

Aadhaar study not an RBI one, not accurate either

Paper in journal of RBI think-tank ignores NIPFP study, actual data & conjures up so many fears, it is laughable

A PART FROM THE *Tribune* story on the Aadhaar breach which this newspaper pointed out was vastly hyped (goo.gl/kq7cAv), an article in a journal published by the RBI's research institute on banking technology has been cited in the media as more proof that Aadhaar is a bad idea—"RBI academic arm pans Aadhaar" was one headline. While the paper is actually just the view of the faculty member who wrote it, it is full of holes and seems determined to focus on only the negatives. It quotes an NIPFP study that, assuming a modest 7-12% leakage in government programmes—the actual numbers are more likely to be 3-4 times that—estimates the internal rate of return of implementing Aadhaar to be as high as 53% over the long-term. Immediately after this, however, the paper says, "Reethika Khera thinks that the analysis is not persuasive". Against the government's claim of saving ₹14,672 crore in various Aadhaar-based DBT, it says a study by a Canadian agency said the government actually lost ₹97 crore—but if three crore subscribers were removed from the LPG rolls due to the Aadhaar-based de-duplication and, at that point, customers could get 12 cylinders a year with an average per cylinder subsidy of ₹361 in FY15, that alone works out to ₹12,996 crore. If this isn't enough, the article then goes on to quote Rahul Lahoti as saying "even if the reduction in leakages in LPG subsidies turns out to be substantial, the government should be especially careful about extrapolating this impact on other subsidies such as PDS and MGNREGS..." Who is extrapolating the impact?

In another attempt to run down Aadhaar, the paper cites a 3.2% Aadhaar authentication failure in Andhra Pradesh, arbitrarily raises this to 5% across the country and says this could mean 50 million people could be denied benefits due to this. This is a high number and certainly Aadhaar needs to find a solution to this, but the 50 million has to be contrasted with the 40-50% theft levels in programmes like PDS before Aadhaar came in. Also, if Rjio has done Aadhaar authentication for 145 million subscribers without much of a problem, that suggests some of the authentication failures may be deliberate. And homilies like "the major challenge for UIDAI is to protect the data under its control" suggest, without any real proof, that the database is insecure; never mind that, in FY17, supposedly secure banks reported ₹17,000 crore of fraud.

It gets worse: "Thanks to Aadhaar, for the first time in the history of India, there is now a readily available single target for cybercriminals as well as India's external enemies...attacking UIDAI data can potentially cripple Indian businesses and administration in ways that were inconceivable a few years ago..." Surely this would apply to all banks, financial institutions, stock exchanges, tax databases? How imaginary the fears are is best brought out by the argument that "Aadhaar when used with GST, which can generate as much as 320 crore transactions a month, makes it a potent marketing tool for those who control data and giving those who access it an unfair advantage in the market place" and that "GSTN is a private company with its largest shareholders having conflict of interest due to their own business activities..." Those opposed to Aadhaar will have to better than cite this paper in their defence.