

Tech-Enabled Consent: India's New Model for Digital Data Governance

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Context

India is undergoing a paradigm shift in how personal and financial data is managed, with a growing emphasis on **user consent**, **data protection**, and **interoperable digital ecosystems**. The **Account Aggregator (AA) framework** and the **Digital Personal Data Protection (DPDP) Act, 2023** mark two significant pillars in this evolving data governance architecture.

1. Account Aggregator (AA) Framework: Consent-Driven Financial Data Sharing

Overview

The Account Aggregator framework enables individuals to control and securely share their financial data across institutions. It functions under the regulatory oversight of the **Reserve Bank of India (RBI)** and is also backed by multiple other regulators.

Key Features

- **Multi-regulatory initiative** involving RBI, SEBI, IRDAI, PFRDA, and Ministry of Finance.
- Enacted through **RBI's NBFC-AA Master Directions, 2016**.
- Facilitates **real-time, secure, and machine-readable data sharing** between financial institutions such as banks, mutual funds, tax authorities, pension funds, and more.
- Empowers users to **give, manage, and revoke data-sharing consent**.

Significance

- Enhances **financial inclusion, digital empowerment**, and **citizen-centric governance**.
 - Improves **efficiency and transparency** in lending and financial services.
 - Demonstrates a model for **inter-agency cooperation** and **data fiduciary accountability**.
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2. Digital Personal Data Protection (DPDP) Act, 2023: Broadening Consent-Based Governance

Core Provisions

- Recognizes individuals as **Data Principals** and introduces **Consent Managers (CMs)** who facilitate the management of personal data across sectors.
- Enshrines the principle of **explicit, informed, and revocable consent**.
- Applicable across sectors beyond finance, such as **healthcare, education, employment, and e-commerce**.
- Promotes a **techno-legal approach** to data governance.

Institutional Structure

- Operates under the supervision of the **Data Protection Board (DPB)**.
 - **Consent Managers** are registered intermediaries accountable for managing personal data flow in line with the DPDP Act.
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3. Draft DPDP Rules, 2025: Emerging Regulatory Directions

Key Provisions

- **Mandatory registration** of Consent Managers with the DPB to ensure transparency, compliance, and standardization.

- Encouragement of **sector-specific consent frameworks**, such as:
 - **Financial Health Records (FHR)** under the National Health Authority (NHA).
- Promotion of **interoperable Application Programming Interfaces (APIs)** to enable seamless data sharing.
- Allows **commercial agreements between Consent Managers and data fiduciaries**, while maintaining user data rights and fiduciary responsibility.

Critical Recommendations

- Avoid regulatory **overlap** with the existing AA ecosystem.
- Promote **synergy** between sector-specific systems and the DPDP Act's broader consent architecture.
- Lay the foundation for a **future-ready, unified consent infrastructure**.

4. Towards a Unified Data Ecosystem

India's vision for a consent-based data governance system must prioritize:

- **Interoperability over fragmentation.**
- **Harmonization between sectoral and national data-sharing mechanisms.**
- Leveraging mature ecosystems like the **AA framework** to guide the rollout of new initiatives like the DPDP Consent Managers.

This approach will serve as a foundation for:

- **Data sovereignty**
- **Digital inclusion**
- **Public trust in data governance**

- **Efficient delivery of digital services**
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Conclusion

India is at a transformative stage in building a **user-centric, secure, and scalable data-sharing ecosystem**. By integrating best practices from the **Account Aggregator model** and ensuring the **cohesive implementation** of the **DPDP Act**, the country can lead globally in creating a robust consent-based data infrastructure.

Such a framework is essential to achieving the goals of **data empowerment, individual autonomy**, and **trust in the digital economy** in the 21st century.



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