CIRCULAR

Subject: Guidelines on use of Aadhaar under section 7 of the Aadhaar Act 2016 (as amended by the Aadhaar and Other Laws (Amendment) Act, 2019) by the State Governments for the schemes funded out of Consolidated Fund of State.

The use of Aadhaar as identity document for delivery of services or benefits or subsidies simplifies the Government delivery processes, brings in transparency and efficiency, and enables beneficiaries to get their entitlements directly in a convenient and seamless manner by obviating the need to produce multiple documents to prove one's identity.

2. The provisions of the Aadhaar Act, 2016 had come into effect from 12th September 2016 through a Gazette notification. Subsequently, to give effect to the provisions of the Act, various Regulations under the Aadhaar Act have been notified by UIDAI in the official Gazette. Further, the Aadhaar and Other Laws (Amendment) Act, 2019 has been notified on 24th July 2019 after its passing by the Parliament, which inter-alia, includes an amendment of section 7 of the Aadhaar Act, as under:

"In section 7 of the principal Act, after the words "the Consolidated Fund of India", the words "or the Consolidated Fund of State" shall be inserted."

3. Section 7 of the Aadhaar Act 2016 stipulates that as a condition for receipt of a subsidy, benefit or service for which the expenditure is incurred from the Consolidated Fund of India or the Consolidated Fund of States, the Central Government or the State Government may require the individual to undergo Aadhaar authentication or furnish proof of possession of Aadhaar number. Hon'ble Supreme Court of India in its judgment dated 26th September 2018 in the Writ Petition (Civil) No. 494: Justice K.S. Puttaswamy v. Union of India, has further clarified the interpretation of section 7 and held as under (Ref. para 322 and para 447 (2)(m), page 555 of the judgement):

"(a) 'benefits' and 'services' as mentioned in Section 7 should be those which have the colour of some kind of subsidies etc., namely, welfare schemes of the Government whereby Government is doling out such benefits which are targeted at a particular deprived class."
(b) The expenditure thereof has to be drawn from the Consolidated Fund of India.

c) On that basis, CBSE, NEET, JET, UGC etc. cannot make the requirement of Aadhaar mandatory as they are outside the purview of Section 7 and are not backed by any law". (emphasis supplied)

The Supreme Court has, thus interpreted 'benefits' in section 7 as welfare measures targeted at a particular deprived class of persons. This class of persons as interpreted by the Supreme Court can be construed as a specific group of people having in common their socio-economic status as well as the broad causes of having that particular status. It has also been clarified by the aforementioned judgment that since earnings by an individual are a matter of right they cannot be covered by section 7 of the Aadhaar Act. Therefore, payment of remuneration, and other expenses to employees or contractual manpower cannot be considered as 'benefits' under section 7 of the Aadhaar Act.

Further, Section 3A(3) inserted vide the Aadhaar and Other Laws (Amendment) Act, 2019 stipulates that notwithstanding anything contained in section 7, a child shall not be denied any benefit, subsidy or service for failure to establish his identity by undergoing authentication or furnishing proof of possession of Aadhaar number or in case of a child to whom no Aadhaar number has been assigned, producing an application for enrolment.

4. Until now, using section 7 of the Aadhaar Act 2016, only Central Ministries/Departments have been mandating use of Aadhaar of the beneficiaries under their respective schemes (both under Central administration and Central sponsorship) through publishing section 7 notifications in the Gazette of India, after due vetting of the same by the Ministry of Law & Justice. UIDAI has been facilitating the process of vetting of all these notifications since November 2016.

5. As per provisions in the Aadhaar and Other Laws (Amendment) Act, 2019, the State Governments can henceforth, mandate use of Aadhaar authentication for the beneficiaries under section 7 of the Aadhaar Act 2016 in those schemes which are funded out of Consolidated Fund of the State. In order to do so, the State Governments will need to issue notifications under section 7 of the Aadhaar Act, 2016 in respect of the specific schemes, similar to the ones as published by the Central Ministries/Departments.

6. Accordingly, it is suggested that the State Governments may take the following steps to issue section 7 notifications under their specific schemes which are funded out of Consolidated Fund of the State:

a) The State Governments may first identify the schemes for use of Aadhaar where 'benefits' are given to the 'individuals', and ensure that the schemes fulfil the criteria of being eligible under section 7 of the Aadhaar Act, as per
the judgement of the Hon'ble Supreme Court dated 26th September 2018 (Ref. para 3 above).

b) Thereafter, a draft notification for the specific scheme may be prepared by the Department implementing the scheme, and vetted by the Legal Department of the State Government before publishing it, as per the extant procedure.

c) The State Governments may use a standard template of section 7 notification (Annex-1). In case, children are beneficiaries under any scheme, an additional paragraph is required to be inserted as per section 3A (3) of the Aadhaar and Other Laws (Amendment) Act, 2019. A sample of children specific scheme notification is enclosed at Annex-2.

d) After publication of the section 7 notification in the State Gazette, the State Governments may approach Authentication Division of UIDAI HQ seeking necessary permission (if not already received) for online authentication of the beneficiaries under the respective schemes. In this regard, guidelines available on UIDAI's website may be referred to (https://www.uidai.gov.in/images/resource/Compendium_August_2019.pdf).

7. This circular has been placed on UIDAI’s website (https://www.uidai.gov.in/about-uidai/legal-framework/circulars.html).

Enclosures:
1. Annex-1: Sample Template of Aadhaar Section 7 Notification for the State Schemes where beneficiaries are other than children
2. Annex-2: Sample Template of Aadhaar Section 7 Notification for the State Schemes where beneficiaries are children

To
Chief Secretaries, All State Governments

Copy for information to:
1. Secretary (Coordination), DBT Mission, Cabinet Secretariat
2. Joint Secretary (in charge of UIDAI), M/o Electronics and Information Technology
3. Dy. Director General, All Regional Offices, UIDAI
4. Authentication/Legal Divisions, UIDAI HQ
Annex-1: Sample Template of Aadhaar Section 7 Notification for the State Schemes where beneficiaries are other than children

[TO BE PUBLISHED IN THE [insert name of relevant gazette] ]

Government of [insert name of appropriate state government] [insert name of relevant Department of the state government]

NOTIFICATION

[insert name of relevant city], the __________, 2019

S.O.__________(E).__ Whereas, the use of Aadhaar as an identity document for delivery of services or benefits or subsidies simplifies the Government delivery processes, brings in transparency and efficiency, and enables beneficiaries to get their entitlements directly in a convenient and seamless manner by obviating the need to produce multiple documents to prove one's identity;

And whereas, the [insert name of relevant department] (hereinafter referred to as the Department), is administering the [insert name of relevant scheme] (hereinafter referred to as the Scheme) to [insert description of the scheme], which is being implemented through the [insert name of implementing agency at the state level] (hereinafter referred to as the Implementing Agency(ies));

And whereas, under the Scheme, [insert description of the benefit] (hereinafter referred to as the benefit) is given to the [insert description of the beneficiaries] (hereinafter referred to as the beneficiaries), by the Implementing Agency as per the extant Scheme guidelines;

And whereas, the aforesaid Scheme involves recurring expenditure incurred from the Consolidated Fund of [insert name of the relevant state];

Now, therefore, in pursuance of section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016) (hereinafter referred to as the said Act), the government of [insert name of the relevant state] hereby notifies the following, namely:-

1. (1) An individual eligible for receiving the benefits under the Scheme shall hereby be required to furnish proof of possession of the Aadhaar number or undergo Aadhaar authentication.

(2) Any individual desirous of availing benefits under the Scheme, who does not possess the Aadhaar number or, has not yet enrolled for Aadhaar, shall be required to make application for Aadhaar enrolment before registering for the Scheme provided that he is entitled to obtain Aadhaar as per section 3 of the
said Act, and such individuals shall visit any Aadhaar enrolment centre (list available at the Unique Identification Authority of India (UIDAI) website www.uidai.gov.in) to get enrolled for Aadhaar.

(3) As per regulation 12 of the Aadhaar (Enrolment and Update) Regulations, 2016, the Department through its Implementing Agency, is required to offer Aadhaar enrolment facilities for the beneficiaries who are not yet enrolled for Aadhaar and in case there is no Aadhaar enrolment centre located in the respective Block or Taluka or Tehsil, the Department through its Implementing Agency shall provide Aadhaar enrolment facilities at convenient locations in coordination with the existing Registrars of UIDAI or by becoming a UIDAI Registrar themselves:

Provided that till the time Aadhaar is assigned to the individual, benefits under the Scheme shall be given to such individual, subject to the production of the following documents, namely:–

(a) if he has enrolled, his Aadhaar Enrolment Identification slip; and

(b) any one of the following documents, namely:–

(i) Bank or Post office Passbook with Photo; or
(ii) Permanent Account Number (PAN) Card; or
(iii) Passport; or
(iv) Ration Card; or
(v) Voter Identity Card; or
(vi) MGNREGA card; or
(vii) Kisan Photo passbook; or
(viii) Driving license issued by the Licensing Authority under the Motor Vehicles Act, 1988 (59 of 1988); or
(ix) Certificate of identity having photo of such person issued by a Gazetted Officer or a Tehsildar on an official letter head; or
(x) any other document as specified by the Department:

Provided further that the above documents may be checked by an officer specifically designated by the Department for that purpose.

2. In order to provide benefits to the beneficiaries under the Scheme conveniently, the Department through its Implementing Agency shall make all the required arrangements to ensure that wide publicity through the media shall be given to the beneficiaries to make them aware of the said requirement.
3. In all cases, where Aadhaar authentication fails due to poor biometrics of the beneficiaries or due to any other reason, the following remedial mechanisms shall be adopted, namely:-

(a) in case of poor fingerprint quality, iris scan or face authentication facility shall be adopted for authentication, thereby the Department through its Implementing Agency shall make provisions for iris scanners or face authentication along with finger-print authentication for delivery of benefits in seamless manner;

(b) in case the biometric authentication through fingerprints or iris scan or face authentication is not successful, wherever feasible and admissible authentication by Aadhaar One Time Password or Time-based One-Time Password with limited time validity, as the case may be, shall be offered;

(c) in all other cases where biometric or Aadhaar One Time Password or Time-based One-Time Password authentication is not possible, benefits under the Scheme may be given on the basis of physical Aadhaar letter whose authenticity can be verified through the Quick Response (QR) code printed on the Aadhaar letter and the necessary arrangement of QR code reader shall be provided at the convenient locations by the Department through its Implementing Agency.

4. In addition to the above, in order to ensure that no bona fide beneficiary under the Scheme is deprived of his due benefits, the Department through its Implementing Agency shall follow the exception handling mechanism as outlined in the Office Memorandum of DBT Mission, Cabinet Secretariat, Government of India dated 19th December 2017.

5. This notification shall come into effect from the date of its publication in the Official Gazette.

[F.No. .........................]

(Name.................)

[insert designation of appropriate official of the relevant state government who is adequately empowered for this purpose]
Annex-2: Sample Template of Aadhaar Section 7 Notification for the State Schemes where beneficiaries are children

[TO BE PUBLISHED IN THE [insert name of relevant gazette]]

Government of [insert name of appropriate state government]  
[insert name of relevant Department of the state government]

NOTIFICATION

[insert name of relevant city], the  __________, 2019

S.O..........(E). Whereas, the use of Aadhaar as an identity document for delivery of services or benefits or subsidies simplifies the Government delivery processes, brings in transparency and efficiency, and enables beneficiaries to get their entitlements directly in a convenient and seamless manner by obviating the need to produce multiple documents to prove one's identity;

And whereas, the [insert name of relevant department] (hereinafter referred to as the Department), is administering the [insert name of relevant scheme] (hereinafter referred to as the Scheme) to [insert description of the scheme], which is being implemented through the [insert name of implementing agency at the state level] (hereinafter referred to as the Implementing Agency);

And whereas, under the Scheme, [insert description of the benefit] (hereinafter referred to as the benefit) is given to the [insert description of the beneficiaries] (hereinafter referred to as the beneficiaries), by the Implementing Agency as per the extant Scheme guidelines;

And whereas, the aforesaid Scheme involves recurring expenditure incurred from the Consolidated Fund of [insert name of the relevant state];

Now, therefore, in pursuance of section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (18 of 2016) (hereinafter referred to as the said Act), the government of [insert name of the relevant state] hereby notifies the following, namely:-

1. (1) A child desirous of availing the benefit under the Scheme shall hereby be required to furnish proof of possession of the Aadhaar number or undergo Aadhaar authentication.

(2) Any child desirous of availing the benefit under the Scheme, who does not possess the Aadhaar number or, has not yet enrolled for Aadhaar, shall be required to make application for Aadhaar enrolment subject to the consent of his parents or guardians, before registering for the Scheme provided that he is entitled to obtain Aadhaar as per section 3 of the said Act and such children shall visit any Aadhaar enrolment centre (list available at the Unique Identification Authority of India (UIDAI) website www.uidai.gov.in) to get enrolled for Aadhaar.
(3) As per regulation 12 of the Aadhaar (Enrolment and Update) Regulations, 2016, the Department through its Implementing Agency, is required to offer Aadhaar enrolment facilities for the beneficiaries who are not yet enrolled for Aadhaar and in case there is no Aadhaar enrolment centre located in the respective Block or Taluka or Tehsil, the Department through its Implementing Agency shall provide Aadhaar enrolment facilities at convenient locations in coordination with the existing Registrars of UIDAI or by becoming a UIDAI Registrar themselves:

Provided that till the time Aadhaar is assigned to the child, the benefit under the Scheme shall be given to such children subject to production of the following documents, namely:-

(a) (i) if the child has been enrolled after attaining the age of five years (with biometrics collection), his Aadhaar Enrolment Identification slip, or of bio-metric update identification slip; and

(b) any one of the following documents, namely:-

(i) Birth Certificate; or Record of birth issued by the appropriate authority; or

(ii) School identity card, duly signed by the Principal of the school, containing parents’ names; and

(c) any one of the following documents as proof of relationship of the beneficiary with the parent or legal guardian as per the extant Scheme guidelines, namely:-

(i) Birth Certificate; or Record of birth issued by the appropriate authority; or

(ii) Ration Card; or

(iii) Ex-Servicemen Contributory Health Scheme (ECHS) Card; or Employees’ State Insurance Corporation (ESIC) Card; or Central Government Health Scheme (CGHS) Card; or

(iv) Pension Card; or

(v) Army Canteen Card; or

(vi) any Government Family Entitlement Card; or

(vii) any other document as specified by the Department:

Provided further that the above documents shall be checked by an officer specifically designated by the Department for that purpose.

2. In order to provide benefits to the beneficiaries under the Scheme conveniently, the Department through its Implementing Agency shall make all the required arrangements to ensure that wide publicity through media shall be given to the beneficiaries to make them aware of the said requirement.
3. In all cases, where Aadhaar authentication fails due to poor biometrics of the beneficiaries or due to any other reason, the following remedial mechanisms shall be adopted, namely:-

(a) in case of poor fingerprint quality, iris scan or face authentication facility shall be adopted for authentication, thereby the Department through its Implementing Agency shall make provisions for iris scanners or face authentication along with fingerprint authentication for delivery of benefits in seamless manner;

(b) in case the biometric authentication through fingerprints or iris scan or face authentication is not successful, wherever feasible and admissible authentication by Aadhaar One Time Password or Time-based One-Time Password with limited time validity, as the case may be, shall be offered;

(c) in all other cases where biometric or Aadhaar One Time Password (OTP) or Time-based One-Time Password authentication is not possible, benefits under the scheme may be given on the basis of physical Aadhaar letter whose authenticity can be verified through the Quick Response (QR) code printed on the Aadhaar letter and the necessary arrangement of QR code reader shall be provided at the convenient locations by the Department through its Implementing Agency.

4. Notwithstanding anything contained herein above, no child shall be denied benefit under the Scheme in case of failure to establish his identity by undergoing authentication, or furnishing proof of possession of Aadhaar number, or in the case of a child to whom no Aadhaar number has been assigned, producing an application for enrolment. The benefit shall be given to him by verifying his identity on the basis of other documents as mentioned in clauses (b) and (c) of the proviso of sub-paragraph (3) of paragraph 1, and where benefit is given on the basis of such other documents, a separate register shall be maintained to record the same, which shall be reviewed and audited periodically by the Department through its Implementing Agency.

5. This notification shall come into effect from the date of its publication in the Official Gazette.

[F No.............................]

(Name:....................)

[insert designation of appropriate official of the relevant state government who is adequately empowered for this purpose]
Office Memorandum

Subject: Use of Aadhaar in Benefit Schemes of Government - Exception Handling - Regarding.

Aadhaar based DBT is a significant governance reform to ensure greater transparency and accountability in public service delivery through effective use of technology. Aadhaar as an identity proof obviates the need for producing multiple documents for proving one's identity, thereby simplifying procedures and eliminating fake/ ghost beneficiaries through de-duplication.

2. However, Government is sensitive to the fact that the Aadhaar enrolment process has not been completed and infrastructure constraints may pose difficulty in online authentication. To ensure that bona fide beneficiaries are not deprived of their due benefits, sufficient provisions have been made in the Aadhaar Act, 2016. UIDAI has also issued regulations to handle exceptions, ensuring that no beneficiary is denied benefits for want of Aadhaar, vide circular dated 24th October, 2017 (copy enclosed for ready reference). In accordance with the guidelines issued by UIDAI from time to time, the following may be considered:

A. For extending benefits to beneficiaries who do not possess Aadhaar, the following mechanism may be adopted:

i. The beneficiary shall be provided subsidy, benefit or service based on alternate identification document as notified in the relevant notifications issued under the provisions of Section 7 of the Aadhaar Act, 2016.

ii. Efforts should be made to ensure that all such beneficiaries are facilitated for enrolment under Aadhaar. The concerned Department through its Implementing Agencies may offer Aadhaar enrolment facilities for such beneficiaries at convenient locations through centres in the respective Block/ Taluka/ Tehsil (including through Post Offices, Banks, ICDS Centres etc).

iii. As per regulation 12 of Aadhaar (Enrolment and Update) Regulations, 2016, the State Government/ Implementing Agencies should also make special arrangements for bed ridden, differently-abled, or senior citizens, who are unable to visit the registration centre(s), to get them enrolled for Aadhaar.

iv. Till such time Aadhaar is assigned to a beneficiary, a separate register, preferably electronic, shall be maintained for recording such transactions, whenever the beneficiary is provided benefits/ services on the basis of alternative identification documents. This register may be periodically reviewed and audited.

B. In all such cases where Aadhaar authentication fails, the following mechanism may be adopted:
i. Departments and Bank Branches may make provisions for IRIS scanners along with fingerprint scanners, wherever feasible.

ii. In cases of failure due to lack of connectivity, offline authentication system such as QR code based coupons, Mobile based OTP or TOTP may be explored.

iii. In all cases where online authentication is not feasible, the benefit/ service may be provided on the basis of possession of Aadhaar, after duly recording the transaction in register, to be reviewed and audited periodically.

3. In view of above, DBT implementing Ministries/ Departments and State Governments are requested to implement proper exception handling mechanism in conformity with the Aadhaar Act 2016 and subsequent regulations and guidelines issued from time to time. A robust mechanism for ensuring their compliance and its periodic monitoring may also be put in place.

Enclosure: As above

(Arun Sharma)
Director (DBT)
Tel - (011) 23343860 Ext: 318

To:

1. Secretaries to all Ministries/ Departments of Government of India
2. Chief Secretaries of all States/ Administrators of all UTs
3. CEO, UIDAI

Copy to:

1. Coordinators, DBT Cells in all Ministries / Departments
2. Coordinators, DBT Cells in all States / UTs.

NOO:

1. AS (TB), PMO
2. SO to CS / Sr. PPS to Addl. Secretary (Coordination) / JS (AG) / JS (DBT)
Circular

Subject: Exception handling in Public Distribution Services and other welfare Schemes

Section 7 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 provides that:

"The Central Government, or, as the case may be, the State Government may, for the purpose of establishing identity of an individual as a condition for receipt of a subsidy, benefit or service for which the expenditure is incurred from, or the receipt therefrom forms part of, the Consolidated Fund of India, require that such individual undergo authentication, or furnish proof of possession of Aadhaar number or in the case of an individual to whom no Aadhaar number has been assigned, such individual makes an application for enrolment:

Provided that if an Aadhaar number is not assigned to an individual, the individual shall be offered alternate and viable means of identification for delivery of the subsidy, benefit or service."

2. Various Ministries/Departments have issued notification under Section 7 of Aadhaar Act to require Aadhaar / Aadhaar authentication for delivery of various benefits, subsidies or service for which the expenditure is incurred from, or the receipt therefrom forms part of the Consolidated Fund of India.

3. It has come to notice that some beneficiaries are being denied the benefit, subsidy or service for various reasons such as not having Aadhaar; failure of authentication; and other extraneous circumstances like electricity outage, internet connectivity issues etc despite above provisions of Aadhaar Act and other adequate mechanisms to handle such exceptions already provided in the Regulations and notifications issued under Section 7.

4. Therefore, the following exception handling mechanism and back-up identity authentication mechanisms may be followed for implementation to ensure seamless delivery of subsidy, benefit or service to beneficiary:

a. Till the time Aadhaar is assigned to a beneficiary, he/she shall be provided subsidy, benefit or service based on alternate identification document as notified by the Ministry/Department in the relevant notification issued under the provision of Section 7 of the Aadhaar Act, 2016. The notifications also give powers to both Central Ministry and State Governments (as the case may be) to add more alternate documents depending on local conditions.
b. In case of failure of Biometric authentication due to network/connectivity issue or due to poor biometric of resident etc, he/she shall be provided subsidy, benefit or service based on possession of Aadhaar by him/her as provided in Section 7 of the Aadhaar Act, 2016 and the notification.

c. In case of a family based scheme, such as PDS, an option shall be provided that any member of the family can authenticate and receive the benefit, as notified by the Ministry/Department in the relevant notification issued under the provision of Section 7 of the Aadhaar Act, 2016. This flexibility should be used for ensuring delivery of benefit in case biometric authentication for a member (senior) fails.

d. The State Governments/Implementing agency should also make special arrangements for bed ridden senior residents to get them verified/authenticated including but not limited to sending a village level worker to their home for this purpose.

e. All such exception handling shall be recorded in the system and steps be taken to avoid any misuse of the exception. The front end service provider shall also maintain record of exception such as copy of Aadhaar letter, signature/thumbprint of the beneficiary and other supporting documents as notified by the Ministry/Department.

f. The Ministry/Department shall devise and implement mechanism for audit and inspection of such exceptions.

5. The Ministries/Department are requested to issue appropriate directions to the State Governments/Implementing agencies for the above exception handling mechanism and also monitor the same on periodical basis.

(Dr. Ajay Bhushan Pandey)
Chief Executive Officer

To
All Ministries/Departments
All State Governments