

Mandating e-commerce firms to store user data exclusively in India to impact their biz: Experts

Pratibha Jain, Partner, Nishit Desai Associates said that data localisation would not help in resolving privacy concerns.

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Making it mandatory for **e-commerce** players operating in the country to store user data exclusively in India will impact their business, according to industry experts.

An initial draft policy discussed at a meeting of a high-level think-tank set up to formulate a national e-commerce policy has suggested that all e-commerce companies will have to store user data exclusively in India in view of

security and privacy concerns.

Pratibha Jain, Partner, Nishit Desai Associates said that data localisation would not help in resolving privacy concerns.

"Whether I keep a copy in India or offshore as long as the service provider signs a confidentiality agreement which is enforceable expeditiously... the only thing that then matters to me is the economics.

"As long as companies agree to provide access to the government, location of storage should not be a concern. On the other hand, enforcing data localisation may increase the cost of business for start-ups," she said.

Jain added that any policy should have three mantras -- job creation, promoting exports and consumer protection.

Another expert from the industry, who did not wish to be named, shared similar views and said that several budding entrepreneurs are venturing into e-commerce field and to help

them grow, the government should not make it mandatory to store user data in the country.

However, some experts stated that the government should not allow firms to store data outside country as there are security related concerns.

Professor Biswajit Dhar of Jawaharlal Nehru University said that data localisation is important for India and that cannot be shared with anyone.

"User data should be stored in India. The data movement is tracked by multinational firms and from that they are making commercial gains. The government has to take stand on this important issue and framing of the national e-commerce policy would help in taking a strong stand in the issue in the WTO," he added.

Several members, particularly the developed countries in the World Trade Organisation (WTO), are demanding discussions on liberalising e-commerce trade and for that India needs to first formulate a domestic policy for the fast-growing sector.

A high-level committee has been constituted recently by the government to take a look at all the issues concerning this sector, including definition, payment systems and logistics related matters.