

India's Premier Rao reshuffles cabinet

by Ramtanu Maitra

Besieged by hostile media and members of his own Congress Party, Indian Prime Minister P.V. Narasimha Rao has reshuffled his cabinet and has sought a new alignment within the Congress Party. The move, long awaited, came suddenly on Jan. 16, throwing some dissenters off guard. The new cabinet, formed Jan. 17, the day after the prime minister had asked his entire cabinet to resign, has 14 new entrants, four with cabinet rank and 10 ministers of state. All four cabinet-rank ministers are veteran party members and three of them had served earlier regimes in the 1970s and '80s. In addition, 14 cabinet members, including one minister, M.L. Fotedar, have been dropped and two deputy ministers have been elevated to the rank of ministers of state.

Among the notables who have joined the cabinet are External Affairs Minister Dinesh Singh; Commerce Minister Pranab Mukherjee; Power Minister N.K.P. Salve; Minister for Civil Supplies, Consumer Affairs, and Public Distribution A.K. Anthony; Minister of State for Petroleum and Natural Gas Satish Sharma; and Minister of State for Human Resource Development Mukul Wasnik. The prime minister has given up two important portfolios, External Affairs and Commerce, but remains in charge of at least 10 departments.

The demolition of the Babri Masjid mosque in Ayodhya, which triggered off communal riots in a number of states, posed serious questions about the prime minister's ability to avert the worst. Within the party, even senior leaders had begun to indicate openly that Rao is in a state of mental paralysis. There were reports that Minister of Health M.L. Fotedar, who had long been associated with the Nehru-Gandhi regimes, was trying to organize a revolt within the party. There were even murmurs that the two other heavyweights, Minister for Human Resources Development Arjun Singh and Defense Minister Sharad Pawar, had earlier met with the rebels who were demanding Premier Rao's departure.

The crisis grew further with the outbreak of fresh violence in Bombay on Jan. 6. The carnage in Bombay, orchestrated by the underground right-wing Hindu group Shiv Sena and, allegedly with some input from Pakistan, showed clearly that the Congress Party is deeply divided. Pawar, a former chief minister of the state of Maharashtra, did little to quell the violence. His effort, by contrast, to pressure Rao to dismiss Maharashtra Chief Minister Sudhakar Naik, a political

adversary, was met with stony silence. Earlier, when the Babri Masjid was demolished, the vocal secular faction of the party had succeeded in forcing Rao's hand and bringing down four state governments all belonging to the Hindu chauvinist Bharatiya Janata Party (BJP).

The cabinet reshuffle indicates directions the government might be expected to take. The Congress Party is now seeking a parliamentary alliance with the left-of-center and left-wing parties, but Rao made it clear that economic reforms will continue as scheduled. While the left wants to keep the economy under state control, protected from the outside world, Rao has opted for liberalization and various reforms.

The left and a faction of the Congress Party, commonly associated with Arjun Singh, were expecting that in making necessary changes, Rao would accede to political exigency. However, the Finance Ministry has been left intact: Pranab Mukherjee, Mrs. Gandhi's finance minister in the 1980s, has been brought in to man the Commerce Ministry; and all those ministers who were implicated in the securities scam have been left in place, although their portfolios have been shuffled. By bringing in Salve and Wasnik, both from Maharashtra and identified by the media as followers of Pawar, the premier has strengthened his alliance with the defense minister, at a time when Pawar's reputation had taken a beating in the recent riots. At the same time, the faction commonly associated with Arjun Singh has been generally ignored, and Fotedar has been dropped. Still, Rao has brought in Satish Sharma, a close associate of the late Rajiv Gandhi, to dismiss any speculation that those layers had been cast aside.

The government is beset by a number of critical issues which must be resolved quickly. The temple-mosque issue in Ayodhya is still potentially explosive. The economic reforms issue is now also at a crucial stage. The government has received foreign loans to meet the immediate necessities associated with importations and debt repayments. Over the last two years, the budget deficit has been reduced as demanded by the International Monetary Fund (IMF). Inflation has been kept below double digits, and all these have caused a dearth of investment in physical economy. With the budget announcement around the corner, Delhi must ensure that fresh investments will be made in industry, agriculture, and infrastructure, so that there can be a spurt in economic growth.

New Delhi will be under increasing pressure from the international financial institutions to allow foreign investors, insurance companies, etc., a level playing field in India. It will also mean new labor laws, new financial regulations, increased exports, among other sweeping changes, over which there is much apprehension that things will inevitably be made worse for Indians.

On the other hand, by adopting strong developmental policies, streamlining bureaucracy and cutting through red tape, the government can win back people's confidence in general, and the work force in particular.