Opinion

TUESDAY, JANUARY 15, 2019

RESERVATIONS IN ACTION

Prakash Javadekar, Union HRD minister

In June, when institutions open [for next session], thousands of seats will be there under 10% reservation in institutions like IIT, IIIT, NIT, central universities and others

Most of India now poor going by reservation bill

If the UPA declared two-thirds of the country poor with its food bill, the BJP has now raised this to over four-fifths

IF IT WASN'T bad enough that, with a view to cementing its support amongst upper-caste voters—theoretically, even Muslims and Christians are entitled to the quota—the Narendra Modi government decided to implement a 10% jobs and education reservations scheme, what is worse is the income cut-off used. The government has used a family income of ₹8 lakh per year as the cut-off for what it calls 'economically weaker sections'. In other words, a family earning as much as ₹65,000 per month is to be considered 'economically weak'. Anyone even remotely familiar with India's income structure knows that such families aren't economically weak, rather they are part of the burgeoning middle class. Indeed, data sourced from the Price ICE 360 survey estimates that over 85% of Indian families have an annual income of less than ₹8 lakh—official data from the National Sample Survey only estimates consumption, not income. In other words, the bulk of India's population—after removing SCs, STs and OBCs—is entitled to this reservation; while the ordinance allows for reservations in even private educational institutions, some news reports suggest the government is going to implement only reservations in government-funded universities for now.

Interestingly, while the government is looking at an income cut-off of ₹8 lakh per family, it levies income tax on people who earn as little as ₹2.5 lakh per year. Even if you assume there are two earning members per family, this means families earning more than ₹5 lakh per year are supposed to pay tax, but are still considered 'economically weak' from the point of view of reservations.

Some, like former PMEAC member Surjit Bhalla, argue (*bit.ly/2RFTEJd*) that, while this issue is being raised now, this should have been done in 2004, 2008 and 2013 when the UPA raised the 'creamy layer' level for OBCs; the BJP repeated this in 2017. That is a partly legitimate point to make since the 'creamy layer' cutoff is too high—no one that has an income above it is entitled to the quota—and allows even well-off OBCs to get access to quotas. The OBC quota, however, was conceived as something for all OBCs—in the same way that the SC/ST quota is for all families irrespective of their incomes—and it was only later that, to put some kind of check on the well-off cornering the quotas, that the 'creamy layer' definition was brought in. While 'creamy layer', by definition, applies to the top 5% or so of any group, even less if you look at the thickness of the layer of cream in a bowl of milk, this is very different from saying that anyone who is not 'creamy layer' is 'economically backward'.

Ironically, when, under the influence of Sonia Gandhi's National Advisory Council, the UPA gave very heavily subsidised food to two-thirds of the country, this was described as rampant populism since it was inconceivable that two-thirds of the country was so poor that it needed subsidies; more so when this was contrasted with their spending on, say, mobile phones. Sadly, with elections around the corner, the government now feels it is okay to give benefits to over four-fifths of families even when its very successful #GiveItUp campaign tried to stop supply of subsidised LPG for families earning more than ₹10 lakh, presumably because they were seen as upper-income families.

Don't curb royalties

MNC-tech has helped boost sales and value

MEDIA REPORTS SUGGEST the government is considering capping royalty payments by multinational companies. That is patently unfair. MNCs make large investments in research and development (R&D), unlike Indian companies, and there is a cost attached to that. After all, it is Suzuki's outstanding technology that has allowed it to become a big player, and, had it not been a market-leader, it could not have set up so many factories in India creating so much employment. Moreover, it is not as though outflows are rising sharply. In fact, royalty and technical fees paid out by a clutch of 30 MNCs in 2017-18 were flat compared with the outgo in 2016-17, while their profits before tax (PBT) grew 15%.

Data sourced from Capitaline shows that, as a share of their net sales, royalties at 3% were marginally lower than the 3.3% seen in 2016-17. The amount paid out by these companies in 2017-18 was ₹7,565 crore, virtually flat compared to the outgo of ₹7,528 crore in the previous year.

While the government may want to squeeze MNCs, it must remember that they are big investors—companies like Vodafone, for instance, have invested billions in India. The government's response to the FDI is that the MNCs gain from a big market like India. That may be true but these companies have generated hundreds of thousands of jobs—directly and indirectly. Moreover, investments in these firms have been hugely rewarding for shareholders. Companies such as Maruti Suzuki and HUL have been big outperformers on the bourses. Although fund managers have constantly carped about the high royalties, the fact is that the CNX MNC Index has beaten the Nifty in nine of the ten years to 2017-2018; especially in 2016-17 and 2017-18. In fact, even as they crib, the institutional shareholding in HUL has averaged about 19-20% which is extremely high given the parent Unilever owns 67%. At the end of September, institutional shareholders held 36.2% in Maruti while the promoter held 56.21%. Proxy advisory firms, too, have always complained about high royalties. They have criticised companies like Maruti, pointing out that, in many years, the average realisation per unit sold hasn't risen as much as the rise in the royalties paid out. That is hardly an argument; every company wants the realisations to go up and if they didn't go up as much as expected, there must have been a valid reason.

In January 2015, Maruti tweaked the method used to calculate royalty, de-linking it from currency fluctuations. It lowered royalties on new cars and said that after sales of a particular model hit a certain threshold—to be decided by the parent Suzuki Motors—the royalty would reduce. To be sure, some companies like HUL have increased royalties—from 1.4% of turnover to about 3.15% of turnover. But the government must keep in mind the larger benefits and desist from penalising MNCs.

MurrayMagic

Andy Murray's impending retirement brings with it the end of an era in tennis

THE AUSTRALIAN OPEN this year kicked off with a pall—this Grand Slam year could be the last featuring the 'big four' of men's tennis. The most underrated of the four, Andy Murray, who's been absent from the tour for the past 18 months due to a troublesome right hip, announced his decision to retire sometime this year, with the possibility of him having played his last match yesterday, following his opening round defeat, also present. It is always heart-wrenching to watch any athlete's career, especially that of someone of Murray's calibre, cut short due to injury. To be sure, his big four peers have all battled niggling injuries, working tirelessly on improving the fitness and their tennis. And, many skillful athletes have had to abandon their dream because of injury—Martina Hingis from tennis comes to mind. But, tennis enthusiasts would agree, with one of the big four felled by injury, it is truly the end of an era. They not only have won 50 of the last 55 Grand Slam titles, but are also responsible for providing the most spectacular, sensational tennis of the last decade/decade-and-half. They dominate tennis history and will continue to hold sway over the future.

It all started in March 2004, with Rafael Nadal playing Roger Federer for the first time. A decade and half later, the four—Murray, Nadal, Federer and Novak Djokovic—have starred in clashes that are nothing sort of legendary. The fandom has thrived on their on-court rivalry. Though all four have hit rough patches and have been dogged by injury, that all of them were still raring to face off on court was always a comfort for fans. Although some keep doubting if Murray belonged in the same league as the other three, any gap in skills he would have had with a Federer or a Nadal was more than made up for by his personality—he had been a vocal supporter of equal prize money for women's tennis and showed exemplary grace on and off court. When the big four do indeed become the big three, tennis would be lesser for it.

EMPLOYMENT NUMBERS

THE TRANSPORT SECTOR ALONE HAS CONTRIBUTED ALMOST 3.4 MILLION JOBS IN FY18, WITH A FURTHER 2.8 MILLION JOBS CREATED IN THE 9 MONTHS ENDED DECEMBER 31, 2018

Auto sector growth proof of sound jobs growth

MOHANDAS PAI & YASH BAID

Pai is chairman of Aarin Capital Partners and Baid is head of research at 3one4 Capital

THE ONGOING DEBATE around jobs in the economy has been extremely skewed with unsubstantiated statements being heralded in the media diminishing the true state of employment growth in the economy. In a recent development, a think tank that purports to work on data has laid claim to the fact that the total working population in India has, in fact, declined by 10 million in the last year. These numbers seem opportunistically quoted by CMIE two months ahead of schedule on preliminary estimates from a minuscule sample of 140,000 respondents from an already skimpy full sample size of 550,000 individuals that was to be initially released in February 2019. Obviously, the link with the forthcoming elections seems to be a major reason for a premature release!

To gain a clear perspective on the employment delta, we need to look at data to understand the sources from where jobs are being created and assess the changes in employment's biggest contributors. The transportation sector is one of the largest job drivers in India. We have undertaken a study to assess the job creation by this sector on an annual basis over the past few years. We have considered data on the domestic sales of commercial vehicles (medium and heavy and light commercial vehicles), passenger vehicles (passenger cars, utility vehicle, and vans), three-wheelers, and tractors to estimate jobs being created in the economy. The data collected is from Society of Indian Automobile Manufacturers (SIAM) and the Tractor and Mechanization Association (TMA), the apex bodies for the automobile and farm mechanisation (for tractor sales) industries. These bodies consistently collect and disseminate data regularly on production, sales, and export trends collected from all the various automobile manufacturers in India.

Every vehicle that is purchased in India creates jobs. For example, the manufacturing of a commercial vehicle typically creates two jobs, an autorickshaw creates, on an average, 1.5 jobs as it is typically used in multiple shifts by different drivers. A taxi creates one job and further, since many people have drivers to run their car, we can assume an additional job being created for every four passenger vehicles sold. Tractors also create a minimum of one job per vehicle sold. We further discount from the total domestic sales, reasonable replacement rates of 20% in the passenger vehicle segment, 25% in the commercial vehicle segment, 10% for three-wheelers (due to longevity of use of about 10-15 years), and about 20% for tractors. This is done in order to consider merely the new jobs created from the sales of these vehicles and not their upgradation existing workers. It is probable that there is a lag between the sale and actual use, but that gets normalised over time. Analysts can make their own estimates of replacement to calculate new jobs.

It is to be noted that in calculating the jobs from this sector, we are not considering any ancillary jobs that are created, namely from repairs, servicing, the sale of spare parts, the direct or second-hand distribution and sales of the vehicles themselves, the scrapping of these vehicles, and the sale of insurance, financing, etc. These ancillary jobs would be quite significant in size by themselves. However, for this study, we only look at the direct job creation and, yet, the following numbers are clearly substantial.

The attached graphic provides data on the jobs created. In our study, we have taken the total annual sale of vehicles from April 1, 2014 to December 31, 2018. We can clearly see that just the transport sector alone has contributed almost 3.4 million jobs in FY17-18, with a further 2.8 million jobs created in the 9 months ended December 31, 2018 as well. During the NDA term, over 14 million jobs have been created in this sector. A sizable chunk of this workforce earns a healthy income of about ₹20,000-25,000 a month. There is a clear and growing demand for these jobs. About 70% of all goods movement happens by vehicles in India with the railway share further decreasing. It is evident that, in an economy of the size of $2.6 trillion, which is growing at 7%+, huge number of jobs are being created. All we need to do is look at the job drivers and estimate the number of jobs.

Now, there could be critics and they are welcome to criticise and make their own estimations about the replacement rate and come out with their own numbers, but whatever be the final number, anybody who looks at this data can undeniably affirm that large-scale jobs have been created in transportation and in the economy. Further, formal jobs counted through the EPFO, ESI, NPS, and in the professional sector are also large. The theory of jobless growth propounded by analysts, who have not seen this data, is indeed bogus.

Annual automobile domestic sales

Category	FY15	FY16	FY17	FY18	9 mths ending. Dec 31, 2018.
Passenger vehicles	26,01,236	27,89,208	30,47,582	32,87,965	25,33,929
Commercial vehicles	6,14,948	6,85,704	7,14,082	8,56,453	7,12,806
Three-wheelers	5,32,626	5,38,208	5,11,879	6,35,698	5,25,333
Two-wheelers	1,59,75,561	1,64,55,851	1,75,89,738	2,01,92,672	1,67,50,270
Tractors	5,51,463	4,93,764	5,82,844	7,11,478	6,25,545
Total	2,02,75,834	2,09,62,735	2,24,46,125	2,56,84,266	2,11,47,883

Annual jobs created in the transport sector

Category	FY15	FY16	FY17	FY18	9 mths ending Dec 31, 2018	Replacement rate	Jobs for vehicles
PVs	5,20,247	5,57,842	6,09,516	6,57,593	5,06,786	20%	0.25
CVs	9,22,422	10,28,556	10,71,123	12,84,680	10,69,209	25%	2
3-wheelers	7,19,045	7,26,581	6,91,037	8,58,192	7,09,199	10%	1.5
2-wheelers	-	-	-	-	-	-	-
Tractors	4,41,170	3,95,011	4,66,275	5,69,182	5,00,436	20%	1.
Total	26,02,885	27,07,990	28,37,951	33,69,647	27,85,630	-	-

Source: SIAM, TMA India, Analyst Projections & Estimates

University 4.0 will bridge cost barriers

It ends an apartheid and will encourage diverse institutional responses on purpose, structure, financing, delivery, modularity, and governance

MANISH SABHARWAL & SHANTANU ROOJ

Sabharwal is with TeamLease Services and Rooj is with Schoolguru Eduserve respectively

ORVILLE WRIGHT—one of the two brothers who gave us modern airplanes—responded emphatically to the comment "You and Wilbur are examples of how far a person with no special advantages can go" with the quip, "but it isn't true we had no special advantages... we grew up in a family where there was always much encouragement to intellectual curiosity". From our vantage—we work for a company that has hired somebody every 5 minutes for the last 5 years but only hired 5% of the kids who came to us for a job—Orville was right; the most important decisions a child in India can make is choosing your parents wisely. Since this is impossible, a second-best choice for encouraging intellectual curiosity is going to college. We'd like to make the case that the new UGC regulations for online higher education not only end an apartheid but will enable massifying higher education.

India's Gross Enrollment ratio (GER)—kids between 18 and 23 years old that are in college is 25%, i.e. only 30 million of our 120 million college-age kids are in college. This GER is much lower than South Korea (93%), America (50%) and China (48%). India's traditional universities (750) and colleges (42,000) have grown in numbers but depending on the traditional classroom model for expanding GER seems inadequate given 65% of our population is less than 35 years old. Besides more cooks in the kitchen, we need a new category of universities that factor in cost, equity, and employability. The new UGC regulations enable this recipe of 'University 4.0'.

India's journey of distance education began in 1962 with Delhi University. But, over decades, regulatory cholesterol coming out of UGC stunted the expansion of higher education, held back the migration of distance education to online delivery, and created an apartheid by which global online universities like Coursera, University of Georgia, etc. could operate in India but Indian Universities couldn't. The new UGC regulations are overdue, important and disruptive; they enable jurisdiction autonomy (allowing universities to operate without boundaries), allow online assessments (computer based multi-modal assessments that test both the knowledge and the skill) and catalyse digitalisation of universities (building smarter campuses that simplify and automate administrative and academic processes). This will encourage diverse institutional responses on purpose, structure, financing, delivery, modularity, governance, and much more. A small quibble: the regulations still depend on tired frameworks of accreditation that confuse university building with building universities. India must encourage innovation by allowing many statistically independent and genetically diverse ties; all universities should be permitted to teach students online since market forces are working better and information asymmetry is much lower (as shown by the 35%+ empty seats in engineering and management institutions).

Globally, higher education financing is in crisis. Average tuition costs in the US increased 498% in the last 30 years, student debt has soared to $1.5 trillion and national average graduation rates for 4 year degrees are about 45% (they rise to 55% with students being allowed 6 years to finish a 4 year degree). Consequently, think tank Brookings estimates that 40% of US borrowers may default on student loans by 2023. In 2012, UK replaced state funding of universities with a loan to students that they would not have to pay till their annual income was higher than 21,000 pounds and any outstanding debt would be written off after 30 years. Globally, higher education faces financing challenges because of unsustainable cost inflation in the traditional model.

Universities need to evolve. University 1.0 was driven by religion. University 2.0 was driven by the state. University 3.0 was driven by philanthropy. All three versions of universities will continue but we need University 4.0 (U4.0) that will consider cost, employability and equity as objectives besides excellence. U4.0 will have full flexibility; equivalence for learning on-campus, online, on-site, and on-the-job. U4.0 will encourage modularity between certificates, diplomas and degrees. U4.0 will have institutional diversity because the private sector has a trust deficit, the public sector has an execution deficit and non-profits have a scale deficit. U4.0 will rethink financing between students, banks, employers and government. U4.0 will have higher participation for outsiders like women, backward castes, and other minorities. U4.0 will rethink the role of apprentices and engage deeply with employers. U4.0 will fight for the separation of the role of the policymaker, the regulator and the service provider. U4.0 will advocate for school reforms because you can't teach people in 4 years what they should have learnt in 12 years. U4.0 will need philanthropists to extend their time horizons because building a great university is the work of generations; the youngest institution in a recent list of the top 10 global universities is 125 years and only 4 institutions in the top 100 are less than 40 years old.

The great book, *Wealth of Nations*, by Surjit Bhalla suggests education is the greatest leveller of inequality and biggest driver of prosperity because educational wealth of $330 trillion is far more equitably distributed than the financial wealth of $256 trillion. India must sabotage the ovarian lottery by massifying higher education. UGC deserves recognition for an important step in that direction.

LETTERS TO THE EDITOR

Compassionate Canada

It is heartening that, true to the general perception that Justin Trudeau, prime minister of Canada, is compassion personified, he has readily accepted Rahaf Mohammed al-Qunun, the 18 year old girl who had fled Saudi Arabia due to family abuse, as a refugee into Canada. He also deputed his foreign minister Christia Freeland to receive Qunun at the Toronto airport with a bouquet of flowers. What an unadulterated humane act compared to the many countries that refused her asylum and were about to push her back into her country causing imminent danger to her life

— Yvonne Fernando, Chennai

BSP-SP alliance

With its formalisation, the SP-BSP alliance for the upcoming Parliamentary election assumes considerable political significance and lends an entirely new dimension to the 2019 electoral battle. It is organic, solid and formidable and can prove to be a winning combination and a game-changer. It represents the unity of social justice and secular forces and gives a fresh impetus to Opposition unity. BSP and SP are in the same ideological domain and make natural allies. The cohesive power of common political objectives is sure to make it work on the ground as it did in the by-polls. When the alliance ensures the avoidance of the split of the anti-BJP secular vote to a large extent, there is no way the BJP can repeat its 2014 performance. It will be an uphill task for BJP to return to power if the pre-poll alliance reverses the party's near clean sweep in 2014. Implicit in BJP's denunciation of the Bua-Bhatija tie-up as 'opportunistic' is the recognition of the insurmountable challenge posed by it

— G David Milton, Maruthancode

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America's overdue Middle East withdrawal

The US has long adhered to a foreign-policy consensus that views military force as the best—and often the only—solution to international crises. President Donald Trump's decision to withdraw US troops from Syria and reduce forces in Afghanistan has exposed the hollowness of arguments in favour of endless intervention and occupation

'TWAS THE WEEK before Christmas, when US President Donald Trump issued another bombshell from the White House. With a single tweet, he decided to withdraw all US troops from Syria over the coming months; the next day, his administration announced that the number of troops in Afghanistan, currently 14,500, would be halved.

According to *The Times*, Trump's decision to pull out of Syria "came during a phone call with President (Recep Tayyip) Erdogan of Turkey and took the US defense leadership by surprise." After pointing out that the Islamic State (ISIS) had been 99% defeated, Erdogan reminded Trump of his own past statements listing ISIS as the only reason for the US presence in Syria. As if on cue, Trump duly tweeted: "We have defeated ISIS in Syria, my only reason for being there."

The announced withdrawal from Syria and drawdown in Afghanistan met with consternation in Washington, among US allies, and within Trump's own cabinet. Secretary of Defense James Mattis and Brett McGurk, the special presidential envoy for the global coalition to defeat ISIS, both resigned in protest. And yet, Trump's decision not only fulfilled a campaign promise; it also validates former President Barack Obama's own critiques of a "Washington playbook" that prescribes military responses to most foreign crises.

According to a 2015 Congressional Research Service report, in the 191-year period between 1798 and 1989, the US used force abroad 216 times, or 1.1 times per year on average. By comparison, the US deployed force 152 times—6.1 times per year—in the 25-year period after the end of the Cold War.

Despite a nearly sixfold increase in the frequency of its use of force, the US has clinched few, if any, decisive military victories in recent decades. Robert A Lovett, Secretary of Defense in the Truman administration, recommended when faced with political crises that carried great risks for small gains: "Forget the cheese; let's get out of the trap." The US should forget the cheese of Pax Americana in the Islamic Crescent, escape the intervention trap, and bring the troops home.

On Afghanistan, neither Obama nor his predecessor, George W Bush, ever managed to answer three critical questions satisfactorily: Why are Americans still there? What interests justify unending US sacrifices? How will the war end?

These questions were never answered because there were no political consequences for failing to answer them.

Joe Quinn, a veteran of three deployments there and in Iraq, observes that for 17 years, "We've tried everything: a light footprint, a big footprint, conventional war, counterinsurgency, counter-corruption, surges, drawdowns." After an Afghan policeman manning a checkpoint demanded money from him at gunpoint, Quinn concluded that the $68 billion spent on Afghan forces had not bought "the essential ingredients of a fighting force: loyalty, courage and integrity."

In Syria, external interference prolonged and intensified the conflict, as well as civilian casualties and suffering, but failed to dislodge the country's dictator, Bashar al-Assad, from power. Thus, Western interference has aggravated the pathology of broken, corrupt, and dysfunctional politics across the region, from Afghanistan through the Middle East to North Africa. Truly, there is no humanitarian crisis so grave that outside interference cannot make it worse.

The chorus of criticism that met Trump's Christmas announcement can be distilled into four core arguments. The first is that a precipitous withdrawal will destabilise the region. But a withdrawal after 17 years of sustained fighting in the Middle East and North Africa is anything but "precipitous." Serial US interventions have left the region bleeding, broken, and dysfunctional. Stripped of its sophistry, this argument boils down to an absurdity: Because US military interventions have failed, they must be maintained indefinitely.

Meanwhile, demoralised and corrupt Afghan forces are deserting *en masse*, and the Taliban is resurgent, having become tactically savvier with each passing year. The group has now reclaimed large swaths of the territory that it lost after the US occupation. The US military presence has become part of the problem, in which case an exit may help re-establish local and regional equilibria.

The second argument is to point out that the "war on terror" is not finished. But this involves a self-fulfilling prophecy. After all, America's long war on terror since September 11, 2001, has created far more extremists than it has eliminated. Afghanistan, Pakistan, Iraq, Syria, Yemen, and Libya have all become breeding grounds for fanatics spewing hatred against America and Americans. The US has neither the expertise and capacity nor the willpower to sustain a successful nation-building effort in such hostile environments. And besides, Saudi Arabia, America's long-time ally, is the leading enabler of Islamic fundamentalism across the region.

> The US has neither the expertise nor the willpower to sustain a successful nation-building effort in the hostile environments of Afghanistan, Pakistan, Iraq, Syria, Yemen, Libya

The third argument holds that a withdrawal by the US amounts to a victory for Russia and Iran. But those making this claim should consult a map. Russia and Iran are both neighbours of the Middle East, whereas the US is separated by an ocean. If Russia wants to own the Syrian conflict and return to Afghanistan—that graveyard of empires—the US should not stand in its way.

The last argument warns that a US withdrawal will leave Israel exposed to its deadly enemies. But Israel is the region's most formidable military power and its only nuclear-armed state.

At the end of the day, critics of a US withdrawal have no real alternatives to offer. If Trump were to agree to leave US forces in place for another six months, and then another, US voters would ask why he broke his campaign promise. And if he was to put the same question to the generals, they would say: "Mr President, we do military strategy, not politics. By the way, sir, we need just another six months to finish the job."

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Turbocharging financial inclusion

ADHIL SHETTY

The author is CEO, BankBazaar.com

We've come to pass where a lot is needed to further digital financial inclusion

THE LOK SABHA HAS RECENTLY approved the Aadhaar and Other Laws (Amendment) Bill, 2018—for the amendment of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016; the Indian Telegraph Act, 1885; and the Prevention of Money Laundering Act, 2002—to align it with the Supreme Court's verdict on Aadhaar and its use.

These amendments have wide-reaching implications. The big takeaway is the amendment to Section 4 of the Aadhaar Act, which now permits voluntary sharing of Aadhaar by individuals for the purpose of verifying his details by way of authentication or offline verification. This will have a powerful and positive impact on the objective of financial inclusion for hundreds of millions of Indians.

Last year, before the Supreme Court examined Section 57 of the Aadhaar Act based on proportionality, Aadhaar was playing an important role in digital financial inclusion. Over 1 billion Indians today have a smartphone or an Aadhaar number, or both. The combined power of the two helped financial inclusion by lowering the costs of delivery of finance. For millions, this was a boon. They'd otherwise struggle to authenticate themselves to open savings and borrowal accounts—often, the gateways to formal finance. Aadhaar OTP-based eKYC drastically reduced the costs of customer on-boarding and these savings were passed on to customers. Instead of having face-to-face meetings with customers, collecting photocopies, and physical signatures, banks could authenticate customers to open accounts remotely, without one being present, paperless and instantly, and all that in a compliant manner.

As smartphone penetration rises, India must leverage its powerful tech infrastructure to reduce the need for brick-and-mortar banking in every locality. This would truly democratise finance. Now, following the Supreme Court's verdict, the government's step to amend the Aadhaar Act in a manner that will allow Aadhaar to be used voluntarily by the people will certainly boost digital financial inclusion. This is a welcome step. So, what does this amendment entail for the customer—the common man?

> Fintech is a hotbed for financial innovations. It has a major role to play in bringing more Indians into the fold of regulated finance

The customer can choose to authenticate himself through Aadhaar voluntarily. Authentication through Aadhaar is now optional, and banks requesting for your Aadhaar must also inform you of alternative forms of identification through other officially valid documents. Mandatory Aadhaar authentication for any service is now only possible through law enacted by Parliament. Lastly, your Aadhaar data collected by any entity cannot be used or disclosed for any other purpose, other than the purposes informed to you in writing.

We have come to pass where more is needed to further the objective of digital financial inclusion. Currently, the amendments allow only banks to perform online Aadhaar eKYC authentication. Therefore, non-banking entities such as insurance companies, mutual funds, registered investment advisers, NBFCs and regulated fintechs are left out of their ambit. We, in fintech, have seen the power of Aadhaar. Paperless, instant eKYC via Aadhaar OTP helps us complete in minutes what might take several days and dozens of photocopied pieces of paper in the offline world. The customer is authenticated instantly and gets his savings account or loan instantly. Ultimately, this is what the consumer wants. Today, financial institutions are benchmarking their performances not just against peers, but also against the Ubers and Amazons—businesses that allow internet-connected youth to instantly access, compare and purchase anything they need instantly, without cumbersome paperwork and having to wait in a queue to meet salespersons.

Fintech is a hotbed for financial innovations. It has a role to play in bringing more Indians into the fold of regulated finance. Being a fast-growing sector, it's essential that fintech also gets law-backed access for Aadhaar authentication. Therefore, regulated fintech must request the government to consider their case as one of the Reporting Entities under the Prevention of Money Laundering Act that meet the requirements of security and privacy as defined in the new amendments. This, coupled with the Data Protection Bill, can enable a revolution wherein financial products are delivered to an additional 200 million Indians.

MEERA SANYAL

Never stop dancing, never give up

She taught us that we have to stand up and 'demand' quality candidates from every political party

JAMAL MECKLAI

The author is CEO, Mecklai Financial

DEAR MEERA,

How can I/we ever thank you enough? You made us believe that it *is* possible to change our fumbling, corrupt political system. You made us realise that an honest, smart person can enter politics and make an impact. We also learned—it seemed you intuitively knew—that it takes time.

Your first foray into electoral politics as an independent candidate for the Lok Sabha back in 2009 was so exhilarating and consuming—our kids said they didn't know where we were for six weeks—and, of course, inspiring, even though, at the end of day, all we got was 10,000 votes. But in terms of mileage, it launched you, but (as you will doubtless agree), more importantly, the belief that '*we the people*' can change things if only we stand up and not sit down till we get what we deserve.

And while you lost, you damn sure put the fear of God into the big boys, to the point where—shame, shame—no less than the then-PM Manmohan Singh came out strongly against independent candidates; you/we had made enough noise that the Congress, which ultimately won the seat, was running scared. The lesson was never stop dancing and never give up.

And you didn't. You went back to the bank for a couple of years—as much to help them through their own transition as anything else—but never stopped working, building your knowledge base, your understanding of politics and, of course, with your openness, integrity and, yes, sweetness, your constituency.

Enter India Against Corruption and then the Aam Aadmi Party (AAP), which was such a natural fit with your sentiment and approach.

But, I get ahead of myself. I didn't touch upon the people in that first campaign. Ashish, your parents (particularly your lovely mother, who teased me so cleverly when we first met), your son, your beautiful daughter, your friends; and all those other amazing people who showed up out of nowhere and worked night and day, day and night. It was a real party. I don't know if you remember my telling you that since political organisations the world over—the Congress Party, the Bharatiya Janata Party, Democratic Party, Republican Party, Conservative Party and on and on—have the word 'party' in their names, it clearly means that politics is supposed to be a party, it's supposed to be fun. I wanted you to launch the Party Party; with the usual smile in your heart, you agreed and made me Party Officer for the campaign. I hope you will agree I did a reasonably good job. And, on behalf of the to-be-born Party Party, I want to formally thank you.

Back to the rise of the AAP, which was, in my view, a seminal event—suddenly tens, maybe hundreds, of millions of people believed that democracy could work, could make a difference. You were, as I said before, a natural fit, and despite wide-ranging offers from all and sundry, you quickly became one of the leading lights of the AAP. Indeed, many, many people who I spoke to while pitching the AAP said, if only Meera were running the AAP...

But, to your credit, you always defended Arvind Kejriwal and explained to my naïve mind how committed he was/is, and how strong he had to be to keep the battle going in the face of the most vicious of strategic forces. Indeed, I believe that these forces so discoloured the AAP that, in your second Lok Sabha effort, the 40,000 votes you captured were despite the AAP tag. Who's to tell if you had run as an independent again?

But, you never had time for disappointment. I remember right after you told me that we should get involved on the ground—there's so much to do. Almost immediately, you launched APLI Mumbai (with Admiral Rao) to define and manage the redevelopment of the eastern coastline of the city. I recall you telling me about the huge coal mountains—who knows, the time you spent investigating there may have been a trigger for your cancer—and (typically) the wonderful young people who had joined you to develop the plan. We thank you for this, too, and I am sure these efforts will bear wonderful fruit in the very near future.

And then, pulling out your financial rank, you put out the definitive book on demonetisation. Personally, I have always felt that demonetisation was focused solely on winning the UP election. I haven't yet read the book, but, given your thoroughness, I have no doubt that the book is the definitive document defining the foolishness of the imperative, both technically and politically.

And now, my dear, you are off.

And with (from one perspective, at least) impeccable timing. There's the big election coming up; the ruling party is looking more and more like a limping horse as it staggers towards the finish line—it would be almost merciful when it is put out of its misery. Irrespective of that, we have to benefit from your lesson, which is that—today and always—each of us has to stand up and '*demand*' quality candidates—maybe not a Meera Sanyal, but at least her younger sister—from every political party. And then, after the election, keep the party going and not let them rest for a minute to continuously deliver on our needs.

As I said, thank you darling. I'll see you at the party.