

Aadhaar-less bank a/cs to be invalid by year end

MANDATORY Govt says UID must for new accounts, transactions of ₹50,000

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NEW DELHI: Bank accounts that are not linked to Aadhaar will be frozen and no new accounts can be opened without the 12-digit biometric identity number after December 31, according to new government rules.

Aadhaar cards along with Permanent Account Numbers (PAN) or Form 60 for those outside the tax net will also be mandatory from now on for transactions above ₹50,000. Those who don't have the documents will have to prove they have applied for them.

The latest regulations, issued by the revenue department on

June 1, come as amendments to rules related to the anti-money laundering law that the government is seeking to tighten to fight black money and terror funding.

Frozen accounts can be reactivated by linking to Aadhaar details. "The money will be safe but the accounts will not be operational. Once the account holder shows the required documents they will be unfrozen," a finance ministry official said.

The new rules apply to individual account holders and the authorised signatories where accounts are in the name of companies and partnerships firms.

Some 65% of India's estimated 70 crore savings accounts are

Not voluntary here

You need to have an Aadhaar for:



Filing income-tax return

Direct benefit transfer of LPG

Availing benefits under these schemes:

- NREGA
- PDS
- RTE/Sarva Shiksha Abhiyan
- Support to Training and Employment Programme Scheme for Women
- Central Sector Scholarship Schemes for education of

- students with disabilities
- Support to NGOs/Institutions/SRCs for Adult Education and Skill Development
- National Career Services, registering at unemployment exchange

Aadhaar-linked. Similar official data for current and other kinds of accounts wasn't immediately available. The government issued one billion Aadhaar cards till April 2016, the latest year for

which data is available.

The government has also moved to watch more closely small accounts with deposits under ₹50,000.

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Aadhaar

So far these accounts could be opened without adhering to the stringent Know Your Customer (KYC) norms, but now they will have to comply with the new norms within a maximum period of two years.

"The small account shall be monitored and when there is suspicion of money laundering or financing of terrorism or other high risk scenarios, the identity of client shall be established through the production of officially valid documents," the notification said.

The central government has been pushing for the use of Aadhaar, saying it is necessary to plug leakages in its subsidy schemes and to ensure benefits reach those targeted.

But critics say the move violates privacy, is vulnerable to data breaches and helps government spy on people. The Supreme Court is hearing several petitions against making Aadhaar mandatory to avail public services.

"As per the Aadhaar Act and the orders of the Supreme Court, Aadhaar cannot be made mandatory," said Gopal Krishna of the Citizens Forum for Civil Liberties. The government has already made the use of Aadhaar mandatory for filing income tax returns.