

**Quote by Sameer Jain, Managing Director, Primus Partners**

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## **'Wake-up call': Voices for digital sovereignty grow louder amid Nayara-Microsoft case**

**Authored by Shraddha Goled**



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### **Article Content:**

Oil refinery and marketing company Nayara Energy withdrew its petition against Microsoft on Wednesday. The Indo-Russian company said that Microsoft has restored its services.

Earlier this week, Nayara Energy, which is backed by Russian Rosneft Oil Company, filed a lawsuit against Microsoft for “abrupt and unilateral suspension of critical services”. The EU has sanctioned the Mumbai-based oil refiner under the claim that its profits support Russia in its war in Ukraine.

By restricting its service, Nayara said that Microsoft cut access to the company’s data, proprietary tools, and products, despite these being acquired under paid license agreements. Nayara employees were also blocked from using their Outlook emails and Teams. Nayara alleged that since Microsoft is a US-based company, it has no legal requirement to stop its services. The company further stated that it is fully compliant with the Indian laws and regulations.

Today, after Microsoft restored the services, Nayara requested the High Court of Delhi to allow it to withdraw its petition, while also asking for the liberty to approach the court if it finds itself in a similar position to Microsoft.

Nayara, India's second-largest private oil refiner, has faced several operational and financial challenges after the EU imposed sanctions on it in mid-July, owing to its alleged ties with Russia. Microsoft's sudden withdrawal of services acted as a sudden blow, intensifying pressure on the company. Overall, these sanctions are expected to have a grave impact on the refiner's future plans that include building a petrochemical complex.

"Microsoft is committed to supporting all its customers in India and worldwide, and has restored services for Nayara Energy. We are engaged in ongoing discussions with the European Union towards service continuity for the organization," the Redmond based tech giant said in a media statement.

### Call for tech sovereignty

While the whole incident has reached a resolution for now, a lot of industry experts have raised questions on Indian enterprises' dependence on foreign entities for their critical digital infrastructure. A Reuters report, quoting sources, said that Nayara has turned to Mumbai-based Rediff.com for support services.

This incident has made calls for sovereignty in digital infrastructure only much louder. It is also underscored by the fact that modern economies are deeply reliant on digital ecosystems run mainly by a small number of multinational technology firms.

"India, and other similarly placed nations, must lead the global conversation on framing norms for responsible enforcement of digital sanctions. These norms must balance geopolitical imperatives with respect for national legal frameworks, ensuring that critical infrastructure and economic continuity are not held hostage to external policy decisions," Sameer Jain, MD and CEO of consulting firm Primus Partners, told TechCircle.

Additionally, Indian enterprises also need to be wary of regulations like the US' Reforming Intelligence and Securing America Act (RISA) that compels US companies to share foreign citizens' data with the US government under national security circumstances. This stands in contradiction to India's own data protection rules.

"Every business evaluates risk, but recent global developments highlight the need to treat sovereignty itself as a core risk mitigation strategy. While no organisation can claim complete control over all layers of technology, it is critical to secure autonomy over essential systems," said AS Rajgopal, the CEO of cloud and data services company NxtGen.

“The Microsoft-Nayara case underscores a deeper vulnerability, not just the suspension of services, but the potential loss of access to one’s own data. That’s a wake-up call.”

Notably, in April, NxtGen launched its financial services cloud, which claims complete data residency within India and zero exposure to foreign legal frameworks, ensuring full sovereignty.

The Nayara-Microsoft incident has also shed bright light on open source software adoption.

“Free/open source software is a sine qua non for Digital Sovereignty. FOSS allows for vendor neutrality, and helps towards ensuring that you're not left in a lurch due to US/EU sanctions the way Nayara Energy has been (due to its reliance on Microsoft),” Pranesh Prakash, a tech law and policy advisor, wrote on social media platform X.

Open source communities are global, but collaboration doesn’t require commercial ties. Countries can benefit from global innovation while remaining technologically sovereign.