

Aadhaar-bank a/c linking 'cannot be mandated'

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The apex court has extended the last date for linking Aadhaar with bank accounts till its final judgment of the case - NYT

Law Ministry sees no issue in seeding the Unique ID with PAN

NEW DELHI, MAY 27

The Law Ministry has clarified that Aadhaar linkage with savings bank account cannot be made mandatory. However, it has opined that there is no problem in linking the Permanent Account Number, or PAN, with Aadhaar.

Aadhaar is a 12-digit unique identity number and though backed by an Act, its constitutional validity has been challenged in the Supreme Court. Hearing in this case is over and the apex court has given its verdict. There is no clarity on when the verdict will be out, but debates outside the court still continue.

“In our opinion, mandatory linkage of Aadhaar with savings bank account is not required as there is no clarity in the Banking Regulation Act,” a senior Law Ministry official told *Business Standard*. The Finance Ministry and the Reserve Bank of India (RBI) have been advised to consult the Solicitor-General, the country’s top law officer, besides waiting for the apex court verdict to make a final decision.

Earlier, the Government had set a deadline of March 31, 2018 for seeding Aadhaar with bank account. However, after an interim order by the apex court, the Government on March 31 postponed the deadline indefinitely. “Whereas the Supreme Court, vide its interim order dated 13th March, 2018 in the case of Justice KS Puttaswamy (Retd.) & Anr V Union of India, WP (Civil) 494/2012 etc. (Aadhaar Judgment), the last date for linking Aadhaar with existing bank accounts from 31.03.2018 till the final judgment of the case,” it said in a notification. According to the notification, the Government will allow the submission of Aadhaar Number, and Permanent Account Number (PAN) or Form 60 by the clients to the reporting entity “till a date to be notified subsequent to pronouncement of final judgment of the apex court etc.” Here, ‘reporting entity’ means banks and ‘client’ means account holders.

Interestingly, on April 20, the RBI made changes in its master circular on KYC and made linking of Aadhaar to bank accounts mandatory as part of its updated ‘Know Your Customer (KYC) Guidelines. However, it made it clear that this will be subject to the final decision of the Supreme Court in the Aadhaar matter.

Prior to the issuance of this circular, an Officially Valid Document (OVD) for address proof together with Permanent Account Number (PAN) issued by the Income Tax Department and a recent passport size photograph were the key KYC documents. But in the amended Customer Due Diligence (CDD) procedure, the RBI said, “The Aadhaar number, the PAN or Form No. 60” need to be obtained from an individual who is eligible for applying for the biometric ID.

PAN Aadhaar Linkage

Meanwhile, the official quoted above said that there are no problems in mandatory seeding of Aadhaar with the 10-digit PAN. “Necessary amendment has been made in the Income Tax Act which will facilitate this,” he said. Earlier, the Government set the deadline of March 31, 2018 for the linkage. However, on March 27, the Central Board of Direct Taxes (CBDT) extended the time till June 30, 2018.

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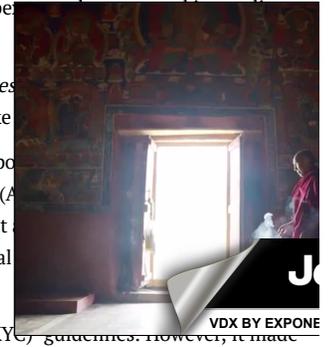
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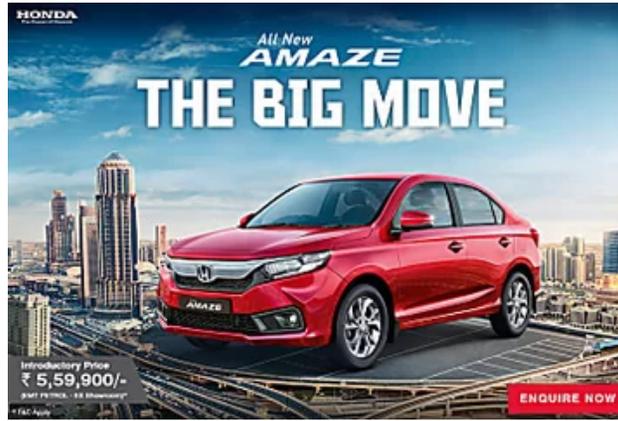
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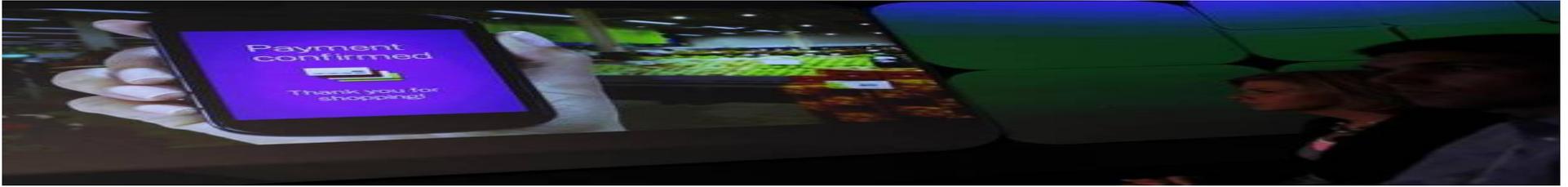
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Though it may take time and effort, all controversy about privacy can be put to rest and yet accountability to the Constitution secured if each adult head of household is mandated by law to have an individual PAN card (against which not only tax paid into consolidated Fund of India on non-agricultural income is accounted for but also every tax rebate and subsidy paid by governments to the household into a linked bank account can be accounted for). Instead of seeding PAN cards with aadhar numbers without addressing privacy concerns, each individual PAN card of the head of every household can be confidentially linked to every aadhar number in the household after assigning a corresponding dummy number to which assignment there would be no access except in accordance with law.

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