RBI and Data Technology

Why in news?

The Reserve Bank of India (RBI) plans to use big data to track and identity tax defaulters.

What did the RBI suggest?

- The RBI's Annual Report 2020 suggests to use big data analytics to,
    1. Track and identify tax defaulters,
    2. Increase the taxpayer base by tracking their income and wealth parameters.
- It is not very clear from the report whether the RBI wants to do the tracking by itself or expects the Centre to take the reins.

What is the concern?

- This suggestion is a cause for concern considering the privacy and rights risks involved in such a proposal.
- The report claims the move is aimed towards boosting fiscal revenues.
- But global experiences, especially from China where such tracking systems already exist in various forms, suggest that,
    1. Such moves have the potential to be misused and
    2. Such moves can cause serious damage to individuals' privacy.

What does the Data Science Lab use?

- The RBI's Data Science Lab is using advanced technologies to improve data quality, surveillance and early warning detection abilities.
- The lab also employs big data analytics to provide inputs for policy formulation and monitoring.

How should such technologies be applied?

- The application of such technologies must remain at a macro level.
- Extreme caution must be applied while using tracking technologies at the micro level.
- The Centre has been toying with micro-level monetary surveillance through initiatives like the Income Tax department's 'Project Insight'.

- 'Project Insight' uses algorithmic tools to track individuals' spending patterns through their social media posts and match them with their declared income to find anomalies.

What are the benefits of using these techs?

- Tracking technologies powered by big data analytics offer great temptation to authorities across the globe.
- This temptation is because of their potential to transform the surveillance landscape in unimaginable ways.
- Granted, they make regulation a lot easier.
- But governments and agencies such as central banks must know where the line of control begins and where it ends.

How should a move be?

- Any move to track individual spending through social media must adhere to global best practices such as the EU's General Data Protection Regulation.
- This move must respect the consent of the individuals involved.
- Globally, a heated debate is raging over the racial, gender and class biases of algorithmic tools used to track and filter various candidates.
- Hence, it is best advised that such moves should be left open for a public debate before they are made into the law.

Source: Business Line