

1.2 Understanding the Preamble: From Land Reforms to RBI's Bitcoin Ban

The Preamble of the Indian Constitution is not just an introduction; it is a guide for the country. It declares India's main goals: Justice (social, economic, and political), Liberty, Equality, and Fraternity, which help the nation treat all people fairly and stay united. Courts and the government use the Preamble to interpret laws and make policies that follow these values. It has influenced major decisions in India, like land reforms to help poor farmers and even modern regulations such as those related to cryptocurrencies. In short, the Preamble acts as a compass, guiding India to remain fair, free, equal, and united.

1. Land Reforms – Economic and Social Justice

After independence, land in India was very unequal. A few landlords owned huge areas, while millions of farmers had no land and lived in poverty. The Preamble promises social and economic justice, so the government felt responsible to correct this unfair system.

Land reforms aimed to reduce inequality by:

Removing zamindars who collected rent without farming,
Putting limits on maximum land ownership,
Giving surplus land to landless farmers,
Protecting tenants from eviction.

Many landlords opposed these laws in court, but the Supreme Court supported the reforms. The Court said reducing exploitation and inequality matches the Preamble's goals. Thus, land reforms showed that the Preamble supports strong action to create a fair and equal society.

2. Bank Nationalisation – Balancing Liberty and State Power

Before 1969, private banks mainly served rich businessmen and ignored farmers and small industries. To achieve economic justice, the government nationalised 14 major banks so credit could reach poor and rural areas.

But a question arose: Can the State take over private property without violating individual freedom?

In R.C. Cooper v. Union of India (1970), the Supreme Court said:

Nationalisation is constitutional,
But the right to business (Article 19(1)(g)) must be respected,
Owners must be paid fair compensation.

The Court clarified that the Preamble's goals must be balanced—justice for society cannot ignore individual liberty. This case became a major turning point in India's economic constitutional law.

3. Liberalisation (1991) – More Competition and Opportunities

By the late 1980s, India's economy was slow because almost everything needed government permits (Licence Raj). The 1991 crisis forced India to open its economy. Reforms reduced licences, allowed foreign investment, and encouraged competition.

In Mithilesh Garg v. Union of India (1992), the Supreme Court supported these reforms, saying:

Removing unnecessary controls helps more people start businesses,
Competition leads to lower prices and better quality,
People get more economic opportunities.

This showed the Preamble is flexible—it supported State control earlier and later supported economic freedom and opportunity when the country needed growth.

4. RBI's Bitcoin Ban (2020) – Modern Meaning of Liberty

In 2018, the RBI banned banks from providing services to cryptocurrency exchanges. Crypto companies argued that this ban stopped innovation and violated the right to trade.

In Internet and Mobile Association of India v. RBI (2020), the Supreme Court removed the ban because:

RBI had no strong evidence of harm,
A blanket ban was too extreme,
It violated Article 19(1)(g) (freedom of trade),
Rules must be proportional—fair, reasonable, and not excessive.

Supreme Court Judgment (IMA v. RBI, 2020)

The Court struck down the RBI ban because:

1. RBI failed to prove actual damage from crypto.
2. A complete ban was disproportionate.
3. Reasonable restrictions must be fair, not extreme.

This case proved the Preamble also guides decisions in modern sectors like digital finance and technology.

Conclusion

From agriculture to banking, from economic reforms to cryptocurrencies, the Preamble

has acted as a guiding force.

1950s: It supported equality through land reforms,

1970s: It balanced justice and liberty during bank nationalisation,

1990s: It supported competition and new opportunities,

2020s: It protected fairness in the digital economy.