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## The true potential of UID

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The first reaction to the announcement of the Unique ID (UID) project was great enthusiasm. Here was India playing to its strengths — using our recognised advantage in these technical areas (software) to deal with social problems. The second reaction, equally predictably, was to pooh pooh the whole thing:

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These are massive social problems — it is naïve to believe that they can be solved by some technological sleight of hand. Both reactions are right at one level, but also somewhat misdirected. There is reason to be enthusiastic about former Infosys Co-Chairman Nandan Nilekani's appointment, but that has more to do with who he is than with the fact that he is a technocrat (which, of course, he is, and much more). What is really important is that he has the stature and the credibility to take difficult decisions. We have had committees on the unique ID before (indeed, there are some now). What stopped them was not incompetence — it was the challenge of how to resolve the multiple contending visions of what a UID is supposed to achieve ("catch terrorists", "improve tax collection", etc.). Nilekani has already shown signs of being able to do this: For example, he has made it clear that this is going to be a resident card, thereby evading the deeply contentious citizenship issue.

On the other end of the spectrum, the naysayers cannot possibly mean that technology has no role to play in dealing with social problems — after all, what single innovation has changed rural Indian society more in the last 150 years, for better and for worse, than the railways, unless it is the green revolution or the arrival of the radio or the cellphone? Technology, it hardly bears saying, both creates and helps with social problems.

The point, we think, they are really trying to make is that the UID project cannot afford to be naïve about these social dimensions. It will not be enough to provide the technology and walk away: if the UID has to play the transformational role that the enthusiasts have mooted for it, the UID authority has to work with the potential users from the get go, so that their systems get redesigned to make use of the UID.

Take a simple example: The substantial subsidy to domestic LPG (of the order of Rs 20,000 crore) is largely captured by upper-and middle-class households. According to a study conducted by The Energy and Resources Institute (TERI), around 40 per cent of the LPG subsidy is enjoyed by the richest 6.75 per cent of the population. One major reason why the poor don't use LPG is because they need to produce proof of a valid address to get an LPG connection. This was introduced to limit the number of connections that one family can get, but in fact many richer families manage to get around this so that it mostly serves to screen out the poor, who have trouble providing the right kind of address proof.

The UID will not directly solve this problem, since the address verification process for the poor remains fraught with difficulties. However, if the rules for getting a connection can be changed so that connections get assigned to a UID rather than address, that puts the poor on an equal footing with the non-poor.

Notice, however, that this would require a systematic rethinking of the model for allocating LPG. Right now, the idea is that a household corresponds to an address and so allocating to an address is equivalent to delivering to a family. The UID, on the other hand, is assigned to an individual and not a family. Hence the rules for allocation have to be changed so that the target is an individual. The plan right now seems to be to limit each household to eight cylinders per year. If this is to be based on the UID, the rule would have to be something like two cylinders per person more than five per year (assuming that the average family today has four people over five).

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Some households (the smallest households typically) will be hurt, while the bigger ones will benefit. Since the poorer households tend to be larger, this would shift the subsidy in a pro-poor direction. But there will be protests and there will be push-back.

The bigger point is that what is being attempted is nothing less than transforming many corrupt and non-transparent mechanisms that have allowed a minority to capture large chunks of public resources. The technology makes change possible, but making it happen will require working with the system to change the rules when needed. And that will take political will and hard work.

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