

# Startups Welcome Era Of Transparency Ushered In By India's New Fundamental Right To Privacy

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*India's Supreme Court ruled on August 24 that citizens have a constitutional right to privacy, a landmark verdict that could have wide-reaching implications for the government's flagship biometric program. (Photo Credit: SAJJAD HUSSAIN/AFP/Getty Images)*

Following the Indian Supreme Court [ruling](#) that privacy will be a fundamental right, the focus has shifted to how companies will respond. Until now, there has been little clarity on data collection by many Indian startups, and even lesser understanding of how the data is being used. But legal experts and startup founders believe this ruling will usher an organized and transparent approach to data collection, storage and usage by India's digital leaders.

## The legal impact of the Supreme Court ruling

In August 2017, a nine-judge bench ruled unanimously that the right to privacy is a fundamental one for Indians. This ruling is widely believed to have an impact on India's ambitious [Aadhaar](#) scheme, as the central government now must convince the Supreme Court that collecting iris scans and fingerprint samples from citizens does not violate their privacy.

Members in the startup ecosystem and legal experts believe that once the legislation is passed, it will have a lasting impact on data protection and privacy across India. Stephen Mathias, partner and co-chair of technology law at Kochchar & Co., says, "The manner of personal data collection will change. Right now, consent is being given by consumers without them necessarily knowing why their data is being

used. Hopefully, there will be some standard as to when businesses can use individuals' data, which balances competing interests of protecting individual privacy and allowing businesses to use big data."

*Two Indians filed a case in the Delhi High Court challenging the August 2016 policy of the messaging platform WhatsApp to share user information with its parent entity Facebook. (Photo Credit: STAN HONDA/AFP/Getty Images)*

On the heels of the privacy ruling is another case that will shape the future of data collection in India. Two individuals filed a [case](#) in the Delhi High Court challenging the August 2016 policy of the messaging platform WhatsApp to share user information with its parent entity Facebook. The ruling of the high court has been appealed and is currently being argued in the Supreme Court. The government has since established the [BN Srikrishna Committee](#) to draft a data protection framework for Indian citizens. **Kartik Maheshwari, leader, Nishith Desai Associates says, "The draft law is expected in about eight to 10 months. With respect to a data protection regulation, whether in the form of a new legislation or an amendment to the existing law, it is hoped that the burden of compliance for small and medium-sized businesses should not be cumbersome."**

## **Startups prepare for transparency**

India's startups have welcomed the privacy ruling, and are eager to see protocols being set pertaining to data collection and use. Bala Parthasarathy, cofounder of fintech startup [Moneytap](#), says, "This ruling empowers the consumer. There is a significant level of data abuse today and this ruling will now force startups to define specific guidelines on data collection. Once they sketch the outlines for data use, customers will be more forthcoming about sharing personal information."

While regulatory bodies such as SEBI, RBI and TRAI are currently working on specific guidelines on data sharing and usage, startups can take corrective steps in preliminary stages of data collection. Suhas Gopinath, cofounder and CEO of [HappyEMI](#) says, "Startups have to employ responsible ways to gather data, devise better user interface and experiences that make the consumer aware of the

data being collected, stored and used. In addition, digital and offline campaigns must be deployed to educate users about the right to privacy. A user's ignorance about this ruling cannot be treated as consent."

## **Blockchain for better security**

*Blockchain could be the answer to developing secure data storage platforms for scores of app users in India. (Photo credit: NARINDER NANU/AFP/Getty Images)*

But, there's a lot of data out there that Indian businesses have access to. India's smartphone users are expected to reach 299.24 million [this year](#). App Annie's [research](#) states that Indians spend more than four hours each day browsing apps. From booking cabs to conducting financial transactions, there's a growing presence of online activity through apps, most of which access the personal data of users.

To safeguard data structures and user privacy, blockchain technology could be a solution, suggests Mohit Mamoria, blockchain enthusiast and founder-CEO of GODToken. "Data storage and collection should be built on a secure platform. Startups should invest in blockchain to protect customer data and guarantee anonymity. An encrypted identity on a blockchain requires a user's permission to get unlocked."

A KPMG [report](#) stated that Indian banks and insurance companies are amongst the first in the country that have shown a marked interest in developing a blockchain infrastructure by collaborating with fintech companies. As startups embrace a secure platform for data collection, blockchain could assume a greater role for startups to store their data safely.

While the country awaits the privacy ruling to become a law, Indian startups can work towards establishing best practices towards data collection and usage. With an impetus to digitize India, the ecosystem can set new benchmarks in data privacy.