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# Unique question: Will we have a life after Aadhaar?

**Synopsis**  
Here's the most disturbing part: How much longer will it take for our most intimate details to fall into the paws of those who do not give a fig about our lives?



If you are of a certain age, and not one of the millennial Indians who will turn 18 this year and be eligible to vote, you might remember watching The Net, the 1995 thriller starring Sandra Bullock as a cybersecurity expert who gets into a whole lot of trouble with cyberterrorists who erase her identity

SECTIONS Unique question: Will we have a life after Aadhaar?

credit cards.

Or you might remember the 1998 movie Enemy of the State, in which Will Smith plays a lawyer who inadvertently gets caught up in a U.S. National Security Agency (NSA) plot and has his own personal life wiped clean, his bank accounts frozen, and his marriage nearly wrecked.

Both movies portrayed the Internet at its most sinister. But that was two decades ago. The appetite and the ability of the state to monitor every citizen's life down to her minutest activity has enormously expanded since then. In 2007, the NSA launched a program called PRISM, which gathered and

40

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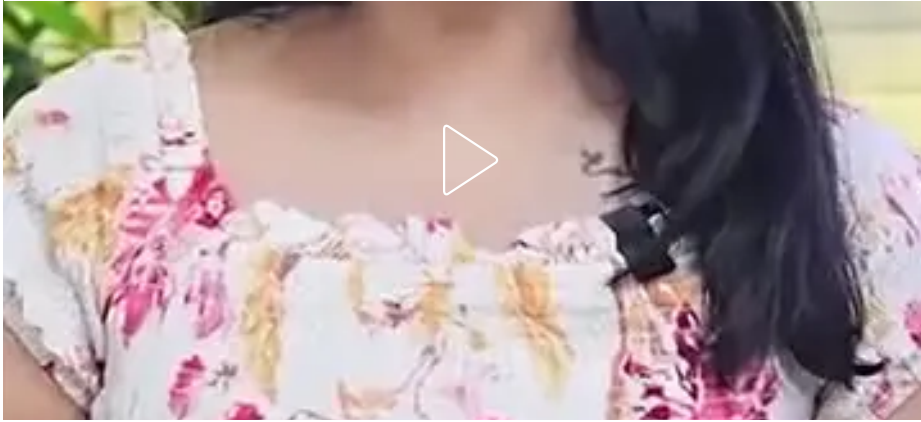
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analysed Internet traffic from around the world, ostensibly aimed at thwarting terrorist attacks but also encompassing U.S. citizens.

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Both PRISM and another NSA program called Boundless Informant were exposed by Edward Snowden in 2013.

The noise and fury over India's unique identity number programme [Aadhaar](#) is growing by the day. On January 17, a five-judge constitution bench of the Supreme Court will begin hearings on the pleas against Aadhaar in the petitions clubbed under Justice K.S. Puttaswamy (Retd) vs Union of India. Last August, these petitions triggered a review by a larger nine-judge constitution bench of the concept of privacy.

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In six historic, erudite, well-reasoned and unanimous opinions spanning 547 pages, the Supreme Court overturned its own past rulings and unequivocally declared that "The right to privacy is protected as an intrinsic part of the right

to life and personal liberty under Article 21 and as a part of the freedoms guaranteed by Part III of the Constitution.”

The privacy judgment makes for fascinating reading. It ranges across Indian and foreign constitutional jurisprudence, as well as international privacy laws, while also examining the meaning and implications of the global information-based society we live in. The author of the substantive portion of the judgment, Justice D.Y. Chandrachud, explains the essential nature of privacy.

“Privacy postulates the reservation of a private space for the individual, described as the right to be let alone,” Justice Chandrachud writes. “The concept is founded on the autonomy of the individual. The ability of an individual to make choices lies at the core of the human personality. The notion of privacy enables the individual to assert and control the human element which is inseparable from the personality of the individual ...”

One would hope that by spelling out its ringing protection for the individual’s privacy, the Supreme Court has presaged its ruling in the Aadhaar case. But that is not a given.

The Justice B.N. Srikrishna committee, set up last July to draft a data protection and privacy bill, has proposed setting up a data-protection authority as well as audits and penalties. But I’m not holding my breath: We can add layer upon layer of regulations, it’s the leaky implementation that defeats ordinary mortals.

I am not blindly opposed to a unique (and uniform) identity system for all residents in India. I have lived and worked in several countries where important transactions and activities were identifiable with my unique number. The same ID number appeared on my bank statements, driving licence, income-tax returns and residence permits.

But that is where it stopped. In India, we already have an untidy array of identities: our voter cards, our Permanent Account Numbers, our driving licences, and our government-employee and armed forces ID cards. Prime Minister Narendra Modi, after first passionately opposing Aadhaar when he was Gujarat chief minister, has now mandated that Aadhaar must be linked to everything, from our PAN cards to our bank accounts, investments, property transactions, mobile phones and much else. We have been bombarded with coercive and threatening reminders to do so or be left penniless and sans communication. Although the deadline for compliance has been extended to March 31, the Supreme Court’s Aadhaar ruling may come too late for the recalcitrant.

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Aadhaar was originally designed as a voluntary enrolment for residents of India. Section 7 of the Aadhaar (Targeted Delivery of Financial and other Subsidies, Benefits and Services) Act of 2016 says verification of an individual's identity will be necessary for transfers from the Consolidated Fund of India (i.e. the state exchequer). In reality, the demand for Aadhaar is now being used by growing numbers of service providers.

Aadhaar was aimed at eliminating corruption in subsidies and enabling direct transfers to beneficiaries. In practice, its biometric (fingerprint and iris) verification has been found not to be fool-proof. As The Tribune reporter proved last week, unscrupulous agents are already peddling access to the database of names, addresses, email IDs and so on (though not so far of biometrics). How much longer will it take for our most intimate details to fall into the paws of those who do not give a fig about our lives?

Much of the hand-wringing about Aadhaar has come from people who will not actually need to use Aadhaar regularly. The system's weaknesses will hit the poorest the most. Already, from outrages like refusals to issue death certificates to refusing a retired serviceman his pension to blocking a young man from obtaining a 'hall ticket' for an important examination, Aadhaar is proving exclusionary for the people it was meant to benefit the most.

Lawyer Arvind Datar, who is appearing for one of the petitioners in the Supreme Court, cites examples like an elderly man near Manipal who could not authenticate his ration card because the ridges on his fingerprints had changed with age. This man had a fistful of other identifications, but was forced to travel to another town for iris authentication. "This is extreme bullying," says Datar.

The Supreme Court is not likely to abolish the programme: more than 1.19 billion Aadhaars have been generated, and over 15 billion transactions already authenticated using Aadhaar. The big question is: what will all our data be used for?

In The Net, Sandra Bullock's character is more exposed because she does everything on her computer, including ordering pizza online, and is barely known to her neighbours. In a tongue-in-cheek 2013 review, Wired magazine wrote the main discovery was that "our entire lives are recorded on computers, from our work to our taste in movies. In 1995, this was a shocking problem that people had to learn to deal with. In 2013, it's basically how Facebook works."

In a 1934 interview, Mahatma Gandhi said: "I look upon an increase of the power of the State with the greatest fear, because although while apparently

doing good by minimizing exploitation, it does the greatest harm to mankind by destroying individuality, which lies at the root of all progress.”

**Views expressed here are the author's, and not *Economictimes.com's***

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## Bull vs. bear markets: How equities and bonds perform in different market cycles

By Vineet Agrawal – Co-founder Jiraaf, ET Spotlight Last Updated: Apr 21, 2025, 03:35:00 PM IST

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Synopsis

Amidst market volatility, understanding market cycles is crucial. Equity markets are influenced by economic conditions and investor sentiment, while bond markets are driven by interest rate movements and credit events. Currently, with signs of slowing growth and global uncertainties, reallocating towards protective assets like Indian corporate bonds may prove beneficial.



Amidst the ongoing noisy environment of market volatility, it might be a good idea to take a step back and reflect on the basics. For a moment, let’s delve into the fundamental understanding of market cycles, how they have played out historically, and the impact on the two large asset classes of equity and debt.

Factors influencing cycles in equity markets

Let’s look at the equity markets first. Markets move every day, and volatility is an inherent part of their character. However, the movement is classified as a bear or a bull market cycle when, typically, the shift is larger than 20% from the current levels. Equity markets are mostly influenced by the state of the economy, events creating a structural impact on the valuation of securities, and investor sentiment. A bull market would mean that equity prices are moving up and investor confidence is high on future prospects. As investors make profits, it signals others to enter the market and turns into an upward cycle. The process of inspiring confidence can be slow and driven by small triggers spread across multiple quarters. Conversely, just the absence of buying can be a strong signal for triggering a bear market, and in the case of a market sell-off, everyone moves to liquidate quickly, creating a short, sharp downward cycle. This is also the reason why bull markets tend to be of longer duration than bear markets.

Factors influencing cycles in bond markets

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In case of bonds, the market is influenced by the state of the economy, interest rate movements, structural events that have an impact on credit. Bond price reflects the value of the income that it provides through the regular payment of coupon-based interest. Yield is the expectation of return that an investor might have if the bond is held till maturity. Bond prices move in the opposite direction to their yield. For instance, if the interest rate is in a downward cycle and set to reduce, yields would fall. This also implies that bond prices of previously issued bonds that have higher coupons would increase and trade at a premium.

How cycles work

The most obvious truism about the market is that growth cures most problems. If an economy is growing, and that growth is driven by the right mix of underlying factors—such as strong productivity, health margins leading to strong balance sheets, and a balance between demand and supply—the market cycle would tend to shift towards a bull case. Given strong margins, credit cycles would also tend to be benign. In such a scenario, investors typically favour growth, and equity markets see wide participation, resulting in wealth creation. Equity valuation is driven by forecasts of long-term growth and buoyancy in economic factors, leading to more optimistic projections. Bonds, in such a market, serve as instruments for liquidity management, capital preservation, and portfolio diversification against potential long-term volatility.

As one of the underlying factors gets dislocated, it can potentially translate to higher inflation or mispricing in the markets. For example, higher demand can lead to price increase; shortage of labour force can reduce productivity, and higher than anticipated capital inflows can lead to asset bubbles. This was seen in the Covid era when e capital availability was high, and the Indian markets saw the P/E ratio of mid-cap and small-cap stocks rise to more than 1.5x of their long-term averages. As economic growth was slower than anticipated, it led to a price correction even before the tariff wars began. The slowdown in the capital inflows led to a consolidation phase, during which price appreciation was in sync with economic growth and price corrections occurred in specific segments.

Asset allocation in different cycles

Consolidation phases, however, can lead to a bear market in case of an external event or any other market trigger, which leads to negative investor sentiment. For example, the post liberalisation bull market of 1991-92 saw a bearish market till '94 following the balance of payments crisis and equity market overvaluations. In a bear market, the equity market could see faster capital outflows, while the bond market becomes the most important avenue

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208.60

20.51 (10.91%)

GRSE

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1,756.80

140.00 (8.66%)

Data Patterns (India)

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2,253.80

167.21 (8.02%)

Sonata Software

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360.65

22.75 (6.74%)

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to continue the wealth creation journey. Bonds become a preferred instrument for investors while equity markets navigate the bear cycle. They can protect against volatility and provide reasonable yields in an uncertain market. A bear market would also lead to cooling off asset prices and inflation, often leading to further rate cuts, enhancing bond prices. It is, however, important to keep an eye on credit cycles and credit events during a bear cycle. Sustained downtrend can precipitate insolvencies and negative credit events, which can create risks in the bond markets.

While the market keeps oscillating between bear and bull cycles, it is important to keep the portfolio allocation in a manner that mitigates volatility while managing wealth growth. A healthy balance between equity and bond is critical to maintain a balance.

Current opportunity

In the current context, a large part of the world experienced a bull phase following significant capital infusion in the Covid period. While new technologies such as artificial intelligence (AI), semiconductors, and high pent-up demand led to strong growth in 2022-2024, there are now signs of growth slowing. Global tariff wars have increased the uncertainty to levels unseen in recent years. While it is too early to determine whether the market is entering a full bear cycle, it is important to reallocate towards assets that offer protection. Given the Reserve Bank of India (RBI) has shifted stance to an accommodative cycle, it is likely that further rate cuts will follow in 2025. Indian corporate balance sheets remain healthy, with leverage ratios close to decadal lows and growth prospects steady. Amidst the volatility, Indian corporate bonds could prove to be the best-performing asset class over the next one–three years.

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