

CIB on wings

2017



January 2017

Caux Initiatives for Business
Global Secretariat
Asia Plateau
Panchgani
412805 India

M csc@cibglobal.org
P +91 8408 940 940
W www.cibglobal.org



Initiatives of Change
Caux Initiatives for Business

Dear Readers,

Caux Initiatives for Business would like to take this opportunity to wish each and every single one of you a very meaningful 2017.

There is much happening in the world over. One MD of a Mumbai based enterprise constantly refers to these times as volatile, disruptive and constantly changing. In the midst of it all, it becomes imperative to look with hope so as to bring meaning and vision back to business and society.

We are very pleased to present in this issue two write-ups. One is a report of the meeting that the CIB Mumbai Chapter had on December 2016. The other is an article titled, “The Ubiquitous Aadhar Card”. The latter is an attempt to bring perspective to two sides of what is fast becoming a defining factor in the lives of every Indian. We do hope you will enjoy reading these.

Editor



CIB Mumbai Chapter Meeting

A Report



On December 10, 2016 the CIB Mumbai Chapter met at Kumaram, the IofC flat at Mumbai. The eight persons that gathered together spent the hour on one key topic, “Demonetization”.

At the time of the meeting, the entire country was facing a severe cash crunch. Restrictions on how much money one can withdraw, serpentine queues outside banks and non-functional

ATM machines put citizens through enormous difficulties. In addition the shortage of cash forced thousands of labourers and workers to return to their village jobless as many small traders and businesses did not have the working capital to pay them. Businesses in the organized sector took a hit too; for as people held tight on their spending, sales dropped and production slowed if not stopped altogether. Given this back-drop, the Mumbai Chapter looked at this crucial phase in the Indian economy. Some of the highlights of the discussion could be summed up as below:

- “Economy will slow down by about 1% vis-a-vis original estimates,” said one member.
- “It is one step in a series of steps to curb corruption,” said another.
- “If there is a series of supporting measures and laws, as planned by the government, this would help in ensuring that demonetisation

becomes an even bigger success in promoting ethical values,” was another point that came across.



There were differing views on the hardships that people faced. Some were of the view that this phase is temporary but will eventually help in the long run. Others drew attention to the impact it had in rural areas where banks were not easily reachable and when they were, money was not available. Some felt that the execution was poor while others felt that such difficulties are inevitable when carrying out change in a country as large and complex as India.

The question that was then thrown open was, “As a country, are we in the right direction?”

The responses to this to were varied.

- “It’s a wait and watch scenario,” said another. To this there were mixed reactions.
- “The effectiveness will be judged on successful implementation of the decision,” commented yet another.
- “Overall this may lead to reduced corruption but it may not necessarily promote an ethical society,” surmised one more.

S. Venkatesh thanked all present for the fruitful discussion. One of the members, Delzad Jivaasha later commented that it was an extremely engaging meeting with members from both CIB and IofC with an excellent exchange of views on pertinent and contemporary topics. “It was indeed a pleasure listening to the views of senior, experienced people

from all walks of life.” He warmly thanked everyone who attended, making it an enriching experience. Special appreciation was in place for Dr. Sunil Anand who in the place of his dear parents generously hosted the meeting.



The Ubiquitous Aadhar Card

I first noticed the increasing prominence of the Aadhar card around two weeks after the Indian Prime Minister announced his bold decision to immediately withdraw close to 86% of the currency in circulation.



For the benefit of International readers, the Aadhar card is a Unique Identity Card containing the biometrics and other important data of an individual. The government controlled Unique Identity Authority of India (UIDAI) has in its possession the name, age, photograph, address

and contact number, fingerprints of all 10 digits and the iris scan of each person who has obtained this card. A 12-digit unique ID number given to each card holder has served for some years now as a proof of identity. Recently the UIDAI has revealed that about 93% of adults in India have the Aadhar card.

At first, I stumbled upon an article that wrote of how airports in two prominent South Indian cities have now made entry into the airport building possible with just the Aadhar card. One of them revealed its plan of setting up fingerprint scanners to authenticate the identity of the individual stored with UIDAI.

A day later I read of how the Government of India was going to make it compulsory for all bank account holders to link their Aadhar card to their bank accounts—something that has hitherto been optional and only if one wants to avail of direct government benefits, like subsidies and the likes.

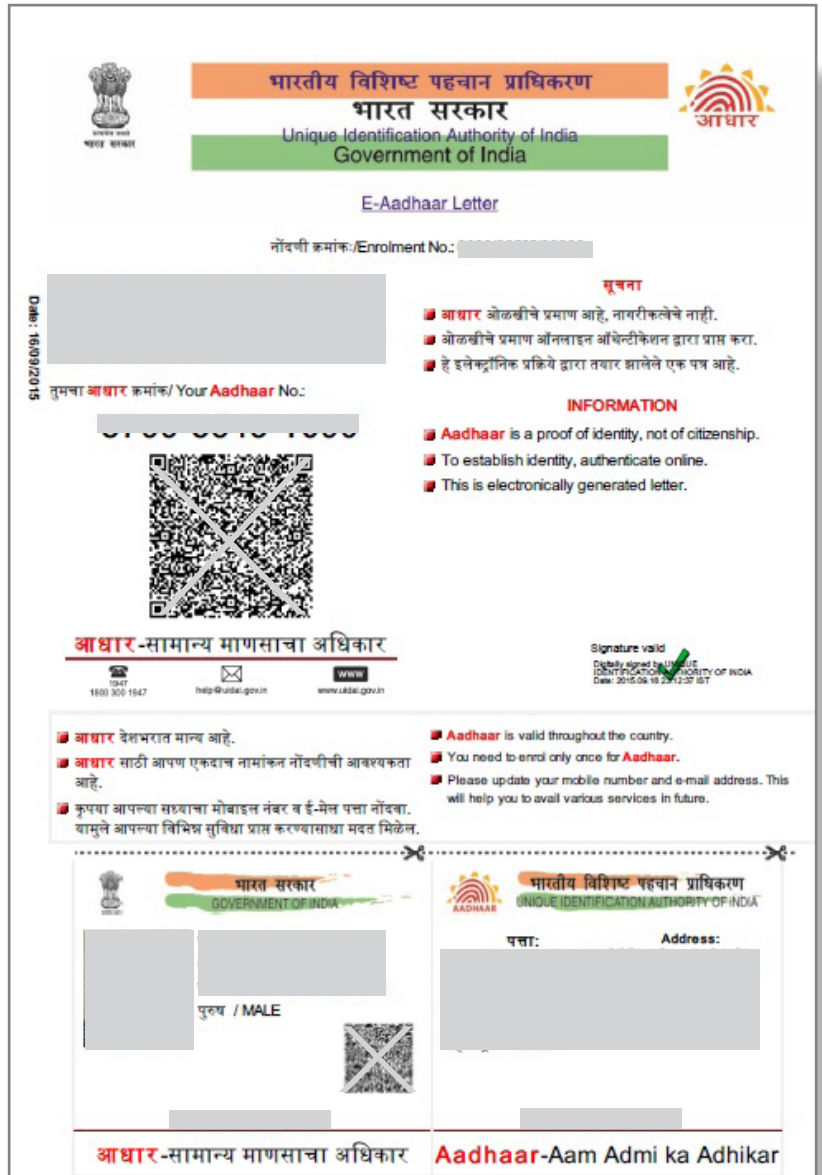
Not long after that I read of how the government was planning to launch a new way of transaction referred to by some as the Aadhar Payment App or Aadhar Pay (I understand it is now being called BHIM—Bharat Interface for Money). It was launched on December 25, 2016 and two

banks have already initiated this; one of them being India's largest Public Sector bank. On day one itself close to 100 merchants had begun using this form of transaction.

The system is simple and "will enable citizens in the deepest corners of the country to participate in the digital movement, even those who do not own a phone," said the CEO of one of the banks that is part of the nationwide launch of an Aadhar-linked cashless solution. It works this way: A merchant is given an Android based smart phone with the Aadhar Pay App on it. He is also given a fingerprint scanner. All the customer needs to do to pay for his purchase is provide his Aadhar number (which is of course linked to his bank account) and authorize the payment using his fingerprint. Nothing else!

Lately there has been service after government service that is coming under the now all-important Aadhar card. To avail of senior citizen discount on railway tickets, the Aadhar is now being made compulsory. Ditto for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and the Employees' Provident Fund. "The government may soon make Aadhar, issued by the UIDAI, a required identity proof for all such services," wrote the Financial Express in a recent article.

In March 2016, the government passed the Aadhaar (Targeted Delivery



of Financial and Other Subsidies, Benefits and Services) Bill, 2016, as a money bill thus backing the unique identity by law which it earlier lacked. As all services, benefits and subsidies that are paid out of the Consolidated Fund of India necessarily require the unique identity number, there is this perception that an increasing number of services including filing a police complaint will require the Aadhar card to be produced. “Considering the advantage of Aadhar, every department will be motivated to use this infrastructure because if you are going to interact with anyone, don’t you have a right to know who the person is?” asked a senior government official requesting anonymity.

“Section 7 of the Aadhaar Act says that to avail services paid out of the Consolidated Fund of India will require Aadhaar, and if one does not have it, she/he will be required to enrol. Also for those who are entitled for Aadhaar but don’t have a number assigned will get services by making an application that they did apply, but didn’t receive or there are no enrolment centres available in the area. However, one who does not want to enrol will have to forfeit the benefit because the law says so,” continued the official.

This ubiquitous Aadhar card is clearly being seen, by both the government



Photo Credits: PTI

and a large section of society as a step forward to a 'clean India'. Bringing everything under this identification system will bring more transactions into the banking system; we would have a cleaner and bigger economy; a bigger taxation system; and this one decision would redefine the Indian new normal. The Aadhar card will also ensure that all benefits will reach directly to the poor without getting "eaten up" by way of commissions down the line. Several years before Aadhar, the former Prime Minister, Rajiv Gandhi had once lamented that only 15 paise of every rupee sent in Central aid reached the place it was meant to.

It carries a promise to clean India but also fear of a larger all-encompassing role.

There is however a fear expressed by another section of people, prominently among who is the Supreme Court of India, that believe there is every danger that this increasingly ever-needed card will put at risk the privacy of the individual. The Court's three judge bench expressed concern about collection of biometric data by private and foreign agencies. A copy of the list of live Authenticated User Agencies (AUA), Authentication Service Agencies (ASA), e-KYC User Agencies (KUA) indicates that hundreds of private parties have been allowed by the UIDAI to access the Aadhar number and associated data thus not restricting its usage. The threat this factor poses and how serious it is cannot be fully gauged at this point in time but still looms overhead nevertheless.

What place this unique identity card will hold in the lives of every citizen is hard to say right now. For the moment, the advantage it brings to clean India is clearly visible to all. Yet I wonder, I just wonder, if the twelve-digit number will later, rather than sooner be the all-encompassing numbers that controls every aspect of our lives. Only time will tell.

Charles Fernandes

Disclaimer: This article carries the views of the writer and may not necessarily be those held by Caux Initiatives for Business.