

# Data localisation

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## Why in news?

- The Gov. have strongly mooted for data localization in the nation

## What is data localization?

- Data localization is the act of storing data on any device that is present physically within the boundaries of a particular country in which the data are produced.

## Why do data localization?

- Information protection, information integrity, national security, and country economic development are used in order to secure citizen's data.
- The RBI reports, Justice BN Sri Krishna's Expert Group, the e-commerce draft and the Cloud Policy Committee's draft report talk about need for data localization in India.
- Arbitrary use for data localization by organizations which have processed the data is a prime concern.
- Machine learning (ML), artificial intelligence (AI), and IoT technology can generate huge value from data. If not used within certain constraints, it can become catastrophic.
- With the advent of cloud computing, where data may not be in hands of India, it may cause more problems.
- The data localization provides Indian technology companies with an opportunity to develop their perspective from services to products. The Indian market is also being explored by international companies and will support the development of the local ecosystem.
- More data centers can mean that India's renewable energy markets have new, power-hungry customers. This would

enable data location to also boost renewable energy in India.

- An effective, long-term policy for data localization is urgently needed.
- A broad range of social, political and economic opportunities must be incorporated into the data localization roadmap.
- Develop an optimal regulatory and legislative framework for country-specific data processors and data centers.
- In order to become a regional center of data centers, India must also provide sufficient electricity, real estate and Internet infrastructure.
- The needs of India's ITeS (ITeS) and the Business Process Outsourcing (BPO) sectors that thrive in cross-border data flows need to be taken into account adequately.

### **Concerns and challenges**

- Many of the recommendations in the draft e-commerce strategy include the negative economic effects of data localization. There is a lack of evidence-based policy in this approach.
- Localization may contribute to the development of the data centers in India and the cloud computing industry, but this strategy is extremely myopic in the broader public policy sense.
- The compulsory position is a data protection mechanism and may be of a less value for e-commerce promotion.
- In this case, a certain segment of the Indian industry might find mandating a strict data localization system as a discriminatory trade barrier and provoke retaliation.
- In the event of data localization and its impact on start-ups and MSMEs may be in the form of higher costs of hosting data.
- It would be detrimental to the global data economy if

another country triggers a vicious cycle of localization needs in response to India's possible data location.

- When data cannot be aggregated globally, development will be limited.
- There is a lack of infrastructure to properly capture and manage data in India.