

GENERAL ESSAY 2020

Data as Public Good

All the legislation and debates around data in the recent years have centered around localization and privacy. Another core issue today is how do we tap the economic value accruing from data and maintain our economic sovereignty. As the Economic Survey 2018-19 says: data is public good.

Data is often termed as the "new oil". Oil has been the key source of wealth creation and development of several countries in the last 5-6 decades. Some countries in the Gulf region that have judiciously used their fossil fuel resources have managed to create excellent infrastructure and their per capita income today is amongst the highest in the world. In the coming decades, the wealth creation is not going to be determined by 'oil' but by 'data'. India, a country of 1.3 billion people, is richly endowed with 'data'. The main focus of the policy intervention around data should be on how to turn it into wealth.

Any individual's data lying with him/her would not generate wealth. Huge economic value is generated when data is mined and used by the companies or other entities. So, the data must move out from the hands of the individual for it to become a source of wealth creation. While it may be impractical for the individual to monetise his/her own data, the country must monetise it. The most practical and effective way to monetise data is to treat it like an economic commodity, i.e., pay the data owner for use, allow access to anyone willing to pay for legitimate commercial use and collect tax from whoever is profiting from this economic commodity.

Today, data is the primary business input for the world's leading companies like Apple, Google, Amazon, Microsoft, Uber and Facebook. These multinationals make billions of dollars out of their business every year in India, but hardly pay any tax as per Swadeshi Jagran Manch. According to a media report, the Ministry of Electronics & IT (MeitY) may allow these companies to further sell the data. If at all, it is true, it is a terrible idea! The ownership of data must remain in India, preferably in the control of those where it belongs. There could be independent data fiduciaries. It may be institutions set up by regulators or multiple partners drawn from public and private sector or a Section 8 company.

The government has already put in place a framework not to allow critical data to leave the country. This is important from the perspective of national security. However, non-critical data could be allowed to be stored or used outside the country. The localisation policy needs to be carefully crafted to take care of these aspects. It is not just about national security and privacy, it is also about creating a level-playing field for small domestic growth businesses or Startups in ecommerce and FinTech.

The main issue in respect to the movement and use of non-critical data should be deriving the maximum monetary value from it. Part of this value should accrue to the individuals. They could be compensated in the form of profit sharing or

licensing. If it is difficult to implement, then tax could be imposed and the resultant revenue could be used to create a common fund that helps all concerned citizens. Both could be done in tandem, if required and as feasible.

Some may argue that selling one's data could be exploitative and create privacy problems. The issue of privacy could be addressed through a proper regulatory framework. The economic value created from licensing data would fulfill felt needs of the common people, especially the marginalised as even a hundred rupees of additional income could help them.

Data sovereignty is also an important issue. People on the higher end of the value chain often benefit at the cost of those who are at the lower level. This is not very different than colonisation. Therefore, India must aspire and plan to capture the highest possible value in any chain.

So, the current or the proposed legislation as well as the debate surrounding data present incomplete picture. It would be a big mistake to legislate just on data localisation and privacy without settling the issues of taxation, implementation of Sovereign function of taxation and capturing the high value of businesses accruing from data and new technologies. Moreover, there is a need to ensure that some part of the value that gets generated from data emanating from India must come back to the country and used for the welfare of those whom it belongs.

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