



PRIVACY LAWS & BUSINESS

DATA PROTECTION & PRIVACY INFORMATION WORLDWIDE

India gives commitment on new privacy initiative

India's government gave a commitment on September 30th last year to introduce a data protection initiative for companies outsourcing their data processing operations. But which type of proposal is the government most likely to adopt? **Stewart Dresner** reports from New Delhi.

Following the parliamentary election in April, the new government is likely to press ahead with data protection proposals directed at companies in India, often with headquarters in Western Europe or North America carrying out business process outsourcing, such as IT contracts and customer call centres.

The Indian government finds itself caught between a wish to satisfy its largest trading partner, the European Union, encouraging a law based on the model of the EU's Data Protection Directive, and US-based companies which would prefer a contractual approach and see no need for legislation.

THE EU APPROACH

The EU's approach was emphasised by the European Commissioner for Information Society, Erkki Liikanen, at the EuroIndia 2004 Cooperation Forum on the Information Society, held in New Delhi, March 24-26th. Data protection and information security issues were addressed on the first day and Liikanen also discussed data protection with Arun Shourie, Minister for Disinvestment, Communication and IT.

At stake is the ability of the companies carrying out work outsourced to them to manage the personal data in their care in a way which maintains its security, and to respond in a timely way to any requests by individuals for access to and correction of their personal data, or fulfilment of any of their other rights.

THE US APPROACH

The approach from US industry is that there is no need for an Indian law because all the issues surrounding the processing of personal data can be handled by contracts between an organisation's US headquarters and the data

processing company based in India. For example, the global privacy manager for a major US-based IT systems company told *PL&B International* that a European-style privacy law in India would simply add to compliance costs and give no material benefit to individuals which they did not already enjoy as a result of contracts which his company and others already had in place.

India wishes to tread carefully and not introduce any bill which is likely to alienate American business opinion.

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