

Much to learn from Aadhaar: Harvard prof

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New Delhi: India's demonetisation drive may yield benefits in the long run, but also shows things to avoid when taking such a step, noted economist Kenneth Rogoff said on Saturday. The Harvard University professor added India's biggest problem was that it did not have nearly enough new notes to exchange for the old ones when it announced the demonetisation move.

"Although I will argue that the Indian demonetisation was flawed in some respects, the larger picture is that the Indian has done much to promote financial inclusion," Rogoff said. "The world has much to learn from the Aadhaar ID project. In advanced economies, mandatory biometric identification is not likely given concerns about privacy, but many factors, from cyber crime to terrorism, are likely to change the balance in the coming decade."

Stating that there were many approaches to reducing the currency supply, Rogoff said his recommendation "is to, very gradually, eliminate large-denomination notes". "But one can also limit size of cash transactions, tighten reporting requirements on large cash withdrawals... All of this is happening in some countries," he said. Central banks in Sweden, China, the UK and Canada are discussing the idea of digital currencies. "Currency continues to evolve but it is naïve to think that the governments will ever surrender their monopoly on the unit of account (nor should they)," he said.