



## A Bridge to Nowhere

(This editorial is based on the article '[A Bridge to Nowhere](#)' which appeared in 'The Hindu' on 27th March, 2019. The article talks about the faulty method of providing Direct Benefit Transfer to beneficiaries and the issues in (APBS) Aadhaar Payment Bridge System).

Instances of “Diverted Payment” are not a new phenomenon whereby bank payments are redirected to wrong accounts, without the recipient’s consent or knowledge. One cannot forget the mass diversion of LPG subsidies to Airtel wallets that came to light in 2017.

While the issue got resolved swiftly with money being returned and Airtel penalised, what has escaped attention is that diverted payments have become a widespread problem in recent years.

The problem is not as huge for middle class as it is for powerless people such as old-age pensioners and Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) workers. The main culprit to be blamed is the Aadhaar Payment Bridge System (APBS).

### Aadhaar Payment Bridge System (APBS)

APBS is a gateway created by National Payments Corporation of India to enable departments and agencies administering government schemes to transfer funds to Aadhaar-enabled bank accounts of beneficiaries.

The basic idea of the APBS comes from the National Payments Corporation of India (NPCI); it acts on the principle that a person’s Aadhaar number becomes their financial address. Instead of providing multiple account details to receive a bank transfer, one only has to provide their Aadhaar number which significantly eases out the entire process.

Induction of a bank account into APBS involves two distinct steps, both of which are meant to be based on informed consent. First, the account must be linked or ‘Seeded’ with the customer’s Aadhaar number.

Second, it must be connected to the NPCI mapper, which serves as a repository of Aadhaar numbers linked with particular bank and used for the purpose of routing the Aadhaar based payment transactions to the destination banks. This step is known as “mapping”.

In cases of multiple accounts for the same person, the APBS automatically sends money to the latest-mapped account.

### Benefits of APBS

**It sub-serves the goal of financial inclusion and provides an opportunity to the government to attempt financial re-engineering of its subsidy management program.** The implementation of APBS System has also led to **electronification of a large number of retail payment transaction** which were predominantly either in cash or cheque.

**It eliminates inordinate delays, multiple channels & paper-work** involved in the existing system

making the process **less cumbersome and eco-friendly** and transfers benefits & subsidies in a seamless & timely manner and directly into the Aadhaar Enabled Bank Account.

Customers are not required to open multiple bank accounts for receiving benefits and subsidies of various social welfare schemes – customers just need to open one account and seed his/her Aadhaar number in the bank account to start receiving benefits and subsidies directly into his/her Aadhaar Enabled Bank Account.

APBS transfers are seen to be effective in removing fake beneficiaries and duplicates and thus minimise leakage of funds to unintended beneficiaries.

However the system is affected by many problems which instead of smoothing transactional process have increased the woes of poor and destitute. The most affected remain the old age people who are helpless and suffer the most.

## **Haphazard Implementation**

In the backdrop of launching Jan Dhan Yojana, millions of bank accounts were opened and seeded with Aadhaar in a hasty manner, while some accounts certainly served a purpose; many others were superfluous and created a confusing multiplicity of accounts. More importantly many a times Aadhaar numbers were linked with these accounts without proper verification.

With multiple government schemes such as pensions, scholarships, subsidies, MGNREGA wages, and so on – under the Aadhaar payments umbrella, due verification once again took the back seat.

To counter the menace of faulty verification, banks made e-KYC (electronically Knowing Your Customer) compulsory which turned out as a nightmare for poor people, for a number of reasons such as problems of biometric authentication, inconsistencies between the Aadhaar database and the bank database etc.

## **Institutional Challenges**

Diverted payments are not the only problem associated with the APBS. There are others, discussed elsewhere, such as rejected payments – another nightmare for powerless DBT recipients.

Biggest challenge surrounding the system however is forcing it on millions of poor and underprivileged without consent.

The induction of an Aadhaar-seeded account into the APBS should be based on an explicit request from the customer according to NCPI and UIDAI guidelines which gives a measure of protection to educated middle-class customers.

For poor people, however, consent is fiction as there have been multiple cases where bank accounts have been mass-mapped onto the APBS without any semblance of consent, with or without e-KYC being completed – in other words, without necessarily verifying that an account has been correctly seeded with Aadhaar.

The two steps of seeding and mapping are essentially confused with same thing, based on default options and symbolic consent, this premature and coercive imposition of the APBS has resulted in a serious problem of transferring subsidies or pensions in accounts to which beneficiary is completely unrelated.

Instances of elderly people dying of hunger after their pensions were diverted by the APBS to someone else's account have surfaced in great numbers, particularly in Jharkhand.

The system suffers from pervasive lack of accountability making it a very opaque payment system and few people have a clear understanding of it. People usually have no recourse and are left peddling in various offices.

Even with the best of intentions, bank managers are not able to help them in the absence of guidelines for resolving payment problems. Most importantly nothing seems to disturb the agencies that are promoting

the APBS and related financial technologies and continue to exhibit lackadaisical attitude in resolving these issues.

## **Way Forward**

Responsibilities should be clearly assigned in enforcing the consent norms and other guidelines issued by the NPCI.

The RBI may be the nominal regulator, but the real action is at the NPCI, the UIDAI and other strongholds of the Aadhaar lobby and accordingly accountability should be assigned where any negligence should not go unnoticed.

Supreme Court's recent judgement in the Aadhaar case makes Aadhaar mandatory for availing facilities of welfare schemes and government subsidies as it empowers the poor and marginalised.

***However, the pathologies of the APBS continue to cause havoc on the ground and there's a need to make this system foolproof without which it will continue to haunt the poor and elderly- the target beneficiaries.***

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