



PRIVACY LAWS & BUSINESS

DATA PROTECTION & PRIVACY INFORMATION WORLDWIDE

India plans EU-style data law

A new law modelled on the EU Data Protection Directive could provide some regulatory relief for multinationals outsourcing their processing operations to India. **Alan Pedersen** reports.

The Indian government is preparing a new data protection law that could be introduced within the year, according to recent reports. Speaking at an IT strategy summit in Bangalore on June 12th, Rajeera Ratna Shah, federal secretary for the Department of Information Technology, said: "We are ready with the draft of the Data Protection Act. It might be possible to enact it in the winter session of Parliament."

Unlike government-led initiatives in other countries, the proposed law has received strong backing from business representatives. Kiran Kirk, president of the National Association for Software Service Companies (NASSCOM), expressed support for the proposals by highlighting the commercial benefits

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of introducing privacy legislation. "As we expand our global reach, some companies will insist on such a law before outsourcing work to India," he said. Rajeera Ratna Shah added that the "Data Protection Act will help in building confidence of foreign customers to outsource back-office work to third party vendors in India."

In addition to a new privacy law, Shah said that the government also plans to bolster data protection by setting up a cyber security assurance framework. Despite some business fears over data security, Stephanie

Moore, senior analyst at Forrester research, says Indian firms have an "excellent reputation on security. Not only are they very conscious about making sure their physical processes are in place...they are also encrypting data and implementing clean desk policies."

The outsourcing industry in India has flourished over the last few years with multinational companies taking advantage of cheap, good quality labour to drive down operational costs. Research from IDC predicts HR

outsourcing revenues will reach \$15 billion by 2006. And according to Stephanie Moore, call centre outsourcing is becoming a booming industry with a growth rate in the region of 150 per cent year-on-year. "A lot of companies are

looking to Indian vendors to provide them with call centres," she says.

Aside from outsourcing, companies are also setting up their own subsidiary branches to handle call centre work, payroll processing and market research activities. The UK's *Financial Times*, for example, recently reported plans by British insurance company Prudential to save £16 million (€22.3 million) a year by shifting around a third of its customer service operations to a wholly-owned call centre in Bombay.

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