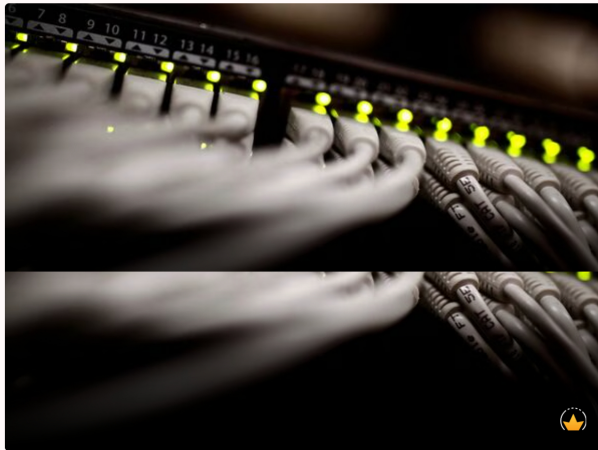


mintPremium | NEWS

As India tightens data rules, top tech companies dish out a new offering: compliance as a service

Sakshi Sadashiv | 5 min read | 30 Apr 2025, 01:01 PM IST



CaaS for data ensures that a company adheres to Indian data regulations and compliance requirements. (REUTERS)

SUMMARY

Amid evolving data localisation policies, Indian firms are embracing compliance-as-a-service. The Digital Personal Data Protection Act is set to significantly influence data storage practices as companies grapple with compliance costs and the operational challenges of strict localisation mandates.

[Gift this article](#)

Top Indian data service providers increasingly offer compliance as a service (CaaS) model, capitalising on policy changes surrounding data localisation.

Compliance as a Service (CaaS) for data refers to a model where third-party service providers ensure that a company adheres to Indian data regulations and compliance requirements.

While the **Digital Personal Data Protection** (DPDP) Act, 2023, does not mandate strict data localisation, it is expected to significantly influence the landscape as data and metadata within India continue to grow. Industry service providers anticipate that data localisation requirements will gain momentum, driven by increasing privacy, security, and national interest concerns.

The DPDP Act rules are expected to be notified later this year. This follows the Reserve Bank of India (RBI) directive in 2018, which mandated that all banks store data within India.

"We are championing data sovereignty and are clearly ahead of the game, ensuring that the entire data framework and data mesh architecture enable the metadata to reside within the country," Neelakantan Venkataraman, vice president and global head of Cloud and Edge Business at **Tata Communications**, said.

Tata Communications caters to large firms and small and medium enterprises (SMEs), where it sees a significant opportunity.

Venkataraman said that many believe data in India is fully sovereign. Still, if metadata, including privacy and PI (personally identifiable information) data, moves out of the country, it can't be considered truly sovereign.

He added that more than 600 companies currently use Tata Communications' cloud solutions services. In its FY2023–24 report, Tata Communications recorded ₹17,181 crore in data revenue, including cloud services as part of its broader digital offerings.

"I like to say, not even a single bit of data should move out of the country," he added.

Neelakantan further said grounding the entire technology stack in localised data is crucial for building generative AI models.

Also read | **TCS launches India-focused sovereign cloud to boost domestic revenue**

Data storage compliance

Hiranandani Group-owned **Yotta Data Services** has expanded its data centre parks nationwide. It expects to meet the increasing demand for compliant data storage, catering to enterprises, regulated sectors, and micro small and medium enterprises (MSMEs).

"We are working consciously to help India achieve data sovereignty," Sunil Gupta, co-founder, CEO & MD of Yotta Data Services, said.

Big tech companies like Amazon, Microsoft, Google, and Meta are concerned that strict data localisation increases costs, complicates global operations, and fragments the internet.

Some firms have complied partially by setting up local data centres (e.g., AWS has expanded its India operations, and Microsoft launched Azure regions in India). Others voiced concerns against strict rules, arguing that cross-border data flows are essential for innovation, global services, and the digital economy.

Smaller players like Digiboxx also provide cloud storage and enterprise backup solutions within India, catering to the growing business demand.

Also read | **OpenAI discussing localization of ChatGPT India data**

While security isn't solely determined by data location, local storage options have become increasingly sought after due to localisation requirements, such as those mandated by the RBI. These mandates have led companies across various industries to opt for local storage.

Digiboxx CEO Arnab Mitra told *Mint* that, from a national security standpoint, data can be vulnerable to foreign surveillance and misuse.

"Local storage, in many ways, ensures that India has complete legal and operational control over its data, especially in crucial times of geopolitical tension," he said.

Digiboxx provides compliance as a service to sectors such as BFSI (Banking, Financial Services, and Insurance), government, media and entertainment, and legal firms. Many of its clients are small and medium enterprises (SMEs).

Also read | **Airtel to steer clear of GPU-as-a-service for now, focus on data centre business**

High compliance cost for SMEs

Mitra explains that spending a significant amount per user per year is often unsustainable for SMEs, especially when the features are bundled and not fully utilised. Large corporations may not mind paying such amounts, but such expenses can be challenging to sustain for smaller companies. He also highlights that Digiboxx's jurisdictional compliance with data remaining on Indian soil significantly benefits SMEs, ensuring legal protection and operational control.

Fintech startup Finarkein operates in a sector where the RBI mandates data localisation. It specialises in data and workflow orchestration for India's digital public infrastructure. The company raised \$4.75 million in a pre-Series A round in August last year.

As co-founder Nikhil Kurhe explained, Finarkein relies on AWS for its services but follows a multi-cloud, multi-region approach.

In 2018, **RBI** directed all payment data processed in India to be stored locally, allowing foreign entities to process data offshore only if a copy was

retained within the country. The move, aimed at enhancing regulatory oversight and data security, significantly impacted players like Mastercard and Visa.

Venture investment groups are also excited about data governance as a space.

Chintan Antani, vice president - Seed & Acceleration at IIMA Ventures, said, "Cybersecurity and data governance are two verticals we're closely focusing on, and we anticipate making a few more investments in this area."

Antani added that standardisation is needed across compliance laws—currently, many small and medium enterprises are conservative about adoption.

Also read | [What will it take for India to become a global data centre hub?](#)

Clarity in localisation policies

Antani also emphasised the need for clearer localisation policies to support infrastructure investments, stating, "If the law of the land changes and the servers are outside, you can't really do anything, and unforeseen issues can arise."

However, smaller companies are feeling the brunt of added compliance requirements.

Tarun Sibal, co-founder of Cloud Photonix, an optical transceiver company, pointed out that the burden of these regulations can be particularly challenging for his company.

"For an MSME, which is already very stretched, the burden of compliance becomes even more significant. We must carefully consider where we house our data, but the associated costs and resource bandwidth add financial pressure to the strained operations."

Sibal pointed out that India's evolving regulatory landscape isn't clear enough for businesses to confidently invest in local infrastructure.

Sibal said, "For the smaller folks like us, I don't have a clear road map regarding what I need to cover and what I don't need to worry about."

Sibal also highlighted the fluid nature of data, as data may pass through India but be stored overseas, complicating control and monitoring. Since data doesn't have physical boundaries, it's challenging to determine where it's truly localised and who is liable for it.

Also read | [Big Tech, data privacy rules differ over online tracking of children on net](#)

 [Gift this article](#)

Catch all the Corporate news and Updates on Live Mint. Download The Mint News... [more](#) 

TOPICS

[#technology sector](#)

MINT SPECIALS



MORE PREMIUM STORIES



TRENDING STORIES

[Air Defence system](#) | [Bengaluru weather alert](#) | [Reliance Power share](#) | [Ali Mahmudabad](#) | [KCET Results 2025](#) | [IPL 2025](#) | [IPL 2025 Points Table](#) | [IPL 2025 Schedule](#) | [Orange Cap in IPL 2025](#) | [Purple Cap in IPL 2025](#) | [Livemint Hindi](#) | [Bank Holidays in Gujarat](#) | [Bank Holidays in Delhi](#) | [Bank Holidays in September](#) | [Income Tax Calculator 2025](#) | [Bank Holidays in Jammu And Kashmir](#) | [Gold Rate in Delhi](#) | [Gold Rate in Bangalore](#) | [Gold Rate in Chennai](#) | [Gold Rate in Hyderabad](#) | [Gold Rate in Mumbai](#) | [Business Radio - FAB Play](#) | [Credit Card](#) | [Credit Score](#) | [Gold Rate India](#) | [Microsoft Layoffs](#) | [Bank Holidays India](#)

DATA PAGES

[Quarterly Results Calendar](#) | [Petrol Prices](#) | [Diesel Prices](#) | [MCX Gold Price](#) | [Election Results 2024](#) | [Assembly Election Results 2024](#) | [MCX Silver Price](#) | [Gold Price](#) | [Silver Price](#) | [NSE TOP Gainers](#) | [NSE TOP Losers](#) | [BSE TOP Gainers](#) | [BSE TOP Losers](#) | [Bank Holidays 2024](#) | [Upcoming IPO 2024](#) | [BSE Q3 Results 2023](#) | [Income Tax Calculator](#)

POPULAR STOCKS

[JSW INFRASTRUCTURE share price](#) | [R R KABEL share price](#) | [CONCORD BIOTECH share price](#) | [IDBI Bank share price](#) | [Yes Bank share price](#) | [Adani Power share price](#) | [HUL share price](#) | [Indian Oil share price](#) | [Vedanta share price](#) | [Jio Financial Services share price](#) | [Paytm share price](#) | [Punjab National Bank share price](#) | [Canara Bank share price](#) | [Adani Green Energy share price](#) | [Indian Railway Finance Corporation share price](#) | [Suzlon Energy share price](#) | [IREDA share price](#) | [Vodafone Idea share price](#) | [Orient Technologies share price](#) | [Premier Energies share price](#) | [Bajaj Housing Finance Share Price](#) | [Garuda Construction And Engineer share price](#) | [Hyundai Motor India share price](#)

LATEST STORIES

[DBS Bank revises savings account rates, offers upto 5.5 per cent](#) | [Gujarat Titans script history with record-breaking win against Delhi Capitals](#) | [PM Modi wishes for a 'quick& full recovery' of Joe Biden after cancer diagnosis](#) | [Emami's growth plans set to hit a weather bump](#) | [Mutual fund investors below age of 25 have 47% exposure to equity: Report](#) | [Supreme Court dismisses Vodafone Idea, Airtel plea for AGR interest waiver](#) | [GN Bajpai: Tokenize real estate to open up an attractive asset class](#) | [HAL share price looks set to snap 4-day winning streak; time to book profit?](#) | [Dassault Aviation share price falls 1.3%, rallied 56% in 2025](#) | [Back to basics: PVR Inox to launch budget cinemas in underserved parts of India](#)

NIFTY 50 COMPANIES

[ADANI ENTERPRISES share price](#) | [ADANI PORTS share price](#) | [APOLLO HOSPITALS share price](#) | [ASIAN PAINTS share price](#) | [AXIS BANK share price](#) | [BAJAJ AUTO share price](#) | [BAJAJ FINANCE share price](#) | [BAJAJ FINSERVE share price](#) | [BPCL share price](#) | [BHARTI AIRTEL share price](#) | [BRITANNIA share price](#) | [CIPLA share price](#) | [COAL INDIA share price](#) | [DIVIS LABORATORIES share price](#) | [DR REDDYS LABORATORIES share price](#) | [EICHER MOTORS share price](#) | [GRASIM INDUSTRIES share price](#) | [HCL TECHNOLOGIES share price](#) | [HDFC BANK share price](#) | [HDFC LIFE share price](#) | [HERO MOTOCORP share price](#) | [HINDALCO INDUSTRIES share price](#) | [HINDUSTAN UNILEVER share price](#) | [ICICI BANK share price](#) | [ITC share price](#) | [INDUSIND BANK share price](#) | [INFOSYS share price](#) | [JSW STEEL share price](#) | [KOTAK BANK share price](#) | [LARSEN & TOURBO share price](#) | [MAHINDRA & MAHINDRA share price](#) | [MARUTI SUZUKI share price](#) | [NTPC share price](#) | [NESTLE INDIA share price](#) | [ONGC share price](#) | [POWER GRID share price](#) | [RELIANCE INDUSTRIES share price](#) | [SBI LIFE share price](#) | [SBI share price](#) | [SUN PHARMA share price](#) | [TCS share price](#) | [TATA MOTORS share price](#) | [TATA STEEL share price](#) | [TATA CONSUMER share price](#) | [TECH MAHINDRA share price](#) | [TITAN share price](#) | [UPL share price](#) | [ULTRATECH CEMENT share price](#) | [WIPRO share price](#)

DOWNLOAD APP

Download the Mint app and read premium stories



[ABOUT US](#) | [CONTACT US](#) | [TERMS OF USE](#) | [PRIVACY POLICY](#) | [RSS](#)