

## **Economic Analysis of Verifiable Parental Consent Mechanisms** *Evaluating the Impact on Consumers and Data Fiduciaries*

### **Background and Context**

In August 2023, the Indian government enacted the Digital Personal Data Protection Act, of 2023 to safeguard individuals' digital personal data.<sup>1</sup>

Section 9 of the Act focuses on the processing of personal data of children under 18 years of age by data fiduciaries, with sub-section 9(1) requiring 'verifiable consent' of the lawful guardian for processing the child's data. Data fiduciaries must verify children's age through parental or guardian consent while also confirming the relationship and documenting this consent.

However, this may result in a process where children may need to consistently seek parental consent to avail services of different fiduciaries, significantly impacting service providers handling children's data. As a result, fiduciaries may also face increased customer acquisition costs and operational burdens, particularly affecting smaller companies. Additionally, this repeated regulatory burden may stifle innovation and creativity in developing children's products and services, as providers might hesitate to invest in new ventures.

For consumers, the process can become cumbersome, overburdening parents and children and potentially hindering engagement with digital services. The increased compliance costs for fiduciaries may also be passed on to consumers directly or indirectly.

Hence, it would be prudent to analyse and compare the costs of different parental consent mechanisms to understand their financial and operational impacts comprehensively. There are different mechanisms for obtaining verifiable parental consent (VPC), such as those managed

directly by digital service providers, through intermediaries, via centralised consent mechanisms, and novel Indian approaches like DigiLocker<sup>2</sup> and Aadhar.<sup>3</sup>

The project will examine and compare the costs associated with these VPC mechanisms, thoroughly analysing each mechanism's implementation, operational, compliance, and scalability costs.

### **Objectives**

- Analyse and deconstruct the steps involved in different mechanisms for obtaining VPC
- Assess the economic impact and cost of these VPC mechanisms
- Examine other operational and financial challenges faced by fiduciaries in these mechanisms

### **Approach and Methodology**

#### **Secondary Research**

A thorough literature review on different parental consent mechanisms from academic journals, government reports, and industry publications will be conducted. This will include identifying child users, contacting parents, obtaining and verifying consent, ensuring safe data transmission and storage, and managing data deletion.

#### **Stakeholder Consultation**

Stakeholder consultations will be conducted to validate the secondary research findings and assess economic costs. Relevant stakeholders, including industry players, experts, academics, think tanks, software developers, intermediaries, brokers, and consent management service providers, will be consulted.

## Finalisation of Economic Assessment Report

An economic assessment report will be compiled, analysing and comparing costs across different indicators, such as the deployment of consent management software vs. third-party consent managers, and costs of contacting parents and data management. The report will present key findings in a reader-friendly manner and provide recommendations for optimal parental consent mechanisms in India.

## Envisaged Outputs

- A report discussing the economic assessment, cost, and practicality of different modes of parental consent, along with a comparison of these mechanisms

## Envisaged Outcomes

- A deeper understanding of the economic costs, and other financial and operational impacts associated with different parental consent mechanisms, leading to informed cost structures for service providers
- Informed policy and regulatory frameworks to enable operationalisation of efficient consent mechanisms in India

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## Endnotes

- <sup>1</sup> <https://www.meity.gov.in/writereaddata/files/Digital%20Personal%20Data%20Protection%20Act%202023.pdf>
- <sup>2</sup> <https://economictimes.indiatimes.com/tech/technology/soon-store-parental-consent-in-digilocker/articleshow/102954908.cms>
- <sup>3</sup> <https://indianexpress.com/article/india/aadhaar-based-consent-for-children-to-go-online-9071238/>

