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New day, new start

The announcement that, starting today, the Aadhaar Unique Identity number will be used to make cash payments directly to beneficiaries in some areas has brought some much-needed excitement back into the political life of the chattering classes. After months, nay years, of drift, here at least was something decisive from the government, something to hate or love. In some of the economist circles it is being described as a game changer. The Right to Food Campaign, on the other hand, is organising, in its own words “against UID and Cash Transfers in the PDS”.

What is worrying is that neither side seems to be interested in what I see as the core question posed by the Aadhaar infrastructure — here is a new technology for identification, how do we use it to make our favourite programmes work better? For some of the opponents of Aadhaar, this is a part of a general suspicion of all new technologies: the ration card is better because it is familiar, no matter that it can get lost or stolen or torn or wet. No matter that Ram, with a little help from the local government, can end up with a ration card in Raghu’s name (as well as another one in his own name). No matter that Raghu could be dead or even never born.

This to me is one great advantage of Aadhaar. In the end my fingertips and my cornea are mine. No one else will be able to claim that he is me, and I should almost always be able to demonstrate that I am. That means that it is now possible to stop Ram from collecting Raghu’s kerosene, and Raghu not be deprived because his ration card got soaked when the rain came in through the broken roof. Moreover, now that every entitlement can be linked to a single ID, it should be possible to prevent Ram from collecting both subsidised kerosene and LPG cylinders at less than half the market price, given that the law says that no one can have both.

Like everything else in India, it will not work perfectly. Some will be asked for bribes, though the fact that, unlike in the case of the ration card, they could just go elsewhere to get their number will protect them to some extent.

Others will be turned away because their fingers don’t print, despite the fact that the Aadhaar rules say that no one can be refused. Sometimes the computers will freeze and the networks will be down, despite all attempts to build in backups. But then the comparison should not be with some ideal system that runs perfectly, but with the extant systems for an ID (a passport or a ration card), which can be infuriating, to say the least.

A lot of the resistance is however not to Aadhaar per se, whether it works or not, but to its association with the move to cash transfers. We are told that people do not like cash — they want food and fuel. There is a survey by Jean Drèze and Reetika Khera that purports to document this. I must say I have little faith in these results, not because the authors are anything but extremely competent, but because the answer to such questions must necessarily depend on exactly how they get framed, explicitly or implicitly. Whether I would

want food or cash depends on what I believe about exactly how many times the PDS shop will refuse me my quota versus whether the cash will get stolen along the way, and about how the government is planning to adjust the cash for inflation and a host of other factors about which no one really knows very much. So the answer must depend on exactly how I construe the alternatives based on the way they are described.

I have more faith in actual outcomes. The one study that I know of cash versus food, conducted by the Gandhian trade union SEWA in some Delhi slums, found that a move to cash made no difference in people's cereal consumption but helped them when they had medical emergencies. There was no effect on consumption of alcohol or other "bads". Moreover out of 100 people who were switched to cash, only four volunteered to go back to food when offered the choice after six months of cash. However this is one small study, with little pretence of being scientific about controlling other factors that might have changed, and we absolutely need to wait for other, better evidence (there is a study in Andhra Pradesh that is about to announce its results). But in the meanwhile, if you believe that kind is better than cash, why not try to engage with Aadhaar and see how it can be used to make those transfers in kind more effective?

However there is a deeper source of resistance. A good bit of what, for want of a better word is called civil society, holds that the Indian State today is so committedly anti-poor that the presumption has to be that if it is something the State is enthusiastic about there must be something wrong with it. There are mornings when I open the newspaper and see exactly where they are coming from, but in the end I do not believe it. The Indian State is a contested terrain, indeed perhaps never more or so than now. The current system of transfers to the poor is not a product of some past State that was uniformly benign — after all Indira Gandhi did both *garibi hatao* and *Turkman gate* — but a result of electoral compulsions, occasional munificence and many battles lost and won, fought by the poor and their supporters. The State has always acted under many compulsions, and there is nothing inherent about Aadhaar that makes it less worth engaging with and appropriating for the right causes than any other government initiative.

And in a sense, the same imperative to engage also applies to those of us who are excited by Aadhaar's potential. The point is not to treat it as a done deal, a solution to everything that goes wrong in government transfer programmes. Even with Aadhaar we would need to find a way to stop politicians and bureaucrats from putting their friends on the BPL lists. Is there a way to be creative about verifications that make that harder? At a more mundane level, given that there are bound to be glitches, should we not worry about the current push to start using the Aadhaar infrastructure for real government programmes before it has been field-tested through its uses in getting bank accounts and cell-phones? What is the right way to roll it out?

There is also a more long-term concern. When the Aadhaar infrastructure is in place and working well, which I predict will happen soon enough, would it not become extremely tempting for governments facing elections to start giving away larger and larger sums of money in key constituencies, given that money can be transferred to hundreds of millions of Aadhaar accounts with the press of a button? What stops an explosion of populism? I feel that now is the time to intervene. All political parties should agree on a number, some fixed fraction of GDP that can be used for all transfers, cash and non-cash - including the many boondoggles that we offer to the rich. If the government wants to give away more cash, it will have to cut back somewhere else, and perhaps this will persuade it to rein in the more egregious of our transfers to those who don't need it, such as the subsidy on LPG.

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