

# Sector Regulators Must Guide Cos Post SC's Aadhaar Verdict, Says UIDAI CEO

Clarifies UIDAI won't issue any guidelines, says alternatives exist for Aadhaar authentication

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**New Delhi:** Regulators of the country's banks, telcos and stock markets must guide companies in their respective sectors on implementation of the Supreme Court directive that bans use of Aadhaar-based biometric authentication by private firms, according to the CEO of the Unique Identification Authority of India.

Days after the SC's directive — which has thrown into disarray business models of several companies that use instant e-KYC authentication facilitated by UIDAI

Sector regulators are in the best position to know for what purpose they used Aadhaar, (and) how to replace it with other documents to comply with the SC order

**A JAY BHUSHAN PANDEY**  
Chief Executive Officer, UIDAI

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— the custodian of Aadhaar said the sectoral regulators are best placed to help allay confusion.

"The court order is also available to the banks and telecom companies and their sector regulators. Many of them were parties in the court too. It is expected that they will comply with the order at their end at the earliest," UIDAI CEO Ajay Bhushan Pandey told E.T.

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## 'No Need for Alarm'

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Pandey added that UIDAI will not issue any guidelines in this respect, and clarifications, if any, should be sought from the court. "This is because they (sector regulators) are in the best position to know exactly for what purpose they collected and used Aadhaar, whether they did it for giving loans, opening or verifying bank accounts, giving SIM cards, (and) how to replace the Aadhaar e-KYC with other valid documents so as to comply with the orders of the court and ensure continuity of service to customers," he said.

Pointing to the availability of several alternatives to Aadhaar-based authentication which can be explored by companies, Pandey said there is no need for alarm among banks, telecom companies and fintech firms even though the apex court has banned biometric-based e-KYC.

One option is the QR code, which is a machine-readable code consisting of an array of black and white squares containing links or several lines of data that allows information to be captured through a simple smartphone camera on to a device.

"The Aadhaar card has a QR code which can be scanned offline or online

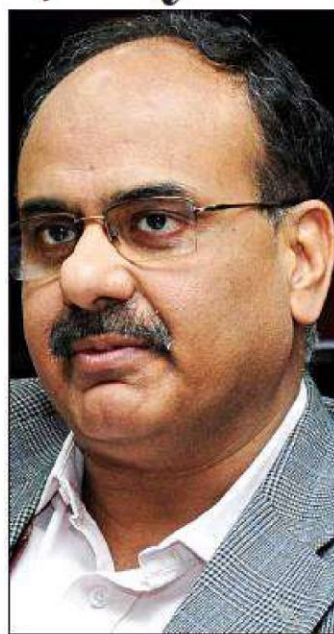
for giving SIM cards or opening bank accounts," Pandey said.

A QR code or E-Aadhaar that only has name, address and photograph — without the Aadhaar number or Aadhaar authentication — is equivalent to ration card or voter ID card.

"So far as privacy is concerned, it would be much more secure than ration card or voter ID, etc, because it is digitally signed," said Pandey, adding that companies cannot make it mandatory and must also accept other means of identification.

Analysts are of the view that the government and regulators will find ways to maintain privacy as also comply with the court directive. "We have had a landmark judgement and one would need to give regulators and lawmakers time to arrive at a prudent and pragmatic solution. This would be the time for industry participants to provide inputs to shape the policy," Vivek Belgavi, fintech partner at PwC.


The apex court's judgement last week, striking down a rule that allowed private companies to use Aadhaar for authentication, has led to confusion over who will issue directions on implementation and the timeline. There has also been a sense of panic among firms, some of whom have built



## E-verification Still Same for New No.

 Aadhaar remains an option for e-verification for a new mobile phone connection amid lack of clarity on implementation of the court order, reports Devina Sengupta.

## Paperwork Must for Delinking LPG A/cs

 Cooking gas consumers wishing to delink Aadhaar will have to give bank account details again to oil firms to keep subsidy flowing in, say oil company executives. Sanjeev Choudhary reports.

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entire business models around instant e-KYC authentication facilitated by UIDAI.

The court, in its ruling, had said that Aadhaar authentication can be used only for government welfare programmes. It also said it was mandatory for citizens to link their Aadhaar numbers with the PAN (Permanent Account Number), issued by the income-tax department, and to use it to file I-T returns.



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In the past few years, India has seen telecom companies such as Airtel and Reliance Jio Infocomm, and banks such as Kotak and IDBI add millions of new users in a short period using Aadhaar-based real-time authentication to fulfil know your customer (KYC) norms.

PwC's Belgavi said some fintech companies have already started using QR code, though it is still slightly clumsy. "I believe it can be made to work in the short term. But I am optimistic that we can find a legal as well as a government-supported way of ensuring access with the right privacy safeguards in the future. As the country is trying to expand the financial services, it would need technology-enabled authentication and authorisation for con-

tinued adoption," he said.

Sectoral regulators have to also take a call on which legal amendments to pursue to allow private usage. Hours after the judgement was pronounced by the Supreme Court, finance minister Arun Jaitley said it was his preliminary understanding that Aadhaar's use by private entities "pursuant to a contract" wasn't permitted but that may not be the case if there is legislative support.

"They (agencies such as the Election Commission, passport authority, Employees' Provident Fund Organisation or private entities) will have to make out a case before the legislature, saying here is a case which has legitimate state aim and which is proportional and therefore they want to use Aadhaar authentication in either mandatory manner or non-mandatory manner," said Pandey. Even though people can ask companies and government entities to delete their Aadhaar data, there has been no provision to 'opt out' from the UIDAI database except for minor children who have been already enrolled, said Pandey.

"So far as the majority judgement is concerned, the Supreme Court has upheld Section 59 of the Aadhaar Act, which validates all the actions in Aadhaar project which were taken prior to 2016... So the question of deletion of Aadhaar enrolment data collected prior to promulgation of the Aadhaar Act doesn't arise," he added.