

A NEW TRYST WITH DESTINY: BIRTH OF A DATA DEMOCRACY

Relevant for: Developmental Issues | Topic: E-governance - applications, models, successes, limitations, and potential incl. Aadhaar & Digital power

In the 'data democracy', data will be harvested for public and personal good

Last week, the committee headed by former Infosys vice chairman Kris Gopalakrishnan submitted its findings, arguing for a separate law to regulate the commercial use of non-personal data. Two years ago, an expert group headed by former Supreme Court judge B.N. Srikrishna had similarly argued for legislation to regulate the use of personal information by data-mining companies.

The principle behind both is the same: data generated by the public has to be protected and cannot be harvested for free—as it is at present.

While the effort to carve out a law for protecting personal data is a work in progress—at the moment it is still making its way through Parliament—the Union government is yet to articulate its view on the findings of the Gopalakrishnan committee. Together, they provide the legal architecture to protect the data privacy of both an individual and the society as a collective.

The recommendations of both panels are hugely significant as they are critical in defining the digital future of India—one in which the individual will be the centre. It will be a never-before event.

Already a third of the population is using smartphones—which has 10x power when generating data. This segment will only grow exponentially creating probably the largest market for data in the world.

Undoubtedly, after 73 years, another tryst with destiny is on the cards; this time to mark the heralding of a 'data democracy'. One accorded political power and the other is designed to deliver economic empowerment. A circumstance in which data will be harvested for public and personal wealth creation.

If successful, it will provide an entirely new template to the world, in general, and developing countries, desperately trying to raise their people out of poverty, in particular. It is what Nandan Nilekani, the former head of the Unique Identification Authority of India (UIDAI) and chairman of Infosys, describes so succinctly: Indians are economically poor but data-rich. What Nilekani is arguing is that an individual's data in India is far more valuable than their current material worth (of about \$2,000 per capita); this mismatch in potential and reality is what provides an opportunity for an individual to monetize their data.

As Nilekani described in a recent interview with *Mint*, the building blocks for a scalable model to harvest this mass of data as Indians rapidly expand their digital footprint—especially in the aftermath of covid-19 and the fillip to contactless behaviour—are already in place.

First, Aadhaar provided the idea of a unique identity to over 1 billion people in India. Second, this was paired with an inter-operable payments mechanism, such as the Unified Payments Interface, or UPI, to give a new definition to financial transactions.

The third block in this stack is consent to use personal data. The missing sauce is privacy protection—the legal architecture for which has been spelt out by the two expert committees mentioned above.

Once this is in place, individual consent will be a precondition for companies to mine the data. At the moment, we tend to view the only use of data to be to fatten the bottom line of platforms such as Google and Facebook—which harvest this personal data, mostly without consent, to establish a behavioural matrix to sell or promote products and causes.

In the data democracy envisioned for India, individuals and companies can leverage their data for unprecedented public and personal good.

Take for example the micro, small and medium scale enterprises (MSMEs); most banks are loath to lend to them as these entities have little or no collateral to offer as security. There is a knowledge asymmetry, which prevents banks, wired to think linearly, from harvesting their digital footprint—which will show the company is due receivables—to secure working capital funding.

Now MSMEs can deploy data empowerment by consenting to a financial intermediary mining its digital history and monetise its receivables in the form of short-term credit.

Clearly, the promise of a data democracy is infinite. The onus is on the politicians to fast track the privacy law protecting and regulating the use of personal and non-personal data.

Food for thought on the eve of India's 74th Independence Day.

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