Regulating Artificial Intelligence in Corporate Decision Making: A Business Law Perspective

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Abstract*—Artificial Intelligence (AI) has now become a crucial part of corporate governance and business decision-making, adding efficiency, accuracy, and strategic direction to the process by leveraging data-driven insights. It has been a game-changer for businesses when it comes to financial forecasting, risk management, HRM, regulatory compliance, and board-level decision-making. With the rising use of AI, however, comes a host of legal questions such as accountability, transparency, algorithmic bias, directors' fiduciary duties and corporate liability. Current Indian legislation, such as the Companies Act, 2013; Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations; and the Information Technology Act, 2000 and the Digital Personal Data Protection Act, 2023, only indirectly regulates the use of AI in corporate decision-making and does not include specific provisions on the subject. This study will critically analyze the suitability of the current legal framework of India to monitor the business law in relation to the use of AI in corporate governance and decision-making. The research is based on a doctrinal and comparative approach, which involves analyzing statutory provisions, judicial principles, regulatory guidelines and international instruments, such as the European Union AI Act, the OECD AI Principles and regulatory frameworks adopted in the United Kingdom and the United States. The study pinpoints key legal gaps with regard to algorithmic accountability, explainability, governance frameworks, liability distribution and regulatory oversight over corporate decision-making. The results show that there are currently legal challenges that corporate laws are unable to respond to, stemming from AI-enabled governance. The study suggests the establishment of a dedicated AI regulatory framework and calls for the implementation of mandates for human oversight, AI governance policies, algorithmic transparency, independent audits, and increased director accountability. It finds that while promoting responsible use of artificial intelligence, it is critical to ensure that companies have an accountability framework in place that protects stakeholders and public trust. The study is a further step in the ongoing debate regarding AI governance, offering recommendations for legal change that will harmonize technological advancements with the tenets of corporate governance and corporate law.

***Index Terms*—artificial intelligence, corporate governance, business law, corporate decision-making, Companies Act, directors' duties, AI governance, corporate liability, algorithmic accountability, and regulatory framework.**

I. INTRODUCTION

AI (Artificial Intelligence) is emerging as an integral part of modern business and an experiment that is gaining the acceptance of the masses. In the past decade, artificial intelligence has made its way into the strategic, operational, and managerial functions of corporations all around the globe to boost efficiency, save money, increase predictive power, and provide a competitive edge. Today, machine learning algorithms, natural language processing, predictive analytics, computer vision, robotic process automation (RPA) and generative AI systems are used to assist a wide range of commercial applications, such as financial analysis, investment planning, fraud detection, customer relationship management (CRM), supply chain optimization, human resource management, regulatory compliance, and strategic corporate governance. As AI increasingly plays a role in decision-making, the legal ramifications of delegating critical Business processes and AI systems are becoming a burgeoning field of law and ethical research and concern in Congress. Previously, the principles of fiduciary responsibility, accountability, transparency, and informed judgment have been in play in corporate decision-making. Directors and senior management should use their own business sense in performing their statutory duties under the company law. The responsibility is based on the premise that all commercial decisions are made by humans who possess rational, ethical, legal minds. With the rise of artificial intelligence (AI), the traditional governance structure is undergoing a transformation that brings in the capability to analyse vast quantities of data, identify patterns within the commercial data, foretell future patterns, and make suggestions, with little or no human involvement. In fact, in many multinational companies, the use of AI systems is already having an impact on decision making at a strategic level that will affect shareholders, employees, consumers, investors, regulators, and society.

As AI becomes more prominent in the business world, there have been a lot of advantages for corporations. The benefits of AI are that it can aid in faster and more accurate financial forecasting, improved enterprise risk management, enhanced security, automated regulatory compliance, enhanced fraud detection, and inform managerial decisions based on evidence. In financial institutions, AI tools have been employed for credit scoring, fraud prevention, and resource optimization, among other use cases. In manufacturing, predictive maintenance, demand forecasting, and pricing have been utilized. In retail, AI has been leveraged for demand forecasting and pricing. In healthcare organizations, AI has been applied to resource management. In technology companies, Generative AI is also increasingly playing a role in research, product development and customer engagement. The technological developments have contributed to better working efficiency and competitiveness of companies around the world. These advantages are plentiful, but AI-powered corporate governance never gave rise to new legal concerns. AI systems typically employ intricate calculations which are unable to be conveyed to regulators or even the impacted parties, and the choices which occur are a 'black box'. Responsibility for this is not straightforward to establish when an AI-driven recommendation results in financial harm, discrimination, non-compliance, manipulation or a breach of a fiduciary duty. New concerns involve the potential for algorithmic recommendations to become a duty, whether AI companies will be liable for bad business advice or whether companies will be able to continue being held liable for autonomous algorithmic activity. Modern corporate governance conceptions are not adequate to solve these new issues. Companies Act, 2013, Securities and Exchange Board of India (SEBI) regulations, Information Technology Act, 2000, Digital Personal Data Protection Act, 2023 and industry-specific guidelines constitute the main components of the legal landscape in India when it comes to business organisations. While these laws address in detail corporate governance, disclosure duties, data protection, cybersecurity, and financial reporting, there are no specific laws relating to AI to provide guidelines on algorithmic accountability, explainability, human oversight, or governance structures for AI. As a result, in a world of legal uncertainty, more and more corporations are using AI technologies. Globally, policymakers are taking steps to alleviate these regulatory issues. With the AI Act, the EU is taking a comprehensive and risk-based approach to regulating AI, mandating safeguards in several areas of transparency, risk management, human oversight, documentation, and accountability. Through these principles of trustworthy AI (fairness, transparency, accountability and human-centered governance), the OECD has established internationally agreed-upon principles for trustworthy AI. The UK has taken a flexible, principles-based stance on AI regulation, favouring innovation over responsible governance, while the US has adopted a sector-by-sector approach, with guidance coming from a number of agencies. The developments are a sign of the growing international agreement that there must be laws for AI apart from the company laws. In this context, this study critically looks at the extent to which the existing business law regime is able to control the use of AI in corporate decision-making in India. It discusses the interface between the idea of AI technologies and the principle of corporate governance, the missing provisions in the framework of existing legislations and regulations and the emerging international frameworks. It also casts light on the fiduciary duties of the Directors in the algorithmic world. Last, the paper proposes a more comprehensive structure of business law to pave the way for responsible AI use while upholding India's accountable, transparent, investor trust, and ethical business governance in the rapidly evolving digital economy.

II. THE OBJECTIVES OF THE STUDY

The current research aims to delve into the legal implications of artificial intelligence (AI) in corporate decision-making from a business law perspective. The research goals of the research are as follows:

To discuss how artificial intelligence is emerging as a key instrument in corporate decision-making and corporate governance procedures.

To examine the liability allocation for corporate, director, AI developer, and technology vendor decisions made as a result of or affected by AI.

To conduct a comparative study of international AI regulatory frameworks, including the EU, UK, US, and OECD, and evaluate how applicable they are to the Indian corporate regulatory framework.

Discuss the current gaps in Indian business law that need to be addressed with regard to algorithmic accountability, explainability, human oversight, and AI governance.

III. RESEARCH METHODOLOGY

The present study uses the doctrinal and comparative legal research method, which focuses on the doctrinal and comparative approach to studying the regulation of artificial intelligence in corporate decision-making from a business law perspective. The research is analytical, descriptive, and critical with a focus on the extent to which current legal theories and principles are sufficient to cover the scope of the evolving AI technologies in relation to directors' duties, corporate accountability, and regulatory compliance in corporate governance.

The study is based only on the secondary sources of data such as statutory enactments, judicial precedents, government reports, government guidelines, parliamentary publications, policy papers, law commission reports, international legal instruments, scholarly books, peer-reviewed journal articles, and reports of well-recognized organizations. The primary focus is on examining the Companies Act, 2013; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations; the Information Technology Act, 2000; the Digital Personal Data Protection Act, 2023, and other pertinent regulations impacting both the business operations and the technological innovation of companies in India.

Existing principles of corporate law have been analyzed with respect to their applicability to AI-supported decision-making. There is a specific focus on the directors' fiduciary duties, the duty of care, corporate governance duties, accountability measures, disclosure obligations, and corporate liability for the use of AI systems in making strategic business decisions. The research also delves into the legal challenges and implications of algorithmic transparency, explainability, human oversight, data governance, and ethical use of AI in commercial entities.

A comparative legal analysis of international governance arrangements for AI, such as the European Union AI Act, the OECD Principles on Artificial Intelligence, the approach of the UK government towards principles-based regulation of AI, and the sector-based regulatory approach in the United States, is included in the study to offer a wider regulatory context. This comparative analysis helps in defining best practices around the world and also helps to assess the current state of Indian laws.

The study also evaluates the state of the art literature addressing various issues of AI, corporate governance, corporate law, algorithmic accountability, digital regulation, and corporate compliance. The study explores legislative gaps in the context of AI-powered corporate decision-making processes and assesses the current legal landscape for its ability to meet the evolving challenges in this sector. The research discusses legislative inadequacies related to the use of AI in corporate decision-making and examines if there are legislative gaps that need to be addressed. The research does not rely on empirical methods like questionnaires, interviews, surveys, or statistics to analyze, interpret, evaluate, or critique existing legal principles or regulatory frameworks but is limited to the analysis of such principles or frameworks. The study aims to eventually suggest a comprehensive legal system that allows for responsible AI governance while maintaining the core principles of corporate accountability, transparency, investor protection, and ethical business practices

IV. REVIEW OF LITERATURE

Sharubini G. & Hemalatha A. (2025) The aim of this study was to explore the legal and economic repercussions of artificial intelligence (AI) on business and document the link between digital transformations, AI-based decision-making, data protection, regulations, and governance structures. It also aimed to assess the impact of legal frameworks on driving the responsible adoption of AI while fostering innovation. The authors used a doctrinal and analytical research methodology, which involved a comprehensive analysis of the academic literature and the existing legal and policy landscape, as well as the European Union's rules and international legal instruments on AI governance and digital transformation. AI emerges as a powerful tool for enhancing business efficiency, decision-making, customer engagement, and digital innovation, enabling organizations to succeed in today's digital landscape. AI is a transformative technology that can enhance business efficiency, decision-making, customer engagement, and digital innovation, helping businesses thrive in the digital era. But the question of algorithmic bias, algorithm transparency, data privacy, accountability, and regulatory uncertainty requires robust legal governance. The study also highlighted that the EU's risk-based approach to AI regulation offers a good blueprint for innovation and legal responsibility. The research gap is that the study largely focuses on the general legal and economic aspects of digital transformation and AI regulation and does not delve into the consequences on the use of AI in corporate decision-making, the duties of the directors, the corporate governance obligations, or the effectiveness of the Indian corporate legislation in regulating AI-based corporate decisions. The authors suggested a harmonized approach to AI regulations, enhanced ethical governance, transparency and accountability systems, AI governance based on risk, and continuous regulatory monitoring for responsible digital transformation. The study found that a balanced legal regulatory framework that fosters innovation while simultaneously protecting fundamental rights, holding accountable, and establishing trustworthy governance for AI in business is crucial for sustainable AI adoption.

Ganesh Shrirang Satarkar Nale (2025) The research objective was to analyze the current legal landscape related to the use of artificial intelligence (AI) in India and to recommend a specific risk-based AI legislative framework with a focus on accountability, transparency, data governance, liability, and ethics of AI deployment. Research Methodology: The author used the doctrinal and analytical research methodology, which involved both theoretical and empirical analysis of the Indian laws, the policy documents, the international frameworks and the comparative legal approaches such as the European Union AI Act and the approach taken by the United States to regulating AI. The study revealed that the existing AI regulation in India is fragmented and based on the Information Technology Act, 2000; the Digital Personal Data Protection Act, 2023; and sector-specific legislation that fail to meet the needs of algorithmic transparency, liability, explainability, and AI accountability. The research gap lies in the study's broad scope, which discusses AI governance in India without explicitly analyzing how AI is being used in decision-making processes, the fiduciary duties of the directors of a company, or the legal obligations of the corporate board employing AI. Recommendations: The author put forward a dedicated AI law that should include a risk-based approach to regulation, transparency, algorithmic audits, and liability standards. The study recommended that India adopt a multifaceted, future-proof legal framework for AI while ensuring that it fosters innovation, accountability, ethical governance, and safeguards fundamental rights.

Mirishli, S. (2024) The goal of the study was to explore the legal dimension of ethical application of AI in corporate governance, analyze the existing regulatory landscape and governance mechanisms, and identify key emerging best practices. The author used a doctrinal and analytical approach to legal research, reviewing legislative proposals, regulations, policy documents, industry guidelines, and scholarly articles related to the governance of AI, corporate law, and technology regulation. The research revealed that the current regulatory landscape can help foster transparency, accountability, and fairness in the use of AI in corporate governance, while the lack of uniformity and enforcement creates challenges for AI governance. The EU and US comparison identified the importance of flexible and principle-based regulation, based on guidance provided by sectoral regulators. Lacking in the research is the fact that the research offers a general overview of legal instruments for ethical AI governance and doesn't particularize AI-assisted corporate decision-making under company law. It also ignores the regulatory landscape in India and fails to suggest a specific legal framework for the regulation of AI in corporate decision-making. The study has identified the need for a flexible legal approach to AI that strikes a balance between innovation and accountability to facilitate ethical AI governance and enhance corporate responsibility in the digital economy.

Vanu, N., Hasan, M. M., Akter, S., & Faruque, M. (2024). The research sought to explore the legal and ethical landscape of the regulation of artificial intelligence (AI) in the business context, covering aspects of data privacy, intellectual property, liability, algorithmic transparency, and ethical implementation of AI in business. The authors used a qualitative (doctrinal and analytical) research methodology, which involved reading and analyzing academic literature, legal frameworks, policy reports, and international regulations, among other techniques, for comparative analysis and case evaluation. The study confirmed that there are existing legal frameworks that lay the groundwork for the regulation of AI in place, including GDPR, CCPA, and the proposed EU AI Act, but paradoxically, the lack of unified regulations and the challenges posed by ethics, bias, transparency, and privacy are still significant obstacles to good AI governance. Research gap: The study provides a general overview of legal and ethical regulation of AI in business without analyzing AI-assisted corporate decision-making, directors' fiduciary duties, and the sufficiency of the Indian corporate legal framework for AI regulation. The authors called for the modernization of AI laws and the development of ethical standards, transparency, and cooperation between international laws. Final Thoughts: This study has highlighted the importance of establishing a balanced and responsible legal and ethical framework to facilitate innovation and safeguard the interests of all stakeholders when using AI.

Uzougbo, N. S., Ikegwu, C. G., & Adewusi, A. O. (2024)**.** This study sought to explore the legal liability and ethical issues associated with the application of Artificial Intelligence (AI) in the financial sector, analyzing the issues of liability, regulatory compliance, transparency, fairness, and responsible AI governance. The authors applied a qualitative doctrinal and analytical research method, which involved a thorough analysis of laws, regulations, case studies, ethical principles, and literature of related academic studies on the topic of AI in financial services. AI is also identified as increasingly improving efficiency, fraud prevention, customer service, and financial decision-making but also poses challenges in terms of legal accountability, algorithmic bias, data privacy, transparency, consumer protection, and regulatory compliance. The authors highlighted the need for ongoing advancements in the legal framework to keep up with the evolving AI technologies in the financial industry. The research gap is rooted in the fact that the research papers examined do not cover the whole of AI governance but focus mainly on AI governance within financial services, excluding a thorough examination of AI governance in other business sectors as well as the adequacy of current corporate law frameworks with respect to AI-related liabilities or of directors' fiduciary duties and corporate governance in general in the presence of AI. Recommendations: The authors suggested the following measures: Developing more defined AI regulation; Improving transparency and accountability; encouraging ethical guidelines for responsible AI usage; Strengthening regulatory oversight, increasing international cooperation on AI regulation, and continuous monitoring of AI systems. The study found that a combination of robust regulatory oversight, ethical governance, and effective legal accountability will help to ensure responsible AI use in finance while allowing for innovation and safeguarding consumer protection and trust in the technology.

Jingchen Zhao & Beatriz Gómez Fariñas (2023): To assess the legal, ethical, and regulatory aspects of artificial intelligence (AI) in the context of its ability to facilitate sustainable corporate decision-making. It also aimed to assess the potential contribution of AI to corporate governance and corporate social responsibility (CSR) and to put forward a harmonized and risk-based approach to AI regulation to ensure accountable and sustainable AI. The research method used in the study was a doctrinal and analytical approach, which was conducted through extensive literature studies, company law, AI guidelines, corporate governance principles, CSR frameworks, international legal instruments, and policy documents. The study revealed that AI can make a substantial impact on corporate decision-making by aiding in data analysis, risk assessment, sustainability reporting, transparency, and strategic planning. AI supports companies in meeting environmental, social, and governance (ESG) goals and sustainable development goals (SDGs). Issues like algorithmic bias, transparency, data privacy, ethical implications, and inadequate regulations could pose threats to responsible AI use. The authors highlight the need for effective governance, ethical guidelines, and coordinated regulatory oversight to ensure sustainable AI. The research gap lies in the fact that despite the study being rich in discussing AI governance, sustainability, and regulatory issues, it is basically doctrinal and conceptual. It does not offer empirical insights on the practical application of AI governance in various sectors, nor does it explore the regulatory considerations and issues at the national level, including in emerging markets like India. The study was finalized to mark that AI's potential is huge to revolutionize corporate governance and facilitate sustainable business decisions. Yet, if AI is to be a force for the common good in the long term, it will require balanced and legal regulation; ethical governance; transparency and accountability; and international cooperation, all of which will help reduce risks.

Mertens, F. (2023). The study sought to explore the legal implications of the use of artificial intelligence for corporate decision-making at the board level, specifically in relation to delegation of decision-making authority, the autonomy of the board, oversight of decisions made using AI, and liability for decision-making using AI. Methodology: The author used a doctrinal and analytical approach to legal research, analyzing principles, corporate governance models, academic studies, and developments in the field of AI use in corporate boardrooms. While the study revealed that AI can help to improve board efficiency, mitigate groupthink, and aid in strategic corporate decisions, the current framework of company law is still focused on human decision-making, leaving legal uncertainty about governance and accountability when using AI in corporate decision-making. The research gap of the study lies in the fact that the study offers a preliminary legal analysis; it does not provide a thorough examination of the jurisdiction-specific statutory frameworks, especially the Indian corporate legal regime, and does not outline a comprehensive regulatory model for the regulation of AI-assisted corporate decision-making. The author proposed the creation of corporate governance principles specific to AI that consider the need for human oversight, delegations of authority, and accountability. The study found that current corporate law needs a major overhaul in order to adequately regulate the use of AI in the decision-making of boards.

Daza, M. T. & Ilozumba, U. J. (2022) The purpose of the study was to explore the evolution of AI ethics in business literature in the time period of 2000 to 2021 and to identify influential journals, authors, ethical theories and the main ethical issues raised by the use of AI in business. To this end, the authors employed a systematic literature review and bibliometric research methodology, which involved the use of 95 papers from the most important academic databases, including Web of Science, Scopus, Emerald, Business Source Ultimate, and Google Scholar, and adopted the performance analysis method, science mapping, and co-word analysis. Sample Frame: Journal articles between 2000 and 2021 related to AI ethics in business. Sample Size: 95 journal articles. The key ethical issues identified in the study regarding AI-powered businesses are transparency, privacy, accountability, algorithmic bias, employment, automation, and social media governance. It also showed a marked rise in the research on the ethics of AI since 2018 and the dominance of consequentialist approaches to ethical values in the business literature. The research gap lies in the fact that the paper does not specifically focus on the regulation of AI in corporate decision-making, directors' fiduciary duties, corporate liability, or the jurisdiction-specific corporate law frameworks like the case of India. The authors called for further interdisciplinary research, combining ethical theories with legal and business studies, as well as for dealing with issues regarding governance of AI in the various business fields that are not adequately covered in the literature. The study found that AI ethics is a rapidly developing multidisciplinary business research area that requires solid ethical, legal, and corporate governance frameworks to cover responsible use and adoption of this technology.

Ricardo Francisco Reier Forradellas & Luis Miguel Garay Gallastegui (2021) The research objectives were to discuss modern business usage of digital transformation and artificial intelligence, focusing on legal regulation, impact on economy, ethical considerations, and future business perspectives. The authors used a doctrinal and analytical research approach, in which the existing academic research, legal system, policy documents, and international regulations on the issues of digital transformation and AI in business were studied. The study revealed that artificial intelligence and digital transformation have a substantial impact on enhancing business efficiency, decision-making, customer engagement, and organizational productivity. The widespread use of AI, however, also presents challenges regarding data privacy, algorithmic bias, accountability, transparency, and regulatory requirements, underscored by the need for a robust legal framework to ensure responsible AI use for sustainable business growth. A gap in the research is that while the study covers a wide range of international legal frameworks, ethical principles, and European Union regulations, it fails to tackle the practical implementation challenges, sector-specific legal issues, or the regulatory status of developing countries like India in regulating the use of AI in business operations. The authors suggested a harmonized international framework for AI regulation, fostering innovation while maintaining transparency, accountability, data protection, ethical use of AI, and safeguarding the protection of fundamental rights. The study found that digital transformation and AI will continue to be key drivers for business expansion in the future, but only if they are regulated, governed, and coordinated in a balanced way that ensures ethical use of the technology and cooperation across different countries.

Hickman, E. & Petrin, M. (2021) The study analyzed the European Union's Ethics Guidelines for Trustworthy Artificial Intelligence and its implications for corporate governance and company law, particularly with regard to accountability, transparency, human oversight, and protection of stakeholders. A doctrinal and comparative legal research approach was used by the authors, which involved analyzing the EU Ethics Guidelines and company law principles and corporate governance frameworks, as well as legal literature. The study revealed that the guidelines provide principles for trustworthy AI, but there is no clear guidance in terms of law on the directors' duties, board oversight, and corporate liability, which results in uncertainty regarding AI governance. The study is limited in scope, as it only explores the ethical guidelines for AI implemented in the European Union and corporate governance principles but leaves out to a certain degree legally binding regulations about the use of AI in corporate decision-making. It does not include any analysis on the directors' liability and the Indian corporate context applicability of these principles. The study findings indicated that the guidelines offer a valuable ethical framework that needs to be backed by legislation to ensure they have a meaningful impact on the regulation of AI in corporate governance.

Cappelli, P., Tambe, P., & Yakubovich, V. (2019) The objective of this study was to analyze the problems of application of artificial intelligence (AI) in human resource management (HRM) and to suggest a feasible framework for enhancing the application of AI in decision-making, ensuring fairness, accountability, explainability, and participation of employees. The authors used a doctrinal and analytical approach to research while applying conceptual analysis, existing literature, practitioner surveys, and discussions with major companies' workforce analytics leaders to assess the usage of AI in the HR decision-making process. Sample frames include HR analytics programs and human resource management applications made possible by AI tools within large companies. The sample size consists of 20 leading U.S. corporations participating in a survey and a workshop of workforce analytics leaders. The study identified a lot of opportunities for AI to help with recruitment, hiring, employee selection, performance management, employee retention, and workforce planning. However, the difficulties of the small availability of data, algorithmic bias, fairness, explainability, legal accountability, privacy, and employee acceptance limit its use. The research deficiency is that the focus is mainly on the application of AI in HRM, and the overall analysis of applying AI for corporate decision-making from a business law perspective lacks a comprehensive analysis of the directors' fiduciary duties, corporate governance, board accountability, and the Indian regulatory mechanism. Recommendations: The authors suggested a blend of the following features to promote responsible AI use for organizational decision-making: Causal reasoning, randomized experiments, explainable AI, employee involvement, ethical governance, and multidisciplinary oversight. The study found that, alongside technological progress, there is a need for legal accountability of AI, transparency, fairness, and continuous human oversight throughout the AI decision-making process in order to make it a success in organizations.

Cath, C. (2018) The objective of the study was to explore the ethical, legal, and technical issues related to managing artificial intelligence (AI). This involved studying the evolving landscape of AI governance frameworks, regulatory policies, ethical principles, and technical solutions to guarantee accountability, equity, transparency, and responsible use of AI in various industries. The research methodology used by the author is doctrinal and analytical research, based on the analysis of the existing legal literature, ethical frameworks, policy initiatives, regulatory developments, and interdisciplinary scholarship in the field of AI governance. The study concluded that an interdisciplinary approach, involving both legal oversight and ethical considerations and ethical management tools like explainability, ethical auditing, and algorithmic accountability, is essential for effective AI governance. It also identified weak existing governance efforts that are in many cases industry-related and could be fragmented and difficult to ensure equality, transparency, rights, and public accountability. The research gap lies in the fact that the study broadly talks about AI governance in different sectors without a specific analysis of AI-assisted corporate decision-making, corporate obligations under company law and directors' fiduciary duties, or the regulatory problems in the context of company law that is faced by companies. The author suggested the creation of multidisciplinary and inclusive AI governance frameworks, enhanced legal frameworks, increased stakeholder involvement, and the inclusion of human rights, accountability, and transparency in the governance of AI. The study highlighted a need to integrate a blend of legal, ethical, and technical practices alongside inclusive policymaking and international collaboration for effective AI governance.

Vidushi Marda (2018) The study was designed to create a policy framework for artificial intelligence (AI) in India, which would address the legal, ethical, and technical challenges with respect to data-based decision-making. The author used a doctrinal and qualitative research method with the use of analytic reviews of AI policy documents, legal frameworks, government reports, and literature. Indian AI policy initiatives and sectoral applications are considered sample frames. The study revealed that the primary focus of the Indian AI policy is on fostering innovation and economic growth, with limited consideration given to topics like algorithmic bias, transparency, accountability, privacy, and human rights. Research gaps are that the study is not specifically concerned with AI policy in the context of AI assisted corporate decision-making, directors' fiduciary duties, corporate governance or business law regulations that govern an AI's use in companies. The author called for multidisciplinary involvement of stakeholders and sector-specific regulations in the inclusion of legal, ethical, and technical protections within AI policy. The research found that a balanced approach to AI governance is essential for India, one that facilitates innovation while also holding accountable, ensuring fairness, and safeguarding fundamental rights.

V. RESEARCH GAP

Artificial Intelligence (AI) has become a technology that is changing corporate governance, business processes, and strategic decisions in industries. Much has been written about different aspects of AI like ethics, data privacy, transparency, accountability, algorithmic bias, regulatory frameworks, and sector-specific applications like health, finance, HR, and digital governance. There have also been several analyses of international approaches to regulating AI, including the European Union's AI Act, OECD AI Principles, the recommendations of UNESCO, and the sectoral approach in the United States. Moreover, the recent scholarship in India has focused on the fragmented approach to the regulation of AI, with legislative frameworks like the Information Technology Act, 2000, and the Digital Personal Data Protection Act, 2023, as well as sector-specific laws, all offering distinct perspectives on the issue. Additionally, Indian scholarship has examined the disjointed approach to the regulation of AI in various laws passed since the Information Technology Act, 2000, and the Digital Personal Data Protection Act, 2023, along with sector-specific regulations, each providing a unique angle on the topic. However, the current literature does not reveal any important gaps despite these significant contributions. The studies primarily take ethical, technological, or policy-oriented viewpoints instead of a business law perspective on AI. There is a lack of focus on the legal consequences of AI-driven corporate decision-making, including directors' fiduciary duties, board accountability, corporate liability, shareholder protection, and compliance under company law. Although AI is being utilized in boardroom decision-making, financial forecasting, mergers and acquisitions, corporate governance, and risk management, there is no in-depth legal analysis that examines the role of current corporate laws in regulating – or explaining – the use of AI in boardroom decisions, financial forecasting, mergers and acquisitions, corporate governance, and risk management. There is also a lack of jurisdiction-specific research on India. While there are some studies that touch upon the changing landscape of the AI ecosystem and the requirement for specific legislation for AI in India, there are no comprehensive assessments or analyses on the applicability of the present business law legislation, including the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations; and the Digital Personal Data Protection Act, 2023, to regulate AI-driven corporate decision-making processes. The relationship between AI governance principles and the current legal obligations of corporations is not well understood and largely unexplored. Furthermore, existing research has mainly focused on doctrinal or conceptual analysis and offers few practical insights into determining how liability should be allocated between the corporate director and officer, AI developers, software vendors, and business entities in cases where AI-generated decisions lead to legal or financial damages. There is also a lack of discussion on the explainability of algorithms, required human oversight, board-level governance processes, AI risk management, and corporate compliance frameworks required to ensure the responsible deployment of AI in commercial organizations. To fill these gaps, in the current study, the business law aspects of AI regulation, especially in relation to AI support in corporate decision-making, directors' responsibilities, corporate governance, regulation compliance, and liability under Indian law, are examined. The study also seeks to suggest a comprehensive legal and regulatory structure that will provide a balance between technological innovation and accountability, transparency, protection of stakeholders, and responsible corporate governance, which will help in the field of AI governance in business law.

VI. SUGGESTIONS

The application of artificial intelligence needs to be regulated by detailed and dedicated law, which covers the scope of its uses in corporate decision-making. The Companies Act, 2013, should be updated to establish the accountability of directors for decisions made using AI and make it clear that it is ultimately their decision-making responsibility that must be respected. There is a need to develop sector-specific guidelines for AI governance by public sector bodies like the Ministry of Corporate Affairs (MCA), the Securities and Exchange Board of India (SEBI), and the Reserve Bank of India (RBI), while including key principles of transparency, explainability, and regular auditing of algorithms for high-risk AI systems. Corporate bodies must set up AI governance committees for managing the implementation of AI, ensuring compliance with laws and regulations, and assessing ethical concerns. Companies need to have strong policies internally that guarantee that human review, data security, cybersecurity, and fairness are maintained in AI use. Further, it is crucial to implement compulsory disclosure of AI in major company decisions to help build confidence and transparency in the use of AI. Besides, India needs dedicated artificial intelligence legislation that reflects best practices from the EU AI Act and is modified/mutualized to the Indian legal and business context. The proposed legislation should contain risk classification for AI systems, liability provisions, impact assessments, and effective enforcement mechanisms. Moreover, cross-border collaboration, ongoing regulatory advancements, and a multidisciplinary approach that integrates legal, policy, technological, and industry perspectives are crucial for fostering the responsible and sustainable growth of organizations while driving AI innovation.

VII. CONCLUSION

Artificial Intelligence (AI) has emerged as a vital element of modern corporate governance, revolutionizing how businesses conduct strategic planning, financial analysis, risk management, human resource management, compliance monitoring, and operational decision-making. The ability to handle vast amounts of data, detect intricate patterns, boost forecasting accuracy, and optimize organizational operations has established AI as a valuable resource for business expansion and competitiveness. There are, however, important legal, ethical, and governance issues stemming from the growing use of AI, including questions of accountability, transparency, algorithmic bias, data privacy, cybersecurity, explainability, and liability. The challenges show that technological innovation is only possible with an effective legal framework that guarantees responsible use of AI. This research study investigated the regulatory framework for business decision-making with the assistance of artificial intelligence from a business law perspective, evaluating the present legal landscape, judicial principles, regulatory innovations, and practices in other countries. It shows that while India has a few laws that touch upon AI, such as the Companies Act, 2013; the Information Technology Act, 2000; the Digital Personal Data Protection Act, 2023; SEBI regulations; and sector-specific guidelines, these laws are not exhaustive in scope in addressing the legal implications of AI-based corporate decisions. The study also noted substantial gaps in regulation with respect to the fiduciary duties of directors, board accountability, liability sharing, the transparency of algorithms, the necessity of human oversight, and governance standards for AI in companies. The study also identifies key aspects of international frameworks, including the European Union's AI Act, which offers insights with its risk-based regulation framework, transparency requirements, mandatory conformity assessments, and accountability provisions. However, these models need to be adapted to the legal, economic, and technological landscape of India and are not to be copied. In this context, the study highlights the need for a specific and tailored AI regulation framework that balances current corporate regulations and promotes innovation and protects the rights and interests of stakeholders. This study builds upon the current legal landscape and serves as a basis for further enhancements to business law, corporate governance, regulatory compliance, and governance of AI. The findings of this study suggest actionable recommendations for further robust responsible AI use in corporate decision-making, such as statutory changes, the creation of AI governance committees, mandatory algorithmic audits, greater transparency, human oversight procedures, and industry-specific regulations. Finally, AI should be a tool to assist – not replace – human judgment in corporate governance. The directors and business entities should be the final decision-makers of any business even if they are helped by technology. Any sustainable business development requires a balanced legal structure, which will combine innovation with accountability, transparency, fairness, and ethical governance. This framework will help to ensure the responsible use of AI, build investor confidence, boost corporate integrity, provide regulatory clarity, and support future economic development in the digital world.

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