## PREFACE

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## Focus


























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 is not merely a form of Government. It is primarily a form of associated living of joint and communicated experience. It is essentially an attitude of respect





































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 parliamentary form of government. The roots of democracy may not in the























































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 (The combination and the co-existence of these three only serve the purpose









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 （Parliamentary democracy developed a passion for liberty．It never made a nodding acquaintance with equality．It failed to realize the significance of equality and it did not even endevour to strike a balance between liberty and

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equality with the result that liberty swallow equality and has made democracy


































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 judgement, the directive principles have a great value, for they lay down that









 and also to prescribe that every government shall try to bring about economic



































 one thing that I think is necessary in the working of democracy and it is that in the name of democracy there must be not tyranny of majority over the minority.

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The minority should feel always safe although the majority is carrying on the




















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 necessary to run a government, but two parties are necessary to keep government away from being dispotic. A democratic government can remain democratic

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only if it is is run by two parties, a party in power and a party in opposition).






















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 are a nation we are cherishing a great delusion. How can people divided into several thousands of castes be a nation).






 a yet nation in the social and physiological sense of the word the better for us).






























## Focus






























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 ethics of Hindus is simply deplorable, Caste has killed the public spirits. Caste has destroyed public charity. Caste has made public opinion impossible.



 (Virtue has become caste ridden.Morality has become caste bound). ш๐శిฉிகை



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 Constitution, offers a life of liberty, equality and fraternity. Their social ideal






























 life of contradictions. In politics, we will have equality and in social and economic life we will have inequality. In politics we will be recognizing the principle of one man one vote and one vote one value. In our social and economic life we shall by reason of our social and economic structure continue to deny the principle of one man one value. How long shall we continue to live the life of contradictions? How long shall we continue to deny equality in our social and economic life? If you continue to deny it for long, we will do so only putting our political democracy in peril. We must remove this contradictions at the earliest possible moment...or else those who suffer from inequalities will blow up the structure of political democracy which this assembly has so


































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The Great Depression and The Recession<br>What Have We Learned ?<br>Michael D. Bordo

The Financial Crisis of 2007-2008 and the Great Recession of 2007-2009 are now in the past although the U.S. economy is still recovering but at an abnormally low pace, and Europe is in recession again following the debt crisis of 2010-2011. During the worst of the recent financial crisis/Great Recession many observers made comparisons between that went and the Great Depression. In this lecture I reevaluate the experience of the two events. I raise and answer five questions:

1. What is similar between now and then ?
2. What is different?
3. What were the monetary policy experiences that came out of the 1930s experience?
4. Which of them were value in dealing with the recent crisis ?
5. What do we need to learn from the recent experience ?

## Some Comparisons Between Now and Then: The Similarities

## The Downturn

The first point to note is that in terms of the decline of the real economy as measured by real GDP or Industrial Production or Unemployment the Great Recession was a relatively minor event. Between 1929 and 1933 real GDP fell in the U.S. by close to 30 percent, whereas between 2007-2009 it fell by a little over 5 percent. Unemployment in the U.S. peaked at 25 percent in 1933 versus a little above 10 percent in 2009. Other advanced countries experiences were similar.

Secondly, both the recent financial crisis and the Great Depression were global financial crises. Bordo and Landon Lane (2010) demarcated global financial crises for a large panel of countries from 1880 to the present using cluster analysis. We identified 7 such events of which 2007-2008

was one of the mildest. Its global incidence was considerably less than the 1930s. Moreover we found that the mean weighted cumulative percentage loss of real output for countries with financial crises in 2007-2008 which was -2.95 percent was one third of the comparable measure for the early 1930 s which was -9.35 percent.

These data which suggest that the recent experience wasn't that bad doesn't answer the question - "what would have happened if the Federal Reserve and other central banks didn't follow the aggressive policies that they did?" Nor if there hadn't been in place other elements of the financial safety net, such as deposit insurance and various automatic stabilizers.

A third point of similarity is the nature of the recoveries after the trough of the recession. Both episodes had sluggish recoveries in terms of the real economy expanding after the business cycle trough at a slower pace than the downturn. The recovery after 1933 was very rapid but not quite sufficient to completely reverse the preceding downturn. One plausible explanation for the incomplete recovery in the 1930s is that it was impeded by the New Deal NIRA policy which attempted to cartelize both goods and product markets. The recent recovery is also sluggish and has been labeled a "jobless recovery" as was the case for the two preceding recessions.

There are several explanations for the sluggish recent recovery including Reinhart and Rogoff (2009) who see this pattern as typical of countries that have had big banking crises. My recent work with Joseph Haubrich (2011) finds that financial stringency does not explain the difference between this recovery and previous recoveries that had financial crises. We find that the collapse of residential investment which proxies for the collapse of the housing sector is the key determinant of the shortfall.

A fourth similarity between now and then is that both episodes were preceded by asset price booms and busts. There was a housing boom and bust in the 1920s and the Wall Street boom and crash in 1929. In the recent crisis it was the subprime mortgage related housing boom that burst in 2006 that triggered the crisis. Unlike the 1920s the tech boom of the early 2000s did not precipitate a financial crisis.


## The Key Difference between the Two Crisis Episodes was in the Nature of the Banking Crisis

The 1930s episode was an old fashioned liquidity based banking crisis brought on by the Fed's failure to serve as lender of last resort. By contrast the recent crisis was more of a late twentieth century solvency driven banking crisis. Although Gary Gorton (2010) has argued quite forcefully that there was an old fashioned panic in the repo market and other aspects of the shadow banking system.

Federal Reserve tightening to stem the Wall Street boom beginning in early 1928 led to the downturn which began in August 1929 followed by the Stock Market crash in October. However there is considerable evidence to refute the view that the Wall Street Crash caused the Great Depression.

The real problem arose with a series of banking crises that began in October 1930 and ended with the Banking Holiday of March 1933. Milton Friedman and Anna Schwartz (1963) posited that the panics by reducing the deposit currency and deposit reserve ratios reduced the money multiplier and hence the money supply.

The panics which began in 1930 and worsened in 1931 when it became global, reflected a contagion of fear as the public converted their deposits into currency i.e. they hoarded currency. The public staged a series of runs on the banking system leading to massive bank suspensions. In modern terms there was a big liquidity shock. The collapse of the money supply led to a decline in nominal spending and, in the face of sticky wages a decline in employment and output.

The process was aggravated by banks dumping their earning assets in a fire sale and by debt deflation as falling prices increased the real burden of debt leading to insolvencies of banks with initially sound balance sheets. Bernanke (1983) also regarded the banking panics of the 1930s to be the key cause of the Great Contraction. Bank failures crippled the mechanism of

financial intermediation. This effect can be seen in the quality spread (the Baa less 10 year US Treasury bond rate).

There is considerable debate over whether the clusters of bank failures in the early 1930s were really driven by contagious liquidity shocks as Friedman and Schwartz (1963) argued, or whether the bank failures reflected an endogenous response to the downturn 'that was caused by other non monetary forces, as posited by Peter Temin (1976) and recently by Charles Calomiris and Joseph Mason (2006).

Recent evidence byGary Richardson (2007) using newly unearthed Federal Reserve bank examiners' analyses of all the bank failures that occurred in the early 1930s, finds that illiquidity shocks largely explain what happened in the banking panic windows identified by Friedman and Schwartz (1963). Bordo and Lane (2010) conducted an econometric study of the banking panics of the 1930s to ascertain whether it was illiquidity or other factors including insolvency that largely explained the panics.

We estimated a structural VAR using data on bank failures due to illiquidity, total bank failures, M2, unemployment, and the quality spread. Historical decompositions are a way to engage in counterfactual experiments by showing the impact of one variable holding the others constant. The figure shows that the liquidity shock mimics the actual data quite well for all of the crisis windows.

The upshot of the banking panics according to Friedman and Schwartz (1963), Meltzer (2003), Bernanke (1983) and Wicker (1996) is that they represented a major Fed policy failure. The Fed which was founded in 1913 in large part to be a lender of last resort to the banking system failed in its duty. The Fed could have prevented the Great Contraction by using expansionary open market policy, a tool which was familiar to Fed officials.

## The Recent Crisis

The crisis of 2007-2008, like 1929-33, started with an asset price boom that later bust. The collapse of the subprime mortgage market led to a panic in the shadow banking system

which was not regulated by the Fed nor covered by the financial safety net. These institutions (e.g. Goldman Sachs, JP Morgan, Bear Stearns, Lehman Brothers) which had expanded after the repeal in 1999 of the Depression era Glass Steagall act which had separated investment banking from commercial banking, had much more leverage than traditional banks and were much more prone to risk. When the crisis hit they were forced to engage in major deleveraging involving a fire sale of assets into a falling market. This lowered the value of their assets and those of other institutions. A similar negative feedback loop had occurred in the 1930s. Gorton (2010) posits that the crisis started in the repo market which had been collateralized by opaque (subprime) mortgage backed securities by which the investment banks and universal banks had been funded. The repo crisis continued through 2008 and then morphed into an investment universal bank crisis after the failure of Lehman Brothers in September 2008.

The crisis led to a credit crunch which led to a serious recession. The effects of the credit crisis can be seen in the spike of the quality spread in the fall of 2008. It looks similar to what happened in 1931. However the recent crisis was not a contagious banking panic. There was no collapse in money supply brought about by the collapse of the deposit currency ratio as had occurred in the 1930s. M2 didn't collapse. Indeed it rose, reflecting expansionary monetary policy. The deposit currency ratio rose. There was no run on the commercial banks because depositors knew that their deposits were protected by federal deposit insurance which had been introduced in 1934 in reaction to the bank runs of the 1930s.

The deposit reserve ratio declined reflecting an expansionary monetary policy induced increase in the banks excess reserves rather than a scramble for liquidity as had occurred in the 1930s. The money multiplier declined in the recent crisis reflecting a massive expansion in the monetary base seen in the Fed's doubling of its balance sheet in 2008. Moreover although a few banks failed between 2007-2010 the numbers of failures and the size of the losses were small relative to the 1930s. Thus the recent financial crisis was not driven by a Friedman and Schwartz type banking panic. But there was a panic in the shadow banking system and it was driven more by insolvency than by contagious illiquidity considerations.


The problem stemmed from the difficulty of pricing securities by a pool of assets where the quality of individual components of the pool varies and unless each component is individually examined and evaluated, no actual price can be determined. As a result, the credit market, confronted by financial firms whose portfolios were filled with securities of uncertain value, derivatives that were so complex the art of pricing them had not been mastered, was plagued by the inability to determine which firms were solvent and which were not. Lenders were unwilling to extend loans when they couldn't be sure that aborrower was credit worthy. This was a serious shortcoming of the securitization process that was responsible for the paralysis of the credit market.

## Response to the Crisis

The Federal Reserve had learned the Friedman and Schwartz lesson from the banking panics of the 1930s of the importance of conducting expansionary open market policy to meet all demands for liquidity (Bernanke 2002). In the recent crisis the Fed conducted highly expansionary policy in the fall of 2007 and from late 2008 to the present. Fed policy was likely too cautious in the first three quarters of 2008 seen in high real interest rates and flat growth in the monetary aggregates (Hetzel 2009). However from the last quarter of 2008 to the present Fed policy has been highly expansionary as it pushed the federal funds rate to close to zero and embarked on an aggressive policy of quantitative easing. Also based on Bernanke’s (1983) view that the 1930s banking collapse led to a failure of the credit allocation mechanism, the Fed, in conjunction with the Treasury, developed a plethora of extensions to its discount window, referred to by Goodfriend (2011) as credit policy, to encompass virtually every kind of collateral in an attempt to unclog the credit markets.

Finally, another hallmark of the recent crisis which was not present in the Great Contraction is that the Fed and other U.S. monetary authorities engaged in a series of bailouts of incipient and actual insolvent firms that were deemed too connected to fail. These included Bear Stearns in March 2008, the GSE’s (Fannie Mae and Freddie Mac) in July 2008 and AIG in September. Lehman Brothers had been allowed to fail in September on the grounds that it was both insolvent

and not as systemically important as the others and as was stated well after the event that the Fed did not have the legal authority to bail it out.

Indeed, the deepest problem of the recent crisis was not illiquidity as it was in the 1930s but insolvency and especially the fear of insolvencies of counterparties. This has echoes in the correspondent induced banking panic in November 1930 (Richardson 2006). But very different from the 1930s, the too big to fail doctrine which had developed in the 1980s ensured that the monetary authorities would bailout insolvent large financial firms which were deemed to be too inter- connected to fail. This is a dramatic departure from the original Bagehot's Rule prescription to provide liquidity to illiquid but solvent banks. This new type of systemic risk raises the specter of moral hazard and future financial crises and bailouts.

Thus the policy response of aggressive monetary policy learned from the experience of the Great Depression greatly helped attenuate the impact of the financial crisis on the real economy. But the sources of systemic risk differed considerably between the two episodes: a contagious banking panic then, an insolvency driven counterparty risk problem recently.

The monetary authorities were slow to catch on that insolvency was the key issue. Once they did they bailed out institutions deemed to be too interconnected to fail. This doctrine was not followed in the U.S. in the 1930s. The insolvent Bank of United States, which was one of the largest banks in the country, was allowed to fail.

## Key Pressing Monetary Policy Issues for the Future

The first issue is the exit strategy, i.e. when should the Federal Reserve return from its current stance where the federal funds rate is close to zero to one consistent with long run growth and low inflation? The risks facing monetary policy with respect to the exit are two-fold: tightening too soon and creating a double dip recession as occurred in 1937-38; and tightening too late leading to a run up of inflationary expectations. There are many examples of each type of error.

My paper with John Landon lane (2010c) on the history of Federal Reserve exits since 1920 suggests that in the post World War II era, the Fed usually began tightening once unemployment peaked and often after inflation has resurfaced. We found that tightening often occurs two quarters after the peak in unemployment. It seems doubtful that this will happen since

unemployment is still above 8 percent．Indeed political pressure and the way the Fed has interpreted its dual mandate will likely ensure that the Fed doesn＇t begin tightening before 2013 and moreover the Fed has signaled that it will keep its policy rate low until 2014．But the lessons from the last two jobless recoveries is that the Fed kept rates too low for too long leading first to the inflation spike in 1994 and the Tequila crisis and second the housing boom in the 2000s．Moreover to the extent that the sluggish recovery reflects problems in the housing market，it is not clear what more monetary policy can do．Will history repeat itself？My guess is that it will．

The second pressing issue coming from the bailouts of 2008 is that in the future the too big to fail doctrine will lead to excessive risk taking by such firms and future crises and bailouts． This was a major concern in the debate leading to the recent Dodd Frank Wall Street Reform and Protection Act，passed in July 2010 and still to be fully implemented．The act attempted to address the too big to fail problem by establishing a Financial Stability Oversight．Council made up of members from the Federal Reserve Board，the Treasury，the Securities and Exchange commission and a number of other financial agencies．The Council was charged with identifying and responding to emerging risks throughout the financial system．It would make recommendations to the Federal Reserve to impose increasingly strict rules for capital and leverage and other requirements to prevent banks from becoming too large and systemically connected．It remains to be seen whether it will be effective in preventing future crises．

The financial reforms of the 1930s（Federal Deposit Insurance，Glass Steagall and interest rate ceilings）were designed to prevent the problems perceived as having created the Great Depression．They succeeded in creating a stable but repressed financial system for over three decades．Beginning in the late 1960s，rising inflation，financial globalization and financial innovation to circumvent the controls made much of this regime obsolete．Along with financial innovation and the proliferation and expansion of financial markets and institution，financial crisis problem has resurfaced．That historical experience suggests that financial crises may not be so easily abolished．


## Democratic Accountability in Digital India

## Anupam Saraph \& Lalit Kathpalia

The government has taken upon itself to turn India into a digital republic. Without a digital id, the Unique Identity (UID) issued by the Unique Identification Authority of India (UIDAI), one's ability to access government and private services, one's entitlements like pensions, and one's rights like education, travel and living in one's own home are being increasingly denied. Even with the UID, our access to these and more is subject to digital apps that need to authenticate our biometrics or our access to a mobile that was linked to the UID at the time of enrolment. If apps fail because there is no access to internet, power, or because one's biometrics have changed, as all biometrics do, we are now denied every service, entitlement or right till we get ourselves a fresh UID. Until the Supreme Court read down the Aadhaar Act on 26 September 2018, if one's UID was stolen and used by someone in possession of one's biometrics or mobile phone to take over one's services, entitlements and rights, we would have no recourse as Section 47 of the Aadhaar Act prohibits the courts from taking cognisance unless the UIDAI files a complaint. In any case, the UIDAI does not run the delivery of the service, entitlements, rights, apps, the authentication, or even a redressal mechanism itself, but simply licenses it out these functions to private parties.

Digital payments is the next frontier. Not convinced that the Reserve Bank of India (RBI) and its digital payment systems -the National Electronic Fund Transfer (NEFT) or Real Time Gross Settlement (RTGS)-are sufficient or even appropriate to facilitate digital money transfers, the government has been pushing apps built with the Aadhaar Enabled Payment System (AePS) and the Universal Payments Interface (UPI) by a private company, the National Payments Corporation of India (NPCI). These apps, based on the "open" programming interface (API) called India Stack and developed by "volunteers," from former UIDAl employees who designed the UID, and financial technology companies anonymise money transfers and destroy the trace of money from transfer order to transferee. This loss of trace is similar to what bankers call money laundering. Payment wallets, like Paytm, also allow unregulated generation of digital money and enable untraceable payments.


Not convinced that merely accessing the government's records to query for information about documents like birth certificates, driver's licences, election cards, etc, issued by the government itself, the citizen is asked to upload their copies of these documents to a digilocker and provide access to organisations asking for them. This incessant obsession for digitisation has become pervasive in the government. The digitisation of the government is creating the blind belief that anything digital is automatically accountable and desirable. In such times, concerns about democratic accountability become even more pronounced than ever before.

## Public Interests and Accountability

Alan Turing stated that the idea behind digital computers is that these machines are intended to carry out any operations that could be done by a human computer (1950). According to Turing, the human computer is supposed to be following fixed rules, supplied in a book that is altered for each new job, without authority to deviate from them. He believed, therefore, that the digital computers can be taught to think. Turing created a "test" to decide if computers can think. In his test, Turing required an interrogator in one room to distinguish and identify a machine from a human, communicating with him while each sat in a separate room. His test replaced the original question of whether computers could think and asked if an interrogator would be able to distinguish between responses of a machine and a human. Searle (1980) challenged Turing's notion of thinking as the ability to respond by imitation. He argued that because the rules do not embed purpose, they are quite meaningless. Without meaning, he argued, there is no thought. This means that imitating instructions is not a sufficient condition to conclude machines can think. Searle's thought experiment, the Chinese room argument, replaced the computer in Turing's test with a human who was given a large batch of Chinese writing, "a script," together with another batch of Chinese writing, "a story," and a set of rules in English to correlate the first two, "the programme." The human is then challenged with Chinese script, "questions’: and responds back with "answers to questions." Searle notes that the human in the room still has no understanding of the questions or answers or of the Chinese language. When using digital computers in a democracy, it is not the

computer's ability to think that is useful. We can, therefore, conclude that Turing's test would not be useful to conclude that the digital initiative makes democracy accountable. Searle's insistence on meaning leads us to ask what gives democracy a meaning.

Indian democracy gets meaning from its Preamble to the Constitution. The Preamble promises justice, liberty, equality and dignity for the people of India. The erosion of any of these can only be to the benefit of private interests and not to the benefit of any public interest. We can, therefore, consider that the provision of these serves public interest. The Preamble also promises India to be a sovereign, socialist, secular, democratic republic. The erosion of any of these can only be detrimental to national interest. Hence, any protection of these would be in national interest. We can, thus, conclude that Indian democracy can be meaningful only when public interest and national interest are protected and furthered. We, therefore, propose a public interest and national interest argument in the spirit of Searle's quest for meaning from digital computers. The public interest and national interest argument is our hope to hold democracy accountable in a digital age.

The government is not about service delivery, efficiency, becoming digital, or becoming paperless, presence-less, or even cashless. It is about upholding public interest. Public interest is upheld when the ideas of justice, liberty, equality and dignity that were promised by the founding fathers of the government and its institutions are upheld. Democratic accountability requires that these principles of public interest are not violated.

Justice is destroyed when the misuse of the UID is not distinguishable from its use. The mere use of a number, or the biometric data associated with the number, being treated as a proof of presence and affirmation of a transaction leaves no recourse to a person whose UID number or biometric data has been misused to commit fraud. The recent notice by the UIDAI to various parties accessing its database for authentication confirms that such misuse of stored biometrics is not only possible, but has happened. The use of the UID as a proof of transaction by a person is as unjust as calling a person to act as witness against themselves, if not worse. Furthermore the Aadhaar Act also prohibits access to justice by way of preventing courts from taking cognisance

of injustice except when asked by the UIDAI. When digital initiatives destroy justice, they usually also destroy access to justice. Those wronged in these instances cannot approach the courts in order to seek redressal under both the Aadhaar Act and the Representation of the People Act.

When a digital programme like the UID eliminates the choice of alternate identification documents that have worked to access rations, LPG cylinders, licences to drive vehicles, obtain passports, obtain subsidies, benefits, pensions, salaries and jobs, it fails to uphold the promise of liberty.

When a government creates classes or castes, treated differently for having or having a UID, it violates the promise of equality. As those with UlDs get increasingly different processes and procedures for obtaining their LPG cylinder, rations, passports, jobs, filing tax returns, obtaining health benefits on pregnancy, getting compensation as a victim of the Bhopal gas tragedy, or even getting meals for mid-day meals, the government creates two unequal classes in society against the Preamble's promise of equality to the people.

When the claim of human rights, entitlements, and citizenship is subject to a person's biometrics matching in database, and not to their human rights as enshrined in the United Nations Declaration of Human Rights, their dignity is violated. When digital initiatives deny the nondigital world, they violate the dignity of those with no access, no digital literacy, or those who are digitally challenged.

The argument for public interest would challenge the non-digital and digital systems with questions of justice, equality, liberty and dignity. The digital system will need to demonstrate that it does not undermine the ability of the individual to access and obtain justice. It will need to demonstrate that the right to choice, including the choice to use the digital initiative, is protected by digital initiatives. The digital system will need to demonstrate that it does not create processes that differentiate between those using and those rejecting the digital initiative. The digital initiative would need to demonstrate that it does not undermine the dignity of those who opt in or out of the digital initiative.


## Popular Sovereignty

National interest is not about economic growth, foreign direct investments, trade, becoming a superpower, digitisation or even technological progress. It is about upholding the sovereign, socialist, secular, and democratic nature of the nation as was promised by the founding fathers of the government and its institutions. Democratic accountability requires that this promise of national interest is not violated. The idea of sovereignty entails absolute supremacy over internal affairs within the nation's territory, absolute right to govern its people, and the freedom from external interference on these matters (Wang 2004). In a democratic sovereign nation, people must have authority over governance, not private parties. In practice, by privatising or outsourcing any part of governance, the government compromises its sovereignty.

In the case of the UID number, the UIDAI both privatised as well as out-sourced the enrolment into the UID data-base as well as the authentication of individuals and the generation of beneficiary rolls using e-KYC. The rolls of residents of India, those who are beneficiaries, as well as those on the rolls who may be authenticated during a transaction are decided by private organisations, and no longer by the people of India with authority over governance. As the use of the UID is coerced across services, private, outsourced interest determine the delivery of services, not the people of India. Even the move to become cashless has been promoting the use of delivery of banking transactions by non-governmental entities, like the NPCI and Paytm, through instruments that are neither regulated nor auditable by the people of India. The strange promotion of UPI and AePS over the NEFT run by the RBI not only violates the socialist, but also the sovereign nature of the banking system.

As a democratic nation, digital initiatives must ensure they protect democratic norms. This means that no digital initiative must violate social equality. Social equality would be violated if a digital initiative altered the ability of citizens to be equals in making decisions. The UIDAI has transferred the enrolment and authentication of those who will be granted rights, entitlements and

benefits to private parties. The government has shifted the responsibility of the DBT and consolidated fund of India transfers to a private company, the NPCI. The new goods and services tax (GST) will be collected by a private company, the Goods and Services Tax Network (GSTN). All of these digital initiatives erode the republic of India. The digital initiatives will have to demonstrate how it strengthens sovereignty or if it does not worsen it in comparison to the nondigital system. It will also need to demonstrate that it does not undermine democracy or the citizens' ability to make an impact. The digital initiative will also need to that the power of the people for self-rule remains undiminished.

In September 2018, the Supreme Court delivered judgments on over 38 clubbed petitions on Digital India, mostly relating to the UID. Paragraph 127 of the judgment by Justice Sikri for himself, the Chief Justice and Justice Khanwilkar frames the 10 issues they considered. Paragraph 100 of the judgment by Justice Bhushan frames 18 issues he considered. Paragraphs C1 and C2 of the judgment by Justice Chandrachud frame the issues he onsidered. None of the issues framed in the judgments hold accountable the Union of India, the UIDAI, or the current implementation of Digital India to protect public interest or national interest as defined in this article.

The judgments considered "legitimate state interest" and "proportionality" as defined in the privacy judgment in the Puttaswamy case. Paragraph 71 of the judgment by Justice Kaul in the privacy case summarises the test for proportionality and legitimacy:

The concerns expressed on behalf of the petitioners arising from the possibility of the State infringing the right to privacy can be met by the test suggested for limiting the discretion of the State:
"(i) The action must be sanctioned by law;
(ii) The proposed action must be necessary in a democratic society for a legitimate aim;
(iii) The extent of such interference must be proportionate to the need for such interference;

(iv) There must be procedural guarantees against abuse of such interference."

Any sanction of law, however, does not automatically meet the criteria of serving public or national interests as defined in this article. Any action deemed necessary in democratic society for a legitimate aim is both vague in defining democratic accountability and unbounded in legitimacy. The proportionality of interference is left to discretion of the adjudicating officer. Procedural guarantees against abuse of interference admit the possibility of abuse by interference, but at the same time fail to prevent it.

There is no evidence of the cabinet secretary coordinating the executive's drives to use the UID and implement Digital India, of having held Digital India accountable to protect public and national interest. The UIDAI also fails to show any evidence of protecting public interest as demonstrated by widespread exclusions, creation of unequal categories, and efforts to eliminate choice. The UIDAI also fails to show any evidence of protecting national interests as evidenced in the destruction of voter lists by including non-citizens, managing of voter preferences by exclusions, the construction of national population registers including non-citizens, the creation of bank accounts without certifying the identity of persons, and transferring subsidies to such unverified bank accounts.

The Parliamentary Standing Committee on Information Technology does not have any report indicating it has assessed the initiatives of Digital India and held them accountable to serving public or national interest. Parliament has no procedure or criteria to test legislation or demands for grants for their ability to protect public interest or national interest.

## Conclusions

We have proposed subjecting digital and non-digital initiatives with the public interest and national interest arguments to evaluate the accountability of democracy. Using the Preamble to the Constitution, we have argued that public interest is served when justice, liberty, equality, and dignity of the people are protected and enhanced. We have also argued and illustrated how

the national interest is served when popular sovereignty is protected and furthered. Using examples from Digital India initiatives, we have pointed out that they erode both public and national interest. The current Digital India initiatives do not, therefore, create democratic accountability.

Economic \& Political Weekly, 24 November 2018.

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## A Republic In The Making : India In The 1950s

## (A Review of the Book 'A Republic In The Making : India In The 1950s’ written by Gyanesh Kudaisya) <br> Sudha Pai

Gyanesh Kudaisya's A Republic in the Making comes at a time when the Nehruvian project is facing reassessment and trenchant criticism, especially from the right. The book is a reminder that many issues, sought to be resolved at Independence remain open and subject to disagreement. Spread over six chapters, the book covers a significant period from 1947 to 1962, when the new nation was faced with momentous challenges. The geographical integration of the Country; the rehabilitation of several million refugees; the creation of a liberal constitution; a nation based on secularism; providing food and security to citizens; but, equally important, a long-term vision of development. The bringing together of so many crucial issues in a broadbrush study has merit; it provides the reader an overview of a nation emerging from colonialism. At the same time, this insightful and thought provoking book provides considerable detail on each of the selected issues, based on archival research.

The book provides a glimpse of the joyous ceremonies at which huge crowds turned up from the countryside on trucks, bullock carts and carriages on 15 August 1947, as well as the unhappiness that the batwara (division) brought to Muslim who chose to remain in India and uprooted Hindu migrants from the newly created State of Pakistan. Kudaisya provides us with lesser- known details of the gigantic task of rehabilitation that was carried out in the Punjab and in Bengal, with differential consequences. In the former, the exodus into India was swift and short because of widespread violence which enabled a more systematic, planned allotment of land, resulting in the eradication of large holdings that ensured lower rural poverty in the long run. In Bengal, the exodus took place in a constant trickle over a longer period. Also the West Bengal

government did not create a systematic long-term policy of rehabilitation, but provided relief on a piecemeal basis to those who crossed over, which has contributed to the higher density of population, smaller landholdings, and greater poverty in the border districts even today.

An urgent task was the redrawing of the external boundaries, involving both dismemberment and reconstruction. Kudaisya describes the Radcliffe Award, done in great haste within five weeks, as demarcation was made a prerequisite for transfer, as a 'butchers' and not a ‘surgeon’s operation’(p.36). Consequently, the line followed no natural dividing features, separated villages, families and communication lines, leading to condemnation and disappointment on both sides. The integration of the princely states was handled much better by Sardar Patel who was able to persuade the princes, apart from Hyderabad and Junagadh, to join the Union, and made up for the territory and population lost to Pakistan. The linguistic reorganisation of the states created greater controversy, as Nehru, despite the prior commitment of the Congress to this principle, felt that the time was not right. However, Potti Sriramulu's suicide and the early creation of Andhra Pradesh, in 1953, left the leadership little option. The award of the States Reorganisation Commission did not satisfy all sections and left many unfinished tasks, but it was done democratically and provided stability to lndia's federal structure.

A seminal challenge was the making of a Constitution, suited to Indian conditions and the immediate context. The coming together of Nehru, Patel and Arnbedkar for this task signalled consensual and democratic functioning, enabling it to be completed within three years. Partition made the integrity of India important, leading to the formation of a centralised, federal 'Union' provided with Emergency powers, the right to create new states or abolish one without amendment. But, Nehru's democratic style of functioning-involving discussion, negotiation and partnership with state leaders-helped in the establishment of a federal system, despite the many unitary features which gave space to the states. Equally important was the ability of the Congress to house within itself a variety of regional, linguistic, religious and caste identities, and ideological and factional sub-groups that provided support to the new government.


Two issues caused much controversy and took time to be resolved: national language and citizenship. In 1949, a compromise was reached between warring groups in which Hindi, in the Devanagari script, would be the official language; English would be used for 15 years and be supplanted, unless Parliament decided otherwise; and provincial governments would have the freedom to choose one language to be listed among the 14 in the Eighth Schedule. The troubled issue of citizenship was resolved by Parliament in 1955 by including those born in territories that were earlier part of undivided India, and colonial subjects who had migrated to other parts of the British empire. Cartoons by Shankar provide an insight into the democratic ethos of the time. Leaders of the period were skillfully caricatured, particularly Nehru, and unlike contemporary India, where many leaders react negatively, the cartoons demonstrate that it is possible to make intelligent fun of leaders.

At Independence, various ideas were put forward for economic development by leftwing socialists, Gandhians and industry leaders, but Nehru adopted planned development, land reform and heavy industry. While these ideas were the product of much debate during the national movement, it was felt that state intervention and a socialist pattern of society was required for rapid development, poverty removal, industrialisation and the economic integration of the country. The adoption of centralised planning has its critics today but Kudaisya argues that Nehru was able to kick start a moribund economy.

The book devotes attention to Sardar Patel's role and his relationship with Nehru, a subject of much acrimony today, with some arguing that the former was placed below the latter and not given his due, despite his sterling contribution to building the new nation. In Kudaisyas analysis, he emerges as a programatic leader-an Iron Man of discipline, will and direction-while others vacillated: he was one of the first to realise that Pakistan was a reality and worked hard to achieve it, treating Muslims as 'brothers' and protecting them from violence, but was frank that there was no room for divided loyalties. Realising the complexities of the Kashmir problem, he was open to the idea that India might lose the region. More Importantly, he did not allow his

differences with Nehru over difficult issues, such as Article 370 or the Hindu Code Bill, to stand in the way of jointly creating a stable and strong trajectory for the new nation.

The Chinese invasion in October 1962 closed the long 1950s, undermining Nehru's image in his last years. Kudaisya's book is an important contribution to our understanding of this definitive period as rather than taking sides, the book provides a balanced view of what was achieved and what was left for the future. Also, his meticulous analysis of this early period might persuade us to revise our view of its contribution to India's development and thereby our understanding of contemporary history. It reminds us that despite prophecies of distintegration, India has survived as a nation, though there remain unfinished tasks that will continue to trouble us. India's success stands in sharp contrast to several other newly independent countries in Asia and Africa that succumbed to challenges.

## ICC Quarterly, Summer 2018.



## RESUME OF BUSINESS TRANSACTED DURING THE 13 ${ }^{\text {TH }}$ SESSION OF NAGALAND LEGISLATIVE ASSEMBLY

The House met at 9:30 A.M. on $18^{\text {th }}$ September, 2018 for the Second Session of the Thirteenth Assembly with the Speaker in the chair.

## OBITUARY REFERENCES

The Chief Minister and the Leader of Opposition made obituary references to the passing away of the following:
(i) Late Shri Somnath Chatterjee, Former Speaker of Lok Sabha.
(ii) Late Shri Atal Bihari Vajpayee, Former Prime Minister of India.

After the obituary references were made, the Members of the House stood up and observed two minutes silence in honour of the departed Leaders.

## QUESTIQNS

Barring Starred Question No.1, Starred Question Nos. 2\&3 with supplementaries thereto were asked and answers given. Starred Question Nos. 4 to 15 were laid on the Table. Unstarred Question Nos. 1 to 7 were laid on the Table.

At 10:45 A.M. the House stood adjourned for a break and reassembled at 11 :00 A.M.

## ASSENT TO BILL

Commissioner \& Secretary reported the assent of Hon’ble Governor of Nagaland on the Bills.
a. The Nagaland Appropriation (No.1) Bill, 2018
b. The Nagaland Appropriation (No.2) Bill, 2018
c. The Nagaland Road Safety Authority Act, 2013 (First Amendment) Bill, 2018

## INTRODUCTION OF GOVERNMENT BILL

## THE NAGALAND GOODS AND SERVICES TAX (AMENDMENT) BILL, 2018

SHRI NEIPHIU RIO, Chief Minister \& Minister-in-charge of Finance with leave of the House moved for introduction of the Nagaland Goods And Services Tax (Amendment) Bill, 2018.


The Bill was put to vote and introduced.

## LAYING OF REPORTS/RULES

(a) SHRI NEIPHIO RIO, Chief Minister laid on the Table a copy of the All Nagaland Directorate and District Stenographers Service Rules, 2018.
(b) SHRI S. PANGNYU PHOM, Minister for Health \& Family Welfare laid on the Table a copy of the Nagaland Pharmacist Service Rules 2018.

## LAYING OF ANNUALADMINISTRATIVE REPQRTS

(a) SHRI NEIPHIO RIO, Chief Minister laid on the Table a copy each of the Annual Administrative Report 2017-2018 of the following Departments:
(i) Personnel and Administrative Reforms
(ii) Chief Electoral Officer
(b) SHRI Y. PATTON, Deputy Chief Minister and Minister-in-charge of Home laid on the Table a copy of the Annual Administrative Report 2017-2018 of the Home Department.

## PRESENTATION OFASSEMBLY COMMITTEE REPORTS

(a) SHRI CHOTISUH SAZO, Chairman of the Committee on Government Assurances (2018-2019) presented a copy each of the following:
(i) Ninety - Second Report of Committee on Government Assurances ( $5^{\text {th }}$ Session of the $12^{\text {th }}$ Nagaland Legislative Assembly).
(ii) Ninety - Third Report on Action Taken on the Observations/Recommendations contained in the $89^{\text {th }}$ Report of the Committee on Government Assurances.
(iii) Ninety - Fourth Report on Action Taken on the Observations/

Recommendations contained in the $90^{\text {th }}$ Report of the Committee on Government Assurances.
(b) SHRI YIT ACHU, Chairman of Committee on Petitions (2018-2019) presented a copy of the Internal Working Rules of the Committee on Petitions.

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(c) SHRI MMHONLUMO KIKON, Chairman of the Committee on Estimates (2018-2019) presented a copy each of the following:-
(i) $130^{\text {th }}$ Report on the Estimates of Home Department (Police Engineering Project).
(ii) $131^{\text {st }}$ Report on the Estimates of Veterinary \& Animal Husbandry.
(d) SHRI K. TOKUGHA SUKHALU, Chairman of the Public Accounts Committee (2018-2019) presented a copy each of the following.-
(i) $118^{\text {th }}$ Report of the Committee on Public Accounts (2018-2019) on the Action Taken by the Government on the Observations/ Recommendations contained in the 112th Report of the Public Accounts Committee on the C \& AG Report of India 2010-2011 and relevant Appropriation and Finance Accounts.
(ii) $119^{\text {th }}$ Report of the Committee on Public Accounts (2018-2019) on the Action Taken by the Government on the Observations Recommendations contained in the $115^{\text {th }}$ Report of the Public Accounts Committee on the C \& AG Report of India 2011-2012.
(e) SHRI TOSHI WUNGTUNG, Chairman of the Committee on Subordinate Legislation (2018-2019) presented a copy each of the following:-
(i) Fifty - Third Report on Nagaland Home Guards and Civil Defence Service Rules (Gazetted and Non Gazetted), 2015.
(ii) Fifty - Fourth Report on Nagaland Board of School Education Rules, 2015.
(iii) Fifty - Fifth Report on the Nagaland Labour Service Rules, 2014.
(f) ER. ZALE NEIKHA, Chairman of the Committee on Public Undertakings (2018-2019) presented a copy each of the following.-
(i) Sixty - Sixth Report on the Action Taken by the Government on the Observations and Recommendations contained in the $57^{\text {th }}$ Report of the


Committee on Public Undertakings on the Examination of the Report of the Comptroller \& Auditor General of India for the Year 2009-2010 pertaining to the Nagaland State Mineral Development Corporation Ltd (NSMDC) under the Department of Geology \& Mining.
(ii) Sixty - Seventh Report on the Action Taken by the Government on the Observations and Recommendations contained in the $58^{\text {th }}$ Report of the Committee on Public Undertakings on the Examination of the Report of the Comptroller \& Auditor General of India for the Year 2010-2011 pertaining to the Nagaland State Mineral Development Corporation Ltd (NSMDC) under the Department of Geology \& Mining.
(iii) Sixty - Eighth Report on the Action Taken by the Government on the Observations and Recommendations contained in the 47th Report of the Committee on Public Undertakings on the Examination of the Report of the Comptroller \& Auditor General of India for the Year 2006-2007 pertaining to the Nagaland Industrial Raw Material \& Supply Corporation Limited (NIRMSC) under the Department of Industries \& Commerce, Government of Nagaland.
(iv) Sixty - Ninth Report on the Action Taken by the Government on the Observations and Recommendations contained in the $48^{\text {th }}$ Report of the Committee on Public Undertakings on the Examination of the Report of the Comptroller \& Auditor General of India for the Year 2007-2008 pertaining to the Nagaland Industrial Raw Material \& Supply Corporation Limited (NIRMSC) under the Department of Industries \& Commerce, Government of Nagaland.

At 11 :20 A.M. the House rose and stood adjourned till 9:30 A.M. on Thursday, the $20^{\text {th }}$ September, 2018.

