

THE SEEDING OF AADHAR WITH BANK ACCOUNTS IN INDIA: AN ANALYSIS OF BANK CUSTOMERS OF JAIPUR CITY

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Abstract: Aadhar, as the name rightly suggests might be considered the base of an individual's identity in India. Going into the technicalities, Aadhar number can be rightly called a 12 digit Unique Identification Number. It serves as a proof of identity for the citizens of India. Aadhar has not only helped in better identification of Indians but it has also lead them to reap enormous benefits of various government grants as well as subsidies, including the LPG subsidies as well as the scholarships intended for the meritorious students. This number carries various positive implications with itself. At the same time it also suffers from certain shortcomings of the likes of security concerns.

This paper aims to assess and analyse the financial aspect of Aadhar/UID. The area under purview here is that of seeding the Aadhar with bank accounts of individuals in India. An assessment has been undertaken of the extent to which individuals feel to be benefitted out of this linkage. The results depict that the people consider this linkage as an effective tool for better identification of an individual. The paper might rightly be called as reality check into the enormous e- governance initiative being undertaken in India.

Key Words: Aadhar/UID, Seeding, Identification number, Unique.

INTRODUCTION

The largest E-Governance initiative started by the UPA government has made it big. It is also known to be the world's largest national identification project. Under this humongous UIDAI initiative first Aadhar card was issued in September 2010. Amongst various discussions as well as contradictions this initiative has thrived to blossom. In India, currently there have been 100.9 Crore Aadhar enrolments. This definitely is an astounding number. Many people do have a concern for the privacy issues of Aadhar. There are many bloggers who have blogged their concerns with regard to Aadhar being acutely in the favour of Government. As they consider it a threat for the private data of citizens to be misused. As even the biometrics of individuals are considered to be a part of their body. Such sensitive information as

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per many people can be misused by government in the favour of the rich and elite class of the country. There is also an ideology, asking for a justification to allow an unaudited and unverified number to allow payments and settlements.

At the same time while Crores of Rupees have been spent by the government on this initiative still it is just Rs 100 worth of expenditure for the consumers which is much less than the other identification costs. Amongst all these and many other beliefs and disbeliefs here we are attempting to assess the beliefs of common people and their opinion with regard to Aadhar being linked with their bank accounts.

LITERATURE REVIEW

An article on Allonmoney.com titled “**Benefits of Linking Aadhar to account holders**”, enlisted the multiple benefits arising from the seeding of Aadhar to Bank accounts of customers one of them being the DBTL, which leads to direct transfer of benefits related to L.P.G subsidies to customer’s Bank Account, which in turn are linked to Aadhar. Also multiple subsidies relating to commodities like sugar, rice, pulses etc. are directly transferred to bank Accounts. The transfers also include benefits under MNREGA scheme & Scholarships. As per **Development Outlook, IFMR Lead Blog**, in case of essential commodities like Kerosene, the consumption has been reduced to 1/8th resulting from elimination of ghost beneficiaries. **Aman Sharma, ET Beauraue, July 2016**, stated that 10% of 62.3 Crore adults in 23 States & Union Territories were allotted Aadhar numbers. The state wise enrolment percentage of some states is as follows:

Aadhar enrolment percentage (State Wise)

Delhi	127%
Bihar	85%
Gujarat	91%
U.P.	99%
J & K	81%
Manipur	72%
Nagaland	66%
Mizoram	52%
Rajasthan	82%

Parag Chaterjee & Dr Ashoke Nath in International Journal of Advanced Research in Computer Science & Management Studies have also mentioned that the linkage of UID with Bank accounts can be of great use in Railways as well. In cases of cancellation of Journeys the refund would be directly credited to bank accounts of customers. Reducing the overheads being incurred in physical inputs, Amidst these, as depicted by **Vidushi Marda in “Data flow in the unique identification scheme of India”, September 3, 2015**. There have also been certain concerns with regard to data being collected by the enrolment officers, who are

not responsible to UIDAI or the government but to private agencies. It is very much possible for data leakage to occur at the time of collection or during transfer to the Registrar and UIDAI. As mentioned by **Vishwanath Nair on livemint.com in February 2016**. Aadhar bill was passed in Lok Sabha during March 2016. The bill seeks to make Aadhar mandatory for availing subsidies.

OBJECTIVE

To find out the impact of Aadhar seeding with Bank account.

HYPOTHESIS

H_0 : Seeding of Aadhar with bank accounts is not beneficial

H_a : Seeding of Aadhar with bank accounts is beneficial.

METHODOLOGY

The Sample size has been taken to be 100 respondents of Jaipur city in Rajasthan. The sampling style used is a combination of both convenience as well as stratified sampling. The reliability of Questionnaire was 0.721, tested using the Cronbach Alpha. The sample profile includes the respondents from below mentioned age groups:

Table 1
Age of Respondents

Age Groups	Frequency	Percentage
18-25	29	29.0
25-30	34	34.0
30-50	32	32.0
Above 50	5	5.0
Total	100	100.0

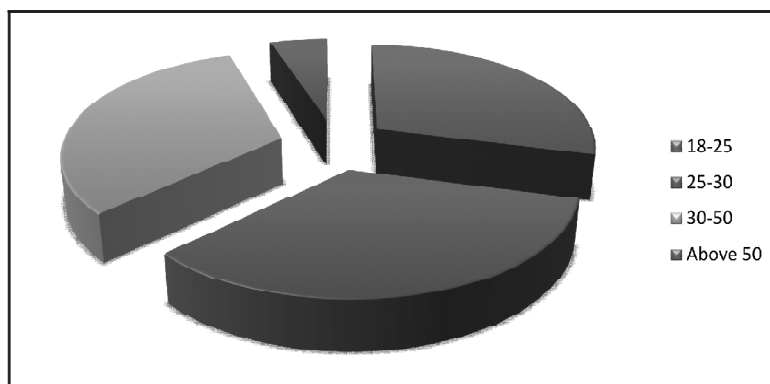


Figure 1: Age of Respondents

Table and figure 1 depict that 29% people belong to the age group of 18-25. While 34% people belong to an age group of 25-30. At the same time 32% people belong to the category of 30-50. Just 5% people belong to the age group of above 50 years.

DESCRIPTIVE STATISTICS

Table 2
Awareness about Aadhar

	<i>Frequency</i>	<i>Percent</i>
Yes	96	96
No	4	4
Total	100	100

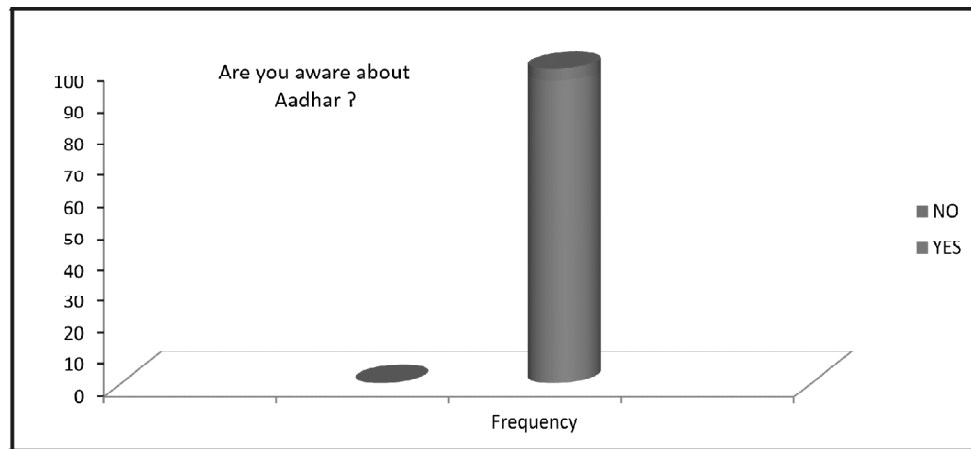


Figure 2: Awareness about Aadhar

Table and figure 2 depict that out of 100 respondents, 96% people are aware of Aadhar and only 4% respondents are not aware about the Aadhar.

Table 3
Possession of Aadhar

	<i>Frequency</i>	<i>Percent</i>
Yes	100	100
No	0	0
Total	100	100

Table and figure 3 illustrate that all 100 respondents, whom we collected data have Aadhar.

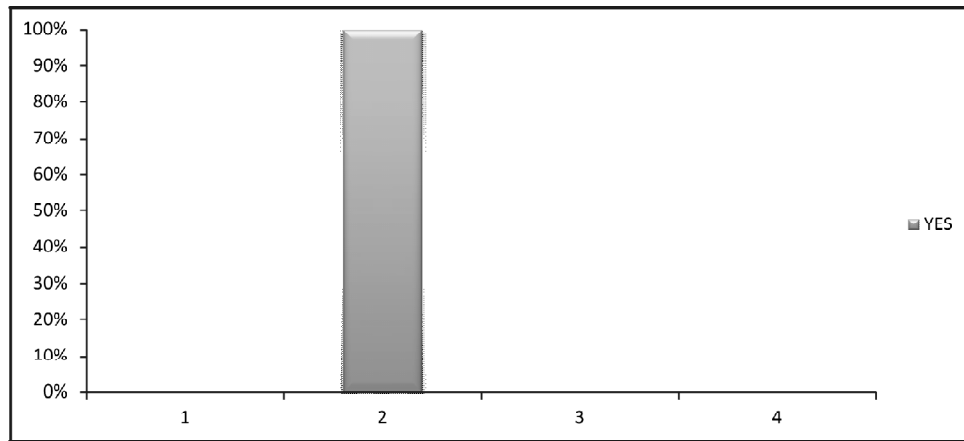


Figure 3: Possession of Aadhar

Table 4
linkage of Aadhar with the Bank Account

	<i>Frequency</i>	<i>Percentage</i>
Yes	89	89
No	11	11
Total	100	100

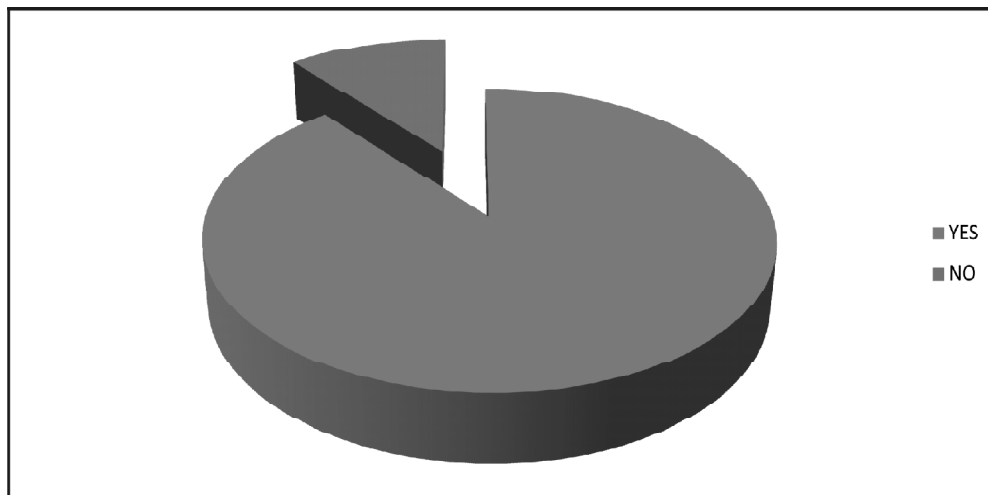


Figure 4: Linkage of Aadhar with bank accounts

The table and figure 4 illustrate that 89% people already have their Aadhar seeded with bank accounts; only 11% people have not yet got it seeded.

Table 5
Linkage of Bank A/c with Aadhar is Advantageous

	<i>Frequency</i>	<i>Percentage</i>
Strongly Agree	39	39.0
Agree	45	45.0
Neutral	13	13.0
Disagree	3	3.0
Total	100	100

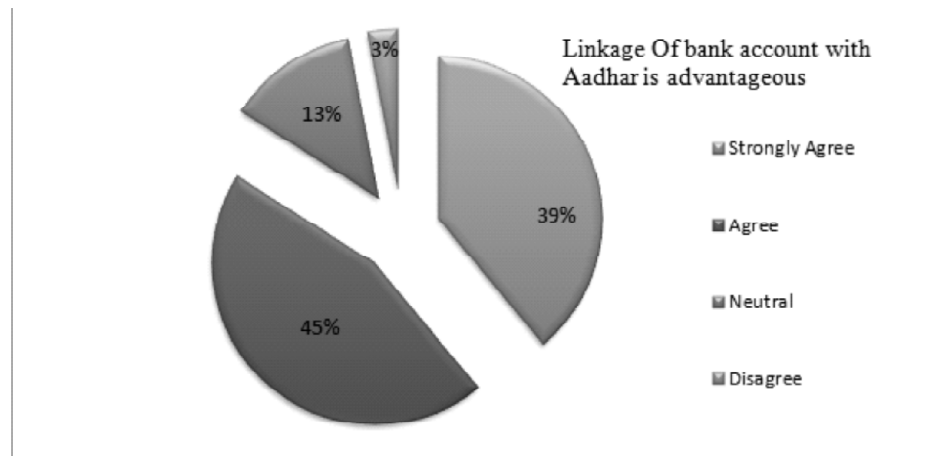


Figure 5: Linkage of Bank account with Aadhar is advantageous

The figure and table mentioned above depict that 80% people agree to the prospect of linkage of Aadhar with bank accounts being advantageous. While 3% disagree with it.

Table 6
Linkage would lead India to better Governance

	<i>Frequency</i>	<i>Percentage</i>
Strongly Agree	43	43.0
Agree	44	44.0
Neutral	13	13.0
Total	100	100

Table and Figure 6 depicts that 87% people think that this linkage would lead India to better governance. While 13% people do not hold this belief.

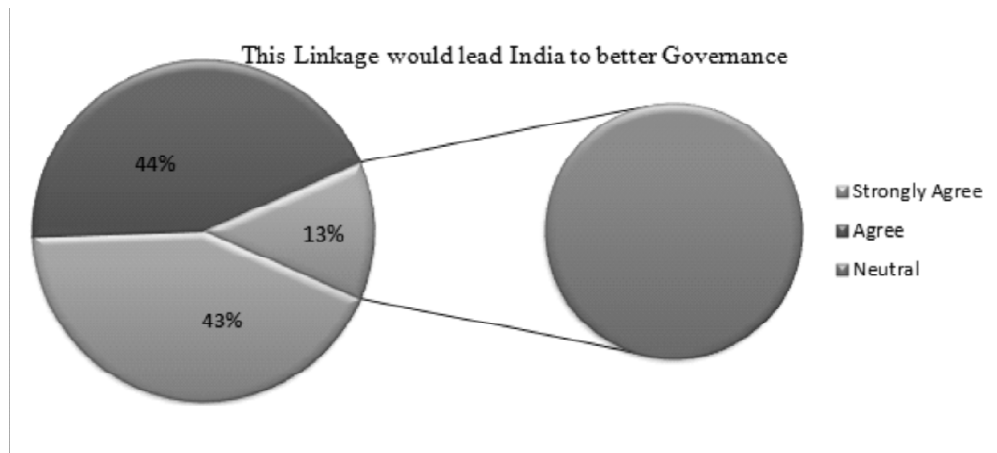


Figure 6: Linkage would lead India to better governance

Table 7
Linkage leading to elimination of middlemen taking advantage of subsidies

	Frequency	Percentage
Strongly Agree	35	35.0
Agree	43	43.0
Neutral	14	14.0
Disagree	8	8.0
Total	100	100

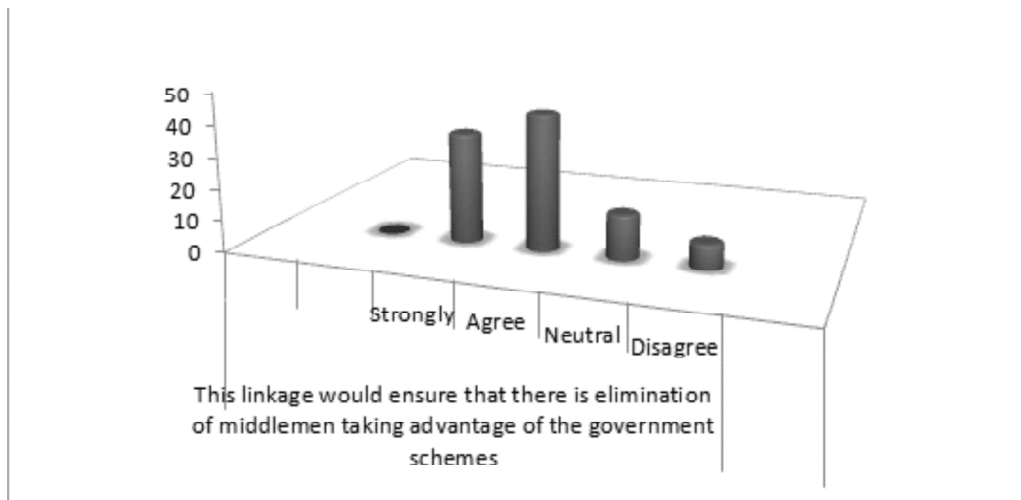


Figure 7: Linkage leading to elimination of middlemen taking advantage of subsidies

The above mentioned table and figure depict that 78% people agree that the linkage of Aadhar with UID has led to elimination of middlemen taking advantage of the government schemes while 8% do not agree with it.

Table 8
The linkage has resulted in better identification of bank customers

	<i>Frequency</i>	<i>Percentage</i>
Strongly Agree	55	55.0
Agree	41	41.0
Neutral	4	4.0
Total	100	100

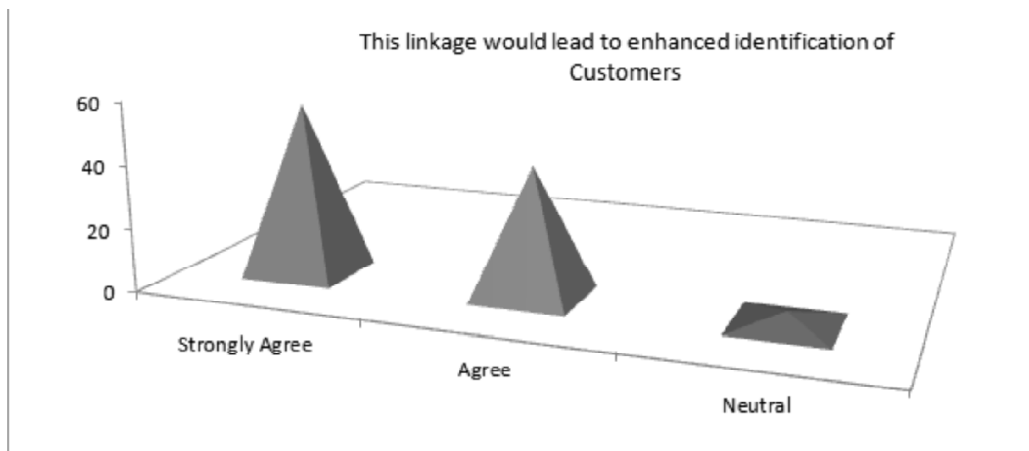


Figure 8: The linkage has resulted in better identification of customers

The table as well as the figure mentioned above indicate that 96% people believe that the linkage of Aadhar with bank accounts leads to better identification of customers, while 4% people are Neutral in their opinion.

Table 9
This linkage would bring bankers and customers to a win win situation

	<i>Frequency</i>	<i>Percentage</i>
Strongly Agree	29	29.0
Agree	52	52.0
Neutral	19	19.0
Total	100	100

The table and figure 9 illustrate that 52% people agree that this linkage would bring bankers and customers to a win-win situation. While 19% people are neutral about it.

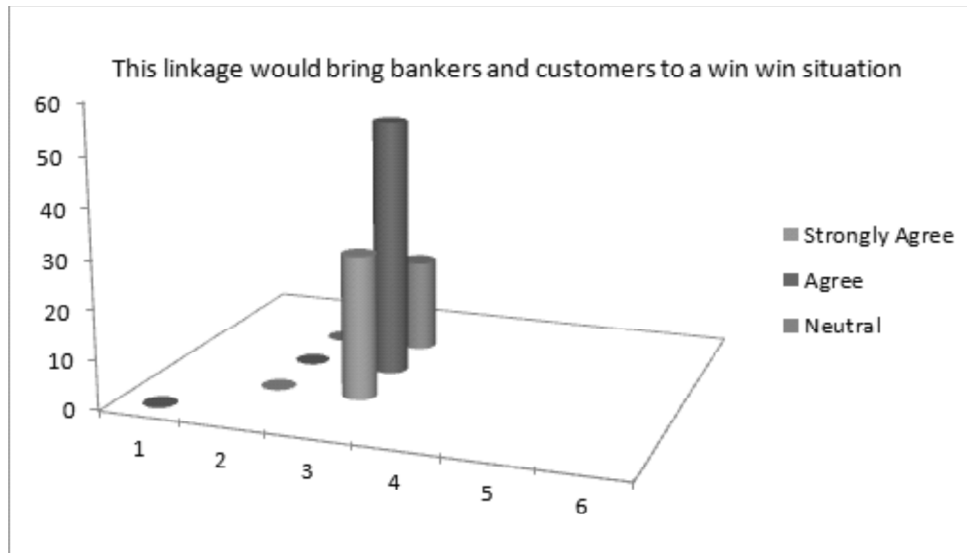


Figure 9: This linkage would bring bankers and customers to a win win situation

Table 10
Security concerns exist in linkage of Bank account with Aadhar

	<i>Frequency</i>	<i>Percentage</i>
Strongly Agree	26	26.0
Agree	40	40.0
Neutral	31	31.0
Strongly Disagree	3	3.0
Total	100	100

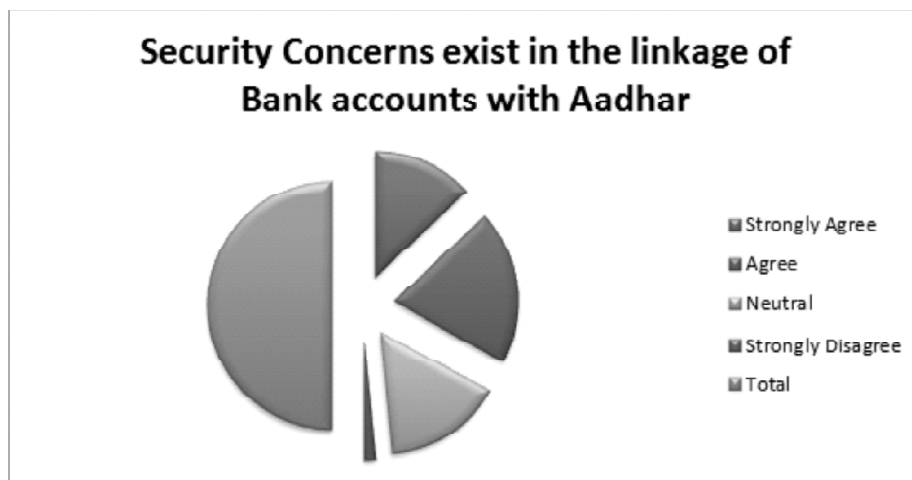


Figure 10: Security concerns exist in the linkage of bank accounts with Aadhar

Table and figure 10 indicate that 40% people agree that the security concerns exist with regard to linkage of Aadhar with bank accounts. While 3% people strongly disagree with it.

Empirical/Theoretical Results

To test the hypothesis, non-parametric test (Chi-Square) was used. The test values are as follows:-

<i>Null Hypothesis</i>	<i>Test</i>	<i>Significance</i>	<i>Decision</i>
The categories of awareness about Aadhar occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of possession of Aadhar occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of linkage of Aadhar with bank accounts occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of linkage of Aadhar with bank accounts being beneficial occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of awareness about benefits arising from this linkage occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of security concerns about Aadhar occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of this linkage leading India to better governance occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of this linkage leading to enhanced identification of customers occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of this linkage leading to elimination of middlemen occur with equal probabilities	One sample chi square test	.000	Reject H ₀
The categories of awareness about the linkage leading consumers and bankers to win win situation occur with equal probabilities	One sample chi square test	.000	Reject H ₀

Hence, on the application of Chi Square test, the P- Value is .000 which is less than .05, so it comes to light that the Null Hypothesis is hereby rejected. This then

leads to automatic acceptance of Alternative hypothesis. Resultantly it can be interpreted that the seeding of Aadhar with bank accounts is beneficial from the customer perspective.

IMPLICATIONS / CONCLUSION

The study conducted has led us to conclude that the seeding of Aadhar with bank accounts might be considered as an ideal scenario to ensure effective Governance as it would also lead to better identification of customers and would also ensure convenience for the customers by phasing out the need to submit identification documents repeatedly. Also this linkage would ensure extending the reach of subsidies to true beneficiaries via the elimination of middlemen. These subsidies not only include the L.P.G subsidies but also the subsidies offered on various commodities such as Sugar, Rice, Pulses, etc. As a consequence of this seeding benefits such as wages under the MNREGA and the Tribal Welfare scheme can also be directly transferred. In addition to this scholarships offered by the government to students can also be directly credited to the seeded bank account. The study implies that the bank customers, whose accounts have been seeded with UID, consider this seeding to be beneficial and they also consider it to be a win - win situation for both bankers as well as themselves. The gigantic biometric data having been collected under this initiative can also be implied in many other areas for better identification of people. This being an extensive initiative by the government has certain pitfalls but still has managed to curb identity crisis to a great extent.

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