

beyondthebite

RAJDEEP SARDESAI

Strong leaders, bold moves

There are a number of parallels between Indira Gandhi's bank nationalisation and Narendra Modi's demonetisation

Last month in an interview I asked Congress president Sonia Gandhi if she would concede that Prime Minister Narendra Modi had a similar personality to Indira Gandhi, tough and authoritarian. "No, no, absolutely not," she responded emphatically. A month later, I am tempted to pose the question again. More specifically, would it be right to suggest that the politics behind Modi's demonetisation programme is similar to Indira Gandhi's 1969 bank nationalisation drive?

Rewind the clock to 1969. The decision to nationalise banks was taken as part of an ongoing power struggle within the Congress. Despite having been prime minister for almost three years, Indira Gandhi was struggling to assert her authority over the Congress old guard led by Morarji Desai who could never accept Nehru's daughter as their leader. Bank nationalisation along with the abolition of privy purses became the turning point in Indira Gandhi's ascent, allowing her to shed the tag of "goongi gudiya" once and for all and leading to an eventual split in the Congress.

Modi faces no similar challenge to his hegemony over his party in 2016. He is at the moment India's neta number one by some distance. Yet, half way through his tenure, he has, like Indira, perhaps sensed the need to shake up the system, consolidate his image as a strong leader and snatch away the political discourse from his opponents. Indira's bank nationalisation was specifically aimed at creating a new constituency for herself among the country's poor, bypassing the existing patron-client relations within the old Congress structure. Modi's bank demonetisation is similarly targeted at moving away from his "suit-boot ki sarkar" image, and reaching out to the "gareeb" voter even at the risk of alienating the more traditional BJP support base among the middle class and traders.

Make no mistake, the "suit-boot" taunt by Rahul Gandhi did hurt the Modi persona. The prime minister wearing an

expensive, name-embossed suit during US President Barack Obama's visit last year was bad optics. After all, Modi had come to power flaunting his credentials as the quintessential political outsider, the son of a chaiwallah who had never forsaken his roots. The attempt to rush through the new land acquisition Act didn't help either: It was seen to be anti-farmer. A course correction was needed which started with Budget 2016 where the government appeared to rediscover the kisan and the poor.

Moreover, after electoral defeats in Delhi and Bihar, the prime minister's sharp political antennae suggested that he needed to do something dramatic and disruptive to enhance his political stature. Ideas like smart cities, Stand up India, Start up India, Swachh Bharat, may have got him the appreciation of the neo middle class, but the prime minister needed to create an agenda that went beyond the applause of his traditional cheerleaders. Foreign policy doesn't win elections so his high-profile international visits would have limited impact on the electorate. His Pakistan diplomatic adventurism had also floundered in the icy chill of the Valley.

Enter the idea of a surgical strike against "black money". After all, it was the prime minister who in an election rally ahead of the 2014 general elections had promised the country that he would put ₹15 lakh in every Jan Dhan Yojana account. That may well have been, as BJP president Amit Shah confessed, a chunavi "jumla", but again like the suit-boot jibe, it gave Modi's opposition a chance to question his credibility on the corruption issue. Getting back black money stacked in Swiss banks was always going to be a long drawn out process — in any case the amounts in foreign banks may well be exaggerated — so a more urgent step was needed.

Let's also be clear: Demonetisation maybe a questionable idea, poorly planned and haphazardly executed causing more pain than anticipated, but the announcement itself on November 8 required political boldness. It could only be done by a majority government headed by someone brimming



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with self confidence, bordering on arrogance. In the context of 1969, Indira's move too was considered bold and risky, driven by an intense desire to achieve political supremacy. Modi too, has taken a huge risk but arguably a calculated one.

Firm in the belief that the rich and urban middle class will not desert him for now, especially given the visible lack of options, he has consciously sought to cultivate the poor by seeking to create almost a Robin Hood-like image for himself. Which is why he is pushing the idea that enhanced tax revenues earned from unaccounted cash entering the formal banking system will be used for his garib kalyan scheme and social infrastructure projects. Don't be surprised if next he promises to put ₹15,000 in every Jan Dhan account below a certain income level.

In a sense, Modi is attempting to send out a message to the less affluent that demonetisation is a great equaliser, that it will create a level playing field between the rich and poor. The truth may well be that it is the poor who will hurt the most because of job cuts and an economic slowdown while the lives of the crorepatris remain untouched, but in a post-truth society, the power of effective messaging often precedes the eventual results.

Interestingly, Indira Gandhi called a general election in December 1970 a year ahead of schedule in the aftermath of bank nationalisation and won big. The question is: If the BJP wins Uttar Pradesh and Gujarat in 2017, will Modi also gamble on a 2018 general election?

Post script: There are political observers who are puzzled as to why more people are not angry with the cash crunch and long bank queues. The answer may well lie in what a senior Maharashtra politician told me, "doosron ke dukh mein sukh milta hai" (in the misfortune of others, we find happiness).

Rajdeep Sardesai is a senior journalist and an author
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