

## **Cash Transfers and UID: Our Main Demands**

We support cash transfers such as old age pensions, widow pensions, maternity entitlements and scholarships. However, we oppose the government's plan for accelerated mass conversion of welfare schemes to UID-driven cash transfers. This plan could cause havoc and massive social exclusion. We demand the following:

### **1. No replacement of food with cash under the Public Distribution System.**

The PDS is a vital source of economic security and nutrition support for millions of people. It should be consolidated, not dismantled.

### **2. Immediate enactment of a comprehensive National Food Security Act, including universal PDS.**

Instead of diverting the public's attention with false promises of mass cash transfers before the 2014 elections, the government should redeem its promise to enact a National Food Security Act (NFSA), including a universal PDS.

### **3. Cash transfers should not substitute for public services.**

While some cash transfer schemes are useful, they should complement, not substitute for the provision of public services such as health care, school education, water supply, basic amenities, and the PDS.

### **4. Expand and improve appropriate cash transfer without UID.**

There is no need for UID to expand and improve positive cash transfer schemes such as pensions, scholarships and maternity entitlements. For instance, social security pensions should be increased and universalized.

### **5. No to UID.**

“Any new technology developed in the name of ensuring de-duplication and portability, including the UID/biometric cards, should not be allowed if they undermine people's civil liberties by becoming a means of tracking and surveillance.”\*

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\*Resolution adopted at the Right to Food Campaign convention held in Rourkela, August 2010.

## **Critique of the Government's UID-Driven Cash Transfer Plan**

The Right to Food Campaign supports cash transfers such as old age pensions, widow pensions, maternity entitlements and scholarships. In fact, the Campaign has been at the forefront of the struggle to expand social security pensions and improve their delivery.

However, the Campaign has serious reservations about the government's rush to link these cash transfers to "Aadhaar", the unique identity (UID) number. This is because the linking of these schemes can cause huge disruption – think of an old man who is currently getting his pension, but will now have to run around getting his "UID-enabled" account activated and then may find his pension held up by fingerprints problems, connectivity issues and what not.

The Right to Food Campaign is also firmly opposed to the introduction of cash transfers in lieu of food and other commodities supplied through the Public Distribution System, for many reasons. One, subsidized food from the PDS is a source of food and economic security for millions of poor families. Research has shown that in 2009-10, about one-fifth of the poverty gap for poor households is wiped out by the implicit transfers from the PDS.

Two, the banking and post office network in rural areas is not ready to handle these volumes. Banks are far and overcrowded. Post offices are often not computerized and susceptible to corruption. The alleged solution, banking correspondents, is fraught with problems.

Three, rural markets are often poorly developed. Dismantling the PDS would disrupt the flow of food across the country and put people at the mercy of local traders and middlemen.

Four, there are concerns of special groups such as single women and the elderly who cannot roam around to withdraw their cash and buy food from distant markets.

Last but not least, inflation could easily erode the purchasing power of cash transfers. When the government refuses to index pensions or NREGA wages, how can it be trusted to index cash transfers to the price level?

An impression has been created that the government is all set to launch UID-enabled cash transfers on a mass scale before the 2014 elections. This is nothing but an attempt to hoodwink the public and make people rush to UID enrolment centres.

The Kotkasim fiasco is a telling example of the potential disruptive effects of inappropriate cash transfer schemes. The experiment was launched with much fanfare and immediately projected as a success, but the fact is that it has driven people out of the PDS as far as kerosene is concerned. Perhaps that was the real purpose.

The cash transfer announcement is also an effort on the part of the government to divert attention from its failed promise to enact a National Food Security Act. The food security bill, very weak in the first place, has been languishing with a Standing Committee for a whole year. The need of the hour is a comprehensive National Food Security Act, not a fanciful "Micro-ATM Network, Inter-operable and Aadhaar-based" (MANIA).