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More risk-taking by Modi and long-term reforms on the cards in 2018

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If pluck and enterprise define Mr Modi's approach to domestic policymaking, they also summarise his international strategy, says the author. Photo: Reuters.

As the calendar turns a page, Indian Prime Minister Narendra Modi has launched a social media campaign for "bringing in the New Year by spreading the message of positivity, gratitude and happiness."

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All economic forecasts for 2018 suggest that India will rebound in GDP growth after a relative dip in performance in 2017, when it registered 6.7 per cent, the lowest since Mr Modi assumed office in 2014.

The United Nations' World Economic Situation and Prospects report projects India's growth to accelerate to 7.2 per cent in 2018 and 7.4 per cent in 2019, when the next crucial general election is scheduled. In the global context, these figures mean that India will regain the tag of the world's fastest growing major economy.

Mr Modi's radical reform initiatives like the demonetisation of currency notes and the implementation of the Goods and Services Tax were bitter medicines that slowed the chugging train of the Indian economy in 2017.

But analysts believe that the adjustment costs of these structural shocks are now absorbed and India will emerge stronger in the coming year.

CHANGING THE STATUS QUO

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The Prime Minister himself declared on the occasion of significant state election victories for his Bharatiya Janata Party (BJP) on December 18 that his continued electoral success in different provinces of India proved that "the nation is ready for reform agenda and every citizen wants India transformed."

Mr Modi sees a direct correlation between his signature economic policy initiatives and his consolidating political grip on India.

The fact that the BJP now rules not only over the central government but also controls 19 out of India's 29 state governments (the highest such tally any party ever held since 1991) is viewed by Mr Modi as an affirmation of his bold measures.

Much of the bounce that is expected for India in 2018 rests on the premise that Mr Modi, who has the cushion of a commanding lead in national politics, will venture further and usher in

have fallen and that Mr Modi will no longer pursue 'big bang' changes out of fear of losing his vast advantage over political rivals through potential missteps.

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The prediction that Mr Modi will morph into a crowd-pleasing welfare 'populist' who will throw sopas to organised social groups and avoid tackling difficult underlying problems that lag the Indian economy is likely to be off the mark.

Throughout his political career, he has shown a penchant for risk-taking and longer-term planning at the cost of short-term losses. This self-confidence and forward thinking which override inertia stand him apart in the eyes of the people of India.

In 2018, Mr Modi will still be in a 'fighting the systemic obstacles' mood and wanting to rack up more socioeconomic policy achievements before he switches to full-fledged election politicking a year after that.

China's state-owned Global Times has rightly argued that as he notches up victories in pivi state elections in December 2017, his government "may take more radical approaches to economic reform."

The aspirations for upward mobility among India's citizens which brought Mr Modi to power in 2014 have only heightened with time, and much will be riding on his daring to keep on shaking up the status quo rather than sitting back and playing it safe.

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The downside to this scenario is that Mr Modi relies mostly on himself and his own feats in governance to fuel the engine of the whole of India.

His personalised style and appeal cover flaws in leadership and dynamism in the BJP at the local level in some provinces.

The economic dividends and relentless electoral triumphs that the BJP is currently delivering rest excessively on the Prime Minister's shoulders. These miracles may not be sustained in the medium to long terms.

IN CHINA'S SHADOW

If pluck and enterprise define Mr Modi's approach to domestic policymaking, they also summarise his international strategy.

The Indian Prime Minister is kick-starting 2018 with a historic Republic Day celebration on January 26 with all 10 heads of state or government of Asean member countries being present as guests of honour.

The scale of such a multinational VIP presence in New Delhi at a symbolic national occasion is intended by Mr Modi to signal that he will plough ahead to deepen his 'Act East' policy of military and economic partnerships with Southeast Asian nations.

With the pace of China's ascent accelerating and causing anxiety in India and elsewhere in Asia, Mr Modi will be devoting attention in 2018 to constructing an 'Indo-Pacific' network of likeminded countries.

Formations like the 'quadrilateral' among India, Japan, Australia and the United States will be topmost priorities for India to develop.

Mr Modi has been holding consultations with his American, Australian and Japanese counterparts with an eye on boosting the quadripartite cooperation.

The Asia Africa Growth Corridor, to be jointly motored by India and Japan, is another urgent task for Mr Modi to put into motion as he reckons with China's mammoth Belt and Road Initiative that is weakening India's sway in South Asia and the Indian Ocean region.

Recent Chinese trade and infrastructure deals with Sri Lanka and the Maldives are alarm bells begging for robust strategic responses from Mr Modi.

In 2018, India will attempt to capitalise on references in the Donald Trump administration's new National Security Strategy (NSS) to China as a "rival power" which "challenges American influence, values and wealth."

India, on the other hand, has been described in the NSS as a "leading global power" whose "leadership role in Indian Ocean security and throughout the broader region" will be supported by Washington.

Having squared off against China in a tense Himalayan game of chicken at the tri-junction with Bhutan for several weeks in 2017, Mr Modi is even more convinced that Beijing respects

On the Western front, the deteriorating security situation in Afghanistan and the perennial problem of jihadist terrorism emanating from Pakistan offer no easy remedies to India's national security dilemmas.

Thus far, Mr Modi has stuck to the traditional position that India will not deploy combat troops to stabilise Afghanistan.

But as the war intensifies in 2018 among the Afghan military, the Pakistan-backed Taliban and factions of the Islamic State, New Delhi will need to rethink its core assumptions and may have to deal in emergency terms to avoid catastrophic setbacks.

The calculated gambles Mr Modi took in the past, such as ordering 'surgical strikes' on jihadist camps inside Pakistani territory or on anti-India secessionist rebels sheltering inside Myanmar, could possibly demand repetition in 2018.

Since India's insecure neighbourhood environment is a steady constraint on its ambitions to become a "leading power", resorting to force that is commensurate with India's capabilities and goals of deterring threats holds the key to its acceptance as a world power.

Mr Modi has shown less deference to Chinese or Pakistani sensibilities while making strategic choices or advancing defence ties with nations whose interests converge with those of India.

He has steered India to a stage where it does not tie itself into knots owing to concerns about upsetting some country or the other. His 'India First' mantra has a nonchalant quality that is in keeping with his propensity for taking risks.

Fortune favours the brave and Mr Modi knows this maxim too well.

Since he became Prime Minister in 2014, he has wielded the secret weapon of strategic surprise to try and pitchfork India into new policy directions in both domestic and foreign domains.

He is entering 2018 with few political competitors at the all-India level and with an eye on fulfilling many transformative promises.

The worst fate that could befall India at the present juncture is if Mr Modi decides to hunker down and hesitates to go the extra mile that can hoist India to the next level in economic prosperity and global power.

But Indians may not have to worry. Going by Mr Modi's own track record and the buoyant national expectations, it promises to be a courageous and happening 2018.

Sonipat, India. His most recent book is 'Modi Doctrine: The Foreign Policy of India's Prime Minister'. This is part of a series of commentaries looking at key issues in Singapore and in the region in the coming year. On Thursday (Dec 28), look out for our commentary on what we can expect from China and President Xi Jinping in 2018.

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