

Defence: India's Troubled Equations

Even as the Defence Ministry states that it has initiated much-needed reforms in the defence sector, differences between the civilian authorities and the men in uniform persist. **John Cherian** in New Delhi writes

THE image of India's armed forces has taken a beating because of unseemly happenings over the past year. The unprecedented developments in the Indian Air Force (IAF) after the Pay Commission awards were announced were followed by wranglings over senior postings in the Indian Army and Navy. However, on the positive side, the armed forces carried out one of their biggest military exercises in the western desert in November and December.

When George Fernandes took over as Defence Minister, there were expectations that he would initiate major reforms in the armed forces. However, after initially giving the impression that he would be a "hands-on" Defence Minister, he became the pointman in the Bharatiya Janata Party-led Government's efforts to survive in office. The punishing schedule he has been following, most of it devoted to political fire-fighting, obviously has not left him with much time to run the Ministry of Defence (MoD). (The complaint against his immediate predecessor, Mulayam Singh Yadav, was that he was more preoccupied with Uttar Pradesh and national politics than with the running of the Ministry.)

However, according to a statement released in the third week of December, the Defence Ministry has initiated the much-needed reforms in the defence sector. The statement said that Pokhran-II "marked a new chapter, taking India into the select group of nuclear weapon states", while the creation of the National Security Council (NSC) was indicative of the "priority" attached by the Government to "issues of national security".

One of the first acts of the Defence Minister after taking over office was to revive the Defence Minister's Committee after a gap of more than 20 years, the statement said. The committee, consisting of the three service chiefs, meets once a month. According to the Defence Ministry, this has paved the way for quick decision-making and enabled the service chiefs to take part in the decision-making process more effectively. It went on to say that after Fernandes took over, the weekly meetings between the service chiefs and senior officials in the Government have been regularised. These meetings are

meant to take a broad overview of national security. Addressing the combined conference of armed force commanders on October 26, Fernandes said that the nature of modern weapon systems was "increasingly transcending single service boundaries" and that "increasingly, the fighting capabilities of the future will use the assets of the three services under integrated direction and command". Besides, he said that the "leading powers" had already introduced these changes. He said that although there was an urgent need for a national defence review, it would not be completed in a hurry and that it would be a "long-term effort". He wanted the armed forces to set up a rapid reaction force that would be "able to reach any corner if a threat arises". He said that such a force would have to be a "tri-service" one.

Defence analyst K Subrahmanyam is of the opinion that there is an urgent need to introduce the reforms. He said that in other countries reforms were introduced every five years. According to him, powers should be devolved to theatre commanders. If this is done, the decision-making process will be an integrated one rather than the current single-point process emanating from the chiefs. If operational responsibilities were devolved, the service chiefs would be able to spend more time on long-term defence planning, said Subrahmanyam. (All these recommendations were made by the Arun Singh Committee, whose report was released 13 years ago.)

MEANWHILE, George Fernandes' penchant for playing to the gallery came to the fore when he ordered two middle-level bureaucrats to be transferred to the Siachen region for a couple of months as punishment. The punishment was ostensibly for a delay they caused in clearing files relating to the purchase of urgently needed snowmobiles for the Siachen region. This decision, which came soon after he assumed office, was praised by the men in uniform. However, the honeymoon between them and the Ministry did not last long as Air Force chief S K Sreenivasuluiah got dragged into unseemly controversies. There were reports that the Home Ministry was keeping a tab on him. Allegations, including receiving kickbacks in the Su-30 deal with Russia, were bandied about. The three ser-

vices chiefs even met the Prime Minister together to protest against the surveillance reportedly instituted by the Intelligence Bureau on the Air Force chief.

Shortly afterwards came the spectacle of a large number of senior officers going to court on being allegedly overlooked for key appointments. In December, the Delhi High Court upheld the contention of Lt. Gen. Raj Kadyan, who said that injustice had been done to him by superseding him in the selection for the post of General Officer Commanding-in-Chief (GOC-in-C) of the Eastern Command. The court rejected the Government's view that the present incumbent, Lt. Gen. H R S Kalkat, was appointed on merit. The state has appealed against this ruling to the Supreme Court.

Another high-profile case the judiciary is handling is that of Marshal P K Ghosh. A Division Bench has ruled that officials of the Ministry of Defence (MoD) had misled the Appointments Committee of the Cabinet (ACC) and promoted Air Vice-Marshal S. Raghavan after falsely claiming that the court had ordered the appointment. Raghavan's appointment was regularised by the ACC on May 30. The March 23 court ruling in favour of Ghosh was not intended to the ACC. Defence Secretary Ajit Kumar has been served with a notice of criminal contempt in this regard.

Sareen, who retired recently as Air Force chief, and the MoD were at loggerheads over the assessment of Air Marshal S. Krishnaswamy. Sareen is alleged to have made some adverse remarks in the confidential report, which were removed by the MoD. Krishnaswamy is expected to be a front-runner for the top job in the IAF in a few years time.

However, it is the imbroglio involving the Navy chief that has grabbed the nation's attention. The issue is threatening to snowball into a major controversy with serious implications for both the civilian and defence establishments. Navy chief Vishnu Bhagwat refused to accept the ACC's decision to designate Vice-Admiral Harinder Singh, Fortress Commander, the Andamans, as Deputy Chief of Naval Staff (Operations). The ACC had nominated Harinder Singh for the key post despite being fully aware that the officer had, in a "redressal of grievance" petition in March 1998, made highly

personalised and potentially libellous charges against the Navy chief. One of the charges was that the Navy chief's wife, Nilofar Bhagwat, was "a half Muslim, card-carrying member of the Communist Party". The MoD had even issued a show-cause notice to Harinder Singh, but it was withdrawn after he tendered an apology to the Ministry. (Harinder Singh, however, did not apologise to his Navy chief.)

An angry Bhagwat filed a contempt petition against Harinder Singh and charged Defence Secretary Ajit Kumar with collusion. The Calcutta High Court rejected the petition, and the MoD went ahead and forwarded to the ACC Harinder Singh's name for the post of Deputy Chief of Naval Staff (Operations). This was done despite the fact that Harinder Singh's name was rejected by all the Flag Officers Commanding-in-Chief and the Vice-Chief of the Naval Staff. However, officials in the Defence Ministry claim that the ACC had been informed about the complexity of the case. After the ACC approved Harinder Singh's appointment, naval headquarters refused to implement the MoD's order claiming that it was violative of the Navy Act of 1957 which states that all appointments above the rank of Captain "shall be made by the Government on the recommendations of the Chief of the Naval Staff". This has been interpreted as a direct challenge to the civilian authority. Senior civil servants say that if the Navy is allowed to get away with this, the Army and the IAF too will begin to flex their muscles since the Army Act and Air Force Act also have similar provisions.

A senior officer now serving in the Navy said that the current imbroglio in the Navy could not be classified strictly as "black or white". According to him, some fundamental questions have been raised, which, if unresolved, could shake the edifice of the country's democratic foundation.

Another civil servant, who is alleged to have fallen victim to the present Government's actions and wishes to remain anonymous, said that the recent happenings would dent the BJP-led Government's image further. He thinks that the Prime Minister could have solved the problem in the in-

ital stages by meeting the Navy chief to hear his side of the story. He gave the example of Gen. Thimayya who, despite being upset with the appointment of Gen. B M Kaul as Chief of the General Staff, did not seek redress or air his grievances through the media. "Washing dirty linen in public is not doing any good to anybody," said the officer. He is of the opinion that civilian control should be paramount since the political authority has the mandate of the people.

Another civil servant said that in the last four years, the armed forces had "pretended to have a monopoly on wisdom" and alleged that their leadership misused "uniform visibility". "A war cannot be left to the generals alone," he said. "War by other means is also very important. Diplomacy, economics and politics are equally important." According to him, the BJP is also responsible for the current problems plaguing the armed forces. While it was in the Opposition, it courted the armed forces. However, now it is unable to control them. In fact, he said, a few departments of the armed forces had already ceased to be under civilian control. He alleged that the Army had set up a "psy-war" group which was more interested in propagating the views of the top brass than that of the civilian masters.

THE consensus is that the Defence Ministry needs to be radically overhauled and a modus vivendi should be struck between the MoD and the armed forces in the interests of parliamentary democracy. Another view that is being articulated in civilian and military circles is that the only solution to the current impasse is the resignation of the three major actors in the unseemly drama - the Defence Minister, the Defence Secretary and the Navy chief.

While addressing the Rajya Sabha in the third week of December, George Fernandes admitted that there was "some discontent" over postings and promotions in the Navy and said that four statutory complaints relating to the promotion of officers were pending with the Ministry. He added that 34 cases relating to postings and promotions were also pending in various courts.

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On the Track Again

Krittivas Mukherjee writes from Calcutta on Indo-Bangla train link which is likely from June

India and Bangladesh are set to move closer with the restoration of a five-kilometre rail track that has been lying unused for nearly five decades. To begin with, freight trains will cover the distance between Bongaon in India and Petrapol in Bangladesh from June with passenger trains following thereafter. Indian Railway sources told India Abroad News Service.

A sum of Rs. 50 million (\$1.19 million) has already been sanctioned for the restoration of the old line, most of which has been uprooted and stolen. Train services between the two countries were abandoned in the early '50s following deterioration of relations between India and the then East Pakistan which eventually fought and won independence from Pakistan and became Bangladesh in 1971. Talks on the resumption of the rail link had come up several times, but had been subsequently abandoned for one reason or another.

During this period, organised gangs stole not only the tracks but even the telegraph poles that dotted the line. The bigger problem however was squatters who had occupied the land on either side of the track.

According to North 24-Parganas additional district magistrate Deboprasad Jana, a meeting would be held on January 15 among the people's representatives of the area and railway, police and district authorities to chalk out plans to clear the land as the first step towards the restoration work.

The issue of restoration of the track was taken up seriously at the last South Asian Association for Regional Cooperation (SAARC) summit in Dhaka where then Indian Prime Minister I.K. Gujral and his Bangladeshi counterpart Sheikh Hasina Wajed stressed the need to improve communications between the two countries. Restoration of the rail link was considered the main way to achieve this end.

The SAARC meeting was followed by the visit of a high level railway delegation to the Bongaon-Petrapol area. The Rs. 50 million budget was sanctioned on the recommendation of the delegation. The stolen railway equipment alone was worth Rs. 30 million (\$714,000).

According to district authorities, the biggest challenge to the restoration work would be clearing the encroachers. About 200 families settled over the stretch would have to be relocated before work could start on restoring the route.

Once the line is restored, pressure on the single-lane Jessore road that links India with Bangladesh will be reduced and more goods could be transported.

Meanwhile, the Calcutta-Dhaka bus service, which was to have been inaugurated by Sheikh Hasina on January 27, has been postponed as some modalities still remained to be sorted out.

According to Bangladesh High Commission Press Minister Atiqur Rehman, finalisation of the modalities would take some more time and the service was expected to be operational "very soon".

A mission source, who did not wish to be identified, told IANS that the only hitch that remained was regarding a Bangladeshi transport rule which would soon be sorted out.

— India Abroad News Service

Bhutto Needs a Timetable to Keep Track of Trials

Benazir Bhutto is a woman with a lot on her plate: three children, a husband in jail on a murder charge, an amnesiac mother, and 20 corruption cases pending against her. Gemini News Service reports that Bhutto's problems are part of a bigger, long-running story, her ongoing feud with the family of current PM Nawaz Sharif. M T Butt writes from Islamabad



FORMER Prime Minister Benazir Bhutto is facing so many charges of corruption that she has at times been required to appear in hearings in two cities on the same day.

She had pleaded with Pakistan's Supreme Court to have all the cases transferred to the Sindh High Court in Karachi, where she makes her home base. Still, she must have counted her blessings when the court agreed to move a case from the Lahore High Court to the bench in Rawalpindi, where some other cases against her are currently being heard.

Bhutto and her husband, Asif Zardari, are involved in 20 court cases for alleged financial irregularities during her rule as prime minister from 1993 to 1996.

"Not only I but everybody knows that I have been entangled in cases to force me out of politics," Bhutto says.

"But the conspiracy will not succeed. What I am facing is classic victimisation by a fascist regime. The government has wasted \$18 million from the public exchequer on my character assassination, but failed to dent my political position."

This is challenged by Senator Saifur Rehman, chairman of the newly-established Ehtesab (accountability) cell, appointed in 1997 by Prime Minister Nawaz Sharif to investigate the Bhutto family's dealings while in power.

"We have successfully laid hand on the loot and plunder of the Bhuttos, who will be sentenced by courts on the basis of solid evidence collected by us and produced in court," says Rehman. "Allegations of political victimisation are baseless."

He used corporate lawyers and detectives to investigate the Bhuttos' inside and outside Pakistan. Their efforts strengthened the government stance by unearthing secret accounts held in Switzerland by Zardari, Bhutto and her mother Begum Nusrat Bhutto. They are charged in Switzerland with allegedly depositing now-frozen "ill-gotten money".

Rehman claims the investigations have led to the recovery of seven billion rupees from Pakistani businessmen, who in his words, took undue benefit by bribing the Bhuttos.

The Bhutto was prime minister, her government instituted more than 100 cases against the Nawaz Sharif family's industrial empire. Sharif's 75-year old father and his siblings were put behind bars on corruption charges. Banks were ordered to stop loans to the dynasty, resulting in the closure of family businesses and most of their factories.

However, Bhutto's government did not touch Sharif personally as he was not a director in any of the companies.

When Sharif reclaimed power in 1997, his government sacked several senior bureaucrats who worked closely with Bhutto. Some have testified against her in court.

Bhutto's family life is tortured. Her husband has been in jail since 6 November 1996, the day her government fell. He is facing several charges, including masterminding the killing of her brother, Murtaza, who died in a police shoot-out in 1996.

"I was kept in jail by Nawaz Sharif for two years (during Sharif's first term in government) and nothing was proved against me," says Zardari. "Again, I will be out of prison when the present government goes and nothing will be proved against me as I have not committed any irregularity."

Bhutto's mother suffers from loss of memory because of a serious fall after the murder of her only son, the last surviving male of the Bhutto dynasty. She has since been under constant medical treatment in London.

Bhutto has enrolled her three small children in a Dubai school. She spends most of her time in Karachi, but visits Dubai to meet the children. London to inquire about her mother's health, and the jail to see her husband. She spends whatever time is left in politics and attending court.

However, the government has now banned her from travelling abroad so she must do

without the trips. "At the moment, Ms Bhutto is entangled in corruption cases too much and the allegations of corruption have stuck," says Dr Shirin Mazari, who edits the weekly magazine Pulse and teaches at the Quaid-e-Azam University in Islamabad.

"She stands thoroughly discredited in the public eye, and her political prospects have been highly damaged." Bhutto has brought together a multi-party anti-government alliance, including former government allies which changed camps for various reasons during the past year. However, most of these parties are not represented in parliament.

Despite these alliances, militants from her own Pakistan People's Party are demoralised and have yet to recover from the shock defeat in the 1997 general elections. The party's performance in the recent local council elections in the major province of Punjab was dismal.

The government's goal is to inflict further damage on Bhutto as soon as possible by getting her convicted on a corruption charge in Pakistan or elsewhere, ending her political career. But she may have found an ally in the judiciary. The judicial process in Pakistan is painstakingly slow; cases progress at a snail's pace, often taking the government which wants speedy trials.

"We have done our job by filing cases with the courts, and now it is for them to decide as early as possible, and sentence the corrupt lot." Information Minister Mushahid Hussain says.

None of the cases against the Bhuttos during the first Sharif government was decided, nor was any against the Sharif family. Still, court cases help the government keep its political opponents on the defensive.

— Gemini News. The writer is a Pakistani freelance journalist.

Trade in the Time of Bloc-building

Following the European Union (EU) model, the world has seen the formation of North American Free Trade Area (Nafta), Asean Free Trade Area (Afta) and also formation of various regional groupings, the seven countries of South Asia under the SAARC regime have also an ambitious plan to bring the region under the fold of a trading bloc called "South Asian Free Trade Area (Safat) by 2003. Dr Moazzem Hossain writes

THE landmark bilateral agreement of 29 December 1998 between the two important members of SAARC (India and Sri Lanka) to form a free trade area from March this year has paved the way further for the region becoming a free trade area. This is a result of the Indian Prime Minister's call in the last SAARC summit to members of the South Asian region "to grow rich together". This agreement adds to the list of India's already having bilateral free trade agreements with Nepal and Bhutan. Now that Sri Lanka also joined in a new partnership, the commentators in New Delhi will "proceed to engage Bangladesh in efforts towards a similar pact." It is also believed that in this respect Sri Lankan President, the initiator of the idea, "may also have constructive role in promoting it" to Bangladesh.

It is highly likely that Bangladesh will agree to the idea since it has been one of the strong supporters and initiators of SAARC who wants a meaningful cooperation within SAARC nations, particularly, with India (Bangladesh has continuing deterioration of trade deficit with this country). That, in turn, would make Pakistan to think seriously to join the agreement to form a full regional trading bloc. If Islamabad and Delhi fail to take steps towards this direction, Pakistan would run the risk of being isolated in the SAARC community.

However, if the recent establishment of direct bus network between Delhi and Lahore gives any indication of future relation between these two countries, it seems, will come closer further and further in the near future. The experience from other regions suggests that while trading bloc brings numerous benefits for a member nation but it also inflicts pain.

South Asian Free Trade Area (SAFTA)

According to World Bank (WB) four conditions bring success in integrating a region particularly to become a free trade area (FTA) among a group of nations: "First, the pre-FTA

tariff should be high. Second, members of the FTA should be important trading partners before entering into arrangements. Third, there should be complementarity in demand. Fourth, the differences in economic structure should be based on the "true competitiveness of the countries involved." The first condition is satisfied by all South Asian nations and currently a preferential trade arrangement is (SAFTA) in place. In the case of second condition Bangladesh and Sri Lanka satisfy this condition well since both these nations trade in huge quantity with India, particularly imports. Pakistan, on the other hand, trades with low volume with India for political reasons. Nepal, Bhutan and the Maldives are out of the scope of this article due to lack of space. However, it is also true that these nations trade with India in huge quantity by importing goods and services from that country. The conditions three and four which include complementarity and competitive issues respectively hardly satisfy for the region.

Under these circumstances, it is unlikely to maximize gain initially out of Safat, however, it is not to say that there is a case to abandon it. Since two conditions are met by the majority nations of the region, the existing situation is likely to improve remarkably under a free trade regime among these nations.

Regional Trade within SA's Large Countries

The region's trade is dominated by India, as expected. The volume of trade has been continuously rising over time since these countries have 'opened up' after almost 40 years of 'closed' door policy. However, this growth was more dramatic as between Bangladesh and India than between any other pair of nations. This expansion was taking place since 1991 towards liberalisation. The second highest growth was between India and Sri Lanka.

The figures in the tables suggest that India with existing trade policies is in the most advantageous position in the region. It had trade surpluses with

all the three nations (except in 1990 there was a deficit of \$2 million with Pakistan). For India, the trade surplus was huge against Bangladesh, more than \$800 million — an amount equivalent to almost half of the country's overseas aid in that year. The second highest surplus for India was with Sri Lanka and was more than \$400 million and has been growing. Pakistan has small trade surpluses with both Bangladesh and Sri Lanka and Bangladesh has smaller surplus against Sri Lanka.

What Benefit for Bangladesh?

The experiences show that there are both benefits and costs in joining a trading bloc for a nation. The costs and benefits of an FTA can be of economic, social and political origin. Here, I am looking at some of the economic costs and benefits. It is, however, must be emphasised that there are some quantitative models available to measure the economic costs and benefits of FTA in the region.

As we first list the major benefits: 1) Bangladesh's consumers will benefit from reduction of prices of goods and services, in turn, contributing to their improvement in the real purchasing power. This will be attained by way of gaining competitiveness in the market place in two forms: one, the costs of production domestically will come down due to reduction in prices of raw materials and major inputs having a trading bloc; two, the removal of all external barriers will encourage the fellow members of Safat to create markets in Bangladesh with bringing quality goods and services at a relatively low price than before due to removal of entry barriers. For example, Indian or Pakistani quality cars, which are equivalent to Japanese brands, will be available from almost half of the present prices. This is corroborated by the late Mahbub-ul-Haq, an eminent Pakistani economist in the following way: "Pakistani consumers pay prices for some imported goods which are up by 170 per cent compared to imports from other competitively priced sources". One can take Pakistan's tea market as a prime example. "Pakistan's imports of tea have grown from 51 million kg in 1975 to 125 million kg today". Out of this, 60 per cent comes from Kenya. One estimate suggests that Pakistani consumers have paid more than \$100 million in tea consumption between 1992 and 1994 which could have been avoided if Pakistan was to import tea from either Bangladesh, Sri Lanka or India, three major tea growing nations on earth. This type of consumer's loss can be pre-

vented under Safat. 2) Bangladesh will be in a position to create further markets in the region and there will be a huge opportunity to create employment, in turn, an improvement in the real per capita income. With Safat in place, there will be huge demand for Bangladesh's fertiliser in India and Pakistan since Bangladesh has the raw material (natural gas) and is competitive in the region to produce fertiliser. One may argue that, at this moment Bangladesh is not even self-sufficient in fertiliser heavy on earth it will become an exporter? The answer is, with Safat in place, the country will attract foreign direct investment (FDI) in the competitive areas such as fertilizer. This will, in turn, facilitate to establish further manufacturing plants and create more employment. One can also provide an example of Bangladesh's tea export to Pakistan.

3) The domestic firms will benefit from re-positioning themselves in the competitive markets the Safat will bring and will have the opportunity to become regional firms. Every firm has the potential to become part of this huge market if they become competitive. Take an example of a cosmetic firm of Bangladesh origin. With income increasing in the region the demand for such a product is going to go up. If this particular firm is competitive enough and produces a quality item there is no reason why it will not be able to capture a market of almost a quarter of a billion customers regionally than currently a quarter of a million, domestically.

4) Safat will increase business not only for commodity markets but also for financial and services sectors. Additionally, a huge diversification will take place in the region particularly in the area of infrastructure development such as telecommunications, aviation, tourism, transportation and seaport. These have the potential to bring huge revenue for Bangladesh due to its geographical position. Bangladesh has three borders with India and is in the south-east. Giving full transit facilities and seaport facilities to these nations under Safat, Bangladesh will be in position to earn huge income for a long time to come.

Policy Issues

The name of the game under Safat will be 'competitiveness'. To become competitive in a world of tough trade regimes will not be an easy task. However, Bangladesh has an initial plus point in this regard. Its huge workforce is accustomed to work with minimum incentives. The prime example is our readymade garment (RMG) sec-

Regional Trade Matrix (Exports Plus Imports) in US\$ Million				
Country	India	Pakistan	Sri Lanka	
	1990-1996	1990-1996	1990-1996	
Bangladesh	312 924	141 145	19 12	
India		88 245	124 489	
Pakistan			106 125	

Source: Hossain, M et al (1999) South Asian Economic Development Transformation, Opportunities and Challenges, Routledge, London.

Regional Trade Balance South Asia (US\$ million)				
Country	India	Pakistan	Sri Lanka	
	1990-1996	1990-1996	1990-1996	
Bangladesh	282 840	65 73	-1 6	
India		2 -147	-80 -395	
Pakistan			-19 45	