

Senior aide to Rajiv Gandhi is forced out

by Susan Maitra

On Sunday, April 12, Indian Prime Minister Rajiv Gandhi accepted the resignation of one of his senior cabinet colleagues, a man whose integrity and proven competence was no small factor in the Rajiv government's overall stability.

In an unusual move upon resigning, Defense Minister V.P. Singh—who had been transferred to Defense in January after two years heading the finance ministry—pledged that he would not seek central or state office again. He would remain a loyal member of the ruling Congress (I) Party, Singh said. The resignation climaxed the first round of a battle that began with Rajiv Gandhi's resounding electoral victory in December 1984, and took root as the Rajiv government's perceived independent policy orientation threatened to disrupt the baronies of certain business and political interests.

Reluctant to take direct aim at the prime minister, the cabal targeted V.P. Singh.

For the past month, as the railroading of the defense minister culminated, the Indian political scene has been transformed into a pathetic spectacle. In the barrage of rhetoric, misinformation, and dirty tricks, it has been difficult at times to discern just who is doing what to whom.

One thing, however, is clear: The developments which figure in the immediate run-up to V.P. Singh's resignation, though instructive, are not actually relevant. I am referring to the "Fairfax scandal," where the alleged hiring of an American investigative agency by the finance ministry during V.P. Singh's tenure, was blown into a national security issue, and to the defense minister's early-April launching of an investigation into defense contract kickbacks.

The name of Fairfax, a Virginia firm, turns up in the context of investigations into illegal foreign-exchange dealings and other violations that had already led to capital flight on the order of \$2 billion. The finance ministry's Enforcement Directorate was engaged in the probe as part of Rajiv Gandhi's program against black money. Suddenly, in mid-March, on the strength of two letters, since acknowledged to be forgeries, and other misinformation, the hiring of Fairfax became the central feature of an alleged foreign plot to destabilize the Rajiv Gandhi government, in which V.P. Singh was, by implication, complicit.

During the ensuing parliamentary debate on the scandal,

prominent members of the ruling party itself led the attack on V.P. Singh. Significantly, all the ringleaders are conspicuous for belonging to the party's left faction—the same Moscow lobby that deserted the late Indira Gandhi during the Emergency in 1977, bringing down her government amid vituperative attacks on her son Sanjay, and then rode back into power with Mrs. Gandhi in 1980 for a proverbial pound of flesh she later refused to give.

The escalating attack on V.P. Singh was replete with hatchetman K.K. Tewari, minister of state for public enterprises, waving copies of a *Foreign Affairs* article by Paul Kreisberg, alleged to be the former CIA station chief in Delhi, which cites V.P. Singh as a "man to watch," as proof of the foreign plot.

The prime minister duly established a panel to inquire into the Fairfax scandal, even as it was widely acknowledged that there was nothing irregular, much less "anti-national," about hiring such an agency. But in the prevailing atmosphere, it was just a matter of time. The defense ministry's announcement of the defense deal investigation—which alleges potential to embarrass the government—was seized upon by several cabinet members who joined the attack which sealed V.P. Singh's fate.

Battle goes back to 1985

So much for the smokescreen. The real dynamics of the battle were discernible as early as May 1985. It was at that time, during the first working session of the Congress (I) leadership under Rajiv Gandhi's command, that the coalition of unlikely bed partners that brought V.P. Singh down first surfaced.

At the Congress session, the Rajiv team's economic policy draft was ripped up by the party's pro-Moscow left, in alliance with the representatives of the domestic corporate sector and other vested interests, "socialists" all. The Rajiv team had neglected to invoke "socialism" and had instead put the premium on liberalization, dynamic change, efficiency, accountability, and real growth.

At the party's centenary celebration in December 1985, the battle lines further hardened when Rajiv stunned the political backers and self-satisfied economic and ideological barons, by charging them with holding the party hostage to corruption and backwardness. The Congress, he said, had been turned into a "feudalist shell" of the Indian independence movement.

Long before Fairfax, this cabal had been building up steam behind the demand for V.P. Singh's head, repeatedly testing the waters with various issues. When V.P. Singh was moved out of the finance ministry, and the foreign-exchange investigation derailed in January, they could, for all practical purposes, claim victory.

At the least, the defense minister's resignation merely confirms that when push came to shove, Rajiv Gandhi declined—for whatever reason—to take on the wolf pack.