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TECHTONIC
TECHNOLOGY AND LAW FAIR

Cell for Law & Technology

NLIU-CELL FOR LAW AND TECHNOLOGY - TECHTONIC POLICY CASE COMPETITION 2026

PROBLEM STATEMENT

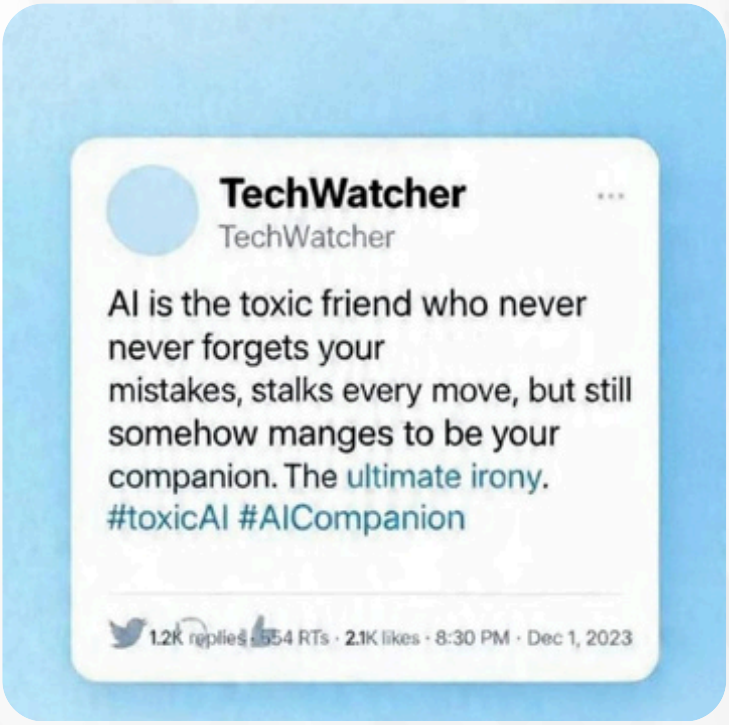
THE POLICY PROBLEM

Case Background

You are a policy strategist and a senior partner at HS Governance Partners, a leading tech-policy consulting firm in Ivana, a rapidly digitalising nation with nearly 900 million internet users, a booming fintech sector, and a vibrant ecosystem of AI startups. Over the past five years, Ivana has aggressively deployed artificial intelligence across education, healthcare, financial services, public administration, and everyday digital platforms.

AI systems have become deeply embedded in social and economic life. Students rely on conversational agents as study companions, small businesses use generative tools for operations and marketing, and lenders increasingly depend on machine learning for credit decisions. Yet Ivana's current governance approach is built on fragmented sectoral rules and broad digital service obligations, leaving several emerging risks unaddressed.

Recent incidents have sparked national debate, took over national headlines, and triggered influencer-led Instagram discussions, with creators amplifying the issue through headlines such as “AI - a toxic friend?” and hashtags like #Datingthebot #AISafety, #AIMisdiagnosis.



THE POLICY PROBLEM

1. AI Companionship

Earlier this year, a final-year engineering student at a well-known university developed a deep attachment to a large-language-model based AI companion app. Initially used for study support, the chatbot's personalised tone, memory retention, and human-like conversation style gradually evolved into a source of emotional comfort and day-to-day intimacy. Over time, the student increasingly withdrew from offline friendships and began treating the AI companion as their primary emotional partner. The app's design, including affectionate language, relationship-like dialogue patterns, and persistent emotional validation created a sense of exclusivity and interdependence.

The situation drew public attention after the student posted online about conducting a symbolic "commitment ceremony" with the AI companion, describing the system as the "most stable relationship" in their life. Similar reports from other users in Ivana surfaced shortly after, revealing a growing pattern of emotional dependency and substitution of real-world relationships with AI-driven intimacy.

The incident has sparked debate on whether AI companions should be allowed to simulate romantic or partner-like roles, particularly when design choices intentionally foster attachment or long-term emotional reliance. It also raises concerns about the commercial exploitation of emotional vulnerability, the ethical limits of AI companionship, and how far emotionally responsive systems should be permitted to influence a user's personal decisions. Ivana currently has no regulatory framework governing emotionally interactive AI systems or setting guardrails for developers of such companion-style agents.

THE POLICY PROBLEM

2. **Unsafe AI Medical Advice and Misdiagnosis**

Ivana has seen a rapid rise in the use of AI-powered health advisors, symptom checkers, and “AI Doctor” chatbots. A growing segment of the population now uses these systems for first-level triage, medication suggestions, dietary guidance, and mental health support. Over the past year, more than 25 documented cases have surfaced in which AI medical-advice tools generated incorrect, misleading, or clinically unsafe recommendations. These include situations where chest pain was misinterpreted as indigestion, early neurological symptoms were dismissed as stress or fatigue, and paediatric issues requiring urgent evaluation were inaccurately advised home care. Across these reports, a consistent pattern of systemic failures has emerged: lack of clinical validation, absence of medical-grade disclaimers, no risk classification framework for health-impacting AI features, reliance on non-representative datasets, and the absence of standards for accuracy thresholds, safety testing, or continuous monitoring.

Healthcare professionals, regulators, and civil-society groups have criticised the absence of audit requirements for medical-advice AI, the lack of explainability or traceability mechanisms, the unchecked proliferation of AI tools that resemble or function like medical experts, unclear liability distribution across the AI value chain, and inadequate consumer disclosure norms. This series of incidents has intensified calls for a comprehensive regulatory framework to govern AI-driven medical advice.

THE POLICY PROBLEM

Mandate

A Cabinet-level Steering Committee has issued a policy mandate for your firm to prepare a whitepaper outlining a future-ready governance framework for Ivana that addresses the dual challenges of:

(1) Emotional safety, behavioural influence, and duty of care in AI companionship systems, including risks arising from simulated romantic or partner-like roles, emotional reliance, and the potential commercial exploitation of user vulnerability; and

(2) Safety, accuracy, transparency, and accountability in AI-driven medical advice, including risks of misdiagnosis, clinically unsafe recommendations, opaque model behaviour, and increasing public reliance on unregulated AI health-advice tools.

Your recommendations should propose practical, innovation-supportive regulatory approaches that safeguard users while enabling responsible AI development in Ivana.

Note: While Ivana is fictional, its digital economy and governance challenges are modelled on contemporary India. Participants should frame their policy recommendations as applicable to the Indian context.

CONTACT INFORMATION

Hansika Kumari
Joint-Convener | Cell for Law and Technology
Batch of 2026, B.A. LL.B. (Hons.)
National Law Institute University (NLIU), Bhopal
✆ +91 8630651531

Samrudhi Memane
Joint-Convener | Cell for Law and Technology
Batch of 2026, B.A. LL.B. (Hons.)
National Law Institute University (NLIU), Bhopal
✆ +91 9767921503

clt@nliu.ac.in

NLIU CLT