



Mains Practice Question

Q. Data is the new oil. In this regard, examine the potential and safeguards needed for data, if India is to use this resource effectively in the future. (250 words)

20 Apr, 2019 GS Paper 3 Economy

Approach

- Briefly write about the growing volume of data in India.
- Briefly write how data is new oil along with potential use of data.
- Write how data is being used unethically.
- Write the solution for addressing the unethical use of data keeping in perspective the data protection and localisation.
- Briefly write an optimistic conclusion for using data as a resource.

Answer

Introduction:

According to the recent reports there are more than 500 million internet users in India currently. The number of users is second only to China, which has 731 million internet users. This huge data collected from individuals is owned by the giant companies such as Google, Apple, Facebook, and Amazon as a raw material and they manipulate and monetize it which is why data is said to be the oil of the digital era.

Body:

Potential of Data

- Data helps **predict customer behaviour**. It also helps to target people by using data for commerce to understand a customer's preferences and selling her just what she wants.
- Data plays a key role in **digital advertising**. For example, Facebook generates the majority of its revenue from digital advertising, which isn't possible without the data it collects from its 2 billion users.
- A lot of such privately held data can be used for **governance and policy purposes**. For instance, data from ride-sharing companies such as Uber and mapping tools such as Google Maps can provide key insights into how people in cities travel, and help develop solutions for making travel easier.
- A focus on data in the coming years has the potential to make **health care** more preventive, predictive and personalized, meaningfully reduce health care costs and lead to better patient outcomes. This rapid change is taking place because of increased access to big data and advanced data analytics.
- Data availability has changed the **human relationship with technology**. Self-driving cars wouldn't exist without the availability of maps and the data of human behavior on roads among other things. Similarly we wouldn't be able to make weather predictions and plan ahead without the availability of data.

Unethical use of data

- Platforms that accumulate user data disrupt industries, wield disproportionate influence and create silos. This leads to **data domination**.
- There are multiple risks from data domination: violation of privacy, data colonization, and a winner-takes-all scenario that stifles innovation and competition. For example:
 - The 'free' service that is provided from Google or Facebook is not actually free. Each website (or app) that we use and each page we view on the internet is recorded.
 - While browsing, we are inadvertently leaving behind our digital footprints and tech companies are able to leverage on it and monetize our data. If the product is available to us for free, we're the product!
- Data mined from users of social media may be used for **targeted cross-platform advertising**.
- Data can provide an **intimate psychological profile** including ideological preferences that together help campaign managers target communications and forecast voter behaviour.
- Personal data can be used as a tool for **surveillance and monitoring purposes**, if not effectively regulated. It is here that strong data protection and localisation laws can help.

Way Forward

- While large technology companies have often argued that steps such as **data localisation** would restrict free trade and that cross-border data flows are vital for a modern economy, it is incumbent on governments to prioritise the security and safety of their citizens' data over the profit margins of large multinational companies.
- Creating a responsible set of rules regarding mining, owning, sharing, and processing of such data can help regulate data resource and protect the privacy of citizens as well.
- The **Srikrishna Committee Report** on data protection and the **RBI guidelines** for fintech firms requiring them to store data of Indian citizens in the country (data localization) are steps in the right direction, but a lot more needs to be done in terms of protection and localisation if India is to use the resource of data effectively in the future.
- Apart from a **strong data protection law**, an efficient consent process is needed. This could take the form of data consent, **Application Programming Interfaces (APIs)** that allow consent collection, storage, and audits with users having the right to pull out their data anytime. They can choose what they want to be part of, and what they don't.

Therefore in the 21st century data has become one the most valuable resources on the planet. However, it needs to be ethically extracted, refined, distributed and monetized with the spirit of data democracy unlike the way oil has driven growth and produced wealth for mostly powerful nations.