The Efficiency Myth of Aadhaar Linking

What is the issue?

Aadhaar was meant to improve efficiency in welfare programmes but there are important lessons to learn from the dubious claims made by the Government in Aadhaar linking for welfare delivery.

What is Aadhaar?

- Launched in 2009, Aadhaar, which means ' foundation', is a 12 digit unique-identity number issued to all Indian residents.
- It was created under the provisions of the Aadhaar (Targeted Delivery of Financial and other Subsidies, benefits and services) Act, 2016.
- Aadhar is based on the biometric and demographic data, and notably is **a proof of residence and not a proof of citizenship**.
- The data is collected by the Unique Identification Authority of India (UIDAI), a statutory authority established under the Ministry of Electronics and Information Technology.
- Data of all Aadhaar holders is safe and secure in the Central Identities Data Repository (CIDR) of UIDAI.

NRIs are also eligible to enrol for Aadhaar. Indian Passport is a mandatory Proof of Identity for Aadhaar enrolment for NRIs.

What is the real time need for Aadhaar?

- To avoid leakages and curb black money
- Aadhaar based Direct Benefit Transfer
- Jan Dhan Yojana, bank account for all (financial inclusion)
- Social inclusion of the migrant population in the country
- Door-step banking access through Aadhaar-enabled Payment System (AePS)
- Faster processing of passport applications
- To get the benefits of Digi locker, for safer digital storage of documents
- To empower the residents of the country with a widely trusted verifiable identity
- To achieve paper-less user verification and instant services.

Section 32(3) of the Aadhaar Act 2016 prohibits UIDAI from controlling, collecting, keeping or maintaining any information about the purpose of authentication either by itself or through any entity.

What are the real-time problems with Aadhaar?

- Separate identities for various purposes exist already- Eg. Identity as an NREGA worker through job cards, Identity in the PDS through ration cards, Passport as the identity of citizenship
- Creates the problem of multiple identity
- Points to techno-utopianism such that it can solve all problems
- Most confusing for uneducated and for rural population.
- Aadhaar Officials are nor responsive or accountable
- High possibilities of data theft and privacy concerns with Aadhaar

What were the Supreme Court judgements on Aadhaar?

- The Aadhaar was first challenged in the Supreme Court in 2012. In 2013, the SC issued an interim order that said **nobody shall be denied any benefit for want of Aadhaar.**
- In 2015 the court partially modified its order to allow the Centre to use Aadhaar for the public distribution system (**PDS scheme**), particularly for the distribution of foodgrains and cooking fuel such as kerosene.
- A 2018 judgment upheld Section 7 of the Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act, which made **Aadhaar mandatory for availing of state subsidies, benefits and services**, while striking down a few other provisions.
- It stated that Aadhaar could not be made mandatory for children under the Sarva Shiksha Scheme, as elementary education is not a state benefit but an entitlement.

What is the current status of Aadhar linking?

- **Bank accounts**- As per the Prevention of Money-laundering (Maintenance of Records) Third Amendment Rules, 2019, to receive any benefit or subsidy under any scheme notified under section 7 of the Aadhaar Act, 2016, it is mandatory to submit Aadhaar number to the banking service provider.
- For other banking services, Aadhaar is a preferred KYC document.
- **Getting mobile SIM-** As per the amendments of the Telegraph Act, 1885, telecom users can use their Aadhaar number as a KYC documents along with authentication on voluntary basis to obtain a new mobile connection.
- **School admissions-** Aadhaar is not mandatory for school admissions or for the examinations conducted by the CBSE, NEET for medical entrance or the University Grants Commission.
- **Essential services like pension & ration-** Aadhaar is mandatory for availing of state subsidies, benefits and services but until a person is assigned an Aadhaar number, he/she cannot be denied ration or pension or such other entitlements for want of Aadhaar.

What are the dubious claims made by the Government in Aadhaar linking for welfare delivery?

- **Savings due to Aadhaar**- Cash transfers in many welfare programmes, such as payment of MGNREGA wages, are done using the Aadhaar Payment Bridge System (APBS).
- For this to work, it is mandatory to link workers' Aadhaar with their MGNREGA job cards and their bank accounts where the Aadhaar number of the worker becomes their financial address.
- The Government claims that the estimated cumulative savings due to Aadhaar in MGNREGA till March, 2021 is Rs 33,475 crores.

- The government had earlier said that savings are in terms of increasing the efficiency and reducing the delay in payments etc.
- The savings due to Aadhaar, therefore, appear to be an assumption.
- **Wage payment**- An analysis of more than 18 lakh wage invoices of MGNREGA workers for the first half of 2021-22 demonstrated that 71% of the payments were delayed beyond the mandated period by the Union Government.
- This demonstrates the Government's claim of Aadhaar having reduced payment delays is untrue and proves that there is nothing inherent in the APBS that makes transfers faster.
- **Efficiency**- Between 2015 and 2019, there was intense pressure on field-level bureaucrats to increase Aadhaar linking.
- A recently completed study of nearly 3,000 MGNREGA workers shows that 57% of job cards of genuine workers were deleted in a quest to show 100% linking of Aadhaar with job cards.
- **Opacity surrounding APBS**- Payment failures in account-based payments is when the account number of the worker in the system is incorrect and this can be rectified at the block.
- But, the most common reason for payment failures through the APBS is "Inactive Aadhaar" which happens when there is a software mapping failure with the centralised National Payments Corporation of India.
- Workers and officials alike are clueless on resolving these payment failures.
- **Misdirected payments** -There are several cases of misdirected payments in APBS when the Aadhaar number of one person gets linked to somebody else's bank account so her money gets credited to somebody else's account.
- These are very hard to detect as these will appear as successful transactions on the dashboard.
- **Grievance redressal mechanism**- UIDAI ha to setup facilitation centres and grievance redressal mechanism for redressal for grievances of individuals but no such mechanisms exist.

What does this call for?

- There is a need to move beyond technological blame for good governance and emphasis the need for a push towards constitutional propriety and accountability for technologies.
- It is time to overhaul the nomenclature for recipients of welfare measures from "beneficiaries" to "rights holders".
- A feedback mechanism has to be in place to collect the user experience of the recipients or from field-level bureaucrats.
- Recently the Law Minister said that linking Aadhaar with voter id is voluntary, but given the prior experience of Aadhaar in other spheres, this will be another example of authority of the unpredictable.

References

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