

## OpenAI's Data Residency

*Prelims: Current events of national and international importance*

### Why in News?

Recently, ChatGPT-maker OpenAI has launched data residency in some Asian countries, enabling these regions to store data locally.

- **Local data residency** - It refers to the practice of **storing and processing data within a specific geographic region**, often the country or region where the data originated or where the data subjects reside.
- It enhances the data control by the organisations and businesses.
- Data residency builds on OpenAI's existing enterprise-grade data privacy, security, and compliance features.
- **Covered countries** - **India**, Japan, Singapore and South Korea,
- **Covered products** - ChatGPT Enterprise, ChatGPT Edu, and the API users.

<b>ChatGPT Enterprise</b>	A <u>customised version of ChatGPT</u> , for businesses, offering security, privacy, & management features.
<b>ChatGPT Edu</b>	It is <u>built for universities</u> to deploy AI to campus operations and assist students, faculty and researchers with artificial intelligence.
<b>OpenAI API</b>	It is a set of tools that <u>allows developers to access and use OpenAI's models</u> within their own applications by integrating advanced AI capabilities like text generation and natural language processing in their projects.

- It could allow financial institutions to deploy AI for use cases like payment processing while remaining compliant with existing requirements that require payment data to be stored locally.
- **Significance for India** - It will help Indian users meet local data sovereignty requirements while using OpenAI products.
- It allows **data at rest** such as prompts, Uploaded files, and chat interactions to be stored within India.
- As Reserve Bank of India does permit transient cross-border processing under certain conditions, if this is implemented thoughtfully, concerns about data in motion could also be addressed.
- **Challenges** - Although it is a step towards compliance, it has fallen short of complete data sovereign.
- The architecture stores data 'at rest' locally, but not necessarily 'in transit' or during model inference, thus that data may still leave the country, exposing enterprises to regulatory scrutiny.
- OpenAI has not announced local hosting of its GPT models or inference engines in

India.

*India has grown to be the 2<sup>nd</sup> largest market for OpenAI, and the number of users in the country tripled by 2024.*

## References

1. [The Economic Times| Impact of OpenAI's Data Residency on India](#)
2. [Business Standard| OpenAI's Local Data Residency](#)

