

Kashmir group says exhumed body is of its leader.By **Chaitanya Kalbag**

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English

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NEW DELHI, Sept 30 (Reuter) - A militant group in Kashmir on Tuesday said an exhumed body was that of the group's leader and not one of four missing Western hostages as suspected.

The chief of police in India's Jammu and Kashmir state said forensic experts had reached no conclusions on the identity of the body.

"There is nothing so far (from the tests)," Police Director-General Gurbachan Jagat told Reuters by telephone from Srinagar, the state's summer capital.

"But they (the experts) have not ruled out the possibility of the body being of one of the Western hostages," he added.

Harkat-ul Ansar, a Pakistan-based guerrilla group Indian authorities believe is linked to the kidnappings, said in a statement issued in Srinagar that the exhumed body was of a Harkat commander, Zia-ud-Din.

"The examination of the body shows the frustration of the Indian security forces. Such acts of the Indian security forces boost the morale of the militants. India is under tremendous pressure from the Western world to trace the whereabouts of the hostages and is now trying to mislead the world through such acts," the statement said.

Indian authorities believe the Harkat group is allied with shadowy Al-Faran guerrillas who kidnapped the Western tourists in July 1995. Harkat denies any ties with Al-Faran.

Harkat is one of about a dozen militant Moslem groups fighting for Kashmir's independence or merger with neighbouring Pakistan.

Asked how long it might take for forensic experts to reach a conclusion, Jagat said: "About another week." He added that the experts, who examined the body in Srinagar on Monday, might take DNA samples to the eastern city of Calcutta for more tests.

DNA stands for deoxyribonucleic acid, which is present in the chromosomes of all plant and animal cells and carries instructions for the passing on of hereditary characteristics.

Police exhumed the body last Thursday from a grave in Akingam village in Kashmir's Anantnag valley.

A captured militant said during interrogation that it was the body of one of the hostages kidnapped in the area in July 1995.

But residents of Akingam told journalists the body was that of Zia-ud-Din, a militant who died in a gun battle with Indian paramilitary troops 21 months ago.

On July 4, 1995, Americans Donald Hutchings and John Childs and Britons Paul Wells and Keith Mangan were kidnapped by Al-Faran militants while trekking in the Himalayas near Anantnag, which is about 50 km (33 miles) south of Srinagar.

Four days later, Childs escaped. On the same day, the captors abducted German Dirk Hasert and Norwegian Hans Christian Ostroe. Ostroe was found beheaded in August 1995.

Several captured militants have told interrogators that they believe the hostages were shot dead and buried in a south Kashmir forest.

Indian authorities and experts from the U.S. Federal Bureau of Investigation and Scotland Yard have scoured the area but have come up with no clues.

"We don't know if the hostages are dead or alive," a U.S. diplomat said on Monday. "We retain the hope that



they are alive but it is looking bleak in many ways."

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English

NEW DELHI, Sept. 16 (Reuters) - India's government, clearly alarmed by a fiscal deficit that was threatening to spiral out of control, moved on Tuesday to boost revenues with a host of steps including a jump in import tariffs and a cut in federal spending.

The pre-emptive steps included a three percent hike in duties on all imports except petroleum and project components; a five percent cut in 1996 export duties outlined in the 1995-97 federal budget; a doubling of travel taxes on individuals; and a speeding up of plans to divest stakes in five major state firms.

A spokesman said the package was expected to yield additional revenue totaling 50 billion rupees.

The move came five days after the government was forced to agree to a humiliating second wage increase for public sector employees after an initial bout of pay rises in July.

"The government gave away 70 billion rupees to its employees. This is to offset that. The two figures come pretty close to each other," said Surish Tendulkar, a professor at the Delhi School of Economics (DSE).

At issue was the stated aim of raising the fiscal deficit to 5.5 percent of gross domestic product (GDP) in 1997/98 (April-March) -- a goal that economists doubt will be achieved.

Finance Minister P. Chidambaram said last week higher than expected government spending could jeopardize the deficit target and that the 1996/97 deficit was likely to come in at 5.1 percent of GDP against an earlier estimate of 5.0 percent.

A week ago the International Monetary Fund (IMF) in its annual report warned India to aim for an accelerated reduction in its fiscal deficit, saying a delay in fiscal adjustment would leave the economy vulnerable to external developments.

Economists polled by Reuters last week predicted the fiscal deficit would range between 5.1 and 6.0 percent of GDP this year.

K. Krishnamurthy, of Delhi University's Institute Of Economic Growth agreed with Tendulkar that the wage increase for government employees had triggered the overexpanding case. But he termed the decision to hike customs duties as a retrograde step.

"Increasing customs duty will be a reversal of earlier policy," Krishnamurthy told Reuters.

Mark McFarland, an economist at Peregrine Brokerage Ltd in Hong Kong, predicted last week that the fiscal deficit would be nearer 6.0 percent in 1997/98 and cited low oil revenues, high tax and import duties as contributory factors.

A briefing paper prepared for a meeting a week ago between Prime Minister Indir Kumar Gandhi and prominent economists warned of a deceleration in export growth and added:

"On the import front, growth in U.S. dollar terms declined from 18 percent in 1995/96 to 5.1 percent in 1996/97. This could be a reflection of a widening demand in the economy for investment goods, intermediate and raw materials."

Krishnamurthy said the government was clearly acting on the IMF's advice. It looks like before going to the Fund would have advised, this is to ease the time of pressure from the IMF on the fiscal deficit," he added.

The IMF and the World Bank are scheduled to hold their annual meetings in Hong Kong next week.

But the DSE's Tendulkar said the cut in non-plan expenditure was likely to adversely affect the maintenance of existing assets.