INDIA IN 2001

A Year of Living Dangerously

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For India, 2001 was a year of crises and playing for high stakes. The year began with a devastating earthquake in Bhuj, Gujarat. Over the next few months, the ruling coalition was buffeted by electoral setbacks, corruption scandals and defections. Beginning in July, however, foreign affairs overshadowed everything else, and by the end of the year the prospects for a war between India and Pakistan were the subject of worried headlines around the world.

2001 was also a year of paradox for India. In both domestic politics and foreign policy, India witnessed adroit actors turning seemingly weak positions into sources of strength. Domestically, the ruling Bharatiya Janata Party (BJP) held its coalition intact in part because the electoral revival of the major opposition party, the Indian National Congress, made both the BJP's coalition partners and other opposition parties reluctant to face fresh elections. Conversely, in its relations with Pakistan, a much stronger India found itself frustrated by Pakistani President Pervez Musharraf's ability, especially after the September 11 terrorist attacks on the United States, to turn his government's perceived weakness into a source of international support. By the end of the year, however, underlying realities were reasserting themselves. Domestically, opposition forces began slowly to make common cause, while the United States began reluctantly to pressure Pakistan into acting against Islamic militant groups operating in India's portion of the disputed territory of Kashmir.

In between the machinations of high and low politics, other social, political, and economic developments demonstrated continuing tension between an

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increasingly fragmented party system and newly assertive non-elected institutions, as well as between a growing sense of national identity and increasing assertiveness on the part of many social groups. An activist supreme court and continuing dramas over the exposure of and efforts to punish corruption in public life were the most visible manifestations of these trends.

Domestic Trends

The earthquake in Bhuj hit, ironically, on January 26, the anniversary of the enactment of the Indian Constitution, which India celebrates as Republic Day. Measuring 6.2 on the Richter scale, the quake crippled economic activity in much of Gujarat, India's second most industrialized state, and produced many poignant stories of schoolchildren killed while practicing for their Republic Day parades. It brought forth an outpouring of national solidarity from Indians at home and abroad, as well as international assistance, with former U.S. President Bill Clinton personally returning to India to help with fundraising.

However, the tragedy also elicited considerable bitterness and cynicism about the state of the polity whose founding January 26 commemorates. While the Indian army won the admiration of the public for its heroic rescue efforts, the BJP state administration was roundly criticized for its inefficiency. More damagingly, it was widely charged that substandard construction materials overlooked by corrupt state officials had magnified the loss of life and property.

Charges of corruption were also behind the first crisis the national government faced. In March during the national budget session, the online newspaper *Tehelka.com* appeared to reveal a pattern of bribery in the defense procurement process. In a sting operation, retired defense personnel offering themselves as consultants, and some politicians, were captured on videotape accepting money in exchange for unspecified promises to give favorable treatment to a bogus manufacturer of a non-existent product. As none of the officials was directly involved in procurement and no specific promises were made, criminal charges could not be filed.

The exposé led to the resignation of Defense Minister George Fernandes and two party presidents—Jaya Jaitley, president of Fernandes's Samata Party, and BJP president Bangaru Laxman—both of whom were taped accepting large contributions to their parties. Later in the year, though, the government accused *Tehelka* of fabricating evidence and began to investigate the online newspaper. George Fernandes was reinstated in October. Shortly afterward, however, new charges that the army had been overcharged for the coffins of soldiers killed in the 1999 Kargil clash embarrassed the government and defense minister again.

Outside the government, corruption charges against two of India's most colorful former state chief ministers continued to provide moments of drama. In May, former Tamil Nadu Chief Minister J. Jayalalitha was barred from contesting elections or taking office as chief minister when her party won the Tamil Nadu state elections in 2001. Her All-India Anna Dravida Munnetra Kazhagam (AIADMK) party duly elected her nominee as chief minister and announced that Jayalalitha herself would effectively be running the state. In Bihar, former Chief Minister Laloo Prasad Yadav, whose party runs the state under the titular leadership of his wife, was placed in jail a couple of times over a continuing probe into his involvement in a government procurement scam.

In Tamil Nadu, the corruption story turned uglier owing to the bitter rivalry between AIADMK and the rival Dravida Munnetra Kazhagam (DMK). The new AIADMK government shocked the country by arresting two leading DMK politicians, the septuagenarian former Chief Minister M. Karunanidhi and his nephew, Union Minister of Commerce Murasoli Maran. Karunanidhi was arrested in the middle of the night on corruption charges that a judge later dismissed as spurious; Maran was arrested for attempting to interfere with the police action. Talk of dismissing the newly elected Tamil Nadu government for lawlessness soon subsided, however, and in December, Jayalalitha was acquitted of some of the charges against her and appeared on the verge of taking over as chief minister again.

Even apart from its involvement in corruption charges, the Indian court system was unusually active in 2001, and entered into legislating social policy. Following on its dramatic ruling requiring the city and state of Delhi to enforce clean-air rules, the Supreme Court found grounds to require the central and state governments to prevent starvation deaths by releasing food stocks, and to promote education by providing school lunches and day care facilities. The actual effect of these rulings was unclear, but the court's legislative activism in many ways mirrored the elected branches' legislative paralysis.

The inability of the BJP—or indeed, any government since 1989—to control the upper house of parliament, the *Rajya Sabha*, has already produced legislative deadlock and bargaining on a number of issues. During 2001, these legislative battles covered issues ranging from the government's proposed overhaul of the secondary education curriculum to a law against terrorist activities, promulgated as an ordinance after the events of September 11.

The controversy over the education curriculum constituted part of a broader battle that opposition parties fought on the question of whether the BJP was promoting a Hindu-nationalist agenda covertly. The issue in the education curriculum was a revised social studies syllabus that opponents charged provided an unacceptably biased and pro-Hindu view of Indian his-

tory and the caste system. Concerns that the BJP's latent Hindu chauvinism was revealing itself were heightened by the decision of militant Hindu organizations to step up their demands for a temple on the site of the mosque demolished at Ayodhya in 1992, plus anti-Muslim riots in the Bombay suburb of Malegaon that were apparently triggered by protests by Muslims against U.S. actions against Afghanistan.

The U.S. war against terrorism also contributed to a controversy over civil liberties in India. Following a suicide bombing attack on the legislative assembly of Jammu and Kashmir, the Union Cabinet decided to promulgate a Prevention of Terrorism Ordinance (POTO) that gave sweeping powers to police in the investigation of suspected terrorist activities, including possibly compelling evidence from journalists. However, POTO aroused the opposition even of some parties in the coalition, and the government was unable to get parliamentary approval for it as the Indian National Congress (INC, known as the Congress or Congress Party), the largest party in the upper house, opposed it. The Congress Party continued to oppose it, although some changes were made in response to critics. The December 13 attack on Parliament appeared to strengthen the government's hand.

There were areas in which the divided control of Parliament still allowed enough bargaining among parties to get legislation through. Two constitutional amendments were passed. Both, in different ways, involved the decennial census that was carried out this year. The 2001 census showed the large Hindi-speaking states continuing to lag behind most other major states in terms of increasing literacy, especially women's literacy, and in reducing population growth. While most states reduced their population growth rates, and many brought it below 2% a year, Bihar, Uttar Pradesh, Madhya Pradesh, and Rajasthan experienced little change. Likewise, these states continued to have the lowest literacy rates overall, and were the only states with female literacy falling below 50%, with Bihar being the only state where overall literacy was below that level.

One constitutional amendment froze the distribution of parliamentary seats among states for 15 years but allowed states to redraw the lines of parliamentary and state assembly constituencies to reflect internal migration. This amendment temporarily met the continuing concern of states with low population growth, especially in the south, that they were being penalized for following family-planning norms. It became necessary because an earlier amendment, freezing all constituencies for 30 years, was due to expire.

In the area of economic reform, various important pieces of legislation were discussed. However, the overwhelming reality of the Indian economy in 2001 was the slowdown of growth caused by the global recession. Industry continued in a slump, exports contracted for the first time in a decade, and the rupee closed the year at almost Rs. 50 to the U.S. dollar. Growth for the

year was projected at under 5% for the first time since 1991, with only a strong performance in agriculture providing relief.

Electoral Politics

During the first half of the year, the BJP-led governing coalition survived a number of crises resulting from a corruption scandal and an abysmal performance in several state elections. Several regional parties left the coalition primarily because of their calculations over their prospects in state elections. By mid-year, however, the continuing ambivalence of many regional parties over allying with the largest opposition party, the INC, had ensured the coalition's survival, and truant coalition members had sought to return to the fold.

Although the *Tehelka* episode did not bring down the government, one regional party, the West Bengal Trinamul Congress, used the scandal as an excuse to abandon the BJP in favor of allying with its erstwhile parent party, the Congress, in time for the West Bengal state assembly elections. Two smaller parties from Tamil Nadu had withdrawn earlier in order to change their alliances for the state elections, although one of these, the Pattali Makkal Katchi (PMK), continued to support the government "from the outside." These withdrawals reduced the strength of the parties actually represented in the coalition to a minority of the house, although continued "outside" support from the PMK and the Telugu Desam Party (TDP) of Andhra Pradesh ensured the government's survival. However, within a few months of the elections being held in four large states, the PMK returned to the coalition while the Trinamul Congress indicated its desire to do so.

Paradoxically, the coalition was strengthened by the decisive defeats its members suffered during the state elections. One reason was that this demonstrated the strength and breadth of support for the principal opposition party, the Indian National Congress, to which most of the coalition members are opposed, making them reluctant to bring about fresh elections. Also, however, even in the two states where the Congress was not the principal winner, Tamil Nadu and West Bengal, decisive victories by other parties eliminated the rationale for the PMK and the Trinamul Congress remaining outside the ruling coalition in New Delhi.

Elections were held in four major states—Assam, Kerala, Tamil Nadu, and West Bengal (as well as the Union Territory of Pondicherry). The elections were a test for the Congress more than for the BJP because the Congress was competitive in all the states, while the BJP was a significant force only in Assam. Indeed, in two states, Kerala and West Bengal, the Congress and its allies faced not a regional ally of the BJP, but a coalition of the left, led by the Communist Party of India (Marxist) (CPI-M).

Nonetheless, the Congress Party performed superbly. It won power in Kerala and Assam by wider margins than expected. It also formed part of the

winning alliance in Tamil Nadu, and won a moral victory in West Bengal by winning almost as many seats as its ally, the West Bengal Trinamul Congress, despite contesting far fewer seats.

The elections left the Congress in charge of eight of the 19 states with at least 1% of the national population, as many as the BJP and its regional allies combined. The BJP itself governs only in three. Furthermore, while the Congress rules without coalition partners in six of these states, the BJP enjoys this dominance only in Gujarat.[1]

The Congress Party's new willingness to form alliances in which it is the junior partner has marked a major shift in the country's politics and may have affected the outcome in Tamil Nadu in 2001. However, the Congress itself has not drawn much benefit from these alliances as both the Trinamul Congress and the AIADMK insisted on taking the lion's share of seats and in many cases the safest seats. As a result both alliances broke up after the elections. In West Bengal, the defeat caused the Trinamul Congress to seek re-entry into the national coalition, while in Tamil Nadu, the AIADMK succeeded in winning a majority of seats on its own and was able to dispense with allies.

Even if control of the national government did not change in 2001, shifts in the control of state legislatures are significant for national politics. State legislators elect the Rajya Sabha and help to elect the president of India. The BJP coalition does not have a majority in the upper house, and the Congress is still the largest party in that body. In 2002, one-third of the seats in Rajya Sabha will be re-elected and a new president will be chosen. With the presidency having become more important as an arbiter of coalition politics, there is every reason to expect 2002 to produce a major contest of strength between the BJP and the opposition.

Foreign Affairs

International events dominated during the second half of 2001. A failed summit meeting with Pakistan and the September 11 attacks on the United States brought world attention to the Kashmir conflict. At the same time, emboldened by the world's apparent acceptance of its nuclear status, India often took an assertive and sometimes lonely stance in international affairs. Meanwhile, internal conflicts in all of India's smaller neighbors threatened to embroil the

1. The Congress rules in Assam, Chhatisgarh, Delhi, Karnataka, Madhya Pradesh, and Rajasthan by itself and heads coalition governments in Kerala and Maharashtra. The BJP heads coalition governments in Uttar Pradesh and Jharkhand. BJP allies currently rule in Andhra Pradesh, Haryana, Jammu and Kashmir, Orissa, and Punjab. Other parties rule in Bihar, Tamil Nadu, and West Bengal. There are eight other states and several small union territories. The BJP rules the two largest of these, Uttaranchal and Himachal Pradesh.

regional heavyweight. However, by year's end, India had succeeded in strengthening defense cooperation with both Russia and the United States.

Early in 2001, India appeared to have settled on a new strategy of seeking closer cooperation with the United States even at the risk of alienating other traditional allies. This was signaled quite dramatically when India became one of the few major countries to welcome the Bush administration's announcement that it would proceed with a national missile defense (NMD) program. The Indian government's statement was carefully worded. India applauded the American decision to cut nuclear warheads, and cautioned in veiled terms against unilaterally abandoning the anti-ballistic missile (ABM) Treaty between the United States and the former Soviet Union. Nonetheless, when set against the almost uniform condemnation that the Bush administration's announcement received from Moscow, Beijing, and most European capitals, the Indian reaction was widely, and probably accurately, viewed as a cynical endorsement undertaken in the hopes of obtaining concessions in other areas, most notably the lifting of sanctions.

Until the events of September 11, the new Indian strategy appeared to be paying dividends. The United States was more muted in its statements on the failed summit between India and Pakistan than most countries were, and by late summer the Bush administration appeared to be moving toward elevating India to a new place in its global strategy as a counterweight to China. By late August, major American newspapers were reporting plans to lift sanctions against India, but not Pakistan.

The events following September 11 dramatically shifted American priorities. As we will see shortly, Pakistan again received pride of place in American strategic thinking. In October, India found itself in a tense diplomatic standoff with the United States, with New Delhi virtually threatening to undermine U.S. strategy in Afghanistan by taking military action against Pakistan.

This renewed assertiveness in Indian foreign policy made itself felt outside the political arena as well. At the ministerial meeting of the World Trade Organization (WTO) in Doha, India used the WTO's requirement of consensus before new negotiations can be launched to singlehandedly stall the adoption of a new negotiating agenda for several days. India's principal concern was that industrialized countries were seeking to bring new issues to the agenda aimed at increasing their access to developing country markets, before implementing concessions made to developing countries in the earlier round. India also shared the widespread concerns among developing countries that rules on intellectual property rights were increasing the cost of medicines in the Third World, and that proposed labor and environmental standards would keep their products out of the North.

Although India, along with other developing countries, had made these concerns clear before the round began, a number of compromises, especially in the areas of labor standards and intellectual property rights, had brought most other developing countries on board. India therefore found itself threatening to sink the entire compromise by itself, in an effort to ensure that future negotiations on other market-opening measures could not take place without a fresh consensus. The compromise wording left it unclear as to whether India attained this objective, but what was clear was that Indian unilateralism was extremely popular among the politically articulate public at home.

Closer to home, however, India pursued a more conciliatory strategy. While India's conflict with Pakistan dominated its foreign policy, relations with other neighbors who have historically seen India as the regional bully, began to improve and India began slowly to see some results from its efforts to court the larger neighborhood beyond South Asia.

Relations with Bangladesh were most strained during 2001. On April 18, soldiers of India's Border Security Force (BSF) were killed in a clash with the Bangladesh Rifles in an area claimed by Bangladesh, but controlled by India since 1947. The Indian government downplayed the incident, defusing tensions through border talks with Bangladesh. Later in the year, however, tensions revived with claims that Bangladesh's sizable Hindu minority was being subjected to increasing harassment by the country's growing Islamist movement. National elections in Bangladesh in September also brought about the decisive defeat of the pro-India Awami League government led by Sheikh Hasina Wajid by a coalition led by Begum Khaleda Zia of the historically anti-Indian Bangladesh Nationalist Party. Surprisingly, however, one of the Zia's government's first actions regarding India was to indicate that it was willing to sell India natural gas, a proposal long pushed by India and the U.S. but resisted by Bangladeshi nationalists. However, the Bangladeshi Supreme Court weighed in shortly thereafter to block any such sales, indicating that the country's chronic fears of Indian hegemony were not limited to those of elected officials.

Relations with Nepal were almost as touchy. In June the sensational murder of the king and much of the royal family triggered displays of anti-Indian sentiments by members of the Nepali public as the Indian media became associated with reports, later confirmed, that the crown prince had himself committed the murders. By year's end, the dramatic escalation in Nepal's Maoist insurgency, which led the Nepali government to declare a state of emergency, also put Kathmandu in the awkward position of asking India for military assistance.

India's nascent role as regional peacekeeper received another tentative boost in Sri Lanka. In Sri Lanka, as in Bangladesh, elections brought historically anti-Indian parties to power, creating an awkward cohabitation arrange-

ment between a president and prime minister of different parties. However, the new Sri Lankan president began his tenure with a visit to New Delhi, during which he sought Indian assistance in settling Sri Lanka's long-running civil war and also proposed a bridge linking his island nation to the Indian mainland.

India, Pakistan, and the Kashmir Issue

During 2001, the Indian government's approach to the insurgency in Kashmir had been to seek negotiation with the militant organization Hizb-ul-Mujahideen, while ignoring Pakistani claims on the area. When a six-month unilateral cease-fire against the Hizb failed to obtain results, the government announced in June that it was going to resume aggressive offensive action against them.

The announcement was balanced with a surprise decision to invite Pakistan's military ruler and president, General Pervez Musharraf, to New Delhi for talks on all issues separating the two. Musharraf accepted and the next few weeks were taken up with a verbal duel over the agenda for the prospective summit. It was unclear even by Musharraf's arrival in Delhi in July whether the talks would focus on Kashmir, as Musharraf insisted, or cover bilateral relations generally, as India had declared.

The summit proved to be a public relations coup for Musharraf, while convincing India that no further talks were possible. Musharraf appointed himself president of Pakistan before arriving, paid a dramatic visit to the home of his birth in the old Muslim section of Delhi, and used his access to the Indian media to great advantage. The Indian government, on the other hand, found itself caught in conflicting signals by various ministers, including Minister of Information and Broadcasting Sushma Swaraj, who was accused by Pakistan of undermining the summit with false statements.

In the end, India and Pakistan failed even to issue a joint declaration defining their differences. Although Musharraf delayed his departure in hopes that last-minute negotiations would produce an agreed-upon wording, in the end, the parties continued to differ over how to characterize their differences over Kashmir. India, apparently, wished to include references to cross-border terrorism in the text, while Pakistan refused. These differences over whether Pakistan would take responsibility for the insurgency in the Indian-controlled sector of Kashmir became more serious with the events following September 11.

The terrorist attacks on the United States on September 11 dramatically altered the political landscape around the world, but especially in South Asia. Although the United States was slow to recognize it, Washington's decision to eliminate the Taliban regime in Afghanistan as part of a global campaign against terrorism made U.S. foreign policy a hostage to the Kashmir conflict.

Moreover, the close ties among the Taliban and al-Qaeda fighters in Afghanistan, Pakistani military intelligence, and certain militant groups active in Kashmir have virtually made the United States a party to the dispute.

Immediately after the September 11 attacks, India announced its unqualified support for U.S. actions against terrorism in general and, if necessary, Afghanistan in particular. However, Indian hopes that the aftermath of September 11 would result in a closer relationship with Washington and help to isolate Pakistan, foundered on the simple fact of geography. Pakistan bordered on Afghanistan; India did not.

Within days it became clear that it was Pakistan, and President Musharraf, that would benefit from a closer association with the United States. Caught between the most vocally anti-American and pro-Taliban public in the Muslim world, and the real threat that India could finally receive American support for its characterization of the Kashmir insurgency as Pakistan-sponsored terrorism, Musharraf turned his constraints into bargaining advantages. The U.S. and other Western countries agreed to minimal use of Pakistani territory for military operations. They also virtually legitimized Musharraf's forcible takeover of power in 1999, by lifting sanctions on both Pakistan and India.

By contrast, in the initial weeks after September 11, India was largely sidelined. India's offers of logistical and military support were ignored for fear of alienating Pakistan. Indian expressions of concern at Musharraf's statements that the United States had promised Pakistan assistance on the Kashmir dispute received only the most perfunctory of reassurances. Islamabad, not New Delhi, was the capital of choice for Western diplomats and heads of state. All of this changed after the second major terrorist attack of the season, this time in Indian Kashmir.

On October 1, a suicide bombing attack on the legislative assembly of the Indian state of Jammu and Kashmir left three dozen dead. The Jaish-e-Mohammed, a Pakistan-based militant organization founded by Masood Azhar, one of several prisoners released by India in exchange for hostages in 1999, initially claimed responsibility for the attack, but then denied it. The incident inflamed opinion in India and provided India with an opportunity to insert its own concerns into the international agenda.

Immediately following the October 1 attack, Indian Prime Minister Vajpayee addressed a letter to President Bush, which was delivered by Minister of External Affairs Jaswant Singh. The letter warned that the patience of the Indian people with Pakistani support for militancy was running out. Bush initially issued demands to both sides to stand down while operations proceeded against Afghanistan, and most major states likewise called on the two to exercise restraint. However, in India, there were vocal calls to initiate hot pursuit of militants into the Pakistani-controlled section of Kashmir. India, as if to underscore its determination to act independently, initiated fierce shell-

ing of Pakistani positions while U.S. Secretary of State Colin Powell was in Islamabad. Powell's subsequent visit to New Delhi appears to have brought assurances that India would not initiate military action, as long as there were no other major terrorist attacks. Washington did include the Jaish-e-Mohammed in its list of organizations whose assets were to be frozen, but without listing it as a foreign terrorist organization.

In the weeks following October 1, the war against the Taliban and the dramatic collapse of the Taliban appeared to have shifted events in India's favor. High-level contacts between India and the United States resumed and a new era of military cooperation between the two seemed imminent. However, on December 13, a third terrorist attack raised the stakes considerably. A group of armed gunmen, one with explosives strapped to his body, attempted to penetrate the Indian parliament building in New Delhi while lawmakers were inside. Five gunmen and several security guards and civilians were killed in the resulting gun battle.

In the days following the December 13 incident, tensions between India and Pakistan increased steadily. India deliberately modeled its behavior on the U.S. response to the September 11 attacks. India claimed evidence showing that the Jaish-e-Mohammed and another Pakistan-based group, the Lashkar-e-Tayyaba, had carried out the attacks in concert with Pakistani intelligence, and demanded that Pakistan shut down the two organizations and hand their leaders over to India. Pakistan demanded to see the evidence and offered to conduct a joint investigation. India refused the request by Pakistan. Instead, Indian government statements increasingly began to mention military action as a possible option.

The United States sought to defuse the crisis by acting against the organizations accused by India, while at the same time ignoring India's charges against Pakistani intelligence. The U.S. State Department added the Lashkar-e-Tayyaba to the organizations whose assets it wanted frozen, and called on Pakistan to shut down militant organizations acting against India. However, the State Department also called on India to proceed with caution and to cooperate with Pakistan in investigating the incident. The American position brought subtle reminders from the government, and explicit ones from the BJP, that the United States had responded to the Taliban in exactly the same way India was responding to Pakistan.

By the last week of 2001, India had recalled its high commissioner to Pakistan and announced plans to suspend all transportation links between the two countries after New Year's Day. Both sides built up troop strength along both the international border and the Line of Control in Kashmir. Heavy exchanges of shelling along the Line of Control were producing unconfirmed reports of casualties on both sides. On December 25, it was reported that Pakistan had moved medium-range missiles up to the border and the Line of

Control. On December 26, India's defense minister, George Fernandes, announced that Indian missiles, too, were in place. A day later, India banned overflights by Pakistani aircraft and cut Pakistan's diplomatic staff in India in half. Pakistan followed suit.

At the same time, there were hopeful signs of a way out of the impasse short of war. U.S. Secretary of State Colin Powell announced on December 26 that the United States was declaring the Jaish-e-Mohammed and Lashkar-e-Tayyaba to be foreign terrorist organizations. Meanwhile, Pakistan stated that it had arrested 30 Jaish activists, briefly detained Jaish leader Masood Azhar, and frozen the assets of Lashkar-e-Tayyaba. India dismissed Pakistan's measures as cosmetic, but outlined other possible steps it could take short of war. Islamabad officially dismissed the possibility that Pakistan might use nuclear weapons as unthinkable.