal risks.

Table 5: Ethical Impact Checklist

Ethical Dimension	Guiding Question
Ahimsa (non-harm)	Does the system avoid causing harm or reinforcing social inequalities?
Satya (truthfulness)	Is the AI's functioning transparent, explainable, and accessible to stakeholders?
Lokasangraha (welfare of all)	Does the AI contribute to inclusive development and societal good?
Shraddha (trust)	Have mechanisms been implemented to build and maintain trust among users and employees?
Accountability	Who is responsible if the AI system fails ethically?
Bias Monitoring	Has the training data been audited for social and cognitive biases?
Feedback Loop	Is there a way for affected users to appeal or question AI decisions?

Adapted from (Dash & Iyengar, 2025; Floridi et al., 2018)

7.3 Implications for Policy and Regulation: Toward Culturally Responsive AI Governance

The policy sector requires AI governance systems, which need to achieve two essential goals: establish strong technical foundations and gain support from social and cultural communities. The Indian government, through its Responsible AI for All framework, has established national programs which work to create ethical AI systems that include all citizens, yet organizations encounter difficulties when they try to implement their broad principles into specific rules which adapt to different situations (NITI Aayog, 2021). The Dharma-based approach works with these strategies to develop policies which base their design on ethical principles that reflect how people experience social values in their daily lives and how institutions operate. Public-sector AI deployment through Dharma-based principles will create better accountability systems which protect law

enforcement operations and digital health services and welfare administration and educational systems from discriminatory practices. The framework promotes multiple stakeholders to participate because it focuses on community well-being and shared duty, which includes rural population members and non-governmental organizations and business owners from small enterprises. The system operates from the bottom to the top, which creates better public trust through democratic authority while it fights against systems which use expert knowledge or legal systems for their operations. The Dharma-based system provides policymakers who lead developing and pluralistic nations with tools to build AI governance systems which maintain local cultural elements yet operate on a worldwide scale. The system enables adaptive governance, which links innovation with public interest protection, ethical responsibility maintenance, and social cohesion preservation instead of using imported generic regulatory frameworks. The framework supports worldwide efforts to link technological progress with fair systems which defend human rights and maintain trust between people and institutions during artificial intelligence development.

8. Limitations and Future Research

8.1 Conceptual Scope and the Need for Empirical Validation

The research develops a Dharma-based ethical governance system that offers solutions for ethical issues, regulatory problems, and institutional barriers affecting the implementation of AI systems. The framework bases its development on multiple academic sources, which it supports through interpretive methods and organizational case studies, but it does not include any new quantitative data or extensive empirical research. The research results provide theoretical insights instead of producing data, which predicts real-world occurrences. The proposed framework requires evaluation through actual research, which needs to study its performance in both organizational settings and regulatory environments. The study of real-world AI decision systems needs a mixed-method approach that combines surveys with interviews, governance audits, and long-term case studies to analyse how Ahimsa (non-harm), Satya (truthfulness), Lokasangraha (collective welfare), and Shraddha (trust) principles affect AI decisions, stakeholder trust, and harm reduction. The research would benefit from studies which track ethical governance systems from their start to their end to determine how well duty-based AI governance systems perform and how long they last.

8.2 Cultural Translation and Contextual Adaptation Challenges

The cultural features of Dharma create a major obstacle which prevents its ethical and jurisprudential framework from being applied in different settings. The core of Dharma exists within Indian Knowledge Systems together with organisational operations, yet its application in foreign educational institutions, which emphasise individualism, creates difficulties for understanding its true meaning. The core values of Dharma, which include relational responsibility, moral duty, and collective well-being, operate differently when interpreted through the lenses of market-based systems and rights-based governance systems according to Sharma (2021). The core principles which form the framework, including non-harm, transparency and trust, have universal acceptance across different cultures, according to Jobin, Ienca and Vayena (2019), yet institutions show these principles in their own unique ways. Shraddha, which means trust based on moral duty, does not fit well with corporate environments that depend on contracts instead of building trust through personal relationships. The framework needs to find its way to new applications outside India through methods which focus on adjusting to local contexts while working with national ethical systems and institutional rules and organizational structures. The current study demonstrates that additional research is needed to explore the relationship between comparative ethics, legal pluralism, and cross-cultural governance systems.

8.3 Future Research Directions: Comparative, Empirical, and Integrative Pathways

The research establishes basic principles which researchers can use to explore various research paths in the future. Scientists who study different ethical systems need to compare Dharma-based governance with African Ubuntu ethics, Confucian relational morality, and Western virtue ethics. The comparison between these systems will reveal common moral principles and unique management strategies, which will help

create pluralistic yet unified global AI ethics systems. The research field needs studies which will investigate AI governance systems that exist in public sector institutions and small businesses and community digital projects which have inadequate ethical oversight. Scientists need to study how different organizations handle AI governance because public institutions and small businesses and community digital projects all have different levels of formal oversight. The research framework needs testing through analysis of stakeholder trust and transparency levels and AI decisions, contestability and governance process inclusiveness to determine its adaptability and strength. The research needs to establish specific thematic areas which will direct its empirical investigation:

- (1) AI systems require real-time decision-making, which needs proper ethical conduct.
- (2) Organizations spread moral and legal responsibilities through their different levels of operation.
- (3) Stakeholders need to build trust when they experience algorithm-based results.
- (4) AI governance depends on how organizational culture and values affect its operation.

The Dharma-based model will achieve better operational value through the combination of normative ethics with technical systems which include bias detection systems and algorithmic auditing mechanisms and explainability interfaces. The evaluation of worldwide standards through OECD principles and IEEE's Ethically Aligned Design will show how indigenous ethical systems operate with global regulatory systems. Pluralistic integration serves as a vital route, which helps AI governance progress from its current focus on basic rule-following to creating systems that base their operations on trust and cultural understanding.

9. Conclusion

The research examines ethical artificial intelligence governance through the development of a Dharma-based regulatory system that draws on Indian knowledge systems. The framework approaches AI ethics governance through its understanding of duty and responsibility and public interest, which moves beyond the standard methods that view it as technical compliance and risk reduction after the fact. The model reveals that AI systems require responsible operation through their combination of Ahimsa (non-harm), Satya (truthfulness), Lokasangraha (collective welfare), and Shraddha (trust), which maintain relational accountability and contextual sensitivity as key values. The paper introduces a jurisprudential view of Dharma, which supplements Western systems that focus on individual rights and utility maximisation and procedural protections (Floridi et al., 2018; Jobin, Ienca, & Vayena, 2019). The assessment shows that global AI ethics initiatives which provide operational tools fail to address essential elements of cultural legitimacy and institutional trust and collective responsibility which matter most to pluralistic and emerging economies. The Dharma-based system solves this problem by creating a new ethical governance structure which moves past external enforcement through self-regulation and forward-looking care, yet it maintains its relationship with official legal systems. The research demonstrates that Dharma-based governance functions as a supplementary system which improves enforcement through its addition to the existing legal framework, and it establishes precise responsibility boundaries and boosts regulatory authority. The system of Dharma creates a connection which enables people to think about ethics while they must follow legal rules. The paper presents three main contributions through its content, which establishes a culturally based duty-orientated governance system for AI operations, shows how ethical standards lead to specific regulatory measures and enforcement protocols, and proves that indigenous ethical systems contribute to worldwide AI management systems. The research establishes AI governance as a moral-institutional system which confirms that responsible AI needs to function with intelligence and efficiency while gaining social approval and showing wisdom in its operations.

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Disclosure statement

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article and financial interests.