



NDC JOURNAL

Selected papers
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Nature's inexorable law is 'the survival of the fittest' and we have to prove ourselves fit for our newly-won freedom. You have fought many a battle on the far-flung battlefields of the globe to rid the world of the Fascist menace and make it safe for democracy. Now you have to stand guard over the development and maintenance of Islamic democracy. Islamic social justice and the equality of manhood in your own native soil. You will have to be alert, very alert, for the time for relaxation is not yet there. With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve.

Quaid-e-Azam
Muhammad Ali Jinnah
21 February 1948

EDITOR'S NOTE

A yearlong course of study at the National Defence College offers the members from armed forces, civil services and the overseas an unparalleled opportunity to reflect and research in a scholarly and sophisticated environment on a variety of topics. A key element of the course designed to concentrate the mind is a research paper in which members are encouraged to examine an issue of current importance arising directly from their professional experience or, alternatively, one which reflects a long-standing personal interest outside their day-to-day concerns.

The current edition of the journal as usual encompasses a wide range of issues national, regional and global. However, security remains the peg around which the intellectual edifice of the journal develops. Broadly the areas of interest identified in here could be divided into regional, national, modern trends in warfare and economy, with the last getting the bigger chunk with four articles out of the total of eleven. The diversity of style and approach is commensurable with and understandable for the diverse backgrounds of the authors.

The collection opens with Colonel Najam's penetrating analysis of South Asia, a region home to over one billion people with vast economic potential, yet a quagmire of historical rivalry, religious diversity and ethnic variance. The analysis of prevalent conflict environment and the recommended measures for bringing in peace and harmony, with special reference to Pakistan make it an intriguing reading.

Group Captain Ather's paper indeed was futuristic once conceived as it highlighted candidly the effects of '*Taliban Movement*' on Pakistan. The concerns for the region in general and Pakistan's internal security and stability for effects of close association with the Taliban have also been reflected. The conclusions drawn and recommendations made are pragmatic. The global situation after September 11, 2001 furthers the contemporariness of the paper. The wealth of insight provided by the author makes the work worthy of a wide audience.

Brig Usman has touched upon the tedious process of governance in Pakistan, which over the years still has not crystallized into a set system. He has scrutinized the essentials of good governance, and brought out the reasons for its general failure in Pakistan. In keeping with some advanced countries where maximum power has been devolved to the people and their directly elected representatives at the local level, the author has charted out a road map to ensure good governance in Pakistan as well. The paper additionally provides recommendations for the solution of the problems as viewed by the scribe.

Brigadier Javed too is concerned about Pakistan's requirement of a sound system of local governance which would lead to the '*Empowering the people*', improve the socio-economic conditions, enhance development, optimize the performance of government functionaries and enable the people to be the masters of their own destiny. He has deliberated upon, and critically analysed the Local Government Plan 2000, as envisaged by the Government. Analysis of this synchronous issue for country's governance indeed makes the paper an interesting and thought provoking reading.

The constitutional status of '*Mountaineers Paradise*', the Northern Areas of Pakistan is still ambiguous. Lieutenant Colonel Ausaf in his very well researched paper offers valuable insights into the critical importance of the area, and has gone into the genesis of the problem to establish its vital linkage with the burning Kashmir issue. While formulating the recommendations of his study he has not only taken into cognizance the aspirations of people of the area but has also identified the vested interests of some other parties involved. For understanding the core of the problems of the Northern Areas of Pakistan this indeed is an illuminating work.

As generally said and believed the future wars will be for water. Brigadier Akram is genuinely concerned about the crisis Pakistan being an agricultural country faces with regard to likely water shortage. He has highlighted the serious lacking in scientific management of existing water resources or generating additional resources. Some hydrological jargon has also gone into his work, being inevitable, as it involves technical discussion as well.

The author with his futuristic vision has not only identified this crises looming large over Pakistan but has also explored and recommended the usage of some modern techniques for averting these.

Taking support from the '*Quran*', Commodore Shafi in his intriguing paper on '*Information Warfare*' declares the '*Satan*' to be the first information warrior for enticing Adam and Eve to eat the forbidden fruit. He has traced out the history of manipulation of information being an integral part of war since times immemorial. The prominence this aspect of warfare has acquired now with the coming in of computers and related technologies for warfare purposes, and the threat it poses to national security has been amply highlighted. Pragmatic steps/strategy recommended to meet the challenges emerging out of present day information warfare has indeed made the paper a wholesome and interesting reading package.

Brigadier Iftikhar's paper offers a very different perspective on economy. Giving a detailed examination on the new economic vistas the Central Asian Republics and other ECO members have thrown open to the region. It discusses the '*pulls*' and '*pressures*' of the new '*Great Game*' being played in the region and how Pakistan is being impacted by this. The paper generally focuses on the emerging economic opportunities in the region and the benefits Pakistan can accrue from these. Desirable policy measures for cashing on these opportunities recommended in the work make it a good guide for the economic pundits.

Demonstrating yet again the wide variety of themes preoccupying the National Defence College members in their research is Brigadier Aslam's contribution on '*Tourism being an economic Force Multiplier*'. In here Pakistan's geography placing her in an ideal location to attract tourists and despite declaring tourism an industry, her failure to exploit its benefits have been discussed. Suggestions for generating economic activity out of this field and strategy for the future in short make the paper a fine exposition of how theory can inform practice to good effect.

Economy also figures in Mr Salman's timely analysis of Pakistan's pressing needs for evolving a foolproof taxation policy. He stresses in particular the asymmetry between the professed goals and the necessary means to achieve these. Lack of imagination and pragmatism in the formulation of tax levying and collection policies affecting adversely the resources generation, and giving rise to tax evasion too has been analysed. Proposals given for voluntary compliance of tax policy, thereby enhancing the resource mobilization make it a paper reflecting the author's deep insight into the flawed working of country's tax machinery.

The substance of Mr Shaukat's paper on '*Rural Micro-credit Schemes*' draws on his experience as a senior officer in the Civil Services. The author argues that the use of '*Micro Credit Schemes*' can mobilise the human resources for the productive potential of the poor, specially women, and helps to strengthen input supply and product marketing process. Also a critical analysis has been carried out of these schemes in Pakistan, aiming at evaluation of performance and suggesting measures to develop an efficient and valuable micro-credit system for the country.

This collection illustrates again the high standard achieved by National Defence College members over the years. It is clear that the College graduates have found writing a research paper a source of intellectual stimulation. The eleven papers, which comprise this year's Journal, demonstrate the diversity that has been the hallmark of previous editions, but it also illustrates the interconnectivity of apparently dissociated issues. As such, they reflect the wide range of factors, which can have implications for defence, and security and are studied within the College curriculum.

We are happy to inform our readers that the membership of the '*NDC Journal*' has increased manifold both within the country and abroad. We look forward to receiving valuable comments and suggestions to further improve our publication.

Editor

VISION OF A PEACEFUL SOUTH ASIA EFFICACY AND OPTIONS FOR PAKISTAN

Colonel Najam uz Zafar

Introduction

South Asia is a region of one billion people divided into seven states, and numerous religious, caste, ethnic, linguist groups. The region has been host to four major wars and several war scares. Among the unresolved disputes between the tow major powers India and Pakistan, Kashmir remains the flash point and a constant source of low intensity conflict. India claims Kashmir as its integral part, for which Pakistan demands plebiscite under UN resolutions. Then there is the intractable ethnic conflict between the Tamils and the Sinhalese continuing for more than a decade assuming the proportion of a major civil war and ravaging a once prosperous and peaceful country into one of Asia's most unstable and insecure states.

South Asian conflict and regional security dynamics revolve basically around the conflict and rivalry between India and Pakistan. Their relationship with other states of the region is determined to a large extent by this rivalry. Even though China geographically is not considered to be a part of South Asia, Beijing is an important factor in security calculations of South Asia. Even while the South Asian security is defined by the rivalry between India and Pakistan the former dominates the region not only by virtue of her size, population and other statistical measures of importance, but also in ways that limit the influence of outside powers upon India's neighbours. India therefore wants to insulate the region from any external influence lest its autonomy is affected. Pakistan and other nations of South Asia are much more open to external influence, partly because they are smaller but also they look at the external world as a counterweight to the overwhelming presence of India.

The Region. Before defining the demarcations of South Asia it is important to define the region and to answer the fundamental

question that whether the 'regions' are natural formations or a deliberate construction that exists to promote certain interests. A region usually involves two or more states with geographically¹ contiguous territory and which share with each other certain commonalities. Though different international organizations have defined this region in terms of a different set of countries, however, for the purpose of uniformity, the South Asian Region will be defined as enunciated by the regional states themselves. The South Asian Association for Regional Cooperation (SAARC), established on 21st April 1985 counts seven countries namely, India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives². This is a region of cumulative, not crosscutting conflicts,³ every-one's disputes are with New Delhi, and none of the smaller states has any dispute with the others.

Security Perspective. South Asia has unique security structure, in which all the states, including India, feel threatened and vulnerable. In these post-colonial nation states-in-the-making with cross border ethno-linguistic and religious communities, the legacy of a bloody partition has bred deep-rooted insecurities about territorial integrity and national identity⁴. Though the sub-continent, for all practical purpose, was partitioned on the basis of Two-Nation Theory but the seeds of discontent still sprouted within these countries⁵. As such the tensions and instabilities that have marked relations between India and Pakistan sine their birth overhangs this region⁶. The smaller countries resist the Indian dominance by seeking to draw extra regional powers into the region. The security dimensions of this situation are even persistent between India and the much smaller countries like Nepal, Bangladesh and Sri Lanka. Globalization and liberalization, which are the new mantras of the post-cold war era, do possesses discreet security implications, which have not yet been fully understood. So much is clear that the capacity of the weaker countries in the developing world to order their economies and policies independently is being steadily eroded and they are becoming increasingly dependent on developed nations. This phenomenon has occurred alongside the information revolution, which has generated a spiral of rising expectations in their citizens. The expectations of a better standard of life in the population have extended now into their interior and rural areas⁷.

Impact of Internal Conflicts on Regional Security. Internal conflicts within the countries of the region have devastating impact both on external security and inter-state relations. Though the basic causes on internal instability have mainly been domestic but the external interference certainly make the matters worse. To quote a few, freedom struggle in Kashmir, simmering insurgencies in Nagaland, Manipur, Mizoram are the causes of Indian political woes. The bloodiest insurgency in the Sri Lankan history is still on and its root cause is found in the failing of the state to resolve its internal conflicts. All these internal conflicts have immensely destabilized the countries of the region. Though these conflicts have resulted from the fact that these nation states failed to resolve thorny issues internally, but India did not waste the opportunity to take advantage of its next door neighbours. India has made no bones about its direct involvement in East Pakistan and in Sri Lanka's Tamil insurgency⁸.

Sources of Insecurities

- **International Security Structure.** The International security system unipolar, bipolar, multipolar or chaotic – creates security or insecurity for particular countries. Often there are attempts made by the great powers to maintain asymmetries in the distribution of military and economic power and to create technological and legal condominiums to enshrine the rights of great powers. This has been amply manifested in USA's dual containment policy in respect of Pakistan and India.
- **Ideological/Cultural.** The ideological disputes cannot be underestimated since these are deep rooted in the political culture of the competing states and have emotional appeal. Conflicting interests can be adjusted by compromise or compensation but Ideological disputes are seemingly entrenched and nonnegotiable.
- **Conflicting Interest.** These refer to finite military problems such as border demarcation and territorial

disputes, troops level, influence of enemy's military modernization, defense expenditures, hostile military activities and so on. These disputes may lead countries to war (India – Pakistan, 1947-48, 1965, 1971) or lead to military crisis (Rann of Kutch, 1965, and Brass tacks, 1987) or they may simply produce militarisation without war India – Pakistan (Present). So military problems are negotiable⁹.

- **Policy Disputes.** This category of issue pertains to non-military, but fundamental, policy differences. These are finite but deeply contested and are not simply ritual confrontations, as may be the case in ideological/cultural disputes. The economic and political stakes are high in such policy disputes. These are negotiable problems as in case of Indo – Pakistan Indus Water Treaty (1960) and recent water sharing agreement between India and Bangladesh.
- **Social and Economic Problems.** These are the problems caused by involuntary migrations and pressures as a result of warlike conditions. Involuntary migration, from East Pakistan (Bangladesh) in 1971, into India, and from Afghanistan since 1980 into Pakistan and Iran, generated social and economic insecurities.
- **Internal Security.** It has an intra-state and a societal focus. It is the result of internal controversies about regime legitimacy, consent and power sharing by the constituents in state and society¹⁰. Ironically, the South Asian conflicts cannot be termed as deeply rooted into centuries of enmities as those of pre-second world war Europe. Unfortunately, the countries of the region have '*worked hard*' to nurture these internal as well as external conflicts during the times when (at least western) Europeans had finally figured to live in peace and harmony. Even the post cold war political changes have not improved the relations among South Asian neighbors.

South Asia Security Paradigm

Regional Security Architecture. As developing states, external as well as internal security has been the primary preoccupation of the South Asian States ever since they attained independence. Their sources of insecurity are rooted in three different but interrelated areas encompassing internal, regional and international dimensions. However, the extent of the threat posed by these sources of insecurity to each state in the region has been varied. For the smaller states of the region, the over-arching power and centrality of India defined the security complex of South Asia. Whereas, India following British Raj doctrine strongly subscribed to the strategic unity of the region and linked its national security to regional security, largely having an external dimension. Divergent threat perception is also due to the fact that while India does not face a direct military threat to its territorial integrity from its South Asian neighbours, the latter perceive India as an added source of insecurity¹¹.

Indian Assertions and Designs. India's diplomatic and military behaviour shows a trend, which has moved India away from Nehruvian belief that India could enjoy international influence as militarily weak status quo states, while post Nehruvian India defines its destiny as a strong territorial regional power in the international sphere. There is also the recognition that the post cold-war world environments have created opportunities for India to push it self in the economic and diplomatic spheres in the emerging Asia – Pacific Region¹². For India the boundaries of this large region extend from Central Asia to South East Asia including Persian Gulf and the Indian Oceans maritime world. The draft nuclear doctrine conforms to Indian designs for recognition as a global power through its nuclear and conventional militarisation. India is seeking to re-assert its long cherished regional and global aspirations through manifestation of enhanced nuclear capability to match that of the existing nuclear powers specially China¹³.

Kashmir – Flash Point in South Asia. The Pakistanis and many out side observers hold the view that Kashmir is the core issue between the two countries and once the issue is resolved, conflict

and tensions will disappear. For Indians, Kashmir is only a symptom of a disease that essentially is psychological and lies in mutual suspicion and mistrust. However, one view is that even if the Kashmir problems are solved, conflict and tension between the two countries will continue¹⁴.

Nuclearisation of South Asia

- South Asia became overtly nuclearised in May 1998. The ominous development has turned this conflict-ridden region into the most dangerous areas in the world, where conventional hostilities could easily escalate into nuclear confrontation. India and Pakistan were already known to be nuclear capable states but their policy of nuclear ambiguity served them well by providing a minimum cost deterrent without actual weaponisation. However, this changed almost overnight when India decided to conduct tests forcing Pakistan to reciprocate thus paving the way for an open nuclear and missile race in the region. Ironically both have become less secure than before militarily as well as economically. They will under strong domestic pressure get sucked into the vicious circle of nuclear competition building up costly delivery systems and command control and communications establishment. Coupled with consequences of economic sanctions and embargoes this will no doubt have severe impact on their economies and could result in domestic destabilization and hardships. While Pakistan with a smaller economic base may suffer more economically, India will face much greater political and security challenges as it tries to match China's well-tested nuclear arsenal.

- Nuclear proliferation is basically a political problem. The fact a country has a requisite technical know-how manpower and material resources does not necessarily mean that it will go nuclear, Canada is prime example of a country which abjured nuclear weapons in spite of the fact that during wartime it took an active part in the

development of the atomic bomb along with UK and USA. The determining factor is the political will because technology can be developed or obtained by expenditure of resources. Nations go nuclear when they perceive a threat to the national security and survival and want to rely on them as instrument of self defence and deterrence against a potential aggressor¹⁵. In certain case nations view nuclear weapons as currency of power and prestige and regard them as essential of acquiring a higher power status at the regional or global level to serve their politico-military interest. Since nuclear weapons are considered to be great equalizers they have particular attraction for smaller or beleaguered nations such as Israel. In case of India the desire to go nuclear has perhaps less to do with its security and deterrence and more with seeking a global power status and hegemony in the region.

Security Environment After Nuclear Proliferation

- The overt Nuclearisation has weakened rather than strengthened the security of the two states vis a vis each other. Before India decided to stage its explosion there was, from the Indian standpoint, still some lingering doubt about the actual nuclear capability of Pakistan but by the end of May 98 India had to face the uncomfortable reality that Pakistan too had similar nuclear capability. It is not enough comfort for India that her potential stockpile of nuclear weapons is larger than that of Pakistan but because Pakistan can undoubtedly inflict unacceptable damage on her.
- In any future conflict between the two countries India can not rule out the possibility that Pakistan, when driven to the wall, will resort to using its nuclear weapons, ignoring the dire consequences which may result later on. A nuclear confrontation between the two countries, which was once considered to be a frightful nightmare, is now more like to be dreadful reality. India has tried to

assuage its fears by offering a no-first use pact to Pakistan. However, being a smaller country, facing a more powerful conventionally armed India, Pakistan is not likely to accept the no-first use agreement. India had expected that its nuclear tests would serve to keep China away from South Asia and strengthen its hegemony in the subcontinent; these expectations have not been fulfilled. By declaring China its enemy number one India has not only earned the hostility of China but also helped strengthen Sino-Pakistan relations to its own disadvantage. China is bound to emerge as a factor in the resolution of Indo-Pakistan disputes, particularly over Kashmir because of its membership of the Security Council. On the other hand it has provoked its smaller neighbour Pakistan to go nuclear, which will constitute an unpredictable unclear threat to its own security.

Internal Non-Military Dynamics of South Asian Security

Nation Building. South Asia is facing a mounting pressure from the crisis in state and nation building. The region consists of multilingual, multicultural and multi – racial entities. It is besieged by many ethnic conflicts both old and new. The task of nation building has proved to be one of the most intractable problems, and lies at the root of the most of political turmoil in many parts of the region. In most cases the conflict arises from lack of consensus in the ruling elite and diverse ethnic groups regarding the ideas of the state. The lack of consensus on the organizing ideology and lack of legitimacy of incumbent regime further weakens the national cohesiveness. These are manifested in following two factors: -

- **State Ideologies.** Evolving ideology that would appeal to all sections of the state has not been an easy task in South Asia. The founding ideology in each state was defined by the dominant group in the freedom struggle and thereby did not reflect the aspirations of the less powerful groups (regional, religions or ethnic) based on caste creed or ethnicity. After independence the politically dominant ruling elite in most states not only failed to evolve

consensus on ideology, but also appeared to be firmly convinced that ethnicity and tribal or religious identity are archaic and irrelevant to a modern state¹⁶. In India, the dominant elite found secularism as a panacea to its pluralistic character what the Rudolphs *called India's founding myth strongly associated with Gandhi family*. Secularism as practiced in India during last fifty years could not ensure an evolving consensus on the national ideology and during the past decade or so 'Hindutva' or extremist Hindu Nationalism has emerged as competing national Ideology causing ripples within and out side India¹⁷. It may lead to the communalisation of bilateral issues with those neighbours of India, which have predominately Muslim Populations¹⁸.

- **Regime Legitimacy.** Regime legitimacy in almost all countries of South Asia has been linked with internal as well as external security. The unrepresentative regimes lacking legitimacy are generally autocratic or highly centralized and believe in suppressing any threat or opposition ruthlessly under the guise of national security. Most of South Asian countries have experienced authoritarian regimes at one time or the other. Pakistan and Bangladesh in contrast to India and Sri Lanka have witnessed repeated military interventions and prolonged periods of authoritarian rules, which have undermined democratic institutions and constitutional organs and emaciated the institutions of civil society¹⁹. The problem relating to democracies in the region are also generally perceived as a threat to internal security having repercussions for national security. Historically this is a legacy of European imperialism. But more immediately this is systematic de-institutionalization by the authoritarian rule. The centralization policies of regimes and the perceived persistence of political, economic social and cultural disparities have often radicalized ethnic sentiments in South Asia. All regimes, civilian or military have had to content with ethnic movements, to confront agitation of particular group,

province and state as in case of India which is not only linked with internal security but also percolates in the domain of external security.

Refugees Problems. A major threat to the security of the South Asian countries can be discontent and turmoil created by the denial of basic human rights to the minority communities and the marginalized groups in the society. For example in India national security will be imperiled if the largest minority community in the country i.e. Muslims are not treated fairly and equitably. Almost all countries of South Asia are embroiled in some ethnic conflict or the other. This is posing serious threat to their unity and integrity. In India, ethnic conflicts in one form or the other have surfaced in Punjab, Jammu and Kashmir, Assam and other Northeastern states, Ultarkand in U.P and Jharkand in Bihar. Most of the ethnic conflicts in South Asian countries spill over to the neighbouring countries. India having common borders with rest of the South Asian countries, ethnic problems of these countries normally spillover to India for example India has to harbour Tamils from Sri Lanka, and Chakmas from Bangladesh. However, it is important for India not to use the refugees from the neighbouring countries as a leverage to put different kinds of pressures on the neighbouring countries²⁰.

Resources Development. Almost all the South Asian countries are either developing or under developed. Mostly their economies are dependent on the foreign donors and international institutions that includes multinationals as well as the International Monetary Fund (IMF), World Bank etc²¹. Heavy borrowings invariably entangle the economies of these countries in an intricate debt trap that is the biggest internal threat to a country's security. It obliges the indebted country to compromise its sovereignty in order to bail out of bankruptcy every now and then. In the process country loses its control over macro-economic policy making and is obliged to accept policy packages of the donor agencies which among others are designed to squeeze out resources from indebted countries in order to make payment of the creditor countries. The dept-equity swap method of reducing debts may involve the transfer of the ownership and control of assets and real resources to foreign enterprises²².

Reshaping Regional Security Matrix

The forgoing analysis amply highlights that most of the South Asian countries are facing numerous problems and conflicts of military and non-military nature. These conflicts mostly originate within their domestic polity and threaten not only the internal security but have serious repercussions on external security of a country as well. In the post cold war era, the importance of internal security and conflict resolution has been enhanced by a major shift in the arena of national security from geo-politics to geo-economics, giving more attestations to welfare imperatives of the state. This has impressed the state-centric paradigm of national security, compelling it to incorporate people originated model of national security. The South Asian States have been very slow in adapting to the new realities due to variety of reasons but now it is becoming almost a compulsion to broaden the scope of their security from within. The various approaches to meet the challenges to national security, both from internal and external sources are: -

- **Internal Security Issues.** These can be resolved through:-
 - ◆ Strengthening of state by resolving internal contradiction
 - ◆ Suppression of opposition forces, this method has been in vogue in South Asia since last fifty-three years but it has not been successful.

- **External Security Approach to South Asia.** On the external front there are three ways to maximize the national security regime :-
 - ◆ Through power projection and international alliance/alignment.
 - ◆ Through non-alignment and neutralization.
 - ◆ Through regional order and cooperation.

Internal Security Approach to South Asia. In my considered opinion the only plausible option for South Asian countries is through strengthening the state by resolving internal conflicts through consensus. It will minimize the state's own vulnerability which would not only reduce internal threats to national security but also minimize the opportunities for external intervention in domestic affairs. It could be achieved by: -

- Developing national reliance through political, economic and socio-cultural development. This requires the institution of policies to promote the popular acceptance of the ideas of the state and establishment of the mechanism for popular representation and transfer of political power.
- It also entails greater decentralization giving away larger political and economic autonomy to sub-units such as provinces and states. The dominant elite needs to understand and accommodate ethnic, linguistic and regional aspirations of various ethnic and regional groups by devising mechanisms or institutional framework for resolving ethnic demands, sharing of national resources, financial of natural i.e., water gas, etc.

Extra Security Matrix

We need to develop a new approach to security in South Asia. For far too long we have been conditioned by the realist vision of security of the earlier era, where confrontation and conflict were considered to be the inevitable fate of nations. It was considered that cooperation could be extended only at a price and was to be bartered in exchange of a favour. Each state then zealously safeguarded its own sovereignty at the expense of possible mutually beneficial regional cooperation. A cooperative arrangement could not even be thought of, for nearly five decades, in spite of the enormous interdependence of South Asia as a single geo-economic entity throughout its history.

Identifying the Principles and Conditions for Evolution

In the beginning it is necessary to identify the parameters within which it will be possible to craft such an arrangement. They may well be the following:-²³

- First is the acceptance of current political realities. The principle should be one of inviolable boundaries at least for the near terms.
- Second, a strict principle of non-interference in each other's internal affairs including support to destabilizing influences.
- Third, as independent nation states follow a determined policy to develop collective resilience in the region against outside influences.
- Fourth, the overall objective must be to facilitate comprehensive economic growth not merely for individual countries but for the entire region based on the principle that the region as a whole and all its constituents will benefit no matter where development occurs.
- Fifth, accepting the idea that security of one cannot be at the expense of another, but achieved only through joint effort.
- Engage in limiting overall military capabilities that should be least threatening to the concerned neighbour.
- Finally, if military capabilities are asymmetric, as they may well be for justifiable reasons their deployment should be such as to be least threatening to the concerned neighbour.

Future Possibilities. Much needs to be done to move along the path of '*Comprehensive*' and '*Cooperative*' Security. The current

state of relations between India and Pakistan after the nuclear tests are not necessarily the most conducive for that. Still, a conceptual framework is necessary before we can expect to make progress. Some steps that may help in the process are suggested:-

- First, to clarify regional expectations of what might be the objectives of comprehensive security. What the region as a whole and its constituent countries want to achieve? Broad infrastructure already exists in form of SAARC, what needs to be done is to make it efficacious and potent as a common platform for this purpose.
- Next, to consider is the setting up of groups, which will act as nodal agencies in each country to initiate a process of dialogue and discussion. It has to be at two levels, one at an official level, the other at Track II.
- Next, to initiate a habit of dialogue and discussion in the region. Talking to each other on issues of mutual concern should come naturally and should not themselves be subject of complex conditions. Movement between countries in South Asia has to be facilitated.
- Move steadily at identifying problems and settle these where possible.
- Waiting for one to be resolved as a condition to settle another is utterly negative. One small problem out of the way is a major confidence building measure even if it is not very significant in itself.

At the moment when international support, whether economic, defence or political is largely on wane, the South Asian States need to give more attention to improve intra-regional relations which will enhance the positive security environment in the region. It gives India a millennium opportunity to make substantive move in settling genuine conflict in the region. It requires intense dialogue towards identifying minimum CBMs either in military or non-military field to contain not only the domestic conflict but also

create trust, which may lead to tackling of more intractable problems confronting these countries.

Options for Pakistan

Before discussing the policy options available to Pakistan within South Asian Security perspective, I shall take a quote from the founder of Pakistan Mr. Muhammad Ali Jinnah that amply crystallizes the conceptual framework at policy formulation level. He holds that.

“There are three main pillars that go to make a nation worthy of possessing a territory and running the government. One is education, second is economically powerful in commerce, trade and industry and lastly, preparations for defence”²⁴.

Option –1: Balancing Security Paradigm. A nation with grave economic vulnerabilities may not have very many options of peace and stability. It will also be prone to international coercion and has at times to give up its sovereign right to demands of donor agencies. Pakistan being ensnared in debt trap has first to redress this vulnerability. As a matter of fact Pakistan is facing very difficult options; on one hand the threat does not allow to lower the guards whereas on the other the internal security demands immediate focus on developing basic socio-economic needs of the people related to their survival. Both aspect of security are therefore, important and cannot be undermined. Balancing these security paradigms would mean a rational understanding and application of security policies on the basis of problem faced by Pakistan in key areas of politics and economy. Pakistan’s factual position from economic, political, regional and international point of view demands a policy, which give due importance to military defense side by side human security²⁵. Paradoxically there seems to be no proper understanding at the policy-making level in determining what should be the investment priority. Had the government in power given preference to education and economy the issue of national defense would have been automatically powerful. This is the focal priority option for Pakistan and other options listed subsequently will be peripheral to this option.

Keeping the preceding option as central, other policy options available to Pakistan in order of priority are: -

- Following confidence-building and conflict resolution process involving all issues and tackling all in a sequence²⁶.
- Following a confrontation approach unilaterally or through regional/extra regional alliances.

Option – II. Politics, economics and environment are so intractably interconnected that often it is hard to find a start point. It is contended, more often than not by politicians that political ties between India and Pakistan cannot improve because of the historic reasons, and economic ties thus cannot be established until political issues are resolved. However, economist stress on establishing economic ties because they can cause a thaw in political tangles. But initiating and maintaining communication channels between the hostile neighbours through following methods can establish any process: -

➤ **Track II Diplomacy**

- ◆ It is the '*unofficial*' informal interaction between members of adversary groups or nations that aim to develop strategies, influence public opinion, organize human and material resources in ways that might help resolve their conflicts. In South Asia the past three decades have seen an acceleration of non-official efforts in the resolution of core disputes between India and Pakistan. However, in South Asia this process has been hostage to following factors: -

- **Bureaucratic Channels.** The bureaucratic channels on both sides take these initiatives detrimental to their authority and monopoly in dealing the issue in a particular manner. These

bureaucracies are status quo oriented establishments, which are averse to any change in perceptions towards the whole process.

- **Government Approach.** Government's though encourage such ventures or gaining a political mileage out of it but remain suspicious toward the whole process.
- **Radical Forces.** In both countries extremist political elements are the major hurdle in reducing the tension between the two states. However the track-II dialogue between hard line leaders may help them to understand the issue in a rational manner.

➤ Besides all the above-mentioned handicaps these activities have led to an improved level of communication between South Asian elite. Perhaps the most commendable contribution of such dialogue towards normalization process has been its role in encouraging private contact as a normal attribute of Pakistan – India relations.

◆ **Confidence Building Measures**

- Military expenditures of India & Pakistan their missile and nuclear arsenal call for the ground reality that Confidence Building Measures (CBMs) are more needed in the context of India – Pakistan rivalry than elsewhere. These are suggested military and non-military initiatives under taken by antagonistic states to reduce tension and enhance mutual confidence. CBMs, however, are not meant to solve problems but to open channels of communications between adversaries and create atmosphere of trust and goodwill. They act '*like safety nets with polite effect*' if a political leader wants to move political relations on to a higher plane²⁷.

- Empirical experience tells us that proper environment must be created for negotiating CBMs before such commitments are made. It is ever more essential in South Asia where mutual distrust require meaningful communications before embarking upon conflict resolution and CBMs.
- It is also evident that so far India and Pakistan have embarked upon military CBMs to reduce the risk of war but these have not yielded ground for a lasting peace. Now the time is ripe to create conditions to carryout both military and non-military CBMs simultaneously. However the scope of non-military CBMs are easy to adopt²⁸. By way of analogy a web of CBMs and regional dialogues can succeed in fostering peace and tranquility in South Asia as in Latin America²⁹.

➤ **Communication Measures.** Communication technology holds potentials in breaking down the government-imposed barriers, as radio waves and television broadcast can no longer be successfully blocked. Some of the proposed and existing communication links between two countries are as follows; -

- ◆ Establishment of common TV channel between India and Pakistan.
- ◆ People to people contact through track – II diplomacy, NGOs and dialogues between various non-government groups like Naeem Rana initiative or India – Pakistan peoples Forum started since 1991.

➤ **Miscellaneous Steps to Promote Goodwill**

- ◆ Publication of Annual Defense Report.
- ◆ Agreement on no-attack on each other's nuclear installations (1998, ratified in 1991).

- ◆ Advance notification regarding major military exercises/troops movement.
- ◆ Agreement on provision of Air Space Violations (1991)
- Advance notification of Ballistic Missile Test (1992).
- Participation of senior military and civilian officials in various seminars in each other's country (1993).
- Participation and visits of various sports teams (1993).
- Invitation of guest speakers at each other's National Defence College (1993).
- It is ironical that despite impressive list of CBMs tensions between the two countries have not subsided. The inability of CBMs to yield results is incumbent upon many factors, perhaps most important one is Kashmir issue and historical perceptions attached to it. However, CBMs as means of communication have produced positive results. The indisputable fact is that since 1971 India and Pakistan have not got engaged in an all out war; rather averted it on more than one occasion is result of the contribution made by the existing CBMs. With the nuclearisation of South Asia, both Pakistan and India have to behave like responsible and rational countries. CBMs can help in reducing tensions, will keep the communication channels open so that is easier for the political decision – makers to take full advantage of it. Besides existing CBMs, there is a need to introduce more CBMs both in military and non-military fields, which could further improve the atmosphere from confrontation to cooperation³⁰.
- **Conflict Resolution.** The next logical step after establishment of communication channels and initiation of confidence building measures is the conflict

resolution. Kashmir being the main contentious issue between India and Pakistan requires more deliberation.

➤ **Resolution of Kashmir Dispute.** Historical contours of the conflict being too familiar are being intentionally left out here. However, India despite unleashing massive repressive measures has not yet been able to suppress the freedom movement. Instead overt nuclearisation of South Asia and Kargil episode has given a fillip to freedom struggle and has been helpful in internationalizing the issue. At the same time armed struggle for the last ten to twelve years has not been able to force India to come on to the negotiation table. International community, including major powers, due to their vested interests, has exhibited little interest for the cause of Kashmir as compared to Palestine or East Timor. It is about time that Pakistan should take stock of situation and formulate a policy towards the early and amicable settlement of Kashmir issue. There could be four possible options in this regard: -

- ◆ **Raising the Level of Freedom Struggle.** The increase in pitch of freedom struggle will force Indians for early settlement but will raise the tensions between two countries at a very high pitch. As a result both countries will keep on investing in their armed forces which Pakistan can ill afford because of fragile economy.
- ◆ **Maintain Status Quo.** Continue with the present level of support to freedom struggle, and diplomatic relations with India without taking any initiative towards its solution. This state will leave no prospects of 'no-war no-peace' with both countries inextricably entangled in an unending arms race.
- ◆ **Freeze.** The Kashmir issue be relegated for the time being and focus be shifted on the economic uplift of the country. Such an adventure besides having severe domestic backlash will facilitate the Indians to a great extent. India with its over all weight and

economic boom will have an easy ride to its ultimate objective-a Super Power India. It will have following repercussions in the internal context: -

- A strong backlash especially from religious parties – such political ramifications no political leader/party can sustain.
- Indian stature in the comity of nations will be enhanced. They can claim their ability to cope with such like situations and will then demand acceptance of a superpower status as a bargain.
- Pakistan would be forced to accept Line of Control (LOC) as permanent international border.
- It will be difficult for Pakistan to re-launch the struggle after an interregnum.

Recommended Options. The foregoing analysis of likely options makes it very clear that the option of negotiated settlement is the most plausible option with the condition of keeping own safe guards like effective regulation of freedom struggle. For Pakistan it is imperative to realize the security challenges both at internal and external front. Therefore, in the given circumstances, the best policy option for Pakistan is continuation of constructive engagement for finding a negotiated solution to Kashmir problem. Concurrently, it should judiciously maintain conventional and nuclear deterrence for national security and territorial integrity.

Conclusion

The disintegration of the Soviet Union has at least led some strategists to conclude that military power has become irrelevant. On closer examination this hypothesis may not prove to be entirely correct but for the time being it has certainly shown that military power has its own limitations. Generating confidence between adversaries was adopted as deliberate policy measure. Confidence-building measures (CBMs) were adopted in the military and non-military fields. These measures were based on the assumption that calculated risks could be taken without jeopardizing security. In case these measures failed to provide security the state in question could

face the dilemma without making itself unduly vulnerable. It needs to be remembered that situations, which threaten domestic peace, have the capacity to engulf a whole region. One cannot draw a hard and fast line to separate issues or compartmentalize them. It is therefore, necessary for states to identify threats to security and devise suitable strategies to enhance their security while meeting the basic security requirements of their adversary nations.

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TALIBAN PHENOMENON: THE SECURITY IMPERATIVES FOR PAKISTAN

Group Captain Syed Athar Hussain Bukhari

Introduction

The appearance of Taliban flashed across the Afghan horizon in late 1994. Two years later, in September 1996, the Taliban captured Kabul, and hanged Soviet-sponsored former president Najibullah in a public square. Their rapid conquests, imposition of harsh punishments, and uncompromising commitment to their interpretation of Islam, brought to surface many concerns inside and around Afghanistan. Some suggested that the Taliban are *'in the tradition of the Pushtun reactionary movements recurrent in Afghan history'*¹. Other speculate that the movement, completely Sunni in character, has been supported in an effort to reassert the Pushtun dominance in Afghanistan that existed before war and was challenged by the Tajik leadership of Rabbani and Masood.

Taliban Islamic Movement of Afghanistan (TIMA), was indeed a reaction to the self-seeking and destructive policies of the so-called Mujahideen, whose pretensions to Islam and leadership were discredited. It was this ideological vacuum and a state of anarchy and lawlessness that has made Taliban rule acceptable to the common man, for the time being perhaps. Their political and religious impact is being felt not only in Pakistan, Uzbekistan, and Tajikistan, but also in Russia, Iran, and India where a vast majority of Muslims are living.

Geo-Strategic Environments

Afghanistan is a landlocked country, which has stood at the crossroads of history ever since it was founded. In present times its location, at the junction of three major powers ie Iran, Pakistan, and China with close proximity of two other major powers ie Russia and India, makes it vulnerable to outside interference whenever there is instability within. The Taliban cannot ignore a threat from across the Iran-Afghanistan border. On the other hand after the breakup of the

Soviet Union, Russia continues to work towards having a friendly regime below its soft underbelly, which puts it in conflict with the ultra-conservative Taliban of today.

Though Sir Mortimer Durand, Foreign Secretary of Great Britain, had drawn the boundary between Afghanistan and British India in 1893, uninterrupted movement across the Durand Line in both directions continued². It was not a surprise that Mujahideen commanders found plenty of brethren in the NWFP and in Balochistan willing to fight along with them for a common cause during the Soviet occupation of their country³. It was not uncommon to find Pakistanis being trained in camps in Afghanistan and the Afghans in very large numbers being educated in Pakistani *madaris*.

The people of Central Asian Republics (CARs) (Turkmen, Tajiks, and Uzbeks) are more liberal in their religious attitudes, and are concerned about the possible spillover of the Taliban's rigid interpretation of Islam into their countries. The Wakhan corridor juts into People's Republic of China, who keeps a watchful eye on the happenings in Afghanistan, especially with regard to the ideological nature of the conflict in that country. Afghanistan's close proximity to the Muslim areas of Xinjiang makes it a compulsion for the communist leaders of China to ensure that extreme religious views do not infiltrate into the region from that direction⁴.

Internal Situation

The ten long years of struggle against the Soviet occupation of their country did not bring the nation onto a single platform. Although all of the Islamic parties fought for the common purpose of forcing out Soviets from Afghanistan and replacing communist government with an Islamic one, they did so individually. The important fact is that the two and a half years of fighting between the old guards brought about the loss of thousands of lives and the destruction of billions of dollars worth of property. According to reliable sources, around 45,000 Afghans were killed and more than double the number maimed in the fratricidal conflict between 1992 and 1994⁵.

Genesis Of The Taliban Phenomenon

Talib is an Arabic word, the literal meaning of which is one who is seeking something for himself. In Pushtu the word *Taliban* generally denotes students of *deeni madaris* (religious institutions). Historically it was practical for the Afghan students to travel to India before 1947, and when India was partitioned, to Pakistan. As Taliban are the graduates of religious institutions established on both sides of the Durand Line, it is essential that a detailed study be carried out regarding these Madaris so as to understand the behaviour of Talibans.

Deeni Madaris

Religious seminaries in Central Asia, Afghanistan, and in undivided India have played a significant role in the spiritual uplift of Muslims for centuries. Well-known institutions like the Firangi Mahal in Lucknow and the *madaris* at Nadwa, Deoband, Bareilly, and Azamgrah (all in UP) have produced luminaries who have served the interests of Muslims the world over⁶. They were also, however, instrumental in dividing the *Ummah* into different schools of thought and in narrowing the vision of those who passed through their portals. The Deoband Dar-al-ulum established in 1862, was known for its anti-British orientation, and stood for the independence of a united India, while it retained a strong anti-Aligarh Muslim University policy⁷. While Aligarh Muslim University offered western education to middle class students, the Deoband Dar-al-Ulum trained working and lower middle class young Muslims, who received traditional religious education, and joined the ranks of 'big' and 'small' mullahs in mosques⁸.

Intellectually, the Taliban are heir to the traditional affinity between the Deoband Dar-al-Ulum and the Afghan religious scholars (ulama). However, since 1947, the leading Deobandi ulama and other sectarian religious leaders in Pakistan have established Madrasahs in all the provinces of Pakistan, including Azad Kashmir and the northern areas. A BBC documentary in 1997 showed some students in chains in one of the deeni madaris in Multan/ Jhang being taught to memorize the verses of the Holy Qur'an. What was

even more appalling was that the head of the particular institution defended this practice by saying that the chained talibs would otherwise runaway to their homes and that the parents of those talibs know and approve of their methods of teaching⁹.

A survey carried out by Islamic Education Research Cell, Ministry of Education, Government of Pakistan, Islamabad, 1989 shows an abnormally large number of highest degrees 27,906 given from the madrasahs of NWFP between 1982 and 1987. This perhaps coincides with the influx of Afghan refugees and Mujahideen at the height of Afghan jihad, and formed the basis of Taliban phenomenon. The survey also tells us that during the forty years of Pakistan until 1987, the madrasah system had produced a total of 218,085 Huffaz-e-Qur'an, 185197 qaris and 307761 ulema (Muhaddeseen). This comes to an average annual production of about 5,500 Huffaz, 4500 qaris and 7500 ulema. But the average of the five years under study (1982-87) is 12,000, 11,000 and 9,000 respectively, which illustrates the rapid rise in the madrasah education since the early 1980s. The average annual number of religious edicts (fatwas) coming out of these institutions is 296,572¹⁰.

Another study was conducted in 1997 by the Home Department of Punjab regarding the working of madrasahs in Punjab, which reveals the actual growth of these institutions all over the region¹¹.

Table 1
Sect and District wise survey of the various Deeni Madaris of Punjab (1997)

District	Deobandi	Barelvi	Ahle Hadith	Ahle Tashi	Total
Lahore	143	136	41	3	323
Gujranwala	36	87	36	13	140
Rawalpindi	83	64	6	16	169
Faisalabad	47	39	18	8	112
Sargodha	68	64	9	8	149
Multan	127	159	27	12	325
DG Khan	133	174	24	30	411
Bahawalpur	335	493	36	19	883
Total	972	1216	174	100	2512

A glance at Table 1 reveals that only in ten years period the number of Madaris have almost doubled in Punjab indicating the popularity of these institutions¹². Another revealing aspect from Table 1 is extra-ordinarily large number of deeni madaris (883) in other wise less developed Bahawalpur Division. The reason is believed to be inadequate number of government schools and higher fees in private schools.

Madrasah Curriculum

With the exception of the Shi'a Dar al-Ulum, all Sunni theological institutions' curricula are based upon Dars-i-Nizami. The eighteenth century scholar, Mullah Nizam-ud-Din, who established this curriculum, flourished during the post Mughal Emperor, Aurangzeb's period (1707). This system of education teaches young students: Arabic Grammar, Syntax, Rhetoric, Philosophy of logic, Dialectic Theology (Ilm al-Kalam), Tafsir (Qur'anic exegesis), Fiqah (Islamic Laws), Usul-e-Fiqah (Islamic Jurisprudence), Hadith (the Prophet's statements), and Mathematics¹³. Strangely enough, none of these disciplines include nineteenth century texts, let alone the contemporary works produced by modern scholars in the east or west. One cannot expect a modern outlook on religious and political matters from the graduates of these studies. Taliban's behavior is determined by this education, which is petrified in a pre-modern mold¹⁴.

Origin of Taliban

There are many versions about the origin of Talibans. Government of Pakistan maintains that Taliban phenomenon is purely indigenous – it was initiated due to an ugly incident related to molestation of some students by a local military commander in Maiwand district of Kandhar. The culprits tried to put the blame on the students of the local religious school. As a natural reaction, the students of the school, led by Mullah Umar, stormed the house of the warlord to punish him for his false accusations. Their action received instant support from the local population and thus it was stated, Taliban Movement was born¹⁵.

Issues of Concern

Osama Bin Laden Extradition Issue and UN Sanctions. US insistence to extradite Osama Bin Laden and Taliban's refusal to do so resulted in cruise missile attack by America on Afghanistan in August 1998¹⁶. Osama escaped unhurt, but in the process became a hero. On US behest, UN Security Council, through Resolution 1267, decided to impose sanctions on Taliban, which became effective on 14 November 1999. To further pressurize Taliban, US and Russian sponsored sanctions have also been imposed on Taliban and areas under their control on 20 December 2000.

Narcotics. Taliban claim that they have been pursuing a step-by-step approach towards elimination of poppy cultivation in Afghanistan. The recently released UNDCP report indicates 28% reduction in poppy production¹⁷. UN acknowledged the co-operation of Taliban who displayed their resolve when 25 heroin-manufacturing factories were destroyed on 28 October, 2000¹⁸. To further ensure Mullah Umar has recently issued a decree banning poppy cultivation in Afghanistan¹⁹.

Strength of the Taliban

Following are the strengths of Taliban²⁰: -

- Taliban's sincerity, honesty, and thorough devotion to their cause have been their main strength.
- Their ability to disarm the various militias and to maintain law and order, with minimum use of force, was their biggest achievement.
- Rough and ready justice, in accordance with Qur'anic injunctions but mixed with Afghan traditions, meted out immediately without fear or favour, was appreciated by people.

Weaknesses of the Taliban²¹

- Although the Taliban have some well-trained ex-communists with them, they lack military expertise. The majority of them are semi-trained fighters who have done well against light opposition but finding it difficult to overcome a strong force.
- Uprisings have taken place in Logar and some other provinces as not all Afghans living in Taliban-controlled areas have readily given up their weapons. The strict implementation of *Shariah* has also irked quite a few of the local *Maliks*.
- The Taliban's ambition to control and administer whole of Afghanistan by them is not likely to end in a durable peace in their country. They will have to accommodate the interests of all other factions in Afghanistan in order to achieve political stability.

Impact on Iran

The Taliban's Islamic fundamentalism and their virulent anti-*Shi'ism*, led Iran and Russia to conclude that Sunni fundamentalism would spill over into Central Asia²². Consequently, Russia started to supply heavy weaponry, training and logistics support to the northern alliance, while Iran supplied arms, fuel and other resources²³. Being a *Shia*' Muslim state, Iran is apprehensive of the encirclement of Sunni Muslim states, resents the Taliban's discriminatory policy towards its '*Shia*' minority²⁴. Iran also sees Pakistan as an accomplice in the Taliban's enterprise. Iran and United States have also come to a limited agreement over developments in Afghanistan.²⁵

The Security Imperatives for Pakistan

Some western sources predict that the most immediate threat to the security of millions of ordinary Pakistanis is less from Indian armored divisions or nuclear weapons than from the seemingly

persistent deterioration of domestic law and order²⁶. Much of their concern is rooted in the apprehension that if the religious extremists are not cut down to size now, it may be a little too late to stop the process of 'Talibanization' in Pakistan²⁷. While these analyses may seem exaggerated, it is a fact that there is deterioration in Pakistan's internal security environment in the last two decades. Since the mid-1980s much of the malaise of ethnic violence has been centered on the port city of Karachi, the major commercial hub, but during mid to late 1990s, political and sectarian violence has increasingly spread to the major cities of Pakistan's heartland, Punjab²⁸. In these twenty years there was constant war in neighboring Afghanistan. Therefore, blaming Taliban for all the ills in Pakistan would be a wrong assessment.

Afghan Refugees. At the time of Soviet occupation of Afghanistan, refugees coming to Pakistan were received with open arms on the basis of Muslim brotherhood and humanitarian grounds. However, in fulfilling its moral obligation, Pakistan failed to plan and exercise control on the unending influx and rehabilitation of these refugees²⁹. This allowed the refugees to have a good hold on the economy, besides considerable influence in the provinces of NWFP and Baluchistan³⁰. The unchecked and unaccounted spread of refugees throughout the country including the capital Islamabad in now posing serious socio-economic problems for Pakistan³¹. Political instability in Pakistan over the years has been another serious impediment in controlling the situation. With Pukhtunistan issue at back of their mind, successive governments in Pakistan were unable to have a full control of the situation³².

Ethnic and Sectarian Fault Line. The roots of many ethnic and sectarian problems in Pakistan can be traced back to the policies espoused by military strongman Ziaul Haq in late 70s and early 80s³³. The Shia community reacted violently against imposition of all Sunni Zakat (Islamic taxation) system and in 1979 an avowedly Shia political party, the Tehrik-e-Nifaz-e-Fiqh-e Jafaria (TNFJ) was formed. Against the backdrop of Islamic revolution in neighbouring Iran, the increasingly assertive Shias of Pakistan attracted both interest and funding from Iran³⁴. In 1988 the TNFJ was renamed simply the Tehrik-e-Jafaria Pakistan. Mohajir Qaumi Movement

(MQM) was created by the intelligence agencies but it grew out of proportion, resulting in ethnic riots of worst kind. Though violence in the port city of Karachi has subsided, it has not been eliminated altogether³⁵.

The decade of 1980s also witnessed a general militarization of religious organizations and parties, inspired by Afghan war. Several Pakistani religious parties began military training programme with Afghan organizations. In September 1984 a JUI cleric, Haq Nawaz Jhangwi, set up his own virulently anti-Shia party, the '*Anjoman-e-Sipah-e-Sahaba Pakistan*' (ASSP) (Society for the Soldiers of the Companions of the Prophet). Both Jamiat-e-Ulema Islami (JUI) led by Fazlur Rehman and ASSP benefited from moral and financial support from Saudi Arabia, which was concerned to counter Iranian activities among the Shias³⁶. In 1988 a spiral of tit-for-tat assassinations by sectarian gunmen began which has since broadened to include massacre of innocent worshippers of both beliefs.

In 1994 a group of 37 Shia youth established the Sipah-e-Muhammad Pakistan (SMP)³⁷. In 1996 came the founding of highly fanatical Sunni group, the Lashkar-e-Jhangwi (Army of Jhangvi), named after the SSP's assassinated chief and devoted anti-Shia terrorist. The following year 1997 saw a high tide of violence with 200 killed and 150 wounded in Punjab. Now Lashkar-e-Jhangwi (LJ) has openly started to target the government functionaries in Police and Judiciary, whom it thinks are working to expose its activities. The latest in the series was DSP Tariq Kamboh, who was ambushed in broad daylight at Lahore on 15 December 2000³⁸.

LJ has accepted the responsibility of this brutal and preplanned murder of a police officer and the culprits have fled to safe heavens in Afghanistan. It has become a normal practice to flee to Afghanistan after committing a sectarian violation or killing. Pakistan has formally demanded from Taliban government 23 terrorists of SSP who are wanted in crimes of sectarian nature and are hiding in areas of Afghanistan³⁹.

Educational Reforms and Religious Institutions. The best thing about the religious schools is that they provide free education, food, housing, and clothing to their students, and in some cases a subsidy to the poor parents. This is the precise reason of their growth and popularity especially with lower-middle class people. However, the students only get religious education that too from the point of view of a particular sect, and no modern education is provided to them⁴⁰. So is the case with some of the private schools where no religious education is provided. There is a need to intermingle all these institutions with the government schools in terms of their syllabus, extra curricular activities, and expenses. The reform plan announced by the government a few months ago, has only targeted religious institutions, which is bound to face enormous resistance from the politico-religious parties. This reform plan includes measures like registration of all Madaris, expansion of their curricula to include scientific education, disclosure of their financial resources, no admission of foreign students without government permission, and a ban on sending students to military training camps⁴¹. While continuing with its reforms, the government should objectively look at the whole education system of Pakistan and reform it according to its own needs.

Conclusion and Recommendations

Despite all odds, the Taliban have displayed flexibility in their stance towards peace process, gender discrimination issue, and imposing total ban on poppy cultivation, however, in interaction with the west, especially on the issue of destroying of historic Buddah statues they have been less accommodating. The best solution to Afghan problem would remain persuasion by engagement rather than sanctions. Therefore, the approach should be to win the confidence of Taliban and convince them regarding the sincerity of international community and institution in resolving this long-standing issue.

While making concerted efforts to put its own house in order, Pakistan must help in creating environments where reconstruction of Afghanistan is initiated on priority. Pakistan can also help the construction of small hydroelectric dams, irrigation

systems, health and education centres. It can also help to rebuild the highway from Torkham to Kabul⁴². The restructuring of the economy in the eastern, southern, and central Afghanistan would be comparatively easier as there has been no fighting for years in these areas. Sixty-six percent of the Afghan refugees in Pakistan belong to these regions. The remaining 24 % of Afghan refugees belong to Kabul and northern Afghanistan⁴³. Private enterprise in Pakistan, in addition to the religious organizations, can mobilize volunteer engineers, doctors, scientists, and builders, who can offer their services, in the way of Allah, for short duration to rebuild Afghanistan, economy.

Recommendations

Following are the recommendations: -

- Pakistan should pursue the role of constructive engagement in Afghanistan and attempt to impress upon Taliban the need for restraint and maintenance of conditions for the uninterrupted flow of humanitarian assistance to the Afghan population and favourable conditions for their recognition as a legitimate government by the international community.
- Private enterprise in Pakistan and other Muslim countries, in addition to religious organizations, should be co-opted in mobilizing volunteers for the developmental works in Afghanistan and establishing a public fund to receive private donations for the Taliban's government and creating conditions for the return of Afghan refugees to their homeland.
- In order to narrow the widening gap between the religious institutions graduate and government's/ private schools/ colleges graduate, the education system of Pakistan, including all systems of education, i.e. secular, semi-religious, and religious schools should be looked at objectively and be reformed according to the present requirements and our own needs. An exchange

programme, where some students of religious institutions go to government schools for two years or so and vice versa, should be started as a first such measure.

- The maintenance of law & order in the country must get the top priority of the government at all costs. All the militant factions of different political parties, who are trying to take law into their hands, must be banned immediately. The criminals must be brought to justice even if they are hiding in Afghanistan. Concrete steps must be taken to bridge the ethnic and sectarian divide.
- Pakistan should act as a balancing force between Shi'a Iran and Sunni Afghanistan and by improving situation in Afghanistan; understanding between these countries and Pakistan on the need of strengthening strategic friendship must be developed.
- In view of India's aggressive diplomacy in expanding relations with Iran, Saudi-Arabia, and CARs, Pakistan must strive for peace in Afghanistan as early as possible in order to accrue maximum economic advantage.
- The project for laying of oil and gas pipeline from Turkmenistan to Pakistan via Afghanistan will provide opportunity for warring Afghan groups to work for peace. Economic activity may induce Afghans to start working for peace.

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GOOD GOVERNANCE: REASONS FOR FAILURE: STRATEGY FOR FUTURE

Brigadier Usman Ghani

Introduction

The concept of good governance has assumed significance in recent times as a system wedded to the ethos, needs and aspirations of the people.¹ Good Governance is among other things participatory, transparent and accountable. It is also effective and equitable and it promotes the rule of law.² Good Governance ensures that political, social and economic priorities are based on broad consensus in societies and the voices of the poorest and most vulnerable are heard in decision making. It tolerates and accepts diverse perspectives, engenders and commands respect and trust. In short it is service oriented. For it to work it is necessary to have a concise and clear set of rules. Simply put, good governance is doing things in a proper way and ensuring a method of conduct.

Right from the outset, Pakistan's quest for Good Governance has not made appreciable headway because of many impediments in its way. First and foremost the new State was born in violence for the communal riots which erupted as a sequel to partition. Second, shortly after independence, the two Leaders who could have set in place a stable system, that is Quaid-i-Azam, Muhammad Ali Junnah and Liaqat Ali Khan passed away soon after independence. What a sincere and honest leadership can do for a new emerging state can be gauged by the fact that India attained stability, a basic requirement for good governance for Jawarhlal Nehru remained its Prime Minister at a stretch for the first 17 years.

After the early death of the two founding leaders of Pakistan, genuine and sincere political activity took a backstage and drawing room politics came to the fore. No Constitution could be framed till 1956. As a result, institutions were not allowed to develop and flourish. Instead, governance was based on personal whims and fantasies.

Reasons For Poor Governance In Pakistan

- **Prolonged Political Instability.** The political landscape of Pakistan presents a sorry state of affairs. Intermittent martial laws, fickle minded politicians, culture of conspiracies, selfishness, crafty cunningness and greed have all contributed towards a decaying political system. Over the years the people seemed to have lost faith in the political system. The political culture of the country has been undermined.³ Political parties are not democratic themselves as no party elections are held nor debate/difference of opinion is allowed within party affairs.

- **Political Structure.** The political structure remains fragile. The internal dynamics of frail political institutions and inexperienced national leadership is a potent threat to internal security.⁴ Some areas of concern are :-
 - ◆ Absence of grass roots participation of the people.
 - ◆ Absence of middle class leadership.
 - ◆ Over centralization of powers.
 - ◆ Impact of feudalism.
 - ◆ Drug Mafia - political linkage.

- **Financial Institutions.** Stable economic institutions are essential for a nation's growth to prosperity and good governance. In Pakistan institutions like the State Bank, Banks and DFIs and Stock Exchange have been subverted by various governments to suit their vested interests.

- **The Media.** Free press not only facilitates formulation of opinion by the common man but also asserts itself as a potent instrument of check and balance. Since the 1990s, the media has enjoyed an unprecedented degree of freedom. However, freedom is being misused and exploited for vested interests and is not playing a very constructive and positive role.

- **Inefficient Administration.** The cumulative effect of failure/part failure of government institutions when seen in the context of inefficiency, corruption, lack of coordination, political expediencies, over centralization, half hearted or non implementation of orders and instructions and above all lack of accountability is the most serious cause of concern.
- **Menace of Violence.** The growth of socio-political violence in Pakistani society has acquired a cancerous quality about it. Like a rapidly and intractably spreading malignant tumour, it is eating at the vitals of social life. The current socio-political violence which is continuing today emerged in Pakistan in the early eighties as an off-shoot of the Afghan Conflict, called '*Kalashnikov Culture*'. In the early nineties, it developed into an organized terrorism practised by ethnic or sectarian outfits which are the product of the fragmentation strategy of the Zia regime and which had developed foreign contacts during the period in question.⁵
- **Education System and Low Literacy Rate.** Development of education in Pakistan has always been ignored, as a consequence of which we have not been able to achieve stability in the political and economic fields. An educated populace leads to political accountability stability, economic progression, use of technology, enhanced household management and improved over all stability.⁶
- **Population Explosion.** With a population of approximately 140 million, Pakistan is at present the 9th most populous country in the world and with a growth rate of approximately 2.8% the population will double in 22 years. The quality of life in Pakistan is particularly low because the population explosion is undermining the existing social services.⁷

- **Socio - Economic Unrest.** The current state of our inequitable and vulnerable socio - economic conditions are causing fear, dissatisfaction and disillusionment to a large number of people who do not collectively feel responsible towards the country. The economic crunch is becoming harder by the day. Socially, society has shifted from a value based to materialistic. This shift has caused deterioration in the social and moral fiber.
- **Corruption.** In the absence of adequate safeguards, checks and balances, corruption has made deep in-roads in every segment of Society. Scandals of bribes, and kickbacks, are common and linked to the highest political, bureaucratic functionaries. If Prime Ministers, parliamentarians, holders of public office, senior civil servants, in fact all our rulers are begrimed with corruption, where do the young turn for inspiration.⁸
- **Governance.** Another very important factor is the massive erosion in the authority of state organs after loosing belief in the ability of the successive governments to deliver public welfare, justice and security. There is a growing trend in a section of the population to take the law into their own hands. The absence of representative local bodies for a considerably long period has intensified the feelings of disempowerment among the masses. This scenario has engendered the lack of hope for tomorrow being better than today.
- **Judiciary.** Let us now touch upon certain important organs of the state and miscellaneous factors. First the judiciary, which unfortunately has become controversial in our country. The judgments of Mister Justice Muhammad Muneer pertaining to the dissolving of the Constituent Assembly by the then Governor General Mister Ghulam Muhammad is the first link of this chain. Ever since, all the judgments of the superior judiciary

regarding constitutional matters have come under adverse scrutiny.

- **Administration of Justice.** Another problem is slow and costly justice. There are many causes for this. The first one is grossly inadequate number of judges and lack of necessary infrastructure including court staff, courtrooms, furniture and equipment etceteras. There is one judge for every 94,906 people in Pakistan whereas in European countries like the United Kingdom the figure is about one judge for every 10,000 people. In the subordinate courts alone in Pakistan, some 660, 982 cases are pending. In the Lahore High Court, 70,000 cases are pending and about 500 new ones are instituted daily. In the Supreme Court the number of pending cases is nearly 20,000. This backlog is a litigation explosion.⁹

- **Police.** Police stand for the writ of government. Civilized atmosphere can prevail only if the Police are under the systematic control of society. British India under the district management system made sure that the Police remained under its control. After independence this state of affairs continued for some time. Over the years, the corrupt Police officials convinced politicians that they would prove to be their best slaves if all controls over them were removed. Thus, they ceased to be an instrument of justice. The Government has formed a number of Police Commissions to suggest improvements in the Police. Unfortunately due to resource constraints and lack of political will, most of the recommendations stand unimplemented.

➤ **Police Strength**¹⁰

	IGP	DIG	SP	ASP/ DSP	INSP	SI	ASI	HC	CON	Total
Punjab	3	21	131	445	2258	3893	7072	10127	74066	98097
Sindh	2	13	90	344	1283	3567	6293	14209	78554	93555
N.W.F.P	1	12	51	151	247	917	1020	3814	25097	31310
Balochistan	1	6	30	114	195	638	812	2912	11298	16006
Islamabad	1	1	10	15	39	164	172	858	6455	7715

- **Police Population Ratio.** The police population ration in the provinces is as follows :-
- ◆ Punjab 1 Policeman to 740 population
 - ◆ N.W.F.P 1 Policeman to 651 population
 - ◆ Sindh 1 Policeman to 321 population
 - ◆ Islamabad 1 Policeman to 110 population
 - ◆ Balochistan Police covers only 5% of the area.
- **Bureaucracy.** Like the Police the Bureaucracy too has become politicized. Ever since the inception of Pakistan some senior bureaucrats turned politicians played a murky part in the body politic of the country. This politicization inevitably led to stories of graft and corruption. Bureaucracy ought to be the backbone of an efficient administrative system of the State. Serious obstacle in the way of bureaucratic efficiency is the lack of job security for the officers and quick large scale reshuffles. Due to this lack of continuity, there is general instability in policies.¹¹
- **Economy.** One of the major reasons for our lack of good governance is the poor state of economy. Upto the 1980s, due to the geo-strategic environments, we were able to get plenty of loans and aid from the Donor Agencies. However, 1990 onwards due to the changed geo-strategic environments and our nuclear weapons related programme, aid and loans came down to a mere trickle. The severe economic mismanagement by successive governments has added to the woes. Pakistan has now got itself into a vicious debt trap, as a result of which the debt burden keeps increasing every year. Consequently the economic situation has worsened. Federal revenue is mainly spent in catering for defence and debt servicing.
- **Culture.** The negative aspects of our culture like resistance to paying taxes, non-adherence to rule of law, corruption, indifference, nepotism, lack of will to work

hard, lack of consideration for merit and feudalism as a mindset have played a very significant role in the retardation of our quest for good governance. Public wealth has been systematically plundered by its representatives who were democrats in name, autocratic by conviction and political robbers by profession.¹²

- **Provincialism.** The rise in provincialism and the threat it poses to the federation is another of our major problems. No country has perhaps experienced such a conflicting and lingering centre province relationship. The perception of deprivation has not yet been removed. On the other hand the so called nationalist forces in the provinces for their own selfish and vested interests have been instrumental in airing provincialism.¹³ This is not confined to the provinces alone but it cuts across within the provinces, as well.
- **Sectarianism.** At the time of independence people belonging to various sects worked in harmony. This was a follow up of the struggle for Pakistan in which all Muslims took an active part without any discrimination of caste, sect or colour. This trend continued till the late seventies, and thereafter sectarianism started rearing its ugly head. The incidence of sectarian riots increased and for the first time murders based on sectarian motives started taking place. Now the major sectarian groups have militant organizations with some of the most ruthless killers amongst them. This sectarian hatred and divide is a great threat to national security.
- **Ethnicity.** Linguistic ethnicity and the influence of '*Biradries*' are serious problem areas, for these cause fragmentation in political and social life of the country. Some of the political parties are based on these groups, thus, their thinking is based on a tunnel vision. They tend to be more of pressure groups than political parties. Even some main-stream political parties are also affected by this.

Military Rule. The Military has ruled Pakistan for approximately half of its independent existence. It is therefore in the fairness of things that its role is dispassionately analysed. This has been done based on research and interviews with a cross -section of people. Glaring aspects are:-

- **Reasons for Military Interventions.** After independence we had no strong political structure. The Muslim League was strong in present day India but not in present day Pakistan. After the early deaths of Quaid-i-Azam and Mister Liaqat Ali Khan minions took over. Besides, parties did not grow at the grassroots level. The Governments were therefore weak and depended initially on Bureaucracy and Police for survival. Ultimately they started leaning on the Army. The Armed Forces were seen as a smart and honest outfit and were looked upto. The politicians promised the moon but failed to deliver. Consequently, the Army was seen as a Messiah and naturally came in to sort out things.
- **Political Effects of Military Rule.** Pakistan was conceived as a democratic entity, with no deviations foreseen. However, the fact is that it has had Martial laws with a mix of good and bad effects. The elementary things did not change. Basic justice was initially provided, but later it slipped away. The administrative system also improved, but deteriorated again during the civilian part of military rule with the coming of political Governments to power. In the overall context, there have been minor gains of tactical importance but the losses have been of strategic dimensions.
- **Effects on Institutions.** Institutions draw strength from the people, but the moment the Army leaves the values water down. During President Muhammad Ayub Khan's time there was improvement in the working of institutions whereas in General Zia-ul-Haq's time there was deterioration. Presently the things are moving in the right direction. However, no inherent institutional

strength has been provided. The Army did initially establish and strengthen institutions but later when the politicians returned to power, they had their own agenda and strengthening of institutions was not on the list. On the whole it would be safe to say that institutions have been weakened. This is for the reason that institutions and autocracy cannot co-exist.

- **Effect on Professionalism.** Prolonged Military Rule effects professionalism. Its role is divisive as it diverts attention from profession. Certain amount of deterioration is therefore inevitable. Military profession is a whole time job and demands undivided attention. Lack of check and balance on the military itself could harm it as an institution.
- **Military Bureaucracy's Responsibility.** There is no such entity as a Military Bureaucracy. However, all those functioning with Martial Law or the Military ruling class '*ipso facto*' becomes Military Bureaucracy or the Establishment. The Army, therefore, cannot be absolved of the deterioration or crisis in governance since it has held all the powers for the time it has ruled.
- **Army's Role in National Development.** The Army's role in national development or nation building is being debated. The Army should be employed in a controlled way under civilian supervision. If the Army does everything then the Civil Administration and Bureaucracy will collapse. As a general rule it is not advisable to entrust the Army with too many tasks not related to profession for the disadvantages outweigh the advantages.
- **Constitutional Role - Armed Forces.** We need to work this out very carefully. The type of role should not be defined by the Army. Some type of role should be worked out in full agreement of the political parties after detailed discussion with them. The role should be

effective, implementable and based on complete consensus between the political Masters and the Military and must keep our past experiences in mind. An institutionalized decision making process must be evolved.

- **Recommendations Macro Level.** Let us now look at the recommended measures to ensure a viable strategy to achieve the goal of good governance. The initial recommendation deals with the concept of ensuring people's participation at the grass roots level. The proposed devolution plan 2000 provides a very good opportunity for the people to be involved in the decision making process. It must be given a fair chance to succeed.

- **Federal / Provincial level Recommendations.** There can be no doubt that all the objectives and criteria of good governance can be achieved more easily and effectively under a democratic system may it be Presidential or Parliamentary, provided that democratic institutions are allowed to function effectively and that they are strong and independent enough. Since there is a consensus that we should have a parliamentary form, therefore, we should continue to follow it, with the following incorporated changes:-¹³
 - ◆ Ministers should not be from amongst the politicians. They should be technocrats.
 - ◆ The number of Ministers must be reduced to ten at the federal level and five at the provincial level.
 - ◆ Article 58(2) B should be reintroduced to ensure balance of power between the President and the Prime Minister. This will also ensure accountability of the government and parliament
 - ◆ All major appointments should be ratified by the Senate.

The functioning of Parliament should be reformed radically by implementing the following reforms in the parliamentary procedures:-

- Parliament and its standing committees should remain in session through -out the year with a break of summer and winter holidays.
- It should be a mandatory on the government to provide the agenda with the working papers to the Members of Parliament well before the commencement of a session.
- Parliament should focus on its primary function of legislation.
- A resolution passed or recommendation made by both houses should be binding on the government.
- Parliament should be obliged to discuss, approve or reject within a prescribed period not exceeding three months the reports that are placed in pursuance of several provisions of the Constitution or rules of business.
- Requirement of quorum should be restricted by the Constitution only at the time when voting on any motion takes place.
- Laws should be debated and enacted by Parliament alone and not through Presidential Ordinances, except when emergency is in force.
- Presence of the Minister should be mandatory only when issues he or she is responsible for are before the house.
- The Deputy Speaker / Deputy Chairman should always be from opposition.
- The Speaker, the Leader of the House and Leader of the Opposition should be obliged to meet and decide the

agenda and the conduct of proceedings at the beginning of each session.

- Question Hour, Adjournment Motions, Call Attention Notices etc should be taken more seriously by the government. A false statement or assurance made in the Parliament by the minister or any other official should be made permissible offence.
- A list should be made public of all questions, privilege motions, calling attention notices and of Resolutions to allow the Members and the Public to know, where the Speaker used his discretion in rejecting the same.
- A press release should be issued daily by the Secretariat of the respective Houses of Parliament outlining the work done in the House.

Recommendations Micro Level

Having come this far, It would be fair to state that all is not darkness and gloom. There is a silver lining to the clouds. The present Government is beginning to upturn things. Some of the plus points are:-

- Not even the worst detractors of the Regime can say that leaders in the higher rungs are indulging in corruption.
- The corrupt are being taken to task.
- There are signs that the Economy is beginning an upward surge.
- There is no political interference in the working of the Bureaucracy, Judiciary and Police.
- The Government is grappling with all the major problems.

Having brought out all this, one must keep in mind that to undo the damage of the last half a century will take time. Let us now see what needs to be done to aid the process of good governance.

Judiciary. Consultative process for selection of judges, timely filling of vacancies, discontinuance of adhoc judges, appointment of senior most judges and confirmation of judges should be ensured. Training should be compulsory for judges in subordinate judiciary. Performance should be evaluated critically through a transparent evaluation system.

Corruption. The accountability system should be so strong that people think many times before indulging in corruption.

Good Governance. The Nation needs to be turned around based on the following:-

- Identification of development goals in the next 5-10 years and working relentlessly for their achievement.
- Commitment of policy makers and managers has to be above the board.
- Judicious employment of resources at each level.
- Redressal of institutional weaknesses on priority basis.
- Honest working at each tier and implementation of merit in all fields.
- Ensure rule of law, accountability at each level and speedy dispensation of justice.
- Real competent states man-ship on national and international issues.
- Ruthless curbing of politically motivated postings of bureaucrats and other government employees.

Leaders. To improve the standard of rulers, following is recommended-

- Reduction of perks and privilege of rulers. They must set standards of austerity for the general public.
- High offices be made less attractive for greedy persons to seek.
- Make senior appointments responsibility oriented through effective accountability.

Some miscellaneous measures recommended are :-

- Independence of judiciary must be ensured.
- Declaration and publication of assets of all persons holding elected offices.
- Accountability of political parties regarding party finances.
- Bring the public service closer to the customer (the public).
- Avoid piecemeal and uncoordinated reforms.
- Educate citizens of their legal rights in dealing with government by publishing staff manuals which are easily available to department users and contractors. Minimise face to face contract.
- Make managers at all levels responsible for the activities of their subordinates.
- Establish complaint channels to enable junior officials to complain against superior's corruption.

- Government must create an environment where honest and upright officials are respected, while the corrupt are rejected.
- Simplify rules and regulations.
- Implement Police Reforms.

Conclusion

Plato believed good people do not need laws to tell them to act responsibly, while bad people will find a way around the laws. Yet, legislation is needed to get public answering installed for those whose responsibilities affect the people in important ways. It is to make clear the authority, duties, functions and accountability of those with legislated responsibilities. The ultimate aim is to construct a transparent and accountable system that ensures good governance.

Pakistan stands today at cross roads. We need to put in place a system of good governance, so that all our fellow country-men partake of the fruits of living in a civilized environment. A beginning has been made and if we continue on this path we shall, Inshallah, achieve our aim.

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EMPOWERING THE PEOPLE

Brig Javed Iqbal Sattar S. Bt

Introduction

Pakistan's history is full of federal governments that have intensely debated and enthusiastically professed local government initiatives without delivering fundamental reforms for them to succeed. The two major attempts of 1959 and 1979 have been subjected to frequent suspensions and interference from the centralized power of the bureaucracy and political manipulation.

The incentive for introducing genuine governance at the grass roots level is imbedded in a more just and equitable society based on Islamic principles that aim to reduce poverty through efficient and impartial delivery of social and civic services to the people. The Local Government Plan – 2000, despite shortcomings, has a fundamental characteristic to challenge the decadence and bring forth a revolutionary but controlled change. The biggest challenge, however, lies in overcoming the difficulties in its implementation. This not only requires a dynamic implementation strategy but most importantly it requires that the masses give it an earnest try.

'The best government is that by which the people govern themselves'

Goethe

Local Government – An Overview

Local governments, by design, facilitate recurring '*face to face*' contact between public servants and citizens. The social pressure to perform, created because individuals *know each other*, can be overwhelming, necessary and only found in local community based administrative structures.

The alignment of the individual needs with the public good is an important pre-requisite for continuous socio-economic development. Importantly, the '*face to face, and no place to hide*' aspect is a unique feature of local governments, as in all other public

administrative structures the officials are miles away from where their decisions would make an impact. The ultimate expression of the democratic values in a nation is in the power vested in each citizen to reward or punish the public servant through an electoral based mechanism.

What Makes an Effective Local Government

An effective legal framework must protect the citizen against the abuse of the public servant while protecting the public servant against abuse by the citizen. The role of local government in the management of the day-to-day affairs of the people has to be maximized. The ability of each local government to establish its own unique set of priorities is the core advantage of local governments and also the real path to achieve national growth. Ultimately, the right of the citizens to choose or question their public servant in an impartial court of law or public opinion will make or break the system.

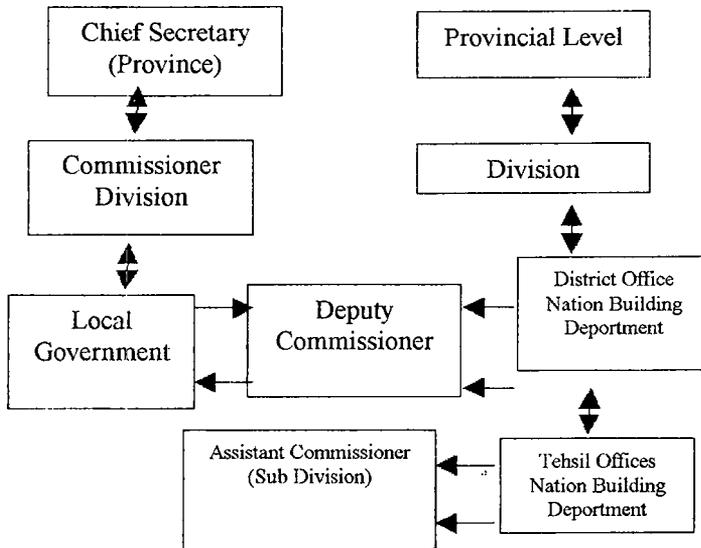
Historical Perspective

Pakistan had few developed systems for local government at the time of independence. The Deputy Commissioner played a critical role in determining policy and its implementation at the district level. Attempts to decentralize government functions to elected councils continued unabated until the Basic Democracies Order in 1959 by General Ayub Khan. This transferred effective control of local governments to the bureaucracy.

Elected Councils were re-introduced in 1979 through the Provincial Local Government Ordinances. This was the first nationwide attempt to introduce freely elected councils without any political overtones, meaning party-less elections. Elections were held again in 1985 (covertly backed by political parties) and in 1990. Local elections have not been held since the dissolution of elected local governments in the early 1990s.

The over whelming role of the Deputy Commissioner is evident in the structure of the 1979 District Administration Plan shown below:-

Structure Of District Administration
Local Government Plan 1979



Reasons For Failure. Major impediments to the progress of Local Governments in the past are enumerated as under:-

- Biradryism, political and religious factionalism.
- Politicization of institutions at the hands of public representatives, for self centered interests and corruption, particularly the office of the Deputy Commissioner.
- Lack of education and knowledge of rules and regulations has been exploited by public representatives.
- Little emphasis on socio-economic development; Programmes were single purpose isolated efforts intended for individual benefits.
- Non-participatory role of people in the decision making process.

- Lack of accountability and transparency in spheres of public delivery.
- Loose and uncoordinated institutional framework run on bureaucratic lines.
- Absence of efforts to help evolve local leadership through capacity building.

The Local Government Plan 2000

Aims of the Local Government Plan 2000 are:-

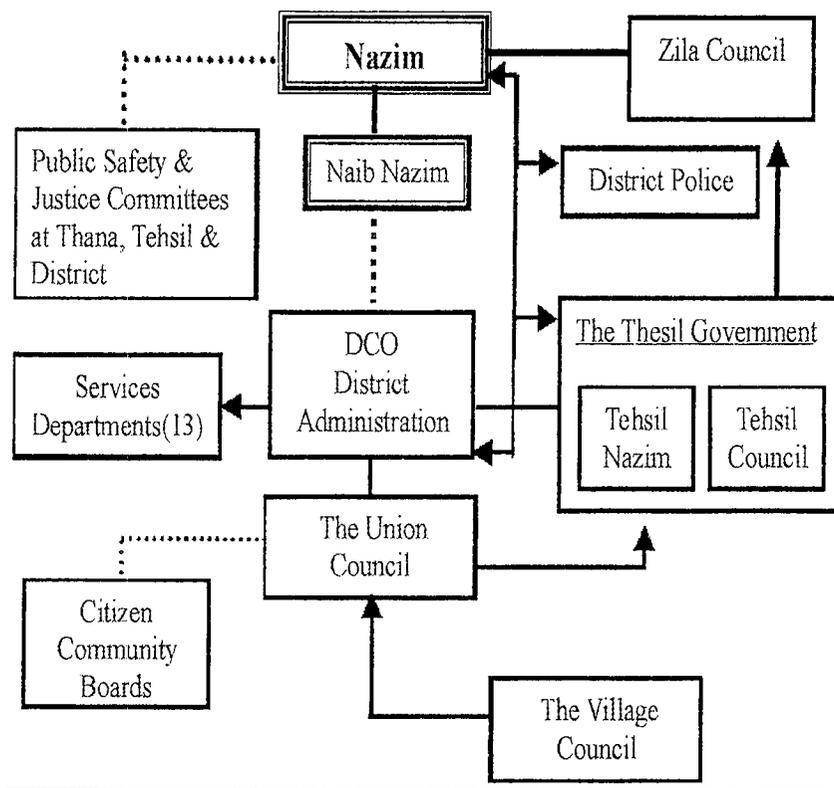
- Strengthening administrative capability of local authorities.
- Broadening the participative basis of local government.
- Encouraging local government participation in national development
- Enhancing national unity.

Objectives. The objectives set for the plan are:-

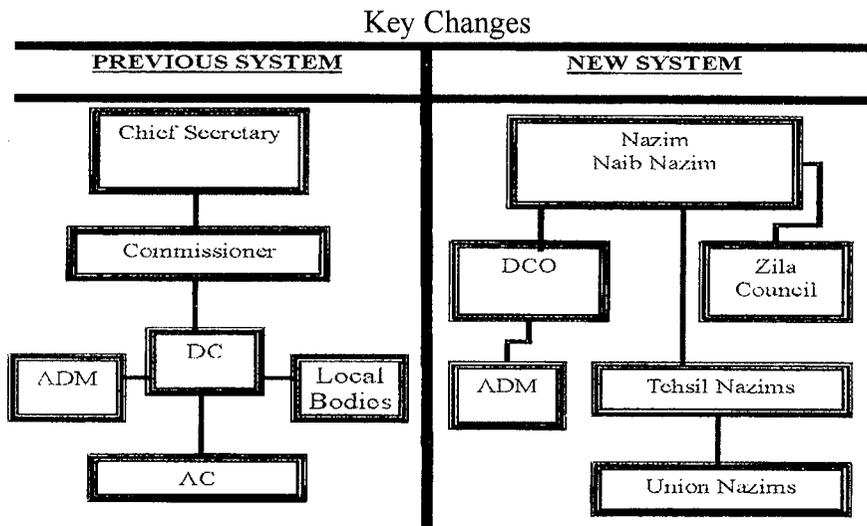
- Genuine empowerment of citizens through devolution of political power.
- Decentralization of administrative authority.
- De-concentration of management functions.
- Diffusion of power for checks and balances to preclude autocracy.
- Distribution of resources to the district level.

The Structure. The new structure of Local Government Plan 2000 at District Level is shown below:-

The District Government



Key Changes. Key Changes are shown in the table on the next page. The tier of the Division stands abolished and office of Deputy Commissioner is replaced by the District Coordination Officer (DCO) who will function under the Zila Nazim.



Merits of the Local Government Plan–2000. Salient merits of the Local Government Plan 2000 are:-

- It places the people at the center of development and governance process through significant citizen empowerment, participation, and representative government. *This will ignite the latent creativity and energies of the people.*
- The Plan is structured to recognize and give force to Citizen Rights while simultaneously making the citizens assume Responsibilities.
- The basic principle of the plan's agenda is 'Service Oriented' i.e. based on Rights and Customer Service, encompassing Corporate Governance with an entrepreneur approach which would encourage zeal and zest for service orientation.
- It will promote community ownership and bridge rural – urban divide through an integrated urban – rural development system.
- The Plan has a strong Gender Balance initiative and increases women representation at all tiers of local

government to the extent of 33 per cent of the total seats available.

- The Plan carries with it an exhaustive system of *checks and balances* and *transparency* along with *accountability* through multiple layers of *monitoring* and accountability.
- The concentration of reforms at the local level will provide the *most appropriate* and *effective channel* to address the largest quantum of problems in the least amount of time.

Shortcomings

Federalism. Depriving the provinces of current powers and financial resources runs against the existing principles of federalism and the provinces will feel their financial autonomy impinged through taxations by District and Tehsil Governments.

Legitimization and Continuity. Legitimization of the new system will require approval from the Parliament, without which it may not acquire permanency, and could be rolled back, rendering the entire exercise as another expensive experiment.

Political

- Without the participation of political parties the credibility of the local government system would always remain open to criticism.
- The system permits the local feudal elite capturing local posts in rural and far flung areas for which independent safeguards are needed.
- The retention of separate elections for local bodies for minorities widens the scope of discrimination against them.

- The village council, the successor of the PANCHAYAT, have been left at the mercy of the Zila and Tehsil councils.

Administrative & Governance. Clear distribution of power between the government functionaries and the extent of control over the civil servants by the district and provincial government will be crucial to the success of the Devolution plan. The indirect election of Nazims and Naib Nazims jointly makes them prone to temptation for malpractices.

Bureaucracy Verses Political Representatives. The bureaucracy will now be left at the mercy of Mayors who may have their self interest at heart. The DCOs may tend to dominate the set-up initially in view of administrative incompetence of elected Mayors who are not groomed to handle multiple departments. This may give birth to political rivalry between the bureaucracy and the political representation.

Financial. The transfer of resources from provincial to the district government (almost four times their present level) will require the latter to enhance their institutional capacity, and a consensus formula will be a challenge to achieve. The proposed approach may create more disparity between backward and developed districts, at least in the early years.

Recommendations

General. The proposed system is an intellectually complete departure from the old system and will lead to real participation and empowerment of all sections of our society. Apart from typical inertia based resistance, there are bound to be complications. However, change is needed and there is a paramount requirement to reintroduce the Local Bodies System in order to overcome the alienation of the masses.

Constitutional Provision and Time Frame. There is a need to arrange for adequate constitutional provisions to keep the Plan in vogue for a minimum period of at least ten years. Political parties must be taken into confidence by the present government to support the Plan now and provide parliamentary approval when in office.

Resource Allocations. To make the plan a success it is imperative to ensure adequate professional staffing and financial resources.

Financial Potential of Districts. Necessary provisions will have to be made to ensure that Provincial Financial Award caters for essential needs of poorer districts, and possibility of further alienation is avoided.

Elections. Despite sheer resistance put forward by the political parties and unfriendly international opinion, the party-less elections envisaged in the Plan need popular support and firm implementation at least for the time being. Enormous financial resources and support of vested interests of political parties, if allowed to influence the elections could kill the basic purpose of the Plan i.e. devolution of power at the grass root level and emergence of a local leadership.

However, the option does not have a locus in democratic parlance and cannot be exercised indefinitely. Therefore, criteria should be laid down to include a time frame and social indicators, specially of reforms within the political parties, which when fulfilled, to allow elections to be reverted to a party-based system.

Minorities must be allowed to fully participate in elections for all seats without any special provisions. Division of power between the Federal / Provincial Government functions and Local levels must be crystallized.

Training of the Elected Representatives. Establishment of a setup at the district level may be considered to conduct training programmes in order to educate and train elected members in aspects of effective and good governance and the missionary approach with which they are expected to work, before they take up their jobs.

Public – Private Partnership

To help evolve an exemplary Public – private partnership, public servants should receive leadership training based on this concept and be required to conduct all their activities using clear criteria on how a public-private partnership operates. The transformation of the city of Pittsburgh in USA from a *Steel City* to an *Information Technology Powerhouse* through private partnership concepts is a good example to emulate.

Dovetailing the NDO with Local Government

Dovetailing of the National Database Organisation (NDO) in the Local Government Plan can play an important role in the success of Local Governments. Benefits accruing would be:-

- Maintain record of all residents and vehicles:-
- Identifying aliens.
- Police force can use data for its functions.
- Updating will be easy as changes are made locally.
- Income tax collection/ Survey etc can be easily conducted.

Modernized Approach to Development & Leadership. Scientifically evolved latest developmental concepts will have to be incorporated in the plan and implemented. Techniques like Participatory Rural Appraisal (PRA) and Rapid Rural Appraisal (RRA), and concepts that brought about real development in China, are recommended to be studied and adopted in accordance with our particular socio-economic needs, religious and cultural sensibilities and urban-rural preferences.

Conclusion

Pakistan is standing at a *critical stage* where a positive change in the right direction has become the need of the hour. The devolution plan can be the positive change if implemented with sincere efforts to empower local representatives politically, economically and socially. Yet it is important to take very cautious

steps while attempting a revolutionary change as has been proposed in the basic system of administration.

Any haste in this regard may prove fatal to the plan and potentially destructive to the nation. Prudence therefore indicates the need for a cool and comprehensive approach in the matter. The devolution plan if successfully implemented will provide opportunity for millions of Pakistanis to become actively and directly involved in the solution of their own problems and the challenges facing their communities.

“For once in our national experience, reality outstrips the hype. The devolution of power, or local government plan, announced by General Pervez Musharraf is not a smoke conjurer’s trick, promising the moon and delivering nought. It is the most serious attempt at restructuring the Pakistani state and society in our history.”

‘Ayaz Amir’ - ‘DAWN’

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CONSTITUTIONAL STATUS OF NORTHERN AREAS OF PAKISTAN AND THEIR EFFECTS/ LINKAGE WITH KASHMIR ISSUE

Lieutenant Colonel Ausaf Ali

Introduction

Northern Areas (NAs) of Pakistan conjure images of unendurable cold, remoteness and hardship. More recently, the associated images are of high altitude battleground of Siachen glacier, which brought this region under sharp focus. However, these vignettes apart, the social, economic and political problems of the people living in this remote region have more or less remained unchanged since the last century. Additionally, there is considerable confusion that persists with regard to the constitutional status of these areas.

At present the NAs are undergoing political and economic upheaval. The estrangement of local populace is gaining momentum due to reasons such as ambiguous constitutional status, denial of voting rights, having no say in governing their own lives and deteriorating economic conditions¹. While people in AJ&K have these rights, those from the NAs have been deprived of the same². Therefore, there is a dire need of redefining the status of NAs or atleast granting more autonomy, taking due cognisance of aspirations of the people.

Historical Perspective

Dardistan. Gilgit was once, more than a hundred years ago a run-down outpost of the Maharaja of J&K, and around it stretched the land of Yaghistan. When the British arrived, they started calling it Dardistan and the area collectively included Chitral, Yasin, Ishkoman, Punial, Gilgit, Hunza, Nagar, Darel, Tangir, and Chilas etc³. Mughal emperors from Akbar to Shah Jahan, who were replaced by the Afghans, ruled Kashmir and they in turn gave way to the rising power of the Khalsa⁴. Laddakh, Baltistan and Dardistan

remained more or less independent and under their own local chiefs⁵.

Dogra Rule. Sikh interference in Gilgit dates back to 1841 when one Nathu Shah of Gujranwala was sent to help a local chief, who took into wedlock, simultaneously, the daughters of rulers of Yasin, Hunza and Nagar and occupied Gilgit in the name of Khalsa. Soon a struggle started between the Dard chiefs, intruding Dogras and Sikhs. This was the time when British appeared on the scene seeking an alternate route to take their trade into Chinese Turkestan, through Kashmir, Laddakh and over the Karakoram passes⁶.

Treaties of Lahore and Amritsar. The battle of Sobraon, between British and Sikhs, fought on 10 February 1846, led to defeat of Raja Gulab Singh. Under the Lahore Treaty, the British recognised sovereignty of Raja Gulab Singh of Jammu. Later, the British sold Kashmir to Gulab Singh for Rupees 75 lakhs under the Treaty of Amritsar, signed on 16 March 1846. According to clause 1 of Treaty, '*The British government transfers for ever independent possession to Maharaja Gulab Singh and the heirs male of his body all the hilly or mountainous country, with its dependencies, situated to the eastward of River Indus and westward of River Ravi ...*'. This Treaty transferred to Gulab Singh only that country which lay between the left bank of Indus River and right bank of Ravi⁷.

Gilgit Agency. In 1885, Gilgit Agency got its first political agent and it included; The Gilgit Wazarat, States of Hunza, Nagar, Punial, Yasin, Koh-e-Ghizar, Ishkoman, Republican communities of Chilas and western portion of Taghdumbash Pamirs. The term Gilgit Wazarat applied to two tehsils of Gilgit and Astor, and Niabat of Bunji. The agency also exercised a measure of control over Darel, Tangir and Gor⁸. Till 1935, it was accepted in principle that Agency was under suzerainty of Kashmir, although Gilgit Wazarat and Punial were actually Kashmir territory. A local hereditary Rajah, designated as Governor governed Punial. A Governor governed the Wazarat of Gilgit, appointed by Kashmir Darbar. Hunza and Nagar were considered to be independent states⁹.

Gilgit Taken on Lease. To remove dual control in Wazarat, in December 1931, Government of India proposed that British

Government should take over trans-Indus area of Wazarat (Gilgit Tehsil) on a 60 years lease from the state government. The lease was signed on March 26, 1935, transferring *“the civil and military administration of so much of the Wazarat of Gilgit province... as lies beyond the right bank of the river Indus”*. Sequel to Government of India Act 1935, which defined territories of British India, negotiations followed. Pundit R.C. Kak, the then Chief Secretary, State Government Kashmir, submitted a note dated 27 July 1939, claiming States of Hunza, Nagar, Chilas Koh-e-Ghizer, Ishkoman and Yasin as part of the State of J&K¹⁰. After its thorough examination, the Resident in Kashmir sent a reply to Sir Gopalswamy Ayyengar, then Prime Minister of J&K Government on 14 July 1941. The reply read; *“Hunza and Nagar though under the suzerainty of the State, were not a part of it but separate states. That Chilas, Koh Ghizar, Ishkoman and Yasin though are under suzerainty of Kashmir State are not part of Kashmir but are tribal areas. It is admitted that the British Government encouraged, helped and acquiesced in the Kashmir State obtaining political control of these territories, but there is no suggestion that the British Government ever concurred in the change in the limits of the original Kashmir territory as laid down in Article I of the Treaty of 1846. ... The Kashmir Government cannot claim that the territories in issue came into their possession without exposing themselves to a charge of breaking their treaty engagements”*. The areas of Gilgit Agency across River Indus were never part of the State of J&K as evidenced from this categorical ruling¹¹.

Liberation of NAs

War of Liberation -1948. On 1 August 1947 lease was terminated and Gilgit handed back to Dogra ruler of J&K, who appointed Brigadier Ghansara Singh as Governor of Gilgit. On 26 October 1947, with Instrument of Accession signed by Maharaja of Kashmir and accepted by Lord Mountbatten, Indian forces invaded Kashmir on 27 October 1947¹². While war was on in remaining areas of State people of NAs revolted, fought against Dogra Army and liberated the area with the assistance of Gilgit Scouts and Kashmir regular forces sent from all parts of NAs and Chitral¹³. For 15 days NAs had their own government, following which on 1st November 1947, a

unanimous decision was made announcing voluntary annexation with Pakistan. States of Hunza, Nagar and Tribal Areas of Chilas, Darel and Tangir also acceded of their own free will to Pakistan in November 1947¹⁴. The accession was formally accepted by Quaid-e-Azam, but was never made public¹⁵.

NAs Declared 'Disputed Territory'. In view of an impending plebiscite under UN, on the plea that NAs are part of State of J&K, Government of Pakistan declared these as 'disputed' territory and its fate was linked to Kashmir. At this stage Pakistan herself included in the NAs even those areas which historically were never part State of J&K. Consequently states like Hunza, Nagar and Yasin have come to be included in the limits of disputed territory, which had formally acceded to Pakistan¹⁶.

Post 1949 Status and Developments

Constitutional Status. In April 1949 Karachi Agreement was signed, under which the NAs were allowed to be administered by Government of Pakistan. In 1975 Hunza and Nagar were amalgamated with NAs under Kashmir Affairs Division¹⁷. Article I of Constitution of Pakistan unambiguously defines territories of four provinces, the Federal Area of Islamabad and FATA, but not NAs. The status of NAs was kept undisturbed for their eligibility to participate in the plebiscite under the UN¹⁸.

Administrative Arrangements and Reforms. The Bhutto Government in 1974 summarily abolished Mirs and Rajas and the Frontier Crimes Regulation introduced by the British, for controlling criminal tribes¹⁹. In 1975 an eighteen member Advisory Council NAs was named and in 1979 Local Councils were established. In 1986 the administrative set up was upgraded by appointing an administrator, which was re-designated as Chief Commissioner²⁰. Caretaker government of Mr Moeen Qureshi announced a reforms package for NAs decentralising powers and detaching NAs from Ministry of Kashmir & Northern Areas Affairs (KANA), through the appointment of a Chief Executive based at Gilgit, with the status of a federal minister. This was very close to a provincial status to NAs and was widely hailed²¹. However, before these reforms were

implemented, Ms Benazir Bhutto revised it and in April 1994, announced a Legal Framework Order (LFO)-1994. This was to the utter disappointment of people, because Minister of KANA was appointed as Chief Executive. In October 1994, elections to a 26-member council called NA Executive Council were held²². Nawaz Sharif Government revised the LFO-1994 by renaming it as Northern Areas Legislative Council (NALC-1999), with perfunctory amendments²³. Recently General Pervez Mushraff's Government, without any significant changes, has issued a revised NALC-2000²⁴.

Constitutional Petitions. In October 1990, a group of Kashmiri leaders filed a petition before AJ&K High Court demanding that NAs should be merged with AJ&K. In March 1993, AJ&K High Court gave a decision in favour of petitioner, which was later turned down by Supreme Court²⁵. Similarly, Al-Jihad Trust in June 1994 filed a petition, on which the Supreme Court in its judgement of May 1999 directed the Federation to initiate appropriate administrative/legislative measures within a period of six months to ensure that people of NAs enjoy their fundamental rights and have an independent judiciary²⁶.

Linkage With Kashmir Issue

Possible Solutions of Kashmir Issue. Present global environment, economic interests of major powers; the ongoing peace overtures may lead to a possible solution forced upon Pakistan²⁷. Several options being propagated are Status quo along Line of Control, Independent Kashmir, Plebiscite as per UN Resolutions, Owen Dixon Plan of Regional Plebiscite, Division Based on Religion, UN Trusteeship for Kashmir, Condominium Solution, and Chenab Plan etc²⁸. All solutions based on plebiscite under UN, favourable disposition of the likely voters is cardinal. The option of Independent Kashmir, also known as 'Third Option' envisages an independent and sovereign state of Kashmir, which includes all States of J&K and NAs as well²⁹. This option directly affects NAs and has serious implications for Pakistan. The danger in this option is that Pakistan will lose AJ&K and even NAs³⁰.

Effects on Kashmir Cause. The implications of a change in the status of NAs by Government of Pakistan are: -

- Any action taken by Pakistan to alter the status of NAs (less merger with AJ&K) will cause some anger among Kashmiri leaders³¹.
- Pakistan agreed to UN proposal to treat NAs in the same way as rest of Kashmir. Therefore, any change in its status may result in negative impact on the UN Security Council Resolutions on J&K, causing alarm at international level, particularly India³².

Integration of Kashmir by India. In 1963 India declared integration of its portion of J&K into Union of India. Pakistan however, rejected the resolution³³. In 1962, Indians connected Laddakh with Manali District of Himachal Pradesh. In 1979 it was divided into two districts Leh and Kargil. Leh was granted autonomous status under a Presidential Ordinance - 1995, ratified by Occupied Kashmir Assembly in 1997³⁴.

Effects of Changes in the Constitutional Status of Kashmir on UN Resolutions. Legally speaking, any change in the status of these areas, which are disputed, does constitute a change in UN Resolutions³⁵. There is no doubt that in case of a plebiscite, both countries will have to undo all changes made. Therefore, grant of autonomy to Laddakh by Indians or Pakistan's creation of NAs, as a separate entity does not diminish the validity of UN Resolutions.

Options and Their Analysis

Status quo. Remaining within the ambit of existing constitutional framework, further improvements in the representative status with greater local autonomy may be granted. However, this may not be appealing to the people of NAs.

Merger with AJ&K. The biggest disadvantage, in case "Third Option" materialises Pakistan may even lose NAs. This will not be in conformity with Amritsar Treaty of March 1846, which enshrines

that State of J&K does not extend beyond Indus River and most of the territories of present NAs were autonomous regions. Moreover, due to lack of geographic contiguity, ethnic/cultural differences and lopsided development in favour of AJ&K, opposition of people of NAs is certain.

Separate Political Entity. Creation of a separate political entity like AJ&K or FATA, while retaining its disputed status may redress grievances of people of NAs, but enormous financial cost of providing separate legislative machinery stipulates violation of UN Resolutions.

NAs Declared as Part of Pakistan. Through a constitutional amendment, NAs be made part of Pakistan as fifth province, with a suitable name. Inclusion of Chitral into this province would complete the unit and is likely to be acceptable to the people of NAs. Pakistan could possibly safeguard its interests in case Third Option materialises.

Recommendations

Legal/Constitutional Aspects

- **Constitutional Status - Status quo.** Since an immediate decision to constitutionally merge NAs with Federation of Pakistan cannot be made, the de facto integration of these areas with Pakistan in the administrative, social, cultural and economic spheres needs to be strengthened. As a short-term measure, while remaining within the ambit of existing constitutional framework, improvements in the representative status with greater local autonomy may be granted to NAs.
- **Prime Minister/Chief Executive/Heads NAs Council.** In order to give people of NAs, a feeling of recognition at the centre, instead of Minister of Kashmir and Northern Areas Affairs (KANA), the Prime Minister/Chief Executive of Pakistan, as in case AJ&K Council, may head NAs Council.

- **Appointment of a Lieutenant Governor/ Chief Executive.** The Government may appoint a Lieutenant Governor/Chief Executive, based at Gilgit, to administer the NAs and will replace the Minister for KANA.
- **Interim Representation in the Parliament.** Few members of NAs Council are given interim representation in Parliament till their merger into Pakistan.
- **Judicial Reforms.** Judicial reforms are introduced in order to bring the judicial system of NAs in harmony with the Constitutional provisions.

Political Aspects

- In order to reduce the influence of the religious / nationalist parties, the national political parties in NAs must be strengthened.
- Restrict activities of Kashmir based organisations/ political parties, NGOs and militant/religious organisations operating in NAs.
- The elements propagating separatist views should be kept under check and steps should be taken to counter Indian propaganda.

Administrative Measures

- Streamline functioning of Secretariat of Chief Secretary NAs and Ministry of Kashmir and NAs Affairs, so that dual control by both offices is not exercised and people of NAs are not required to approach the Ministry at Islamabad.
- Ensuring implementation of quota earmarked for the people of NAs, recruitment of local people up to grade 16 in PWD, District Management etc and an increase in

the quota of NAs in Central Superior Services of Pakistan would go a long way in minimising alienation of the populace.

- Grievances against hold over the area by people from other provinces should be addressed.
- Recruitment and training of scouts should be done at Gilgit, instead of the current practice of organising the same in NWFP.
- Instead of recruitment in the PM (Punjabi Muslim) category, possibility of earmarking a separate quota for recruitment for NAs may be examined by Pakistan Army.
- Nagar (Gilgit District), Kharmang, Rondu and Gultari (Skardu District), Yasin (Ghizer district) be upgraded to districts for public convenience.
- The recently announced decision of setting up of a university in NAs and establishment of Information Technology Institutes be implemented.

Economic Measures

- Education, healthcare and community development should be given accelerated boost to provide basic amenities to the local population.
- Human resource development should be accorded priority.
- There is a need to take measures to strengthen the agricultural base, giving support prices for the local crops to the farmers and better water management. Construction of a dam at Satpara Lake would bring vast tracts of fertile land under cultivation.

- The scope of tourism development is unlimited. The region needs efficient management to develop tourism and also devise strategies for its sustainable growth.
- Measures must be initiated to protect wild life, natural beauty and forests. The proposal for creating independent Wildlife, Fisheries & Parks (WFP) Department be implemented.
- Adequate raw material is available to support hydel electricity, cement and mining industries, and mineral water plants in NAs. Food and fruit packaging industry should be given a boost and export promotion zones be established.
- Demand for the extension of the Gilgit airport should be implemented on priority basis.
- The existing airstrip at Chilas located approximately 90 kms South of Gilgit on the Karakoram Highway should be made operational for commercial use. Flights failing to reach Gilgit due to bad weather encountered usually over Chilas should land there instead of carrying the passengers back all the way to Islamabad ³⁶.

NAs Declared as Part of Pakistan. In the long term, integration of NAs with Pakistan as fifth province is the most desirable option, which cannot be done right away. Before this is done, Ministry of Foreign Affairs should immediately undertake a detailed politico-legal study and give its verdict on its likely effects on freedom struggle in Indian Held Kashmir and Pakistan's international commitments on the status of NAs with UN.

Conclusion

The disputed status of NAs arises out of the duality of control exercised during the period of British Rule. An effort has been made to analyse the issue with respect to all available historical references. However, despite adequate historic evidence cited, these

areas were never part of former State of J&K, ambiguity regarding some areas does remain due to the question of suzerainty. Whereas it is difficult for the Pakistan to out rightly change the status of these areas, there is need to examine this issue pragmatically and take a decision, which is in best national interest. However, the NAs will continue to remain in deplorable conditions unless the government brings some change in their status and make an effort to bring them into national folds.

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PAKISTAN'S WATER RESOURCES: A CRISIS LOOMING LARGE

Brigadier Muhammad Akram

Introduction

According to most experts, 97.5 % of all the water on earth is salt water and stays in the oceans. The remaining 2.5% fresh water is mostly stored in the ice caps of Antarctica and Greenland, and as fossil groundwater. The accessible freshwater is only 0.26% of freshwater or 0.007% of all the water on earth. It is estimated that nearly one-third of the world's population will experience severe water shortages within the next 25 years¹. Pakistan, a water affluent country till recent past, is faced with serious problems of water shortages, which if not resolved may lead to serious consequences.

Hydrologically, Pakistan is divided into Indus Region consisting of Indus River Basin (944,580 km of which 551,211 km lies in Pakistan) and Balochistan Region consisting of Kharan Desert (Close) Basin (121,860 km) and Makran Coastal Basin (123,025 km²). Within these three units, there are innumerable hill torrents, which have been grouped into 14 major zones. Of the total catchments area (1187257.19 km), Indus River Basin (IRB) is fed by 79.56%, Kharan by 10.12% and Makran by 10.32%.

The Indus Basin, part of Indus River System (IRS) covers more than 550,000 km² (or 71% of the territory), comprises the whole of the provinces of the Punjab, Sindh and NWFP and the eastern part of Balochistan. The Kharan Desert (closed) Basin in the west of Balochistan covers 15% of the territory consisting of the area of Kharan Desert and Pishin Basin. The arid Makran Coastal Basin along the Arabian Sea covers 14% of the territory in Pakistan's southwestern part (Balochistan province). Both Kharan and Makran Basins are generally dry except for insignificant perennial flow but during floods pass high flashy discharges.

Water Resources of Pakistan

Surface Water. Surface water sources of Pakistan are based on Indus River System (IRS), hill torrents and annual precipitation. The inflow to the rivers is derived from snow, glacier melts and rainfall. Average annual flow of Indus including Kabul (16.573 MAF)² at Kalabagh is 90.02 MAF, of Jhelum at Mangla is 23.25 MAF, of Chenab at Marala is 26.27 MAF, of eastern rivers (Indian rivers) is 16.41 MAF. Given the seasonal nature of the Himalayan runoff, roughly 85% of annual flows are in the Khareef season (summer), and only 15% in the Rabi season (winter). Average annual inflow of hill torrents of Pakistan, mostly occurring in NWFP and Balochistan, is 18.690 MAF. Additionally, precipitation over the Indus Plains and Peshawar valley contributes 29.74 MAF out of which 25.14 MAF falls in the CCA³. Considering 133.398 MAF of water as mean average of rivers inflows, 18.690 MAF of hill torrents and 25.14 MAF of precipitation water (which flows into CCA), the total surface water available in Pakistan comes to 177 MAF.

Ground Water⁴. Aerial extent of alluvial aquifer containing ground water in Pakistan is 194,000 km (19.4 Mha). The Indus Plain is underlain by a huge unconfined aquifer, which is replenished from direct precipitation, and through seepage and deep percolation from canals and irrigated fields. This aquifer has turned into a vital source and good alternate, though not a surrogate to surface reservoirs. The thickness of groundwater aquifer varies from 300 meters in Punjab to 60 meters in Lower Sindh. The present ground water withdrawal using 16000 SCARP⁵ and 515261 private tube wells (GOP, 1999) are 49 MAF (Tariq 2000). Private tube well contribution in ground water withdrawal is 85% (NESPAK-SGI-1991). Recharge⁶ through canal water of ground water is 47 MAF.

Artificial Rains. The first artificial rain fell near Bathurst, Australia on 5th February 1947⁷. Pakistan carried out its first cloud seeding experiment in 1953. The then meteorologists claimed 10 to 30% success but the process was discontinued apparently because Pakistan had enough water resources⁸. The Pakistan Agriculture Research Council, though unsuccessfully, carried out cloud seeding

experiments, again in 1986. Recent experiments, however, have shown potential for exploitation of this source.

Himalayan Glaciers. Indus River in Pakistan is the main source of surface water as well as the main resource for groundwater recharge. While the monsoon terminate mostly in the catchments areas of Jhelum and Chenab, Indus is mostly fed by snow and glacier melts in the Himalayas. The Karakoram Mountains are heavily glacier covered (about 13000 km or 37% of their area) compared to Himalayas (17%) and the Alps (2.2%). Baring the polar region, seven glaciers- Siachin, Hispar, Biafo, Batura, Baltoro, Barpu and Hopper located in the Indus catchments are among the largest in the world Glaciers, and therefore, are major water reservoirs of Pakistan's water resources. During water shortages, suggestions were made to acquire water through artificial glacier melts, which at its face value looked attractive but is a hazardous approach. It is not only unfeasible and unsafe for lack of requisite technology; it is full of serious environmental hazards. In fact, the effort should be to preserve and enlarge these glaciers to longer lasting and sustained usability.

Pakistan's Water Requirements

Water Requirements- Overall. A person needs one cubic meter of water each year for drinking, 100 m to keep clean, 274 m for industrial use and 1000 m to grow one ton of grain, enough to feed one person for a year. Pakistan's population is 137.5 million in year 2000 and is increasing by 2.2%. Pakistan's mean available water resources are 226 MAF (surface water 177 + ground water 49). A minimum of 10 MAF of water discharge into sea is essential for maintaining ecological balance/ to control sea salination close to coast. Pakistan's water requirement will surpass the availability in year 2015 creating a crisis like situation⁹.

Water Requirement for Growing Food. The big issue in much of the world is not water to drink but to grow food. Pakistan has 29.9 Mha cultivable area of which 21 Mha is under cultivation, but only 17 Mha of this area is canal irrigated. All canal-irrigated areas of Pakistan produce a total of 114.32 million tons of food products

which is even below the present (2001) requirement of 137.5 million ton. With 2.2% annual population growth, the requirement will soon increase to a level of crisis situation.

Water Requirement- Per Capita. Per capita water requirement is estimated to be 1375 m. Per capita water available in Pakistan in 1947 was 5000 m, which has come down to 1200 m in year 2000 and will reduce to 800 m in year 2025¹⁰. As per international yardstick, countries with per capita water upto 1500 m are '*water affluent*', countries with per capita water between 1000 to 1500 m will experience occasional scarcities of serious nature (the current Pakistan situation) and countries with per capita water less than 1000 m will face persistent shortages¹¹. As Pakistan is now declining towards 1000 m per capita mark, soon it would come under the category of a "water short" country.

Issues and Constraints

Surface Water Escapages to Sea. Though the three on-line storages have enhanced the regulation capacity, water still escapes to the sea. In Post-Tarbela 21 years, an annual average of about 50.07 Bm/40.58 MAF of water escaped below Kotri. After adjustment for contribution from Eastern Rivers and future abstractions on the Western Rivers as permitted under the Indus Water Treaty 1960, there could still be around 32 MAF surplus water. Leaving aside a reasonable supply for ecological reasons (Indus Delta Preservation), about 80% of this water being wasted to sea could be effectively controlled through multi-purpose storages. Besides utilisation for irrigated agriculture to bring prosperity to millions, this could provide a large chunk of cheap hydropower as well.

Decreasing Canal Head Diversions. Live storage capacity of Pakistan's major dams is decreasing due to silt. Tarbela had storage capacity of 8.2 MAF in 1997, which has reduced to 8 MAF in 2000, of Mangla from 4.6 to 4.5 MAF and of Chashma from 0.4 to 0.3 MAF. Canal head diversions, which had progressively increased till 1990 due to river regulation-cum storage facilities and other irrigation developments, has started declining because of complete moratorium on surface water development in post-Tarbela period

and significant loss of on-line storage capacity through sedimentation.

Inefficient and Wasteful Irrigation System. Pakistan's monoculture irrigation system was designed 150 years back for very low cropping intensities¹². With the population increase, more and more land is being brought under irrigation without redesigning the irrigation system and therefore, it has become most inefficient and a wasteful system. Unlined canals especially in saline areas cause 52 MAF losses through seepage. Over all losses through canals and watercourses are about 60 to 70%. Although, about 20 MAF of this water becomes groundwater recharge but seepage causes serious problems in saline areas.

Inequitable Distribution. Presently, within a watercourse command, water delivery to the head farmers is generally 32 % and 11 % more than to the farmers at the tail and middle levels respectively. Inequity in water distribution¹³ between head and tail is of the order of 20-50. The water supplies are time based rather than need based which results into either wastage of water in the form of excess supplies to the farmers who do not need it, or shortages for crops where sufficient supplies cannot be made due to rigidities of the system. Overall irrigation efficiency ranges from 35 % to 40%.

Water Logging, Drainage, Salinity and Flood Protection. Seepage from irrigation canals and watercourses, and the deep percolation of this water have gradually raised the groundwater table, causing water logging and salinity. Areas with water table depth upto 6 feet are considered disaster areas. Increase in disaster area from 1961 to 1981 was about 70%. It is estimated that about 25% of all irrigated land is saline due to high water table. Of this, 60% is unsuitable for cultivation and another 30% is suitable only for selected cultivation. About 18% of Gross CCA of NWFP, 18% of Punjab, 30% of Sindh and 7% of Balochistan has 0-6 feet¹⁴ water table. Since the 1960s, efforts have been made to provide drainage in the irrigated areas through SCARP but results are disappointing for many reasons.

Operation and Maintenance Losses. The gap between operation and maintenance expenditures and recoveries through water charges

is high (44%) and increasing. Expenditure incurred is Rs 4200 million but revenue collection remains merely Rs 1003 million. The difficulties faced in cost recovery have resulted in very poor operation and maintenance, which together with deliveries at less than the designed levels and illegal diversion, has led to major inequalities in the distribution of surface water.

Depleting Groundwater Resources. Over the past 20 years, groundwater use has been a major factor in increasing agricultural production. In 1975, surface water represented 70% of the total available water; groundwater through private tube wells at 22.5% and through public tube wells at 7.5%. In 1990, the figures were 63%, 27% and 10% respectively. Recently, weather changes and deforestation have drastically reduced precipitation, creating draught like situation. This has not only reduced inflows in the rivers but has also affected ground water availability. Due to inefficient canal system and low precipitation, groundwater withdrawal through excessive use of tube wells has increased, thus depleting groundwater resources.

Rural and Industrial Losses. About 50 mg (enough for 1.5 million people) of water, for example is wasted daily in Karachi because of leakage. Oversize flush tanks are other source of water wastage. Industrial sector is yet another area where water use is mismanaged leading to water losses and pollution.

Potentials and Options to Meet the Challenges

Surplus River Flows. A number of sites are available for storing surplus river flows. While Kalabagh Dam has been made a political issue, attention was not paid for the construction of other dams such as Bunji Dam, 300 miles above Tarbela near Gilgit, first identified in 1984; Basha / Diamir Dam with storage capacity of 5.7 MAF; Skardu with capacity of 35 MAF; Soan and Haro Rivers sites (five sites) with capacity of 30 MAF.

Flood Flows of Hill Torrents. Innumerable hill torrents grouped into 14 zones exist in all three basins. Flood flows of these hill torrents offer great prospects for development to meet the growing

demand of water. Conservation of hill torrents flow would transform the concept of uncertain crop yields to secure crop production. For the hill torrent areas, water conservation would be 'sine qua non' for socio-economic change. Overall a total of 1204 sites have been identified of which 423 (35.13%) are located in Balochistan, 154 (12.79%) in NWFP, Federal Area including FATA have 383 sites (31.81%), Sindh has 33 sites (2.74%) and Punjab has 211 (17.52%). Highest development potential exists in Balochistan where 3.80 MAF of water goes waste to the Arabian Sea and depressional areas in Makran coastal basin. Aggregate potential for the entire country is about 18.69 MAF of which 60 to 70 % can be used for development of a part of 6.35 Mha Culturable waste in these regions.

Ground Water. The recharge from bed of rivers/ hill torrents, irrigated areas, precipitation, snowmelt and flood flow inundation is estimated at 55 MAF¹⁵. Ground water abstraction through 5,15,000 private and 16,000 public (SCARP) tube wells was 49.5 MAF¹⁶ of which 39.5 MAF was from private tube wells but still the irrigation demands are not being met. Nearly 7062 Bft of groundwater, however, exists in the form of thin layers of fresh water in saline water zones, and over 706 Bft of fresh water is being recharged annually in such aquifers. This fresh water can be exploited to augment the irrigation supplies through skimming well techniques¹⁷.

Water Conservation and Management. Growing population, low water charges and high wastage of water are the main causes of high water consumption. Installation of water saving technologies for major household water consumers such as toilets, showers, washing machines, and kitchen sinks can result in as much as 50-70% water savings¹⁸. Leakage through water supplies and wasteful expenditure, which if given due attention can conserve water for better use. Similarly, industries can benefit from new technologies in the field of water treatment, recycling and disposal. In the field of irrigation, modern technologies and means are available to conserve water. Surface irrigation methods prevalent in Pakistan have lower application efficiencies and distributional uniformities than pressurised systems¹⁹. Moreover, hot and mostly arid climate of Pakistan gives rise to excessive evaporation, and therefore, necessitate use of modern methods such as sprinklers, trickle/ drip

irrigation and surge irrigation. Some experts argue that appropriate water prices can also force people to pay attention to water conservation.

Untapped Water Resources. Untapped water resources can be exploited to overcome the shortages of water. Some untapped water resources have been discussed here under.

- Conservation of flood flows in hill torrents (discussed earlier in details) has great potentials. Construction of small delay action dams in hill torrent areas can provide much needed water in those areas.
- Artificial rainmaking is another area of equally great potentials.
- Unplanned groundwater extraction has created serious problems but much potential remains untapped to make use of groundwater lying above saline water. People have to be educated about the possibility of available groundwater even in otherwise saline areas and the depth at which it is available.
- Desalination of sea and underground brackish water into useable water can also boost the depleting water resources. Worldwide installed desalination capacity is 7.5 Mm /d of which 60% is in Middle East²⁰.

Recommendations

Improvement in Per Capita Water Availability. One of the major causes of the increased pressure on demand for water is our rapid increase in population and influx of refugees. Per capita availability of water has, therefore, come down from 5000 m to 1200 m. Now that shortage of water is being felt globally, population control and check on refugees' influx/ their expulsion can keep the per capita water availability within the manageable level and every measure should be adopted to keep the population with in available water resources.

Desalination. Desalting of water can be achieved through three processes – distillation, reverse osmosis and electro dialysis. With the increase in demand, shortage of sweet water and development of cheaper technologies, these processes will become affordable and should, therefore, be given due attention²¹.

Weather Modification. Purposeful weather modification or cloud seeding is being viewed as a promising, low cost mean to increase water supplies in arid and semiarid areas. Recently, experiments have been conducted in Pakistan and should be gone into more seriously to make the system more productive to increase the availability of water.

Canal Lining in Saline Areas. Lining of canals passing through saline areas will save water for more use. Estimated economic return to such projects is about 25% .

On Farm Water Management (OFWM). The OFWM if extended to all saline areas, would produce nearly the environmental benefits of canal lining, and have an estimated economic return of about 40% based on a cost of \$ US 600 million²².

Need Base Supply System. Irrigation water supply system should be modified to need based supply system.

Salt-Tolerant Crops. Our cropping pattern should be modified to make it more productive by growing crops best suited in each area. Salt tolerant crops should be grown in saline areas. Similarly, crops requiring less water should be preferred to conserve water.

Developing Storage Capacity. It is proposed to construct a huge carry over reservoir with a storage capacity of 35 MAF, the largest in the world at Skardu on the Indus where water could be stored in three-pronged reservoir in Shyok, Valley, Valley and Indus Valley. The reservoir at Skardu will be seven times larger than Mangla reservoir and six times larger than Kalabagh reservoir. Therefore, Skardu is the best site for a longer life and excellent service value dam. If constructed, Skardu dam would generate about 6000 MW of

power, besides regulating the river flow. In addition to Skardu, dams at Bunji, Basha/ Diamir with storage capacity of 5.7 MAF, Soan and Haro river sites with capacity of 30 MAF should be constructed at priority without waiting for a consensus on Kalabagh Dam.

Computerised System of Management. To keep pace with the advancement in technology, the importance of computers need to be understood in water management. In the Water Sector Investment Planning Study (1991), Management Information System has been suggested based on computer network.

Institutional Reforms. There is a need to institutionalise the system of water courses management, distribution and revenue collection under the same authority who should be accountable for economical functioning of the system.

TABLE-1: LAND AND WATER CONSERVATION POTENTIAL OF THE TORRENTS OF PAKISTAN					
PROVINCE	AREA	CULTURABLE WASTE LAND		AVERAGE ANNUAL WATER CONSERVATION POTENTIAL	
		HECTARES	ACRES	MAF	Mm
Federal	Northern Area	60,700	149,929	0.94	1,159
	A J Kashmir	33,600	82,992	0.4	493
	FATA *	178,700	441,389	1.5	1,850
	Sub-Total	273,000	674,310	2.84	3,502
NWFP	D I Khan	419,000	1,034,930	0.8	986
	FATA *	178,700	441,389	1.5	1,850
	Hazara, Kabul & Bannu	442,300	1,092,481	3.76	4,636
	Sub-Total	1,040,000	2,568,800	6.06	7,472
Punjab	D G Khan	349,700	863,759	0.854	1,053
	Pothowar	220,800	545,376	1.86	2,293
	Sub-Total	570,500	1,409,135	2.714	3,346
Sindh	Khirthar Range	279,300	689,871	0.296	365
	Karachi	64,560	159,463	0.094	116
	Sehwan & Petaro	207,000	511,290	0.33	407
	Sub-Total	550,860	1,360,624	0.72	888

Balochistan	Indus Basin Component	837,900	2,069,613	4.067	5,015
	Kharan	1,060,500	2,619,435	0.789	973
	Makran	2,781,500	6,870,305	3	3,690
	Sub-Total	4,679,900	11,559,353	7.856	9,678
G. Total		6,935,560	17,130,833	18.69	23,036

* FATA has been counted only once in G. Total.

Source: National Engineering Services Pakistan Limited, "Master Feasibility Studies for Flood Management of Pakistan's Hill Torrents". p.S-20.

Abbreviations Used

Abbreviation	Meaning
ac	Acre
AF	Acre foot
AJ &K	Azad Jammu and Kashmir
Bft	Bilion Cubit feet
Abbreviation	Meaning
Bm	Billion Cubic Meter
CCA	Canal Command Area
D/S	Down Stream
FATA	Federelly Administered Tribal Areas
ft	Foot/feet
ha	Hectare
IBIS	Indus Basin Irrigation System
IRB	Indus River Basin
IRS	Indus River System
IRSA	Indus River System Authority
MCB	Kharan Closed Basin
km	Kilometer
km ²	Square kilometer
M	Meter
M ³	Cubic meter
MAF	Million Acre Feet
MCB	Makran Coastal Basin
Mg	Million gallons
Mha	Million Hectare

Mm	Millimeter
Mm ³	Million Cubic Meter
MW	Mega Watts
NESPAK	National Engineering Services of Pakistan
NWFP	North West Frontier Province
OFWM	On Farm Water Management
O&M	Operation and Maintenance
PAD	Provincial Agriculture Department
PCRWR	Pakistan Council of Research in Water Resource
PID	Provisional Irrigation Department
PRD	Provincial Revenue Department
SCARP	Salinity Control and Reclamation Project
Sq	Square
Sq ml	Square mile
U/S	Up Stream
WAPDA	Water and Power Development Authority
WUA	Water Users Associations

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24. Population has been calculated assuming population growth rate at 2.2%.
25. Calculation of water req is based on per capita annual requirement of 1375m as worked out by many experts including Tony Allen (Paragraph 3.2).

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INFORMATION WARFARE – IMPACT ON NATIONAL SECURITY AND PROPOSED STRATEGY FOR PAKISTAN

Commodore Muhammad Shafi, TI(M)

General

In order to understand the scope of the paper, it is essential to understand the definition of Information Warfare (IW) and IW strategy.

What is IW? The most widely accepted definition of IW is derived from the description given by Dr John Alger. According to him, IW is defined as *'actions taken to achieve Information superiority by affecting adversary's information, information based processes and Informations/Systems while defending ones' own information and information system.'*

Forms of IW. Modern day strategists have divided IW into various forms of elements. Libicki has alluded to seven forms¹ Shell E Widnall, Security of US Navy under Bill Clinton has divided IW into six elements². However, following forms aptly contain the entire spectrum of IW: –

- **Command and Control Warfare.** Strikes against Governments and leaders decision making process ie the computer systems.
- **Economic Information Warfare.** Using information to dominate economics.
- **Intelligence based warfare.** Design, protection and denial of systems that seek knowledge to dominate the cyberspace³.
- **Physiological Warfare.** Using information to change and manipulate the minds of friends and foes.
- **Media Warfare.** Utilising the print and electronic media to portray on point of view and influence perceptions of target audience⁴.
- **Hacker Warfare.** Attacking enemy computer systems⁵.

- **Cyber Warfare.** Placing Trojan horses, worms, etc, in enemy systems at the time of manufacture for subsequent manipulation.
- **Electronic Warfare.** Radio/electronic/ cryptographic techniques (Mostly military)

IW Strategy. IW Strategy has been defined as '*the options chosen by country to prioritise and implement the Elements/Forms of IW to achieve National Objectives*'.⁶

IW The International Perspective

Manipulation of information has been an integral part of human life since the advent of time, *Satan became the first Information warrior when he enticed Adam and Eve to the forbidden fruit. Adam and Eve consequently have the dubious distinction of becoming the first victims of IW and being banished to Earth instead of staying in Heaven.*⁷ Over the past two decades, information explosion has engulfed the entire world. The world came into being billions of years ago with the big bang and has now changed completely with the '*bit bang*'. The bang is all about exploitation of information and information systems, spearheaded by computers. The effects of this boom have been felt across the board – from politics to business, from education to international affairs, from sciences to art, from media to clergy, from peace to war, from Civil Service to Armed Forces and so on.

Advanced nations are scrambling to attain ascendancy in IW to suit their National Interests and are investing heavily to exploit the dynamics of Information Highway. Paradoxically, due to dependence on Information networks, large data banks and complex operating cum management systems, the developed countries are also the most threatened by IW.

IW and the West

Information networks and computers today are integral parts of all aspects of human life. Information systems control⁸ :-

- Telecommunications
- Electronic Power Systems
- Transportation (Road, Sea, Air & Rail).
- Gas & Oil Transportation.

- Banking and Finance.
- Water Supply Systems.
- Emergency and vital Services.
- Day to Day Government Functioning.
- All military operations

Hence C2 warfare has taken the maximum attention of the developed world. This table displays some interesting statistics regarding global use of computers and information systems⁹. It also points out how easy it is to conduct IW:

	In 1982	In 1996	In 2002
Personal computers	Thousands	400 million	500 million
Local area networks	Thousands	1.3 million	2.5 million
Wide area networks	Hundreds	Thousands	Tens of thousands
Viruses	Some	Thousands	Tens of thousands
Internet devices accessing the World Wide Web	None	32 million	300 million
Population with skills for a cyber attack	Thousands	17 million	19 million
Telecommunications systems control software specialists	Few	1.1 million	1.3 million

There are hundreds of examples, where Hacker and Cyber Warfare have caused havoc in the Defence and the economic worlds.

C2 Warfare Weapons. A few '*Hacker and Cyber Warfare Weapons*' that are causing havoc to computers and info systems, are:

- **Cyber Warfare Weapons.** Computer viruses and worms, Trojan horses & scanners, logic bombs, trap doors, sniffers, password cracking, KNOWBOT, etc. These manipulate command and control systems to modify, copy, destroy and control various systems. There are over 14,000 viruses written to-date . Putting logic bombs in the flight control software of an aircraft can turn the cockpit blind. You can virtually hijack an aircraft, for any purpose what so ever, sitting thousand miles away from the planned landing site.
- **Cyber Warfare Weapons.** Chipping, Nano-machines & Robo-flies, microbes, smart dust, morphing, HERF Guns, EMP/T Bombs, etc. These are anti hardware measures which can blow up after they receive a signal, shut down electronic

circuits, crash a computer, an entire network or telephone system.

Paradox of IW

As explained earlier, the developed nations are the most threatened by IW. According to CIA Director George Tenet:

- China, Russia and other countries have begun to focus on U.S. computer networks as a target for possible high-tech IW attacks that could cripple everything from telephones to electricity; power grids to banking, traffic signals to ATCs¹⁰ and so on.
- Foreign countries have begun to include IW in their military doctrine as well as their war college curricula.
- They realize that in a conventional military confrontation against the US, they cannot prevail, however, cyber attacks can level the playing field during an armed crisis against the United States.¹¹

Electronic Pearl Harbour. The US Government established a study group called Marsh commission in July 1996 amid concerns that USA may be headed for an *electronic Pearl Harbour*.¹² According to this, Department of Defense information systems of USA were coming under attack about 500,000 times a year and that more than half of those attempts had been successful. The commission concluded that the entire US infrastructure and way of life is threatened by C2 warfare. It could be terrorists or nations operating from within or outside who could bring USA to its knees. \$.5 billion are required just for research to determine the extent of threat

Financial Implications of IW. Billions of dollars are being spent the world over to protect computers and computer systems. A recent study by Pricewater Coopers, a worldwide firm of chartered accountants, claims that hacker attacks cost the world economy a whopping \$1.6 trillion in 2000¹³. That is equal to 25 times the GDP of Pakistan. If one counts the Y2K problem (the millenium bug) and attacks by other forms of IW, this cost would double. If the telephone system in Wall Street suddenly closed down, it would cost hundreds of billions of dollars because the daily value of telephone transactions on Wall Street alone is in excess of one trillion dollars

Economic Information Warfare. As the concept of '*global village*'¹⁴ becomes a reality, Economic IW can affect the economic growth of foes and provide impetus to own economic interests and those of friends. For instance denying Pakistan satellite information in improving a certain crop, or using propaganda to belittle our textiles.

Intelligence Based Warfare (IBW)

IBW can be divided into Offensive and Defensive IBW. The simplest example of defensive IBW is to ensure that the information network between the Government setup in Pakistan and Pakistan embassy in another country is not compromised through manipulation. While offensive IBW would mean our ability to feed false information in the communication network between a Foreign embassy in Islamabad and that country's foreign office.

An immense amount of effort is going into enhancing the capabilities in IBW. The West, especially USA has a network of satellites (KH11/12 series) and other eaves dropping equipment which can monitor all activities/objects in areas of their interest as small as 2 cms¹⁵.

An automated '*Global Interception and Relay System*' operated by intelligence agencies of US, Canada, UK, Australia and New Zealand has been code named ECHELON. 37¹⁶. It has massive ground based radio antennae and numerous satellites to catch data from satellite and Internet transmission. ECHELON has even tapped into cables that carry phone calls across the seas. ECHELON intercepts as many as 3 billion communications everyday, including phone calls, e-mail messages, Internet downloads, and satellite transmissions. Some sources have claimed that ECHELON sifts through an estimated 90 percent of all traffic that flows through the Internet.

Psychological Warfare. Psychological Warfare does not target territorial objectives, it targets the human mind and the thought process. This form of IW targets:

- *The national will.*
- *Exploitation of Leader's Weaknesses*
- *Operations against Opposing Commanders*
- *Targeting cultural conflicts (Ethnic, Sectarian, etc)*

Psychological warfare is now planned at the highest levels of State leadership or the Armed Forces. New concept weapons, such as infrasound

weapons, lasers, microwave and particle beam weapons and incoherent light sources are now available for various applications.

New Tools of Psychological Warfare. Technological developments have made it possible to subject all people, from ordinary citizens to heads of state, to a complex information offence. Simulated voices fabricated speeches delivered by virtual heads of state, and projected images of actual life situation can affect nations psychologically.

Media Warfare. The media especially the electronic media is bringing a revolution around the world.¹⁷ Nothing is hidden from the prying eyes of cameras and reporters. CNN, BBC, CBS and even the Asian Networks have now the power to make or break Governments. Influx of a large number of Indian TV channels is precisely to influence its neighbours and project the Indian viewpoint and even culture.

Electronic Warfare. The techniques of EW have improved to the extent that even a single transmission does not go undetected. Naval and Air forces spend days without using their sensors and communication equipment for fear of giving away their position. An individual using a cellular phone can be localised from anywhere in the world and targeted, if required. False contacts can show presence of forces where they are not.

IW as a Tool to Deter War. Because of dependence of most states on Information Systems, IW can be used as a tool to deter war. For instance the threat to the Command and Control system of Chinese oil fields can force her not to attack Taiwan or Iran.¹⁸ High Energy Radio Frequency (HERF) and Electromagnetic Pulse Transformer (EPT) bombs (basically radio equipment) can deter countries from aggression by knocking out power, which provides supplies to computers and weapons.

Asia as an 'Info Power'. Asia is fast catching up with the west in IW. Damon Bisto reports in Janes Intelligence Review of December 2000 that China, Taiwan, Japan, the two Koreas, India, Singapore Malaysia, Israel and even Myanmar have introduced IW at various levels of their security strata.¹⁹

IW - Threat to Pakistan

The West is not comfortable with Pakistan nuclear programme and diplomatic and moral support being provided to Kashmiri Freedom fighters. India is looking for an opportunity to cut us to size militarily and economically. We are therefore ripe for IW attacks. Some individuals

believe that since Pakistan does not rely totally on computers and information systems,²⁰ IW threat to Pakistan is minimal. However this may not be true as IW is not just about computers. We are open to attacks by various other forms of IW like Media Warfare, Economic IW, etc²¹.

Pakistan's IW Vulnerabilities. Our vulnerabilities/ constraints include:

- Lack of National Policy on IW
- Lack of IW awareness among general public
- No sense of direction/security for our information systems.
- Electronic media neither progressive nor credible
- Weak Financial Institutions.
- Intelligence network not state of the art.
- EW still in its rudimentary form

Short Listing Adversaries. Indeed the premier threat for Pakistan emanates from India. The US, having coined the term IW, the sole super power enjoys absolute dominance in all spheres of IW. Israel has acquired meaningful capability in intelligence sphere of IW and Indo-Israel collaboration in this field needs to be considered. Russia's limited IW capability is not likely to develop meaningfully in the foreseeable future but she can support India in satellite technology. Let's deal with the Indian threat

IW Threat From India

India has one of the fastest growing Information technology (IT) industries in the world. She is well poised to be an information superpower in the 21st century. There is a view that Information Technology is to India, what oil is to the Gulf. A combination of factors, both global and domestic, have created an environment suitable for practicing various forms of IW. This of course would be to the detriment of Pakistan's national interests.

Foreign Policy Achievements due to Information Prowess. Some of the most vehement critics of India after the Pokhran nuclear tests in 1998 like China, Japan, Australia and the United States are today courting her. India has established strategic relationship based on Information Technology (both software and IT manpower) with China, Japan, Australia, European Union, USA, Italy, Singapore, Israel and Syria. Her information power gives it a great lever to win friends and influence people to the detriment of Pakistan's Security.

India and Economic IW. Non Resident Indians have ingressed into various financial and hi-tech institutions and can play a major role in executing economic IW against Pakistan. Mr Syed Aamer, a computer specialist, residing in USA posted a message on 'The Petarian Website' on October 24, 2000 regarding the success of Indians in the world of finance and technology under the heading; 'A Few Thought-Provoking Thoughts'²². Some interesting data is:

- The Co-founder of Sun Microsystems (The company which is sweeping the internet with its brainchild JAVA) is Vinod Khosla.
- The Creator of Pentium Chip (Needs no introduction, 90% of today's computers run on it) is Vinod Dahm.
- The third richest person in the world according to the latest report on Fortune Magazine, is Aziz Premji, CEO, WIPRO. The Sultan of Brunei is at 6th position now.
- The current president of AT & T Bell Labs (AT & T Bell Labs is the creator of C, C++, Unix to name a few) is Arun Netravalli.
- The founder and creator of Hotmail (Hotmail is world's No.1 web based email program) is Sabeer Bhatia
- The GM of Packard is. Rajiv Gupta
- The Testing Director of Windows 2000 is Sanjay Tejwrika
- The Chief Executives of CitiBank, Mckensey and Stanchart are. Victor Menezes, Rajat Gupta and Rana Talwar respectively.

The CEOs of 50 other IT, communication and Hitech companies are Indians. They are known as the Indian Mafia (or Internet Mafia). They are the wealthiest among all ethnic groups in America. According to him this is why "*corporate America*" is leaning so heavily towards India.

India and Media/Psychological Warfare. The Indians have already captured the media. The mass appeal of Zee and Star TV bear testimony to

this. India doesn't need to go to war with Pakistan anymore, the media war is doing the needful.

India and IBW. India has invested massively in the space arena and other intelligence spheres. After the creation of Indian Space Research Organisation in 1969, India has launched 11 satellite launch vehicles. In 1996, India successfully launched its third polar satellite launch vehicle with locally developed remote sensing satellite. India is expected to distribute data to countries like USA, Japan, Australia, South Africa, Saudi Arabia, etc.

Indian Threat in EW and Model. The Indian Armed Forces have realised the value of EW as a principle instrument of war. The three Services rely heavily on EW and have the capability of operating in dense EW environment. An Indian IW threat Model perceived by Maj Gen (retired) Yashwant Deva²³ paints a picture wherein Pakistani nuclear and SSM capacity is totally neutralised by Indian IW capability in 2010. Though far fetched, it points clearly towards the Indian thought process.

Vulnerabilities of Pakistan's Info-Structure

Pakistan is presently ill prepared to counter any determined attacks against its information systems. A cursory survey of Pakistan's existing internet service provider networks has revealed that security in these systems is so lax that it is possible to breach into them and create a general havoc. Many scientists, professors, politicians and even the military personnel exchange classified or semi-classified information using E-mail.

IW – Advantages and Opportunities for Pakistan

IW Strategy. We have seen that the threat to Pakistan's National Security from IW is substantial. It can also be appreciated that IW provides immense advantages and opportunities against our adversaries. We therefore need to adopt IW as a Strategic Option for the security of Pakistan.

Opportunities for Pakistan

Advantages of IW. There are many strategic advantages of IW:

- **Low Cost.** Waging IW is relatively cheap. It has been estimated that with as little as \$10 million and 100 well-trained men information infrastructure of any country can be targeted.²⁴
- **Covert.** IW is covert in nature. There is no early warning of an IW attack, hence it creates a high level of paranoia. One phone call may cause more damage than a dozen planes carrying conventional bombs. Viruses can be injected into a country through information networks, telephone lines, or simple floppy disks from outside the territorial boundaries of the victim nation.
- **Anonymity.** IW can be waged anonymously. An anonymous attack not only harms a state's national security, but there is no one to hold accountable for the attack. This may result in political instability as citizens blame the Government for lack of security. It might even be possible to get a political system to collapse with prolonged and systematic anonymous attacks. IW can play a major role in low intensity conflicts; a likely Indo-Pak scenario.
- **Minimal Loss of Human Life.** IW can be waged to minimize the human life loss in the target country. This makes IW techniques politically attractive since there are no global taboos associated with waging war against machines.
- **First Strike Advantage.** The first strike through IW may prevent an adversary from responding if substantial enemy command, control and conventional or delivery systems are made non operational. Taking this a step further, destruction of adversary's computer reliant key information systems like their C2 Structure, Satellite Communications, Intelligence setup, banking, Telecommunications, utilities, etc, can, deter her from contemplating aggression against us.

Recommended Road Map to Benefit From IW

There are several measures to develop IW capability. The important ones are:

National Interest

National Objectives. Attainment of IW capability should be added in our list of National Objectives on the following strategic lines:-

- **Short Term (Upto 2 Years)**
 - ◆ Develop vital information systems for all Elements of National Power.
 - ◆ Attain indigenous capability of software development.
- **Long Term (2 to 5 Years)**
 - ◆ Develop indigenous capability in developing IW weapons for all forms of IW (C2, IBW and Psy warfare)
 - ◆ Develop credible deterrence against internal and external IW threats.

National IW Policy Guidelines

Foreign Policy. Our foreign policy should:-

- Actively pursue acquisition and transfer of advanced IT.
- Propose establishment of Cyber Threat Safeguard Regimes.

Education Policy. Education system should progressively bring about awareness of IW. In the long term our education system should produce sufficient expertise for various segments of IW programme.

Policy in Commerce and Industry. With the cooperation of businessmen. A suitable strategy in the form of better financial discipline, quality control and pro-active marketing is needed to counter Economic IW.

Media Policy. Print and Electronic Media Policy should allow private TV channels and aim at judicious employment to support our national IW programme.

Defense Policy. All Elements of National Power be employed to develop a viable IW capability, to guarantee safety and redundancy of strategic information assets against IW attacks in the short term and credible deterrence through IW strike capability in the long term.

National IW Policy. Warfare must not be considered an exclusive domain of the military is a lesson of history which has come to the fore ever more vividly as a result of the new dimension of warfare. IW will have to be viewed as a separate Element of National Power due to its impact on culture, economy and inter-state behaviours.

Development of IW Capability/Programme at National Level

Short Term

- **IW Cells.** Establish IW cells both in the civilian and military sectors to evolve IW programmes.
- **Joint Research.** An IW Research Organization at the National level, headed by a single competent executive authority, rather than the existing cost prohibitive and ineffective research setups moving in divergent or parallel directions, is a necessity.
- **Increase Awareness and Train IT Personnel.** Institute Measures for Increasing Awareness of Policy Makers, Information System Managers and General Public on IW.
- **Security of Information Systems.** Increase security of information systems by use of encryption technology and security software.
- **Give Due Recognition to Hackers** (to be called computer experts). Most of the hackers are youngsters who have mastered the skills of computer hacking. If their skills and energies can be utilized in an organized manner they can do wonders in both offensive and defensive IW. When the Israelis catch a hacker, they give him a job in Mossad. We must utilize hackers, effectively.

Long Term Plan. Having geared up the organisational structure and R&D setup the following goals are envisaged in the long term plan:-

- **Attainment of IBW Capability.** For a reliable IBW capability, indigenous satellite technology, hard and soft power capability and own RPVs, satellites and a modern intelligence network be developed, but in a phased programme because of its financial implications.
- **Effective Use of Psychological /Media Warfare.** In Pakistan, State monopoly over electronic media has not let this important sector fully harness its potential. Private TV channels with a balanced approach can create a better impact on masses. Such private TV channels can be effectively employed to wage Psychological Warfare.
- **Economic IW Capability.** Human Resource development in IT and their employment with Hi Tech multi-nationals be aimed to enhance our Economic IW capability

IW As A Dimension In Military Strategy

Safeguards. Adequate safeguards for all VAs/VPs and information assets are necessary against IW threat.

Credible Deterrence. Besides conventional and nuclear deterrence, our Military Strategy should deter employment of IW weapons against us. This should be done through development/acquisition of compatible IW strike capability, based on soft and hard kill IW weaponry.

Development of IW Capability at the Military Level

Short Term

- Besides imbalance in Navy and Air force, another major imbalance is fast emerging in IW domain. This imbalance must be addressed wholesomely in our developmental strategy.
- Computer literacy of Armed Forces should be increased should be mandatory for officers.

Long Term

- **Information Superiority.** In future conflicts the side that enjoys superior information position would be better placed to achieve victory. Army formations, PN Fleet and Air

squadrons should be equipped with appropriate technologies and systems, to attain information superiority over the enemy.

- C4I. Phased development of C4I needs to be initiated to enable operations of our Armed Forces in a dense IW scenario.

Conclusion

It may be appropriate to think of information technologies as comparable to nuclear technologies. While not as overtly destructive, IW has the potential to affect States, Governments, business and finance, social sectors and the Armed Forces. The concept of large armies is fast becoming a thing of the past. Future wars will not be fighting but bankruptcy of nations and the breakdown of the social setup. An ounce of silicon (computer chip) may soon be worth, in strategic terms, more than a ton of uranium.

It is believed that Super Powers of the 21st century will neither be countries possessing the largest stockpiles of nuclear arsenal nor will they be nations with the maximum critical mass (territory + population + natural resources) but the nations that control the Information Highway.

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PROSPECTS OF GREATER ECONOMIC CO-OPERATION AND INTEGRATION OF PAKISTAN WITH CENTRAL ASIAN AND OTHER MEMBERS OF ECO: AN APPRAISAL

Brigadier Iftikhar Arshad Khan

Introduction

Central Asia re-emerged with astonishing swiftness upon the world scene with the fall of the Soviet Union. Among all the republics of the former Soviet Union, those of Central Asia were the least prepared for independence and indeed had not even sought independence when it came upon them. Thrice in modern history, this region, "The Eurasian Heartland"¹ became a centre of great attraction for international observers. In this post cold war era when, after living for three-quarters of a century under the Soviets, the Central Asian states attained freedom and emerged as independent sovereign states. This brought about the liberation of six Muslim republics i.e Azerbaijan, Kazakhstan, Kyrghistan, Tajikistan, Turkmenistan and Uzbekistan. All these states are heterogeneous in terms of ethnicity, are either primarily or substantially, Muslim. This is one of the main factors, which determines the politics of the region.

Central Asia is of great importance to Pakistan because of its location, geo-strategic salience, economic vitality and potential in coming decades. Enormous hydrocarbon resources in the form of oil, gas and coal, as well as ferrous and non-ferrous metals, give the region an unlimited potential for development which has created strong interests among major players in the region. The flow of economic activity in the future will, however, depend on the communication system of the land locked Central Asian Region, As per many analysts, "who ever controls the Central Asian economy (energy) will determine the destiny of the region"².

Pakistan has been aspiring to play a significant and meaningful role in its interaction with these countries. At this

junction, Pakistan is fortunate that being a member ECO, it stands to gain considerably.

ECO in Perspective

RCD - An Overview. ECO, is a regional grouping, is a step in this direction. It is the successor of Regional Coop for Dev, acronymed R.C.D. The three component countries of Regional Co-operation for Development namely Iran, Turkey and Pakistan, needed each others assistance for development and therefore, decided to enter into an economic alliance.

The tripartite alliance was already bound by their common religion which is the greatest uniting force. They had common cultural heritage. They had always cherished friendly relations with each other. Geographical contiguity was also one of the factors which could help in maintaining closest trade and diplomatic relations. Politically and militarily, they had already pledged to help each other because they were old members of CENTO. For economic collaboration some alliance was essential which came in the shape of RCD in 1964.

Principal Fields of Collaboration³. The areas of co-operation as indicated in the protocol are as under:-

- To ensure free movement of goods through all practical means such as conclusion of trade agreements.
- Formulate and implement joint purpose projects;
- Improve air-transport service.
- Secure close co-operation in the field of shipping.
- Construct and improve rail and road links;
- Promote tourism.
- Abolish visa formalities and
- Provide technical assistance to each other in the form of experts and training facilities

Failure of RCD

From its inception in 1964 till 1979, RCD failed to generate any significant level of regional economic cooperation among its three founder members. For instance, the RCD had planned to take up 81 economic projects out of which 49 were approved and only 17 could be implemented⁴. This lackluster performance led to a general feeling that RCD had failed to "come up to the expectations of the people living in these countries". Indeed, there was a muted apprehension that the whole notion of a regional economic grouping was a non starter since these countries differed widely among themselves. It was under these circumstances when ECO replaced the moribund RCD in 1985.

ECO - A Vision for the Future

The Economic Co-operation Organisation is a new grouping of nations which symbolises the hopes and aspirations of nearly 300 million people spread over ten independent countries. Though the organisation is new, the historical, cultural and social bonds which hold the people of the ten states together are very old and deep rooted.

ECO at its inception in 1985 was limited to Pakistan, Iran and Turkey. An important aspect of ECO is that although the member states lie in close geographic proximity to each other, they belong to four geographical units. Turkey and Iran are normally regarded as West Asian, Pakistan has links with South Asia, while Afghanistan, Uzbekistan, Tajikistan, Kazakhstan, Kyrgyzstan and Turkmenistan belong to Central Asia, Azerbaijan lies in Transcaucasian region.

Aims and Objectives⁵. The aims and objectives set forth in the 'Treaty of Izmir' are:-

- Reduction of trade barriers.
- Industrial collaboration through the establishment of joint ventures.

- Establishment of an ECO Investment and Development Bank.
- Promotion of intra-regional tourism.
- Provision of efficient post, telephone, telegraph and telex services.
- To take measures to ensure adequate shipping services and formation of an ECO shipping company.
- Expansion of air travel and movement of air cargo.
- To provide technical assistance and expertise to each other.
- To establish institutions for training personnel in the technical field.
- To establish ECO Science Foundation with headquarters at Islamabad with a view to build up a pool of highly skilled, scientific and technical manpower.
- Creation of an ECO Youth Foundation.
- Promotion of cultural cooperation.
- Establishment of close cooperation among media agencies.
- Provision of efficient transport system. Member states must give priority to the construction and improvement of the highways and railways.

Source: Economy of Pakistan 1999 by Professor (Dr) Khawaja Amjad Saeed, Newfine Printing Press, 1999.

ECONOMIC POTENTIAL ECO COUNTRIES

Economic Profile - ECO Members⁶

The economic importance of these republics is a solid base of natural resources of which oil and natural gas seem the most promising. The pressing need of the Central Asian states is to acquire the economic self-sufficiency, The basic economic indicators of these countries are given in the following table: -

ECO STATES - BASIC INDICATORS

Countries	Population (Millions)	Area (Sq km)	GNP Per Capita 1998	GDP 1998 (\$ Billion)
Afghanistan	16.6	652099	-	-
Azerbaijan	7.4	86600	730	4.9
Iran	55.8	1648195	1470	94.1
Kazakhstan	16.5	2717300	1425	22.6
Kyrgyzstan	4.6	198500	380	1.8
Pakistan	131.9	796095	467	64.0
Tajikistan	5.9	143100	184	1.1
Turkmenistan	4.7	488100	586	2.7
Turkey	63.8	779452	2924	186.4
Uzbekistan	21.9	447400	598	14.1

GEO- ECONOMICS OF THE REGION

The "Great Game"⁷

In 1916 the change in the recruitment policy of the government with respect to the Central Asian states created severe dissatisfaction which resulted in revolt. The Russian forces crushed this historic uprising. The other players of the 'Great Game' were Turkey, Iran, Afghanistan and China, for one reason or the other remained inactive for most part of the Russian conquest. The arrival

of the other strong player Britain in the region completely changed the situation. India became the top priority of the Great Britain and the Russian advance towards the east was watched with great concern. These regions thus became centres of British diplomatic and military manoeuvres by maintaining Afghanistan as a buffer state and remained contented with the Afghan boundary agreement signed with Russia.

The disintegration of the Soviet Union brought about the liberation of six Muslim republics and also ushered in a New Version of the Great Game. The two neighbours, Turkey and Iran play a significant role in it wherein the West and Russia are handicapped. Turkey as a state largely populated by secular minded Muslims, is in a position to exercise influence upon the new states. This is because of its linguistic and cultural affinities with the majority of the Central Asians. According to this view, Turkey and Iran will compete for influence in Central Asia. In this new version of the 'Great Game' 'with Turkey and Iran replaced Russia and Great Britain and both of them are not arriving at the physical subjugation of Muslim Central Asia, but on their vital and rich economic resources. There are number of other regional powers who are likely to play an equally crucial role in this new great game. These include Russia, the United States, Saudi Arabia and Pakistan. This aspect is significant, for it involves political, military, economic and most important, the religious agenda which is likely to determine the strategic future of Central Asia.

Attitude of Neighbouring Countries

China. There are already indications of China's readiness to join in the projects involving cooperation between several member states of ECO. Shanghai 5 is a manifestation to this effect. China has recently signed an agreement with Pakistan, Kazakhstan and Kyrgyzstan to make use of a land route that would pass through Xinjing and utilize the Karakoram Highway to link up with the road network of Pakistan for access to the Arabian Sea. Till the time peaceful and stable Afghanistan facilities the use of a shorter route via Pakistan, this may be the only feasible land route to the South. China's only concern is about the present and future implications of political

unrest amongst its Central Asian minorities, especially in Xinjiang province.

Russia. Security and economic factors have been playing a major role in shaping Russian perceptions and policies towards ECO. Russia is particularly concerned about the spill over of the Afghanistan and Tajikistan civil war to other CARs and even to the Russian Federation itself. It is being perceived by Russia that the events in Chechnya and Tajikistan confirm the vested interest of Islamic radicals. This is the reason that the declaration of intention of CARs to join ECO met with some resistance from Russia.

India. India would not desire that the present ECO should develop into a large economic grouping. At the same time, India would not like to leave CARs under Pakistan's influence. India would like to retain its advantageous position in the CARs vis-à-vis Pakistan by using its past connections and also by offering substantial technical skill and expertise.

Western World. Efforts to achieve economic integration amongst various members of the ECO are not being viewed positively by the Western World. Instead of viewing it as a part of natural historical process, this is being taken in the West as an expression of '*Islamic fundamentalism*'.

PROSPECTS FOR PAKISTAN

Economic Potential

Pakistan attaches great importance to her interaction with ECO members. Pakistan enhanced its linkages with CARs when these republics signed the Charter of ECO in 1992. Eversince Pakistan is playing a leading role in bringing the member states close. At the end of the 3rd Summit in Islamabad, Pakistan was the only country which signed all the agreements, protocols, charters and memoranda.

Pakistan's Economic Ties with Central Asian Republics⁸

Since independence of the CARs, and establishment of diplomatic relations between Pakistan and these republics, frequent bilateral visits and exchange of delegations have taken place. Special technical assistance programmes are being implemented in Pakistan to train personnel from the CARs in the fields of diplomacy, commercial banking, railways, information, audit and accounts. Pakistan has provided a large sum of suppliers credit to the CARs, which has been utilized for import of goods. Pakistan's current trade with ECO countries is very nominal.

The main thrust of Pakistan's policy towards CARs is focused on their integration with the south. The goal can only be achieved by providing these land locked republics an access to the sea through construction of land links, both road and rail, and laying of oil and gas pipe-lines. It is giving top priority to building roads, connecting Pakistan with the CARs and offering Karachi and ultimately Gawadar as a commercial hub providing connections with the Gulf Region, Far East, Middle East and Africa.

Trade Openings

The geographic location of Pakistan is a blessing for the CARs because it offers the shortest way to international shipping lanes in the Arabian Sea. The port of Karachi, and the under construction facility at Gawadar, are closer to international shipping lanes than the Iranian port of Bandar Abbas and Chah Bahar. Less Turkmenistan all these countries and their major cities are closer to Karachi as compared to Bandar Abbas and Chah Bahar⁹.

The rail and highway links between Pakistan and CARs involve considerable capital investment and unless normalcy returns to Afghanistan and Tajikistan, road transport is hazardous. The only viable land route at present, is KKH, the Karakorum Highway through China. But this is also dangerous and unreliable trade-transit being prone to vagaries of weather.

Pakistan is concentrating on commercial links with CARs and is supplying a variety of consumer and light industrial goods to these countries. Pakistan leather industry has good potential for increasing trade. It can buy raw material for processing, and supply them with finished goods.

Services Sector

Pakistan has a strong base in the services sector. Banking, insurance, marketing, accounting, and hotel management are the strengths of Pakistan while these are not well developed in CARs. There is a considerable scope for providing these services.

Oil and Gas Pipelines and Power Sharing. Pakistan shall be short of natural gas by the year 2015. The three countries that can provide gas through pipeline are Qatar, Iran and Turkmenistan. The shortest and cheapest route lies via Afghanistan for the Turkmen gas. Similar is the case for an oil pipeline from Turkmenistan. Pakistan signed a Quadrilateral MoU with Turkmenistan, Uzbekistan and Afghanistan in 1996, in Ashkhabad for a gas pipeline. On the same day, a Trilateral MoU was also signed with Turkmenistan and Afghanistan for an oil pipeline. The estimated cost of these projects is 5.5 billion dollars. These proposed pipelines would not only provide oil and gas but would also be valuable strategic assets. Similar plan is being envisaged for import of electricity from Turkmenistan.

Employment Possibilities. Another major field, is the manpower and skilled labour, which can be shared by the region. In addition, the experience and skill in different fields, can also be exchanged for mutual benefit.

Agriculture. Almost all the CARs are agriculture economies and heavily depend on cotton. Pakistan can provide considerable cooperation in this field by providing institutional know how, expertise in seeds, fertilizer and crop management. Cotton being the common cash crop, Pakistan should lead the Cotton Growing Countries Association for better marketing, growing and export management. Impediments

Lack of Cohesiveness. At the time of ECO's expansion in 1992, there was a general belief that the geography, history and religion have all combined to link the member into a common destiny. But on the contrary, by the time the Third Summit, took place in Islamabad, in 1995, it had become apparent that there was a distinct lack of ideological and political cohesion within the member states. Pakistan was the only country, which signed all the agreements. Uzbekistan did not sign any agreement except initialing the charter for scientific cooperation. The 1996 ECO Summit in Ashkabad, displayed a noticeable divergence of opinion. Uzbekistan objected to raising of political matters of international nature by some delegates. Kazakhstan, too, declared that it would not become a part of any "Islamic Fundamentalist Bloc"¹⁰. Turkish President Suleiman Demiral stated that Turkey would participate in ECO not as a government but as 'private sector'. In short, the summits held so far have highlighted lack of cohesiveness within the ECO. With Turkey looking westwards for technical and financial support, the CARs looking northwards for their security and economic well being, and Iran following the policy of "neither east nor west", there are doubts about ECO members speaking with one voice on major issues.

Efforts to form Parallel Blocs. Some states have come to a conclusion that ECO is limited in scope and does not hold any promise and benefit. In this back drop, Turkey has forged a parallel bloc with all ethnic Turkish states, within CARs. Iran too, is exploring the possibility of forming a separate bloc on similar lines.

Absence of Peace in Afghanistan. The ideals of ECO are difficult to be realised unless the conflict in Afghanistan is resolved. Peace in Afghanistan is considered vital to make ECO a success. It is the gateway to Central Asian countries. Projects, involving Afghanistan, are difficult to be achieved. The internal instability in several other member states and civil war in Afghanistan has inflicted severe damage to many ECO schemes of cooperation. Most of these have now been shelved.

Non-implementation of Agreements. Since inception, ECO is beset with not only the problem of failing to agree to sign an agreement but with the problem of implementation of already signed agreements. ECO members agreed, in 1992, to accord each other preferential tariffs

and also to give 25% cut in custom duties. After a lapse of all these years, nothing has come of it, as yet¹¹.

Recommendations

Need for Unity/Harmony of Thoughts and Actions. There should be complete harmony and integration between the programmes of development and cooperation. A consensus on major issue facing the region is necessary between the member states. The solution to the pressing problems must be found through bilateral and multilateral mediations under the auspices of ECO.

Importance of Confidence Building Measures. Adoption of confidence building measures (CMBs) is essential for the management and resolution of conflicts between the member states of ECO. Greater political will and determination has to be displayed. Amity must replace animosity, whenever, it exists.

Revision of ECO Charter. Economic interests can not be pursued without addressing security concerns. The ECO member states should keep the option of re-examining the ECO Charter with a view to making it pragmatic and more suited to the obtaining environment. They may have to redefine the ECO Charter with the possibility of allowing member countries to present their problems before friendly countries.

Peace within Afghanistan - A Need of the Hour. As it is, the civil war in Afghanistan poses a serious threat to ECO's unity. The outside powers, which are apprehensive of Muslim World, continue to fuel the disarming and chaos in Afghanistan. A prolonged war certainly is an impediment to the creation of successful and prosperous economic bloc.

Redress Russian Apprehensions. Russia's perception that external players are attempting to undermine her economic interest in the region be addressed. Russia must be convinced and made to realise that ECO has no desire to harm her Russian interests.

Communication Infrastructure. Building and strengthening of the transport and communication infrastructure is a pre-requisite for economic growth and development. The strategic importance of the ties between Pakistan and CARs will only increase if these states are connected through modern communication network. As far as the access to the sea is concerned, Karachi Port is much nearer to CARs than either the Black Sea ports or the Port of Vladivostok. Baluchistan Coast can also offer closer points of communication than any of the ports of the former Soviet Union and therefore provide trading outlets for them in a rational, cost-effective economic system.

Tariff. The trade between the member states is too slow at present. The growth of intra-regional trade cannot materialise without the elimination of tariff and non-tariff barriers. There is a need to scrap off preferential tariffs in favour of a free trade regime. ECO should expedite their work to remove trade barriers within the region since they are anyway required to do so under WTO. An ECO free trade area or ECO customs union would encourage local and overseas investors.

Relaxation of Travelling Restrictions. Traveling restrictions between ECO countries must be relaxed. Abolishing visa restriction will go a long way to help the business community to contribute more enthusiastically in economic related activities.

Acquisition of Modern Technology. To compete with economically stronger blocs of the world, ECO member states must combine their efforts to acquire state of the art technology and thereby develop competitiveness.

Negate the Islamic Orientation (Fundamentalist Factor). To negate the impression that ECO has an Islamic (Fundamentalist) orientation, membership must be extended to some of the non-Muslim countries of the region as suggested in the Summit held at Ashkabad.

Conclusion

With the end of Cold War, world's focus has shifted from alliances of security to the efforts to actively cooperate for economic development. The logical starting point in this regard has to be a geographical region. Efforts are being made to persuade the nations to let the guns rest for a while and concentrate the energies on finding ways and means to reduce the level of poverty and economic deprivation that their people are facing.

ECO is a regional grouping for the said purpose. To make this expanding organisation effective and the focus of meaningful co-operation, ECO needs vast structural changes. Along with this, ECO members have to seriously engage themselves in finding a peaceful approach and amicable resolution to their intra-regional conflicts. For Pakistan, the whole issue of expanding economic co-operation with the Central Asian Republics is now based on linkage through Afghanistan. Till the time peace prevails in this part of the region, there is a little hope of any substantial progress being made in this regard. To take full advantage of the benefits of collaboration, it is necessary for the member states to display a greater political will and determination to make this economic integration a reality.

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TOURISM AN ECONOMIC FORCE MULTIPLIER: PROSPECTS AND STRATEGY FOR PAKISTAN

Brigadier Aslam Shahab Hassan

Introduction

Tourism is one of the fastest growing industries in the world. It is contributing significantly towards the economy of a large number of countries. Rich cultural heritage, natural endowments such as climate, scenic beauty, infrastructure, media, marketing and innovative development of locations are some of the factors behind increased global tourist activity. International movement of tourists, which touched the figure of 670 million for the year 2000, is expected to reach one billion mark by 2010 and peak to 1.6 billion in 2020. Countries similarly placed to Pakistan have successfully integrated tourism in their overall economic development plan. Pakistan can also benefit as we have the mountains, beaches, cultures and history, waiting to be harnessed for economic benefits. Yet this vital industry is facing neglect. Pakistan inherited the historical Silk Route and its surrounding mountain ranges and the centuries old Indus Valley and Gandhara Civilizations. Both can form the basis for building the theme to attract tourists. This necessitates working out a strategy on development of tourism as an '*Economic Force Multiplier*'.

Management and Development

Historical Perspective. Economic development in Mesopotamia and the creation of leisure class of priests, warriors and nobles marked the beginning of era of travel. This concept spread from Mesopotamia westward to the Nile Valley (Egypt) and eastward to the Indus Valley (Pakistan). In the European Continent tourism in ancient Greece is best associated with Olympic games. Similarly the Roman Empire from 200 BC to 200 AD reached levels of tourism activity that could not be matched for another 1500 years.

Between 500 BC– 1500 AD there was hardly any travel activity in this region, except pilgrimage and crusades related

movements. After 1500 AD, acquisition of overseas colonies and trading resulted in emergence of a merchant class. The concepts of Grand Tours, spa's and seaside resorts as practiced in the Roman era were revived. In the 19th century, Thomas Cook applied the principles of Industrial Revolution to tourism with commercialized tour packages, heralding the industrialization of this sector. Today, earnings from tourism have grown from US\$2.1 billion to 268 billion \$ in 1990 and US \$ 439 billion in 1998.

Travel Motivation. The reason for people getting engaged in tourism in such large numbers are ¹: -

- Pleasure.
- Relaxation, rest and recreation.
- Health.
- Participation in sports.
- Curiosity and culture.
- Ethnic and family.
- Spiritual and religious.
- Status and prestige.
- Professional or business.

Tourism Models

To harness and attract the movement of over half a billion persons every year, one must understand the psyche of a tourist, firstly that he comes from a varied social background, secondly his leisure time is restricted and thirdly, he desires to pack into it as much as possible. Managers and tourism development experts have analyzed these requirements and worked out models to benefit the industry, their countries, and the tourists:

Marriotts' Models. The first is the Marriott model that identifies three different routes linking a place of permanent residence (origin) to a tourist center (destination) – an access route, a return route and a recreation route. The Marriott's recreational route suggests visit of several places in one trip, instead of a single destination. Another model known as Campbell's model portrays patterns of movement away from an urban center. A person who wants recreation looks for recreational activity around the city. The vacationer goes on a

journey making a number of stopovers on a round trip. The 'recreational vacationer', makes side trips from some regional base.

Thurot sees the evolution of tourism as class succession through three phases: -

- **Phase 1.** Discovery by rich class of tourists and construction of international hotels.
- **Phase 2.** Development of Middle Class hotels which results in increased tourist traffic.
- **Phase 3.** Loss of original value to new destinations and arrival of 'Middle Class' and mass tourists.

Plog suggests that travelers are distributed normally along a continuum from psychocentrism to allocentrism. Their characteristics are:-

Ychocentrics	Allocentrics
Prefer familiar destinations	Prefer non- tourist areas
Like commonplace activities at travel destinations	Enjoy sense of discovery and delight in new discoveries
Prefer sun, spots, including relaxation	Prefer novel and different destinations
Low activity level	High activity level
Prefer destinations they can drive to	Prefer flying to destinations
Prefer heavy tourist accommodation, such as heavy hotel development, family type restaurants and tourist shops	Tour accommodation to include adequate/good hotels and food, not necessarily modern or chain type

The destinations are discovered by 'allocentrics and psychocentrics', but as it becomes well known, develops and attracts more visitors, it will lose its appeal to the original discoverers. The bell curve shows that an area will receive the largest number of visitors when it is attracting the 'mid-centric', that is a stage when it is neither too exotic nor too familiar. From this point on, the markets will decline.

The Butler Sequence. Something similar is presented in the Butler Sequence of S shaped resort cycle model, which proposes that tourist destinations tend to experience five distinct stages of growth:

- Exploration.
- Involvement.
- Development.
- Consolidation.
- Stagnation.

Once the stage of consolidation sets in, the managers of tourism have to analyze policies and future trends against the popularity of the resort. A critical balance has to be achieved to stabilize after stagnation; otherwise regular tourists will lose interest. ²

Impact of Tourism

Tourism as an Economic Force Multiplier. Tourism industry like any other economic activity is associated with potential benefits and costs, but in case of tourism it is relatively easy to quantify. Some of the economic benefits and multiplier effects are:-

- **Direct Revenue.** 56 countries have recorded earnings of \$1 billion or more in one year. Twenty-two of these countries have recorded over 10% increase in tourism receipts, indicating growth far in excess of traditional exports such as agriculture and manufacturing and average inflation. For developing countries, dependent mainly on primary products such as basic cash crops, tourism offers a more reliable form of income. US leads the group by earning 60 billion \$ in one year. The growth of USA, China and Hong Kong is in excess of even 10%.
- **Taxation Revenue.** Within tourism receipts are tourism-related taxes. Taxes are part of the overall cost of a good or service. In addition, tourists generate revenue through purchases they make and pay sales tax.

- **The Multiplier Effect.** Infrastructure investment, like construction of airports, roads, water supply and other public utilities, may be widely shared by other sectors of the economy. Facilities such as hotels, restaurants, museums, clubs, sports complexes; public transport, national parks are also used by domestic tourists, visitors, business men and residents. Some other multiplier effects are:
 - ◆ **Regional Development.** Economically backward regions with scenic beauty and cultural attractions, developed for use by tourists can bring prosperity to the local population.
 - ◆ **Effects on Employment.** It provides jobs from unskilled to highly specialized laborers. In addition to management, specialist personnel like tourist guides, accountants, housekeepers, waiters, cooks and entertainers, and semi skilled workers such as porters, chambermaids, kitchen staff, gardeners gain employment

Tourism as International Image Builder. Tourism also contributes significantly towards building up of image of a country:

Cultural Propagation. World tourism is a unique vehicle for the cultural propagation, necessary for deeper understanding of peoples. Tourism movement helps in communication between different civilizations.

International Understanding. The interaction of people with local population of the country visited results in increasing friendships. People from countries with different life-styles, speaking different languages come together. There is mingling of cultures, prejudices, barriers and suspicions that exist between nations are overcome. The very best way of getting to know a country is to go there, and when vast numbers travel, the narrow, rigid boundaries that keep people in compartments tend to shrink and a positive move towards better international understanding emerges.

Tourism in Pakistan

The Government organizations working in the tourism sector are:-

- Ministry of Minorities, Cultures, Sports, Tourism and Youth Affairs
 - ◆ Department of Tourist Services.
 - ◆ Pakistan Institute of Tourism and Hotel Management.
 - ◆ Tourist Services of Pakistan Limited Karachi.
 - ◆ Malam Jabba Tourist Resort Limited.
- PTDC
- **Department of Provincial Governments**
 - ◆ Punjab.
 - ◆ NWFP.
 - ◆ Sindh.
 - ◆ Baluchistan.
- Provincial Tourism Development Corporations.
 - ◆ Punjab Tourism Development Corporation.
 - ◆ Sindh Tourism Development Corporation.
 - ◆ Sarhad Tourism Development Corporation.
- Private Sector
 - ◆ Travel Agents Association of Pakistan.
 - ◆ Pakistan Hotels Association.
 - ◆ Alpine Club of Pakistan.
 - ◆ Adventure Foundation

Even this large infrastructure has failed to make a positive impact on the economy or create a niche in the international tourism market. Pakistan is fast losing ground in attracting visitors in the rapidly growing international market.

Effects of Tourism on Economy. Receipts from tourism are showing a declining trend in Pakistan. In 1998 from a high of 157 m

\$, in 1989, the receipts have declined to 97.9m\$, The average spending per tourist came down from 311US\$ to 228 US\$ when compared with 1997. The average per day spending per tourist also declined to US\$7.6 compared to US\$10.4 in1997. ³

Pakistan's Market. The tourists coming to Pakistan are of the category that are here to spend vacations and are mostly expatriates visiting friends and relatives. Data for 1998 shows UK as the leading country generating tourists to Pakistan. Pakistan has experienced a declining trend in the arrival of tourists during the past decade. Keeping 1980 as indices the arrivals declined from 165 in 1989 to 118 in1992 and 143 in1998. ⁴

Earnings. If we take the year 1980 as a base and analyze the long-term trends, a declining trend is noticeable in terms of earnings. The earnings declined from a high of 104 in 1989 to only 64 in 1998. This decline is all the more pronounced when fall in value of rupee against foreign currencies is taken into account.

Tourists arrival by Purpose. Returning Pakistanis and others visiting friends and relatives account for more than 57 percent of all foreign arrivals. Currently Pakistan receives approximately the same number of tourists as Nepal and only one sixth of the numbers of India, and less than half the numbers received by Iran. In real terms only 55000 tourists are arriving in Pakistan for holiday and leisure purpose.

Pakistan's Image as a Tourist Destination. Pakistan does not have a very encouraging standing in the international market of tourism. It is an unknown destination except for drawing trekkers, mountaineers and overseas Pakistanis. The current international image does not generate wide - spread interest. Pakistan's international tourist image cannot be separated from its general image, and cannot be developed in isolation from other influences.

Effects of the Regional Situation on Tourism. Geo-political situation in the region has contributed negatively towards growth of tourism in Pakistan. Islamic Revolution in Iran and then the turmoil in Afghanistan totally blocked the land route to Pakistan. Situation

in Afghanistan continues to remain unstable and negative projection of its regime discourages Western travelers. The direct road link from Iran to Pakistan is of poor quality, unreliable and passes through inhospitable terrain with no supporting infrastructure. Pakistan also suffers from a hostile and negative press internationally, further encouraged by India. Current wave of terrorism, narcotics trade, fundamentalism and intolerance have all been associated with Pakistan. Incidents of molestation of female tourists, albeit a rare happening made headlines abroad, further restraining tourists from coming to Pakistan.

Internal Instability. Sectarian strife, illegal possession of arms and unstable political situation are also the negative image builders. The country also gives cultural shocks when a tourist moves from one part of the country to another and from urban to rural areas. Reaction of local population towards foreigners varies from hostile to enthusiastic traditional welcome. Combined with the negative factors, hurdles created for foreigners by laws enforcing agencies, projects an unfriendly attitude towards tourists. From the moment the tourist arrives at the airport, visits his destination and leaves the country he is hounded by all sorts of lawmakers, ensuring that the harassed tourist conveys to the rest of the world never to visit Pakistan.

Problems faced by Tourist Industry. Pakistan tourism industry faces a number of difficulties, as is evident from the declining trends. Some are:

- Weaknesses
 - ◆ Very limited tourism infrastructure
 - ◆ Poor tourism services in many areas.
 - ◆ Lack of any meaningful promotion of destination.
 - ◆ Inadequate performance of national and provincial tourism organizations and services.
 - ◆ Negative international image of Pakistan, being a dry country with no facilities of alcoholic drinks.
 - ◆ Lack of national support for tourism.
 - ◆ Failure to implement recommendations of the plans in the past.

- ◆ Political and social instability.

Prospects. Despite problems, there are some positive signs which are the strengths and have to be carefully exploited:

- Strengths
 - ◆ A rich cultural heritage to enhance tourism marketing potential.
 - ◆ Possession of world-renowned natural attractions such as Indus Valley Civilization and Northern mountains.
 - ◆ Good access link with primary source markets.
 - ◆ *Cradle of old civilization, which means a lot to a number of cultures in the world.*
- Opportunities
 - ◆ Improve foreign and domestic tourism by implementing a strategic plan.
 - ◆ Create a new image of Pakistan.
 - ◆ Increase the national awareness of benefits of tourism.
 - ◆ Increase developmental opportunities in rural areas.

Current Tourist Attractions

Based on its natural and cultural resources, the tourism assets of Pakistan can be divided into following areas:

- Natural Conservation Areas: Desert in the south, seventeen declared national parks and wilderness of immense natural beauty.
- Natural Recreational Areas: Like Murree hills, Galiat, Azad Kashmir and Kaghan and Swat valleys.
- Cultural Heritage Sites: In the Indus valley, Gandhara art and relics of Mughal period.

- Cultural Religious Sites: Tombs and Mazars of saints and mystics.
- Adventure Zones: Northern areas, Glaciers, K2 and Nanga Parbat mountains.
- Coastal Zone: 900 kilometers of coast along the Arabian sea.

Recommended Strategies

Future Strategy. Pakistan has a number of policies but lack of will to implement them. There is a need to implement existing agreed to policies and support some new ones. Tourism has never been taken seriously, except by those who depend on it. There is a feeling of mistrust between the public and private sectors, which is the greatest impediment to success. Very easy to develop, it can generate activities, which can act as an engine of growth in the present economic situation in the country. Some specific objectives that can be set are: -

- Tourism development should be backed by a sense of participation by the nation.
- It should generate economic activity like employment, foreign exchange and alleviate poverty.
- Seek foreign investments, encourage public private sector co-operation.
- Conserve cultural, historical values and promote them.
- Develop facilities and services to attract quality and quantity of tourists.

Policy Framing. A new Tourism policy should be framed which is based on a certain strategy. The Tourism Policy of 1990 failed due to lack of direction and absence of coordination between various ministries and departments.

Attracting Suitable Tourists. The largest slice of international tourists are leisure seekers, but they very quickly move to newer

sites. Pakistan is suited to allocentric tourists Pakistan has locations that have staying power and can be sustained for longer duration.

Domestic Tourism. International tourists are attracted towards countries that also have good domestic tourism activity. Pakistan has its limitations, which restrict large-scale domestic tourist industry. Development of domestic tourist industry will be a big contributor towards image building and raise the level of local tolerance and awareness of tourism related benefits.

Pakistan as a Destination. Pakistan cannot be marketed internationally as a mono destination. Tourists of today have more spending power and aim to visit a number of destinations. They adopt a recreational route. In this regard Pakistan should exploit its location's advantage:-

- Tourists travelling to east and Southeast Asia from Europe pass over Pakistan.
- Two major hubs of tourists and air activities are within 3-5 hours flying distance from Pakistan (Singapore and Dubai).
- Urumqi in Xinjiang (China) is a major take-off location for tourists entering and leaving China. China is likely to be the major tourist destination of the world in the future.

Tourism as Industry. Globally, tourism is considered an industry, mainly because of the contribution towards economy and employment of large work force. Within Pakistan, tourism is relegated to a very low position from revenue generation aspects and is not even considered despite of being declared an industry as such at official levels. Tourism stands 11th as foreign exchange earner despite facing neglect from all quarters.

Tourism Spending. Statistically, Pakistan receives Tourists that are equal in numbers to Nepal, Sri- Lanka and Maldives, but the foreign exchange earning is far less than these countries. Maldives for instance earned 300M US \$ IN 1998 compared to Pakistan's receipt of 97.9M US\$. Either the tourist is spending very little or the

statistics are not being correctly maintained. Measures need to be devised to provide incentives to tourists to spend more in Pakistan.

Private Sector. Public sector should restrict itself to providing directions, and policies. The private sector should act as a primary engine for growth and bring forth-fresh life into tourism activities.

Marketing. Marketing of Tourism is the most important factor that may help Pakistan to come out of its tourism isolation. Pakistan needs aggressive marketing. It should project itself as part of regional travel package. The Pakistan embassies can play an important role in marketing tourism. Fairs, Trade exhibitions, posters, film etc can be arranged.

Implementation Strategy

Pakistan immediately needs to: -

- Set National Tourism Organization with objective to alleviating poverty in the country. By regeneration of 'Tourism as an Industry', quality of life of the people can be improved and employment opportunities created. Biggest advantage is increased foreign exchange and attraction of foreign and domestic investments.
- Project tourism potential by making our destinations attractive, preserving cultural heritage and protecting environment and marketing as a tourist friendly nation. Our airline services should offer attractive regional packages to the tourists in the region.
- **Develop market for Real Tourists.** Pakistan attracts business visitors and overseas Pakistanis but this is a static market. A visitor on holiday is the actual tourist and leisure is the most important form of tourism. We need to attract this sector. Once we have enticed to attract leisure visitors; there should be more to offer to motivate them to return.

- **Organized National Events.** At least 7-8 national and 3-4 provincial events should be organized and advertised every year. These should include events popular amongst the local population so those foreign tourists absorb the cultural side of events. Some events that can be marketed are:-
 - ◆ Spring Festival
 - ◆ Religious saints festival
 - ◆ Car rallies
 - ◆ Folk dance
 - ◆ Boat regattas
 - ◆ Railway journey

- **Linking Regional and Historical Themes.** Pakistan has sites of regional significance. Some themes that can be marketed in isolation or in combination with the regional tourism are:-
 - ◆ **Ancient History.** Indus Valley Civilization; Buddhist Art, and Culture of Gandhara Civilization.
 - ◆ **Religious Tours.** Sufi/ saints festivals, Sikh shrines, Hindu Mythology/ancient Mahabharata sites and Buddhism related archeological finds.
 - ◆ **European Travellers/ Conquerers.** Traveling with Alexander in Pakistan and Marco Polo on the Silk Route.
 - ◆ **British Rule in India.** Cantonments and buildings of British Empire, hill stations of British Rule, conserved forts by Pakistan Army. Visit to the Northwest Frontier Province and relationship of garrisons to the Great Game in the Region.
 - ◆ **Military.** Visit to old British Graveyards, Grand Mogul Forts; Sikh War sites and Military campaigns against Pathans and Afghans.
 - ◆ **Eco-Tourism.** Study the flora and fauna of Indus, Northern Areas and Azad Kashmir. Archeological digs at some fossil sites in Balochistan and Punjab.
 - ◆ **Culture.** Rural festivals of Pakistan and exhibition and sale of handicrafts of Pakistan.

- ◆ **Adventure.** Trekking in Hunza Valley and around K-2. Helicopter safaris to the roof of the world. Camel back journey through Cholistan or on horseback in Galis and Chitral.
- **Focus on Cities.** A number of cities of the world attract tourists. Paris is synonymous to France, London, Shanghai, Sydney, Singapore, Dubai, the list is endless. Pakistan has the potential to bring its cities into the travel focus internationally. Some cities that can be so developed are:-
 - ◆ **Lahore.** Establish Lahore as a cultural center by enhanced wide range of activities during winters.
 - ◆ **Karachi.** Develop Karachi as business tourism center and combine it with Leisure Tourism.
 - ◆ **Islamabad.** Being a purely Capital city and little to offer to tourists, but a number of foreigners visit Islamabad. The surrounding areas need to be developed to attract visitors to tourist activities subsequently.
 - ◆ **Peshawar.** Its location is ideal and tourists can be attracted to Khyber Pass, Chitral Dir, Gandhara Civilization and can be a good base for tourists visiting the surrounding areas. The city needs to improve/ develop its international attraction.
- **Regional Development.** Certain areas, which have potential for attracting tourists, need to be developed:-
 - ◆ **Cholistan.** It has potential to emerge as a winter destination for cultural, forts, religious sites and places.
 - ◆ **Northern Areas.** It is the primary tourist attraction and gateway to Western China along KKH whose potential is not being fully utilized. There is also a need to upgrade air travel facilities in the region.

- ◆ **Balochistan.** Its recent archeological finds, vast spaces and coastal areas can be developed on a long-term basis.
- **Development of Beaches.** Beach Resorts, away from Karachi be built only for foreigners by inviting foreign investments on build own operate basis.

Recommendations

Improve Internal Situation. The primary constraint to all development in Pakistan has been internal and regional instability. This has to be corrected. De-weaponization and establishment of the writ of law is, therefore, the first action that is needed.

Environment. The most popular and potential sites are located in the remote regions of the country. The aura of mystery surrounding them should be maintained. Strict control over quality of services should be monitored and uncontrolled expansion of infrastructure should be discouraged. These include environmental control, hygiene and sanitation, sewerage and building construction control.

Domestic Tourism. To popularize the existing tourist sites domestic visitors have to be encouraged. Low cost packages to parties and groups and during vacations can be encouraged. Pakistan must strive to attract Regional tourists. In this context revival of SAARC Initiative must also be reconsidered. Regional tourism will improve atmosphere in the region and act as image builder.

Local Participation. With devolution of power, and local government in place, participation of local population in developing and marketing tourism must be encouraged. The district Government should also look after cultural, archaeological and tourist sites. Local participation will help develop the culture of tolerance and pass the economic benefits to the residents.

Public- Private Partnership. PTDC, Provincial departments and Tourism Information Centres should be dis- invested or its assets managed by public- private sector partnership that should be

responsible for all tourism industry activities. A board may be formed to look into professional aspects such as:

- Marketing at domestic and international level.
- Plan development of tourist sites.
- Set standards for industry and oversee development.
- Ensure human resource development.

Policy Changes. The government will have to revise, modernize and update the laws that should be supportive of Tourism sector. Some areas that need attention are:-

- Revise the current security constraints and facilitate free movement of tourists in all parts of Pakistan.
- Withdraw restrictions on Photography.
- Discontinue registration of tourists with police.
- Permit tour operators to handle the tourists at arrival and departure lounges at airport.
- Encourage foreign investment with one window operation.

Conclusion

Pakistan receives limited foreign tourists, most are returning Pakistanis or expatriates visiting friends and relatives. The image of Pakistan does not generate interest, more so in the highly competitive tourism market. Pakistan has world class tourist attractions, what is needed is the right kind of promotion in the world market.

Due to the Regional situation, short-term gains may not bear fruit. Afghanistan may continue to remain a major stumbling block, as also the situation within. With better image building and adopting

the recommended strategy, Pakistan can gain economically and politically.

As a short-term measure, after setting the direction right, domestic and regional tourism must be encouraged. Subsequently with aggressive marketing, international leisure tourists can be attracted. The interim period should be utilized to develop existing infrastructure by local and foreign investors.

End Notes

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TAX ADMINISTRATION IN PAKISTAN: NEED FOR REFORMS

Salman Nabi

Introduction

Resource Mobilization. Resource mobilisation has always been an essential function of government. Almost everything of importance that a government does, carries a cost. In ancient times the traditional functions of the state were to preserve law and order and provide security against external attacks. To these have been added, in the last two centuries, a host of services ranging from education and health to communication, provision of infrastructure and such other services. Financial resources must be mobilised in ever-increasing quantities from various sources to satisfy the rapidly growing demands. The needs are pressing, but revenues available are insufficient. The poverty of the nation is transferred to its government. There are demands for expenditure from all over, while historically revenues to fulfil them are in scarce supply.

Tax Administration

The goals of tax administration differ from country to country. At one extreme the goal is simple: maximise tax revenue with the given administrative resources. No attempt is made to achieve any equity aspects.¹ Where does the Pakistani tax administration fall in the backdrop of these principles? The answer to this question requires analysis of the existing set up.

Central Board of Revenue (CBR)

CBR is the prime organization engaged in resource mobilization and responsible for the collection of bulk of revenues in the country. There have been frequent changes to create and recreate a Revenue Division, motivated by the desire to have CBR as an autonomous organisation with exclusive domain of tax policy formulation. The experience has however shown that autonomy does

not come only with status on paper. It is the outcome of level of freedom permitted by the political culture, which can be ensured even under the existing legal set up.

Performance of Tax Administration

Direct taxes on income and wealth have played a much less important part in Pakistan than in developed countries. The fundamental reason for the relatively low yield of direct taxation is the fact that there are formidable difficulties in using income tax as an instrument of mass taxation in a less developed country.² But there are also other reasons such as inadequate tax methods, which make large-scale evasion of income tax possible. One way of looking at the performance of tax administration is to measure its contribution in the background of GDP. The tax to GDP ratio in Pakistan is 13%, which is considered to be low in comparison with other economies of the world.³ Ratios of tax revenue to GDP in developing countries are typically in the range of 15 to 20%, compared to an average of 30% in industrial nations, touching the height of 43% in some cases. However we should not lay unnecessary emphasis on this single factor, as patterns of taxation (both in level and composition) differ from country to country because of economic, cultural and historical factors.⁴ For instance US level of 20 % in 1997 was much below the level of many countries of the world including Bulgaria with 25% and Kenya at 23%. Interestingly, Croatia with 43% joins the elite club of top 3 countries of the world i.e. Belgium (43%), Netherlands (43%) and Italy (42%).⁵ This fact is further supported by regional variation which in mid 1980s placed Asia at the lowest (15%), then Sub-Saharan Africa (17%), Latin America (18%), Middle East and North Africa (23%) and Industrial countries (32%).⁶ Similar would be the result of composition, which may distort not only the international comparisons but also year-to-year comparison of the same country. Thus the exclusion of tax-exempt agricultural sector (which had 25% share in GDP) would reduce the base of GDP for our comparison, raising the ratio to 18% against the quoted figure of 13% in 1997⁷. The detailed working is given in the table below.

Total GDP	Rs. 2,677,656(m)
Less Agricultural output	Rs. 0,696,191(m)
Balance GDP	Rs. 1,981,465(m)
Tax Revenue	Rs.0,3254754(m)
Tax-GDP ratio	18%

Any increase in agricultural component in a particular year (without any direct bearing on revenue) would also give adverse comparative results. The intention of this comparison is not an attempt to over rule the acceptance of this parameter but only to rationalize its significance, which has been given exaggerated gravity in Pakistan's tax scenario. Also the caveat that sustenance of continued increases in tax GDP ratio are exceptional.

LEGAL SYSTEM

Constitutional Arrangement

In order to understand the public finance system of Pakistan, it would be appropriate to refer to the constitutional provisions on the subject. In accordance with the 1973 constitution there is division between the federal government and the provincial governments for collection of revenue.

Federal taxes have their respective administrative arrangements for collection. Income tax is paid directly by the taxpayer. The consumer through some collecting agent on the other hand indirectly pays sales tax. Taxes can therefore be broadly classified as direct and indirect taxes, in accordance with administrative arrangements⁸.

Effect of Frequent Legislative Changes. The growth in taxation brings with it evasion (illegal tax dodging) and avoidance i.e. adoption of legal methods to minimise tax liability. The attempts at exploiting tax lacunae and the consequent anti-avoidance measures add to the complexity of tax legislation⁹. Income Tax Ordinance, 1979 has been a victim of this phenomenon. Consequently, the statute has become unwieldy because of the excessive and frequent legislative changes. One of the main objectives of replacing the old

Income Tax Act, 1922 was to transform the complex law into a user-friendly document. This purpose presently stands defeated, necessitating rewriting of the law.

Discretion Versus Documentation

Current Status. Income tax law earlier contained especial provisions relating to documentation like audit of corporate accounts¹⁰ and maintenance of prescribed accounts by professionals¹¹. The law recognising the importance of documentation, contained stringent provisions to enforce it, but without success. Therefore, there was a shift in policy to provide incentives to the taxpayers to promote documentation. This included tax relief in tax on issuance of cash memos¹², furnishing of particulars of sales by importers and wholesalers¹³, legal charges¹⁴, education¹⁵ and medical expenses¹⁶.

Discretion – the Natural Alternate to Non-documentation. The road to voluntary compliance has to pass through documentation, which is the anti thesis of discretion. This principle is embodied in the law that empowers the assessing officer to exercise his discretion in the computation of taxpayer's income if he fails to comply with requirements in this behalf.

General Attitude of Resistance to Documentation and the Available Option. Since the incentives also failed to achieve the desired results, the government decided in April 2000 to launch documentation drive through countrywide survey of both markets and residential areas. This decision was based on realisation by economic team of the government that the existing taxpayers, who are already being taxed, should not be over burdened. There is a dire need to bring new people into the tax net that were never taxed before or are paying taxes but not up to their actual potential. So it was decided to launch a countrywide tax survey through the co-operation of army personnel, taxmen and law enforcement agencies¹⁷.

The government having realized the possible negative implications of this survey came up with an amnesty scheme so that those people who had never been taxed before could save

themselves from future harassment and complications in case their hidden wealth and assets were uncovered. The applicable rate of income tax was 25 per cent¹⁸. The government prepared Tax Amnesty Scheme (TAS) in which people were offered the incentive to pay 10 per cent of their tax liability on their concealed assets and save the remaining 90 per cent from further taxes, penalties and other legal matters¹⁹.

This kind of shutter-down tactics used to prove effective during the political governments where leaders used to bow down and accepted the traders' terms. The previous government (1997-99) tried to levy tax on the traders but shutter-down tactics forced them to come up with a new kind of tax called development tax at the rate of one per cent²⁰. But this tax did not see the light of the day and faded away with the passing away of the then government.

The survey teams had distributed 803,924 forms in the first phase and retrieved 621,093 of them. In the second phase, the distribution of forms in 13 new cities as well as old cities stood at 918,362 forms out of which 217,474 were distributed in the new cities. The CBR selected Abbottabad Murree, Jhelum, Gujrat, Sahiwal, Okara, Sheikhpura, Kasur, Bahawalpur, Rahimyar Khan, Larkana, Nawabshah and Mirpurkhas as the target cities in the second phase²¹. Break up is given in the table below²²:

Distribution and Retrieval of Survey Forms

Phase	Resd Areas	Commercial Areas	Total Distribution	Retrieval upto Dec 2000
1	359543	408381	803924	621093
2	607170	311792	918962	557877

Question now arises: What is the outcome of this survey? The outcome has been positive²³ in terms of collection of data. However, results for yielding revenue for the government will still take time, as the general public is not yet tax-minded. The survey would give a long-term benefit to the country after assessment and compilation of data.

Critics of the tax survey (in spite of what has been said about documentation and tax reform initiatives) say that the manner in which this reform measure has been enforced has probably done more damage than good. Bankers point out that massive withdrawals of money were made to comply with tax survey forms. Businesses have moved away from writing invoices and issuing receipts with the result that transactions are increasingly taking place either verbally or on plain paper to circumvent new laws²⁴. Whatever the cost, the fact remains that for the first time in our country sufficient ‘deterrence’ was created, which was manifest in the success of Amnesty Scheme. As soon as the impact of this deterrence diluted²⁵, the compliance level nose-dived forthwith. This was evident in the following dismal results of New TAS 2000²⁶:

No of Declarations Filed under TAS 2000	11100
Assets Whited	99006
Amount of Tax Paid	Rs. 1.133 Billion

TAX EXEMPTIONS

Use of Taxation Law as an Instrument of Fiscal Policy at the Cost of Tax Revenue

It is a wide spread practice in developing countries to operate schemes, which give tax concessions. The rationale for such schemes is conveyed by the description as ‘fiscal incentives’²⁷. The governments through these incentives want to promote either regional economic development or encourage private entrepreneurs to participate in specified sectors. Such use of taxation law always involves cost in terms of tax revenue.

Types of Tax Exemptions

The exclusions and tax exemptions available under our taxation system include territorial, personal and specific income exclusions. Apart from these exclusions, some important exemptions pertain to capital gains, bonus shares, savings and charitable institutions.

Is the Sacrifice worth the Cost? The frequent use of fiscal incentive schemes gives rise to the question whether they are effective tool of fiscal policy. The evidence of studies point towards the ineffectiveness of these schemes in inducing new investment²⁸. Case studies further show that most of the firms enjoying tax exemptions would have invested exactly as they had done even without the exemptions, as other considerations (like cost of land, location advantage and availability of labour etc.) overshadow tax expenditure in economies where opportunities for tax evasion are in abundance.

Effect on Tax Base. Advocates of broadening the tax base stress that providing incentives through deductions and exclusions generally help rich people a lot, ordinary income people only a little and poor people not at all²⁹. Various types of exemptions have cumulatively adverse effect on the tax base, which apart from causing huge loss of revenue, has also given birth to all types of inequities in the system. For broadening the tax base, it is essential that all sort of exemptions that create discriminations between the persons, areas and organizations should be abolished³⁰.

WITHHOLDING TAXES

Introduction and Expansion of regime of Withholding Taxes.

Withholding taxes have generally been in the nature of advance tax payments. The principle of the withholding of tax in fact preceded the income tax by many years. For example, an Act of 1657 allowed certain tenants in England to deduct tax from their rent payments³¹. Withholding at source has since developed into a fine art. Salaries and wages were the most common transactions falling in its ambit in the initial stages, followed by contracts, supplies, interest payments and dividends etc.

Role of Withholding Taxes towards Resource Mobilisation.

Withholding is the most common and generally the most significant device in terms of its contribution to revenue collections. In the United States, withholding from wage and salary incomes accounts for (approximately) 70% of total collection of individual income taxes³². This mode of tax collection has proved to be a great success as it has become the largest source of revenue in Pakistan also.

Withholding taxes amounted to RS. 73,805 (m) in Fiscal Year 1999-2000, which was 66 % of total revenue of RS. 112,629(m)³³. Number of persons liable to withholding tax in some important categories is given in the table below:-

(i)	Motor vehicle owners ³⁴	=	1.30(m)
(ii)	Gas consumers ³⁵	=	0.06(m)
(iii)	Electricity Consumers ³⁶	=	1.51(m)
(iv)	Telephone subscribers ³⁷	=	3.10(m)

VOLUNTARY COMPLIANCE

“The art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the smallest possible amount of hissing”. Albert Baptiste Colbert 1665³⁸.

The success of taxation process is dependent upon the level of compliance. Most of the constraints and opportunities for making and implementing tax policies are created by the scope and level of compliance. Were it not for compliance, there would be few problems of implementation that could seriously affect policy goals. “If policy makers react by tightening the laws and punishing offenders, export of capital may be stimulated and people will seek other ways of avoiding taxes³⁹”.

The problem of implementation is that a small number of officials must extract a substantial amount of money from a very large number of taxpayers. Therefore, the level of compliance (the degree to which the majority of population is prepared to do what it is expected without a significant amount of coercion) determines the extent of implementation: how much of what has been asked for will actually be realised. The strongest organization will not be able to achieve its policy goals when majority of the population waits to be dragged into paying. Enforcement methods are effective only when applied to a small number of people. None of the techniques of forced compliance can be extended to enough taxpayers to have an important direct effect on the tax receipts.

But, non-compliance is a built-in factor in the process. Since taxation is a transfer of resources from citizens to government for which individuals receive no direct and proportional (to the amount paid) material benefits, rational taxpayers will have a strong incentive not to pay. Besides the policy makers' reluctance to ensure some return benefits to taxpayers also evokes resentment against the iniquitous tax structure⁴⁰. Governments were never, nor is it likely that they ever will be, financed through philanthropic contributions. Under the circumstances, growth of culture of voluntary compliance is the best option available for resource mobilization.

Review of Present System and Recommendations

The complexity and diversity of our present tax structure clearly has much to do with the efficiency of the administration as a whole. It would serve the purposes of transparency if taxes are made simple to compute and easy to understand by the average man, assessed on an obvious base easily arrived at, levied at moderate rates and payable in a convenient manner. Changes in policy should be avoided and revenue increased by better organization, more efficient methods and more thorough training of staff.

Removal of Inequities- Discontinuance of Exemptions

As discussed earlier direct tax system is undermined by massive tax exemptions, which represent the revenue foregone due to exemptions, concessions and rebates etc, embodied in the tax laws. From the point of view of restoring equity in the tax system, as also to make it more efficient and administratively simple, it is essential to remove the exemptions and concessions, which invariably benefit the richer segments of society.

Resolution of Disputes. The excessive use of discretionary and arbitrary powers by the tax authorities lead to many disputes. The grievances of the taxpayers would stand redressed only when at least their appeals get decided swiftly so that they do not have to face recovery proceedings in respect of what is demanded unjustly as tax from them. In order to ensure a permanent redress of taxpayers' grievances in this area, Government may request for constitution of

regular tax benches in every high court, to expedite disposal of thousands of pending reference applications/appeals in High Courts.

Social Behaviour and Demonstration Effect. One of the main factors, which have promoted tax evasion in Pakistan, is the attitude of the community that does not attach any social stigma to persons who are proved to have defrauded government. The high dignitaries in the state hierarchy should demonstrate that every one in the country has a legal and social responsibility towards the national exchequer and that high government dignitaries are not immune from discharging their legal obligations.

Tax Treatment. At present the law, the procedures, or the practices prevalent in the Income Tax Department do not make any distinction between the honest taxpayer and the tax evader. The interest of honest taxpayers can be safeguarded only when the cost of evasion of taxes is drastically raised for the culprits by imposing effective penalties including criminal prosecution.

Documentation. Pre-dominance of cash transactions in trade and commerce is one of the main factors, which assist under-reporting of income because such transactions are by their nature difficult to trace. The existing legal provisions for discouraging cash transactions have proved to be inadequate. However, the introduction of mechanical and electronic Cash Registers can now serve the same purpose as these machines also permit easy verification of the periodic sale-volume. It is, therefore, suggested that use of Cash Registers may be made obligatory in certain types of business. The cost incurred stands already compensated by allowing it as revenue expenditure instead of allowing it as depreciation allowance over a number of years.

Removal of confidentiality. In order to enforce true declarations of assets held by the taxpayers in the Wealth Statements filed with the Income Tax Department, the existing privilege of confidentiality be withdrawn in respect of statements of personal assets and liabilities of a person.

Fake Transactions. The benami holding of assets should be discouraged.

Valuation of Assets. In order to enforce correct declaration about the values of immovable properties, where a property is found to have been under-valued by more than 15%, the government be empowered to acquire the said property at a price 15% above the price recorded.

Tax Enrolment. No person may be allowed to get enrolment as a member of any professionals' association or registered trade body unless he has obtained a national tax number. Similarly, persons not holding NTN should not be allowed to carry on important commercial/ industrial activities.

Expansion of Tax Base. Pakistan has a narrow tax base. The figure of total taxpayers at 1.3 (m) against total population of 137 (m) works out to less than 1%. Though total population is not the potential base. In this connection, it should not be ignored that a large portion of the population lives in rural areas, primarily engaged in agriculture - a sector, which falls outside the federal tax regime⁴¹. The following table indicates the total potential⁴²:

➤ Total population	= 138 (m)
➤ Less rural population	= 092 (m)
➤ Balance urban population	= 046 (m)
➤ Working age population out of above	= 032 (m)
➤ Urban population comprising Labour force	= 012 (m)
➤ Balance population other than Labour force	= 20(m)
➤ Less female population @ 47%	= 09(m)
➤ Balance male urban population other Than labour force	
➤ The potential available for tax base	= 11(m)

Income Tax Ordinance, 1979 contains various provisions of law which aim at enlarging the tax base. The enforcement of the provisions especially amendment made in provisions relating to filing of tax returns can result in substantial increase in number of

tax payers as the following categories of persons have to file tax returns i.e.:-

- Persons owning properties above 250 S.Yards, or an apartment in certain specified urban areas;
- Owners of motor vehicles;
- Telephone subscribers; and
- Foreign travellers except for (Hajj, Umra and Ziarat).

Development of Income and Profitability Norms. There is a dire need to develop parameters and guidelines that would ensure fair determination of income.

Automation. The taxation Department needs speedy automation aimed at creation of databases and generation of management Information Reports, design of computer models for simulation etc. This will greatly enhance the capabilities of revenue authorities, which in turn would result in better tax administration. It would also curb arbitrary and discretionary powers of tax officials, avoid leakage, achieve satisfaction of the taxpayers and enhance revenues.

Introduction of Taxpayers' Assistance Programmes. Organized and meaningful taxpayers' assistance programme should be launched to motivate and educate taxpayers with a view to ensure better compliance.

The Role of Central Board of Revenue. The Revenue Division under a whole time Revenue Secretary reporting direct to the Finance Minister should spearhead taxation policy formulation. Revenue Division should have economic administrators and research scholars working round the year in evolving a comprehensive taxation policy.

Personnel Problems. Personnel problems are not unique to revenue departments. These affect every government department. What makes the problem particularly interesting is that in the case of a revenue department, money makes money. With more and better staff, more revenue could be collected. Collection and audit officials

are one of the best investments that can be made since the ratio of their salary to the amounts they collect is tremendous. If the revenue shortage is acute and if small investments in personnel could lead to not so small improvements in the amounts so collected, why do the revenue departments suffer from problems of personnel? If by spending Re.1 we can earn Rs.100, then why should we not make such an investment? [Total expenditure of Income Tax Department for the fiscal year 1999-2000 was only Rs. 940(m) against tax collection of Rs. 112(b)]⁴³.

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RURAL MICRO-CREDIT SCHEMES AS A MEANS OF POVERTY ALLEVIATION

Shaukat Hayat Durrani

Poverty defined

Poverty is said to exist when people lack the means to satisfy their basic needs¹. It can be classified as wide spread poverty, though for a limited duration because of temporary food shortages, or collective poverty, usually relating to underdeveloped economies involving a relatively permanent insufficiency of means to secure basic needs.

Measuring Poverty

The extent and depth of poverty has been measured through several methods. *A calorie based approach*² reflects the minimum food expenditure needed to achieve the minimum calorie requirement of 2250 calorie per person, whereas *A basic need approach* defines poverty line in terms of minimum expenditure required to achieve the basket of basic needs. World Bank measures poverty by the number of people living below an income level of an equivalent of US \$1 a day. *Poverty of Opportunity Index (POPI)*³ developed by Mahbub ul Haq is based on a composite of 3 major human deprivations; health, education, and income.

The percentage of people living at low-income level is highest in East and South Asia. In case of Pakistan, only a quarter to one - third of its population is below poverty line - in terms of a minimum income of equivalent US\$1 a day approach. On the other hand, while less than one - third of Pakistan's people are income poor, one - half suffer from poverty of opportunities⁴.

Poverty Alleviation

The self-perpetuating plight of the absolute poor has cut them off from economic progress. Their circumstances cannot be altered unless specific efforts are made to bring them into the development process. The only practical hope of reducing absolute poverty is to assist the poor to become more productive by involving them directly in development processes. There is no simple, universal blue print for implementing this strategy. Developing countries need to prepare their own indigenous policies to reduce poverty⁵ measures must match the causes.

Global Aspects — the World of Poverty

South Asia is home to more than 40 percent of all those living in poverty worldwide although its population comprises only 23 percent of the world's total⁶. The average income in the richest 20 countries is 37 times the average in the poorest 20 – a gap that has doubled in the past 40 years. Pace of reduction in proportion of population living on less than one – third of national consumption during 1987-98 is also slower in South Asia (11%) as compared to East Asia and Pacific (41%) and Middle East & North Africa (43%). Some 1,500 million of the world's population is malnourished, in contrast to about 450 million who are well fed.

Pakistan – Poverty, Trends & Profile

Over 34% of Pakistan's population live below the national poverty line – 36.9% in the rural areas and 28% in the urban areas. In terms of international poverty lines, 31% of our population lives on less than US \$1 per day and 84.7% lives on less than US \$2 per day (1996 figures).

The current incidence of Rural Poverty according to various measures is between 24% (calorie approach) to 47 or 48% (according to the new poverty of opportunity and Human Poverty indices). The basic need assessment gives an understandable measure of Poverty. Using this method, the incidence of poverty today is 37.3% or 32.9 million people⁷.

The alleviation of poverty has all along remained one of the core issues at all levels of policy making. The belief that the trickle down effect of economic growth could gradually reduce poverty has failed to deliver. The rise in poverty in 1990s is mainly attributed to declining economic growth, persistence of severe macro-economic imbalances, reduction in the flow of overseas remittances, lack of social safety nets, and poor governance⁸. Although, growth is absolutely essential to reduce poverty, yet, direct poverty alleviation measures and anti-poverty programs must accompany high growth.

Rural Credit Market

In Pakistan, rural credit market consists of a formal and a predominant informal sector. The former includes Agricultural Development Bank of Pakistan (ADBP), Commercial Banks and Co-operatives while the latter comprises professional money lenders, friends & relatives, village shopkeepers, commission agents, tube-well owners and land lords.

Rural poverty has increased in the last decade, primarily due to; (i) limited land resources, (ii) increasing rural population, (iii) diminishing non-farm income earning opportunities, particularly for artisans and land-less labourers, (iv) lesser opportunity to secure land by tenants because of increase in owner cultivation owing to increased man-land presence; and (v) lack of resources to invest in new income generating activities. The present system of financial intermediaries has, however, miserably failed to cater the requirements of this cross section of rural poverty.

Performance of Rural Credit Market

The performance of the formal sector has been below expectations. They have focused large-scale farmers while small farmers, agricultural labour, artisans, poor peasants and women have been ignored due to higher transaction cost involved in processing and servicing small loans. Most of the programs reached only a minority of the rural population, while benefits frequently concentrated among wealthier ones. The question of adequacy of

rural credit still remains whereas formal credit supply has increased manifold, from Rs.15,131 in 1987-88 to Rs.40,188 million in 1999-2000. Despite this, the credit-resource gap continues to widen, from 12% in 1987-88 to 71% in 1999-2000⁹.

A comprehensive review of rural financial markets reveals that low-income rural households are considered non-bankable by formal sources. The only recourse left to them is informal credit, which charge exploitative interest rates ranging from 48-to150%. Small loans of Rs. 5,000 or less constitute negligible proportion of total advances¹⁰. Given the large number of very small loans, the commercial banks are not geared to provide small credits, or micro-finance to borrowers considered marginal in terms of credit worthiness. Even if the credit risks could be managed and overcome, the cost of large number of micro-loan based transactions make it an unprofitable undertaking for the mainline commercial banks. Although, ADBP is a major source of credit, landowners are the major beneficiaries. Co-operative credit benefits only those who have set up the Co-operative societies rather than the intended target group of small farmers who rarely benefit from this type of rural credit.

Need for a Viable System of Rural Finance

The main issue, therefore, rests with setting up of a viable system of rural finance, particularly a system of rural micro-credit, to serve the largest segment of rural population to be established entirely on different principles than traditional credit mechanism. Since, poverty alleviation is among top priorities of the Government of Pakistan, the need for provision of some efficient institutional framework for self-employment through micro-credit is pragmatic.

Empowering people and allowing them to create their own jobs and revenues was recognized to fight poverty more effectively. The new approach has broadened the scope of anti-poverty policies and credit, by financing income-generating activities of poor. The poor are supposed to use the leverage of government funds, transform them into larger, more sustainable streams of money.

Micro Credit/Micro-finance defined

Micro financing is characterized by its '*credit-plus*' approach which focuses not only on adequate and timely credit but its integration with community organizations, leadership training, skills, entrepreneurship and financial management. Micro-finance has been evolved as an economic development approach intended to benefit low-income men and women. Financial services usually focus on small loans, informal appraisal of borrowers collateral substitutes i.e., group guarantees or compulsory savings and loan monitoring¹¹.

From Credit to Micro-finance

Credit is part of the financial intermediary process by which deposits/savings are mobilized and passed on to borrowers, leaving it essentially a two-actors game i.e., financial institution and the borrower. Excluding the policy maker (Government), therefore, makes targeting difficult. Again, the process does not necessarily guarantee that the resources generated are utilized for the benefit of the people of the same area.

On the other hand, Micro-finance, the term used to designate financial intermediary at local level, includes credit but also deposits, savings and all forms of financial services. Being a local process, it is based on local institutions that collect local resources and reallocate them locally – the sustainability of the program and out reach, being the primary objective¹².

Micro-finance Experience in Developing countries

Experience of Micro-finance in developing has been widely perceived as successful on account of financial sustainability, operational efficiency, outreach and replication. Experience of micro-finance Institutions in developing world suggests three major factors leading to their success: (i) Resource mobilization; (ii) self-

sustainability, and (iii) the level of outreach achieved with the targeted population.

These institutions have charged positive interest rates. They have provided saving services and preferred other alternative methods than physical collateral, i.e., character reference or joint liability. The village leadership or peer group pressure techniques have been used in appropriate selection of borrowers and for timely repayments. Significant level of outreach has been evidenced in both the loan portfolio and savings though the entire poverty ridden population may take still a longer time to cover.

Micro-finance Experience in Pakistan

Pakistan, conclusively, lacks adequate and efficient institutional framework to fight against poverty. Negligible resource availability by banks and limited micro-finance intimidation falls much behind what is needed. Commercial Banks possess neither the expertise nor objective for providing a large number of small loans.

ADBP, targeting medium and big farmers, has already landed in financial difficulties. It is facing high default cost which is reflective of its poor performance. Its operations are being subsidized by providing it¹³ loanable funds below market cost. The experience/orientation of ADBP does not commensurate with the objectives of Micro-financing. The Co-operative Credit system has failed to deliver. In fact, it can not be recognized as a credit system. It has been utterly compromised in its operations and can not be expected to undertake rural finance, much less micro-finance unless strategic changes are brought in. The unfettered powers of co-operative bureaucracy have posed the major obstacle, which is in utter disregard to its development and promotional role.

MFB, meant for extending credit facility to both the individuals and NGOs, is more likely to operate through NGOs. Larger NGOs like RSPs are expected to take lion's share and will have a strong say in the affairs of Bank being on its governing body. It is being boldly said that MfB is going to be hijacked by NGOs, leaving the poor in the same vicious circle. Estimated coverage of

560,000 borrowers/savers in 6 years is too small a performance for an institution with such a big momentum and large net work of NGOs.

Rural Finance – Need for a New System

The above issues necessitate the need of setting up a specialized viable system of rural finance, in particular a system of micro-credit to serve the largest segment of the rural borrowers. Tinkering with the system will not be sufficient, instead a new system will have to be designed. The current scenario, therefore, need to be transformed as under: -

- Wider Outreach:
- Focus on Women:
- Sustained Lending Operations:
- Development Financing:
- Efficient Networking:
- Devolution of Operations:
- Services of Local Exchequer:

Institutional Alternative

The foregoing discussion delineate the need for a local financial specialized institution for the rural poor, i.e., at district level, fulfilling all pre requisites essential to a development finance institution — catering all commercial, developmental and micro-finance activities — but with a fresh approach to credit dispensation and devolution of financial autonomy. For the purpose we may consider the following three alternatives: -

- Establishment of a new local level specialized institution
- Devolution of all the DFIs and financial institutions at the district level.
- Restructuring/Transformation of the existing Co-operative system into district based specialized financial institutions.

There is no denying the fact that there is scarcity of resources to establish an organization with such diversified aims and objectives. Given the fact the government is currently undertaking reforms in the banking sector to reduce the number of DFIs to make them cost effective and avoid multiple lending, therefore, it may not be feasible, managerially as well as financially to set up a new banking entity as suggested in the first alternative. As regards second alternative, various financial institutions have been mandated with different objectives and clientele, as well as scale of operations. Devolution of these institutions at the district level would require establishment of these institutions at the district level by creating necessary infrastructure. Since these institutions exist at the national level under a particular registration, therefore their district branches can not be devolved with all necessary powers nor they would be able to utilize the funds mobilized and generated at the local level for the specific development of the district *per-se*. Therefore, creation of branches of these institutions and their management under one roof may not be feasible from the standpoint of establishment as well as management and financial aspects. The third alternative is based on the pragmatic premise of transforming the existing co-operative infrastructure on the basis of pre-nationalized district banks by splitting the capital base of the Provincial Banks.

The existing co-operative system can easily be restructured with limited changes. The current equity and the resource base will facilitate to exercise the least cost option. The assets and liabilities of the Co-operative System will devolve to District Banks according to the proportion held by the branches of co-operative banks working in respective districts (105 districts).

Justification for the new system

The percentage of poor varies significantly between the districts and within the districts along rural and urban strata. The number of small farming households currently being covered through the co-operative credit system (200,000) will form the immediate clientele of the district banks for transformation. A good number of small commercial and micro entrepreneurs will be

included each year. Thus, it is projected to cover over 700,000 households in a period of five years.

Autonomous financial institution at the District level would require effective machinery to cater all the legal/legislative, management, executive and local development requirements. In order to fulfill these obligations as well as undertake programs for the growth and development of the district an effective financial mechanism would be needed, which should be based/best suited to the requirements of the local people. The objective can best be achieved by institutionalizing financial autonomy through district banks, owned and managed by the people themselves.

The stagnant socio-economic conditions, prevalent poverty trends, especially in the rural areas, and market distortions do not permit replication of experiences, such as that of Grameen Bank, based on bottom up approach because of time and other constraints as narrated above. Therefore, the government will have to evolve an effective top down strategy. Since the institution will be run and managed by the local people, therefore, the process of accountability at the local level with direct intervention of the people will ensure prompt policy measures and rectification.

Scope & Objectives

District financial institution will have wider outreach, focus on women, sustained lending operations, development financing, efficient networking, devolution and autonomy of financial operations, as well as services of local exchequer. Such banks will identify and promote investment avenues and motivate and guide the masses to undertake income-generating activities.

This system will have an edge over the existing nationalized/provincialized systems in combating poverty, as the powers to manage and control these institutions would devolve with the local people themselves. The system would facilitate: -

- Close banker-customer relationship

- Effective inter-action
- Investment avenues well identified
- Proper assessment of genuine credit needs
- Timely availability/ release of funds
- Effective monitoring & supervision of end-utilization
- Timely steps for recovery
- Autonomy

Strategy

The District Bank will adopt the following strategy:

- A leap forward approach to reduce the time span for maximum coverage;
- The assets and liabilities of six Provincial Co-operative Banks would be split-up among the respective districts (105 districts);
- With total equity exceeding Rs. 836 million, and deposits of Rs. 2.41 billion, the proposed system would be the least cost option;
- Employing the experienced manpower being released through restructuring of the banking sector will fill the skills and management gap.
- Local based financing operation – lending as well as saving;
- The existing overlapping functions entrusted to different departments and agencies will be streamlined and devolved at the district level;
- The functions entrusted to the co-operative department under the co-operative societies Act would be transferred to the district bank;
- Safe transition of co-operative loans to commercial and micro-enterprises;

- Current beneficiaries, i.e., 200,000 (household) to form the immediate clientele of the district banks, with an effort to add some 100,000 (household) small commercial and micro entrepreneurs each year ⇒ estimated coverage of over 700,000 households in a period of five years;
- Share the load of the small entrepreneur by rendering integrated services;

The District Bank will act as: -

- Essential banking services for rural areas;
- Micro financing and commercial banks for small business enterprises both for individuals and groups engaged in micro businesses, on the basis of social collateral.
- Agricultural development institution to finance farm and non-farm activities of small farmers and to facilitate the needs of the corporate agriculture.
- These institutions will act as means for transition of Co-operative loans as well as make concerted efforts to recover stuck-up co-operative dues.
- Bank for the District Government.

Capital

Capital/resources of the district banks may be raised through: -

- Splitting the existing provincial co-operative banks and thereby transferring the assets & liabilities to each district bank;
- Equity contribution by micro enterprises;
- Equity contribution by Co-operatives;

- Savings mobilization in the rural areas;
- State Bank's funding for onward lending with saving mobilization linkage;
- Equity grant by Provincial governments to support poverty alleviation programs;
- Commercial banks to be invited to participate in equity as well as source of technical assistance;
- Transfer of part of the loans and advances of ADBP;
- Funding by national and international donors for poverty alleviation programs;
- Contribution by the district governments.

Management

The general direction and superintendence of the affairs and business of the Bank shall vest in a Board of Directors consisting of 7 – 9 members. The Board so constituted with the approval of the regulatory Authority shall consist of: -

- Chief executive of the Bank as Chairman of the Board;
- Directors nominated by the District assembly;
- Elected members of the affiliated micro enterprises and co-operatives;
- Other equity providers;
- To maintain the autonomous stature of district banks, 50 percent of the Directors would be represented by micro enterprises and co-operatives.

Conclusion

A leap forward strategy, aiming at economic and cost effective approach, needs to be adopted to shorten the time span in our fight against poverty. The proposal of setting up district level financial institutions would not only provide the much needed backup support to the government's devolution plan but would also provide a basis for restructuring the entire co-operative banking structure. It will provide the means to reach out to the poor, especially the rural community by establishing institutions within their reach, managed and run by the local people focusing on policies best suited to their requirements.

End Notes

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Author

Shaukat Hayat Durrani Joined District Management Group through Federal Services Examination in 1977. Has the distinction of qualifying Punjab Civil Services (Judicial) examination by obtaining first position as well as Punjab Civil Services (Executive) examination the same year. Has served as a Deputy Commissioner and held various other assignments in Provincial and Federal Government. His experience includes training in Development Administration (UK), Advance Training in Management (NIPA) and Financial Management (Pakistan Administrative Staff College). He holds degree in Science and Law from Punjab University and attended National Defence Course 2000/2001 at National Defence College. Presently, he is serving as Joint Secretary, Finance Division, Government of Pakistan

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