Workshop on

MEASURING THE IMPACT OF DATA LOCALISATION ON CONSUMERS

June 21, 2019, New Delhi
• DL – Local storage of data, has been a widely debated issue in India & Globally.

• Background – DL (including DM) has been mandated and proposed by various laws/regulations.

• Various pros & cons are being highlighted by different stakeholders.

• Research Gap - Many studies estimating the impact of DL on businesses, but not on consumers in measurable terms.

• Objective - CUTS study is filling the research gap of measuring the impact on consumers in quantifiable and qualitative terms through parameters of cost & quality of service, innovation, grievance redress, national security, privacy etc.

• Outcome – Bring forth the missing consumer perspective, and engage in evidence based advocacy for the need of developing a consumer welfare enhancing regulatory framework, and suggest practice reforms
## Consumer Facing Parameters & Indicators

### Data Localisation – from a consumer perspective

<table>
<thead>
<tr>
<th>1. Availability of Service</th>
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<tbody>
<tr>
<td>2. Quality of Service</td>
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<td>3. Cost of Service</td>
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<tr>
<td>4. Innovation</td>
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<tr>
<td>5. Data Breaches</td>
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<tr>
<td>6. Privacy Violations</td>
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<td>7. Cyber Attacks</td>
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<td>8. Grievance Redress</td>
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<tr>
<td>9. Freedom of Speech &amp; Expression</td>
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<td>10. National Security</td>
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<td>11. LEA Access to Data</td>
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<td>12. Economic Development</td>
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<tr>
<td>13. Competition</td>
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### Literature Review

### Focus Group Discussions

### Study Advisors

CUTS International
1. Ratings to be given between: -5 to +5 to map the impact of DL on each indicator. Reasons for responses also to be mentioned for each parameter.

2. Relative importance of each parameter on a scale of 1 to 5 to be given. Self-ratings on a scale of 1 to 5 to be done, based on level of expertise on each parameter.

3. Overall impact of DL to be recorded on a scale of -5 to +5.

4. Provide suggestions on mitigating the possible negative impact of DL.

5. Other thoughts on DL, which may not have been covered in the questionnaire, from a consumer perspective.
Inputs from Subject Experts & Service Providers to be taken to Consumers

+ve / -ve Impact of DL on Different Parameters

Consequent Perceived Consumer Reactions

Uptake Usage Benefits
Perceptions Trust
Awareness

CUTS International
Question 1: Ratings on Indicators

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 = No impact</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-1</td>
<td>Negligibly Negative</td>
<td>+1</td>
<td>Negligibly Positive</td>
</tr>
<tr>
<td>-2</td>
<td>Somewhat Negative</td>
<td>+2</td>
<td>Somewhat Positive</td>
</tr>
<tr>
<td>-3</td>
<td>Moderately Negative</td>
<td>+3</td>
<td>Moderately Positive</td>
</tr>
<tr>
<td>-4</td>
<td>Very Negative</td>
<td>+4</td>
<td>Very Positive</td>
</tr>
<tr>
<td>-5</td>
<td>Extremely Negative</td>
<td>+5</td>
<td>Extremely Positive</td>
</tr>
</tbody>
</table>

Assumptions to be made by the Respondents

1. Currently, there is mostly free flow of data across borders, without any major propositions of data localisation, i.e. laws / regulations as on January 2018 are applicable.

2. Data Localisation is set to come in the form of the draft personal data protection bill, and other sector specific regulations.

3. Current position of each parameter in India being at 0 or neutral.

4. For subject experts, the scope of data localisation for the purpose of the study has been restricted to sections 40 and 41 of the Draft Personal Data Protection Bill 2018.

5. Service providers may fill the questionnaire based on all the regulations applicable to them.

While Filling the Questionnaire

Use your expert judgement from a consumer perspective
Judge the impact of DL only, keeping other factors constant
Your Responses would be kept confidential & used for research anonymously
## Question 2: Importance & Self-Rating on Parameters

<table>
<thead>
<tr>
<th>Rating</th>
<th>Significance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fundamental Awareness (basic knowledge)</td>
<td>You have common knowledge or a basic understanding of the parameter.</td>
</tr>
<tr>
<td>2</td>
<td>Novice (limited experience)</td>
<td>You have limited experience on the parameter, and need help when analysing the same.</td>
</tr>
<tr>
<td>3</td>
<td>Intermediate (practical application)</td>
<td>You have functional competency to judge the parameter. Help from an expert may be required from time to time, but you usually use your judgement independently.</td>
</tr>
<tr>
<td>4</td>
<td>Advanced (applied theory)</td>
<td>You have applied knowledge on the parameter, and can apply your judgement without assistance. You are the recognised ‘go to person’ within your organisation on the parameter.</td>
</tr>
<tr>
<td>5</td>
<td>Expert (recognized authority)</td>
<td>You are known as an expert in this area, and can provide guidance to others, on the said parameter.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Importance</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not at an important consideration at all while deliberating upon DL</td>
</tr>
<tr>
<td>2</td>
<td>Not a very important consideration while deliberating upon DL</td>
</tr>
<tr>
<td>3</td>
<td>Reasonably important consideration while deliberating upon DL</td>
</tr>
<tr>
<td>4</td>
<td>Very important consideration while deliberating upon DL</td>
</tr>
<tr>
<td>5</td>
<td>Extremely important consideration while deliberating upon DL</td>
</tr>
</tbody>
</table>
Implementing appropriate regulation to facilitate competition, innovation, standard setting, security and accountability among service providers in the market.

Implementing appropriate regulation to ensure adequate checks and balances on government use of discretion and enhance accountability.

Strengthen the proposed Data Protection Authority (DPA – under the draft personal data protection bill 2018), to reduce information asymmetry, ensure compliance and penalise non-compliance.

Provide fiscal incentives/subsidies to foreign start-ups and MSMEs for local data storage.

Provide fiscal incentives/subsidies to domestic start-ups and MSMEs for local data storage.

Build domestic capacity of cyber-security experts, data centre management personnel, software experts etc.

Invest in developing requisite infrastructure for data centres in India.

Developing baseline principles for protecting consumers in digital economy sectors where data localisation is mandated.
THANK YOU FOR YOUR VALUBALE TIME AND EXPERT INPUTS

WE SHALL KEEP YOU UPDATED WITH THE FINDINGS OF OUR STUDY