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# 1973 and Now: Indira Gandhi's Self-Destructive Responses Are Instructive Today

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# 1973 and Now: Indira Gandhi's Self-Destructive Responses Are Instructive Today

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## INTERVIEW ANGLE

*"What institutional safeguards from the post-Emergency era are most at risk during today's economic-political stress?"*

The mix of oil shock, inflation, tariff stress and a centralising electoral mandate is not new to India — 1973-74 saw the same pattern, and the response of that decade culminated in the Emergency of June 25, 1975. The point of the parallel is not equivalence but warning: the policy errors of 1973-75 took two decades to undo, and the institutional safeguards that India enjoys in 2026 — basic structure, the 44th Amendment, an independent ECI and RBI — exist precisely because of that earlier failure.

## THE 1973 STORM

The years 1973-75 brought India a near-perfect storm. The **OPEC oil embargo** of October 1973, declared in response to the Yom Kippur War, roughly quadrupled the price of crude oil. India, then importing the bulk of its oil and running a chronic foreign-exchange shortage, was hit hard. The 1972-73 drought had already produced the **Maharashtra famine of 1972-73**; food inflation followed. By 1974 wholesale price inflation had reached approximately **30 per cent**.

Politics tracked economics. The **All India Railwaymen's Federation**, led by George Fernandes, launched the **railway strike of May 1974** — at the time the largest industrial action in the world. **Jayaprakash Narayan**, returning from civil society work, called for *Sampoorna Kranti* (Total Revolution) in Bihar in 1974, broadening into a national agitation against corruption and authoritarianism.

The Government's response was to *centralise*. The **Foreign Exchange Regulation Act (FERA), 1973** restricted foreign investment and offshore activity. **MISA (Maintenance of Internal Security Act), 1971** and the **Defence of India Rules** were used for political detention. The state's grip on the economy and on political dissent tightened in tandem.

## JUNE 1975 AND AFTER

On **June 12, 1975**, in **Raj Narain v Indira Gandhi**, the Allahabad High Court set aside Indira Gandhi's election from Rae Bareilly on grounds of electoral malpractice. On the night of **June 25-26, 1975**, the Emergency was declared under **Article 352** on grounds of "internal disturbance". The 21 months that followed are familiar:

ACTION	YEAR	EFFECT
Censorship under the Defence and Internal Security of India Rules	1975	Press freedom suspended
MISA detentions of opposition leaders	1975-77	Estimated tens of thousands detained without trial
Suspension of FRs under Article 359	1975-77	Habeas corpus suspended; ADM Jabalpur (1976)
38th, 39th, 41st Constitutional Amendments	1975	Insulated PM/President elections from judicial review
42nd Constitutional Amendment	1976	"Mini-constitution"; centralised power; expanded DPSPs' override over FRs; added "socialist", "secular" to the Preamble
Forced sterilisation programmes	1976-77	Mass health-rights violations
Lok Sabha term extended to six years	42nd Amendment	Election postponed

The Janata Party's election in 1977 began the constitutional repair. The **44th Constitutional Amendment, 1978**, enacted under the Morarji Desai government, did the central work:

- Replaced "internal disturbance" with "**armed rebellion**" as a ground for Article 352, making future Emergency proclamations harder.
- Made **Articles 20 and 21 non-suspendable** under Article 359, even during an Emergency.
- Restored judicial review of preventive detention.
- Made the President's decision to declare Emergency reviewable on Cabinet's *written* advice.

These changes — together with the basic-structure doctrine settled in **Kesavananda Bharati v. State of Kerala (April 24, 1973)** — built the constitutional firewall that India relies on today.

## THE ECONOMIC LEGACY — TWO DECADES TO UNDO

The Emergency-era and the surrounding decade entrenched a particular kind of political economy. **FERA 1973** kept foreign investment marginal. The **licence-permit raj**, born earlier, became more dense. Public sector dominance expanded — including in banking, after the 1969 bank nationalisations and the 1980 second round. Subsidies grew. Industrial licensing constrained scale.

It took until **1991** — under finance minister Manmohan Singh in the P.V. Narasimha Rao government — to begin systematic dismantling. The Industrial Policy of July 1991, the rupee devaluation of July 1991, the slow opening of FDI, the deregulation of capital markets through SEBI’s empowerment, the lowering of tariffs through successive Budgets — these were a near-two-decade unwinding of choices crystallised in the 1973-75 moment.

## 2026 — THE PARALLELS AND THE DIFFERENCES

The 2026 backdrop has familiar features:

- A **West Asia oil shock**, following the Iran-Israel war of June 2025, has pushed crude prices into a volatile band.
- The **Trump-era tariff regime** has imposed external trade stress, including on India.
- **Food and fertiliser inflation** is being driven by global supply pressure.
- A **strong electoral mandate** at the Centre creates the conditions in which centralising responses are politically possible.

But the differences are decisive — and that is the point of Shekhar Gupta’s column:

VARIABLE	1974	2026
Foreign exchange reserves	~ \$1 billion	~ \$700 billion
Economy	Closed, FERA-era	Open, post-1991
Press	Subject to prior restraint risk	Free, despite live debates on IT Rules 2021
Judiciary	Pre-basic-structure consolidated jurisprudence	Basic structure since Kesavananda Bharati (1973); 44th Amendment safeguards
Election Commission	Single member; pre-Seshan era	Three-member; post-Seshan independence
Federalism	Centre-dominant	GST cooperative federalism since 2017
External economic dependence	High oil dependence, low export base	Diversified energy basket, \$700-billion-plus exports

The institutional buffers that India enjoys in 2026 exist *because of* the failure of 1975. The 44th Amendment, the basic-structure doctrine, the Seshan-era ECI reforms, the 1991 liberalisation, the GST architecture — each is, in one way or another, a lesson learned from the closing decades of the twentieth century.

## WHAT THE LESSON ACTUALLY IS

The argument is not partisan. It is procedural. Three propositions follow:

**One — crisis is when restraint matters most.** It is in the high-stress weeks of an external shock that executive concentration is most tempting and most damaging. The judiciary, the RBI, the ECI, the CAG and the press exist for precisely those weeks.

**Two — over-centralisation accelerates policy error.** A single decision-making node, however well-intentioned, lacks the check of dissent. The 42nd Amendment was passed in a Parliament where the opposition was either jailed or absent. The 44th Amendment was passed in a Parliament where the opposition had returned. The legislative records of the two are not equivalent.

**Three — short-term centralisation has long-term costs.** The choices of 1973-75 took until 1991-92 to undo. The choices of 2026, made under stress, will be lived with through the 2030s.

## UPSC MAINS ANALYSIS

**GS Paper 1 — Post-Independence India.** The Emergency, the JP Movement, the Allahabad High Court verdict, the railway strike of 1974 and the Bihar agitation are squarely within GS1's "post-Independence consolidation of the nation".

**GS Paper 2 — Polity, Federalism, Constitutional Safeguards.** The 42nd vs 44th Amendments, the basic-structure doctrine, Article 352 and Article 359, the independence of the ECI, judiciary and RBI — all flow from the 1973-77 period. The post-Emergency safeguards are core constitutional knowledge.

**GS Paper 3 — Economy.** FERA 1973, licence-permit raj, the 1991 reforms — these establish the political economy frame that India still works with.

**Conceptual bridge.** Shekhar Gupta's column is, finally, an essay on the *grammar* of crisis governance — how a republic responds when it is stressed, and what it owes the next generation if it is to remain a republic. That grammar is older than any one government.

### Prelims Facts Corner

ITEM	FACT
OPEC oil embargo	October 1973, Yom Kippur War
Indian inflation peak	~30 per cent, 1974
Railway strike	May 1974, led by George Fernandes
JP Movement	1974, Bihar; <i>Sampoorna Kranti</i>
Allahabad HC verdict	June 12, 1975, Raj Narain v Indira Gandhi
Emergency declared	June 25, 1975, under Article 352
Ground for Emergency invoked	Internal disturbance
FERA	1973
MISA	1971
Kesavananda Bharati judgment	April 24, 1973
42nd Amendment	1976 — “mini-constitution”
44th Amendment	1978 — Morarji Desai government
1991 reforms	P.V. Narasimha Rao PM; Manmohan Singh FM
India’s forex reserves 1974	~ \$1 billion
India’s forex reserves 2026	~ \$700 billion
Articles non-suspendable under Article 359 (post-44th)	Articles 20 and 21

*The point of remembering 1973-75 is not to relitigate it. It is to remember that the institutions India relies on in 2026 — the basic-structure doctrine, the independent ECI, an open economy, the 44th Amendment — exist because an earlier generation paid the price of forgetting restraint. The cheapest insurance a republic can buy, in a season of oil shocks and tariffs, is to keep its own checks intact.*

Sources: [Business Standard](#), [ThePrint](#)

#### ● KEY ARGUMENTS AT A GLANCE

**The combination of an oil shock, inflation, capital outflow pressure and a centralising electoral mandate is not new — India**

lived through it in 1973-75, and the resort to centralisation, MISA detentions, FERA-era restrictions and ultimately the Emergency of June 25, 1975 set back Indian economic and constitutional development by two decades. The parallel today is not equivalence; it is warning.

✓ **SUPPORTING**

- The 1973 OPEC oil embargo, on the heels of the 1972-73 drought and Maharashtra famine, pushed Indian inflation toward 30 per cent by 1974 and produced the railway strike of May 1974 and the JP Movement — conditions Indira Gandhi met with the Emergency (Article 352) on June 25, 1975, after the Allahabad High Court judgment in *Raj Narain v Indira Gandhi* (June 12, 1975).
- The 42nd Constitutional Amendment, 1976 — the “mini-constitution” — centralised powers, expanded the Directive Principles’ override over Fundamental Rights, and was substantially undone by the 44th Constitutional Amendment, 1978 under the Morarji Desai government.
- The economic legacy of 1973-75 — FERA 1973, deepened licence-permit raj, expanded subsidy regime, restricted foreign investment — survived until the 1991 reforms led by Manmohan Singh under P.V. Narasimha Rao, a delay of nearly two decades.
- India today is structurally far stronger than 1974 — open economy, foreign exchange reserves around \$700 billion, an independent judiciary anchored in the Kesavananda Bharati basic-structure doctrine (1973), an independent ECI, and GST-style cooperative federalism — but a West Asia oil shock combined with Trump-era tariff stress is a meaningful pressure on a strong-mandate government.

⚠ **COUNTER**

The historical parallel can be overstated. India’s 1973 was a closed, socialist, foreign-exchange-starved economy run by a single dominant party; India in 2026 is a \$4 trillion open economy, deeply integrated with global capital, with strong institutional buffers, basic-structure judicial review, and a free press.

Crises today are absorbed by markets and institutions, not channelled through a single political office.

→ **WAY FORWARD**

The right lesson is procedural, not partisan. Respect cooperative federalism; preserve the independence of the judiciary, ECI, RBI and CAG; resist the temptation to centralise decision-making during external shocks; and remember that the policy errors of 1973-75 took two decades to undo.

Restraint is the cheapest insurance India can buy.

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### MAINS ANSWER FRAMEWORK

#### QUESTION

*"Crisis is the moment when institutional restraint matters most." With reference to the 1973-75 period under Indira Gandhi and the post-Emergency constitutional safeguards, examine what lessons today's executive should draw when an electoral mandate meets an external economic shock. (250 words)*

#### INTRODUCTION

Shekhar Gupta's argument is unsettling precisely because it is not polemical. India in 2026 — facing the West Asia oil shock following the Iran-Israel war of June 2025, Trump-era tariff stress, food and fertiliser inflation, and a single-party dominant electoral mandate — resembles, in its pressure pattern, India in 1973-74 in the run-up to the Emergency.

The question is not whether the politics is identical; it is whether the institutional restraint that 1975 lacked is being cultivated today.

#### BODY

The 1973-75 sequence is well-documented. The OPEC oil embargo of October 1973 quadrupled crude prices; the 1972-73 drought and Maharashtra famine had already pressed food supply; inflation reached around 30 per cent by 1974.

George Fernandes's All India Railwaymen's Federation called the railway strike of May 1974; Jayaprakash Narayan's call for Total Revolution in Bihar in 1974 spread; the Foreign Exchange Regulation Act, 1973 deepened a closed-economy posture. The Allahabad High Court judgment in *Raj Narain v Indira Gandhi* on June 12, 1975 set aside her election; the Emergency under Article 352 was declared on June 25, 1975.

Censorship, MISA detentions, the 42nd Constitutional Amendment, 1976 and the forced sterilisation programmes followed. The constitutional repair began only with the Janata Party's 44th Constitutional Amendment, 1978, which restored most pre-Emergency safeguards — making "internal disturbance" no

longer a ground for Article 352, ring-fencing Articles 20 and 21 from suspension under Article 359, and reinforcing judicial review of preventive detention.

The economic repair waited until the 1991 reforms under P.V. Narasimha Rao and Manmohan Singh.

The lesson is not that 2026 is 1975; it is that strong electoral mandates combined with external shocks have, in Indian history, tempted executives toward centralisation, and the costs of that temptation have been generational.

### CONCLUSION

India today has buffers 1974 did not — a \$700-billion forex chest, the Kesavananda Bharati basic-structure doctrine since April 24, 1973, an open economy, GST cooperative federalism, an independent press and an independent ECI. Those buffers exist because of the 44th Amendment's lessons. The most important thing the present government can do, in a season of stress, is to refuse the centralising shortcut and let those institutions do the work they were built for.

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