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SUBJECT: India: Gandhi's Cabinet Changes

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Central Intelligence Agency



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

21 May 1986

INDIA: GANDHI'S CABINET CHANGES

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SUMMARY

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Prime Minister Gandhi's recent expansion and reshuffle of his cabinet suggests he is trying to arrest the drift in foreign and domestic affairs

His removal of Foreign Minister Bhagat, who criticized US actions against Libya, probably is intended in part to smooth relations with Washington. New Foreign Minister P. Shiv Shankar also holds the Commerce portfolio and may have been selected to give renewed emphasis to Rajiv's goal of acquiring western technology. The Prime Minister appointed Sikhs to head the Home and Agriculture Ministries, probably to demonstrate New Delhi's support for moderate Sikhs.

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INDIA: GANDHI'S CABINET CHANGES

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Remedying Problems in the Foreign Policy Establishment

Gandhi's decision to drop Foreign Minister Bhagat is one of several recent moves intended in our judgment to make the Indian foreign policy establishment more responsive to his agenda. The US Embassy reports that Bhagat was inclined to tell audiences what they wanted to hear rather than the message Gandhi wanted delivered. Bhagat led the Nonaligned Movement delegation to Tripoli and the United Nations in New York that vehemently criticized US airstrikes against Libya. In contrast, Gandhi in a speech to the Indian parliament emphasized the threat of international terrorism and urged that the United States use its diplomatic leverage to combat it. Gandhi probably hopes, in our view, that Bhagat's removal will help repair the damage the Prime Minister believes has been done to Indo-US relations by the NAM initiative.

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Gandhi's selection of Shankar as Foreign Minister elevates a diplomat with an economic background to deal with the technology transfer and international financial issues that are high among the Prime Minister's foreign policy concerns. Shankar will retain his commerce portfolio in Rajiv's cabinet. We expect Shankar to be charged with removing roadblocks on the Indian side to expansion of high technology ties with the United States. Given his experience, we expect him to bring a pragmatic approach to this task.

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We believe Gandhi also may have selected Shankar because he does not belong to the Ministry of External Affairs (MEA) establishment. The Indian foreign policy bureaucracy has consistently dragged its feet on the Prime Minister's efforts to bring a conciliatory tone to Indian diplomacy and to advance India's economic interests through foreign policy, according to Embassy reports. MEA officials in Delhi and Indian diplomats abroad have been slow to give up the confrontational diplomacy practiced under Indira Gandhi for a decade and quick to criticize Rajiv as being naive and too trusting of India's neighbors and the United States. In our judgment, MEA officials are comfortable with traditional Indian foreign policy themes stressing anticolonialism, socialism, and north-south relations-- themes that the Soviets echo in international circles. Shankar, in contrast to Bhagat, has carried Gandhi's conciliatory message to India's neighbors and shown little affinity for the ideological positions of his subordinates in the MEA.

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Shankar's work as a lawyer, Congress Party functionary, and diplomatic emissary pleased both Indira and Rajiv Gandhi. As a lawyer, Shankar earned the Gandhi family's gratitude when he successfully defended Indira Gandhi against her political

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opponents during the 1975-76 emergency period. He has served Rajiv as a troubleshooter on three assignments in Asia--to China apparently to arrange a Gandhi visit to Beijing, to Nepal to smooth ruffled Nepalese feathers following terrorist bombings in Kathmandu last summer, and to Bangladesh to discuss sensitive water sharing issues. Rajiv also earlier appointed Shankar to be Chairman of the Congress Party's Foreign Affairs department and head the Friends of the Soviet Union Committee. The Friends group was established by Indira Gandhi in 1980 as a Congress party sponsored alternative to organizations established by the Communist Party of India or affiliated with the Moscow-backed World Peace Council. Despite his role as head of this committee, we do not believe that Shankar has strong personal views on New Delhi's relations with Moscow and we expect he will pursue Gandhi's pragmatic efforts to balance relations with Moscow and Washington. [redacted]

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Gandhi has made other changes in recent weeks that, in our judgment, reflect his continuing displeasure with the MEA:

- He expanded his cabinet foreign policy team by naming a new Minister of State for External Affairs, Eduardo Faleiro, a member of Parliament from Goa, to serve as a second deputy to Shankar. The US Embassy speculates that Gandhi added Faleiro to improve his administration's ability to handle questions in Parliament, a job that the other deputy, K. R. Narayanan--an MEA career professional--has performed poorly.
- Gandhi has replaced the Policy Planning Commission in the MEA with a Policy Advisory Commission that will report directly to the Prime Minister's office. [redacted]

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Cultivating Sikh Moderate Support

Gandhi has installed Sikhs at the heads of the Home (Interior) and Agriculture Ministries to help New Delhi's credibility with Sikh moderates in and out of Punjab, according to Embassy reports. He moved Buta Singh from Agriculture to the Home Ministry where he will serve as the senior official responsible for internal security issues. Although we expect Gandhi and Arun Nehru, a deputy in the Home Ministry, to continue to make all important decisions on Sikh matters, Buta's appointment, in our judgment, is a signal that Gandhi believes Sikhs in the military and other security forces merit public

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trust. Gandhi named another Sikh, Gurdail Singh Dillon, to head the Agriculture Ministry--in our judgment a recognition of the Punjabi Sikhs' important contributions to the success of Indian agriculture. [redacted]

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The appointments are among several moves Gandhi has made this spring to reconcile alienated Sikhs nationwide:

- He has ordered prompt settlement of the claims for compensation from Sikh victims of Hindu violence in the riots after Indira Gandhi's assassination, according to Indian press reports.
- He set a June deadline for final resolution of the territorial issues that blocked the transfer of Chandigarh to Punjab.
- He revived the National Integration Council involving opposition politicians as well as Sikh elites that has issued public statements supporting the moderate Sikh government in Punjab. [redacted]

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