

COMBAT CORRUPTION

SAVE INDIA

A CPI(ML) Publication



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Introduction

Corruption has once again emerged as arguably the foremost concern of the Indian people. Not a week passes without some scam being unearthed in some corner of the country. These scams could be related to any department of any government, but as easily they could also involve the top brass of the Army, venerable judges of the apex judiciary or top officials of premier institutions of scientific research. While the pecuniary gains involved in these scams may not always be obvious or easily measurable, all scams slaughter public good for private gain in utter disregard for the fundamental notions of fair play and justice. Given the frequency, range and magnitude of these scams, one can easily say that corruption today is certainly no aberration; it is a hallmark of governance in the corporate era.

Paradoxically enough, the lengthening list of scams in India is matched by an even longer list of probes by different agencies, yet India is yet to see an example of a guilty being brought to justice by the system. The list of cases in which investigations petered out and the culprits got away is endless. A major reason for this impunity enjoyed by the corrupt, especially the corrupt in high places, is the inherent hollowness of the existing anti-corruption mechanisms in our country.

Any meaningful and consistent campaign against corruption must therefore have two prongs. It should challenge the policy regime and political environment in which corruption is thriving. At the same time it should also fight for an effective anti-corruption mechanism so the corrupt can be brought to justice.

How to unravel the web of corruption that has the whole country in its grip? This is a question that grips every Indian citizen, and has inspired a powerful anti-corruption movement in recent times. What should be the future direction and goals of this movement? How can the people's movement against corruption consolidate its initial victory in the struggle for a Jan Lokpal Bill, and strike at the policies that are at the root of corruption?

This booklet is an attempt to address some of these questions and concerns: we hope it inspires you to intensify the struggle for a country free from corruption! □

Corruption In Liberalised India

All in India agree today that corruption poses a serious crisis for India. But what is corruption, and who is responsible for it?

Some say that politicians and bureaucrats who take bribes are alone responsible for corruption. If only the government would 'free' resources, assets and institutions from public control, they argue, there would be no corruption. But they forget that in the 1990s too, corruption was blamed on the 'licence-quota-raj' and it was said that liberalisation and privatisation would clean up the system. *How come privatisation has instead brought in its wake corruption of a scale unimaginable in earlier times?*

The Radia tapes have revealed very clearly that corruption is not limited to bribe-taking alone, but it is, rather, a much wider process involving the loot of resources and subversion of institutions by private corporations.

We have seen a remarkable people's movement in recent times against corruption. Recently this movement won a significant victory in forcing the Government to take a firm step towards drafting an effective anti-corruption law. A genuinely effective and unbiased anti-corruption mechanism is certainly an important tool for any struggle against corruption. *But can a law alone curb corruption if the policies causing corruption remain the same?*

Why has there been a quantum leap in the scale of corruption in the era of liberalisation and privatisation?

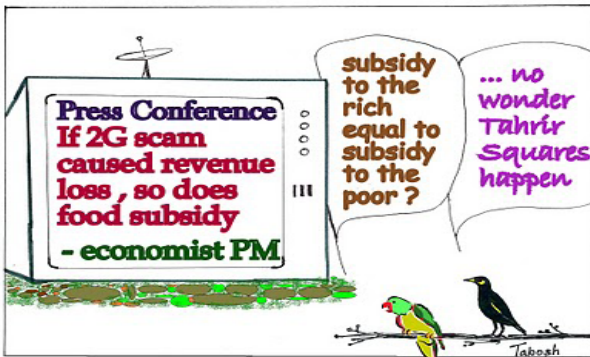
Now, in the liberalized economy, privatisation of precious natural resources like land, minerals, spectrum (telecom airwaves), etc as well as of monopoly services like roads, airports and so on has created the possibility of unprecedentedly huge profits for private corporations. Simply by cornering land, minerals, spectrum and other precious resources for a throwaway price, a corporation can earn mind-boggling profits. As corporations compete for these lucrative 'gifts', they are quite willing to spend a small percentage of

The Daily Scam – Corporate ‘Subsidies’ and Black Money Flows

The country’s public exchequer does not lose money only in a few big scams. Daily, as a regular routine, hundreds of crores are drained away in the shape of write-offs of corporate taxes and black money flows to foreign banks! **Every single day, the Union Budget writes off Rs 240 crore worth of corporate income tax – and the same amount worth of illicit funds flows out of India daily into foreign banks.**

In the 2011 Budget, corporate tax exemptions (described as “subsidy payment to preferred taxpayers” in the budget) in 2010-11 stood at a staggering Rs. 88,263 crore! It may be noted that the total quantum of revenues forgone is rapidly increasing – it was about Rs. 2.4 lakh crore in 2006-07 and Rs 5.7 lakh crore in 2010-11! The proportion of revenues forgone to revenues collected is also rising fast – from about 50% in 2006-07, it reached 80% last year.

Why are the richest corporations, whose CEOs are among the billionaires of the world, getting subsidies when the Government claims it lacks money to ensure free education, healthcare and food for the poorest Indians? Why are these same richest people enjoying the licence to bleed the country by way of black money daily? Can corruption end without challenging these policies and priorities of the Government?



Courtesy India Chronicles, <http://indiauploads.blogspot.com/>

these enormous profits on bribing politicians like Madhu Koda or A Raja and other decision-makers.

In this process, it not just politicians and bureaucrats who personally take a bribe who are corrupt. Rather, the entire Government and state machinery is corrupt, because it acts under the influence of vested corporate interests rather than public interest. As a rule, the entire government structure in liberalised India makes laws, policies and takes decisions tailored to facilitate corporate grab of land, minerals and other resources; and even selectively overlooks laws of the land relating to environment, mining, etc. This is not just a one-shot scam; it is an ongoing, continuous process of drain of our resources for corporate profit. The telecom scam was estimated to have cost the exchequer around Rs 1.76 lakh crore; but corporations earn many lakhs of crores every year as profits from real estate, export of minerals and so on, not to speak of the enormous sums that are being openly gifted to the corporate sector as tax exemption and sundry concessions.

Changing Face of Corruption in Liberalised India: Facts and Implications

Has liberalisation and privatisation led to a fall in corruption or a quantum leap in corruption? Let us get an answer from the horse's mouth, from the consulting firm KPMG's study "Survey on Bribery and Corruption: Impact on Economy and Business Environment", based primarily on corporate response. This survey highlights the 'changing face of corruption' and clearly recognizes, *"From what started as petty payments demanded by 'babus' during the license raj days, corruption has taken a much larger form and scale today. ... It is not about petty bribes ('bakshish') anymore but scams to the tune of thousands of crores that highlight a political/industry nexus which if not checked could have a far reaching impact. Media stories on financial scams indicate that while petty corruption is more of an irritant and mostly driven by public officials at lower levels, larger scams could be attributed to the willingness of the private sector to pay senior public officials to get their work done."*

Corruption-prone Sectors

On the basis of corporate perception (48% of the respondents were from MNCs and another 28% from India-based MNCs), the KPMG survey has ranked certain industries and sectors as being **particularly corruption-prone**. Real estate and construction tops the list followed by telecommunications, social development sectors, financial services, defence, IT/ITES/BPO, energy and power,

The Struggle for a Transparent, Effective and Accountable Anti-Corruption Law

Recently, a successful struggle was launched with Anna Hazare's fast, which ended by forcing the Government to form a joint drafting committee including civil society activists and experts along with Government representatives to redraft the Lokpal Bill.

However, it is clear that the Government which went to all lengths to cover up corruption in the 2G scam, appointment of CVC, etc, is not likely to make it easy to draft a truly effective Lokpal Bill. The road ahead for the Lokpal Bill is not smooth – people's vigilance and continued struggle will be called for to ensure a good law.

While appreciating the need for an effective Lokpal legislation and agreeing that the Government draft of Lokpal Bill was toothless, some people have cautioned against creating a draconian 'super-cop' that would endanger democracy. It must certainly be ensured that the Lokpal Bill not only be effective but also transparent and accountable. All concerns regarding democracy and accountability are genuine and must be fully addressed while drafting the Bill. But care must be taken that corruption is not condoned or legitimised as a necessary cost of democracy. A super-cop is not wanted, but an effective and independent cop, accountable to the people rather than beholden to the very people it is meant to prosecute, is certainly needed.

At the same time, we need to take the struggle beyond the Lokpal law alone, and challenge corporate corruption and plunder.

and others (including media, consumer goods, pharmaceuticals, health care, heavy engineering and transport). 68% of the respondents acknowledged that **corruption was often induced by the private sector**. Accordingly, the survey emphasises the **need to bring the private sector within the ambit of anti-bribery, anti-corruption regulations**.

Myth of High Taxation Inducing Corruption

Another myth fondly marketed by pro-liberalisation advocates is that corruption is induced by high levels of taxes. Interestingly enough, even as the KPMG survey highlights the complicity of the private sector in the ongoing growth of corruption, in the preface to the survey, economist Surjit S Bhalla echoes this view quite loudly, calling for further reduction in taxes including capital gains tax levied on real estate transactions. “Na rahega baans, na bajegi bansuri” (if there is no bamboo, you cannot have a flute) – this is Dr. Bhalla’s simple prescription for containing and curbing corruption. Well, this is precisely the policy direction that successive governments have been following in India over the last three decades. In the latest 2011-12 budget, the government has reduced the surcharge on corporate tax from 7.5% to 5% even as corporate tax exemptions handed out in the preceding year reached a staggering Rs. 88,263 crore (between 2005-06 and 2010-11, the total volume of exemption in corporate tax has been an astounding Rs. 3,74,937 crore)!

If high taxes induced corruption, reduction in taxes should have pushed corruption progressively down. Yet we have another study, funded by the Ford Foundation and undertaken by the Global Financial Integrity, which indicates **precisely the contrary**. A GFI study entitled “The Drivers and Dynamics of Illicit Financial Flows from India: 1948-2008” by economist Dev Kar estimates the illicit financial flows (IFF) from India during the 61-year period (1948-2008) at \$462 billion. As much as 68% of this aggregate IFF is attributed to the post-reform period (1991 onward). According to Mr. Raymond W. Baker, the Director of GFI, budget deficits and inflation have had little to do with the accelerated rate of transfer in the post-reform period. The GFI study squarely attributes

the alarming increase in IFF to the reforms themselves: “What is clear is that, during the post-reform period of 1991-2008, deregulation and trade liberalization have accelerated the outflow of illicit money from the Indian economy. Opportunities for trade mispricing have grown, and expansion of the global shadow financial system accommodates hot money, particularly in island tax havens. Disguised corporations situated in secrecy jurisdictions enable billions of dollars shifting out of India to “round trip,” coming back into short- and long-term investments, often with the intention of generating unrecorded transfers again in a self-reinforcing cycle.”

What Drives the Flow of Black Money?

Illicit financial flows constitute the dominant part of India’s black or underground economy. According to the GFI study, 72% of illicit wealth is accumulated abroad while the remaining 28% is held domestically. And the study finds both to have been *increasing quite rapidly in the post-reform era* – while the post-reform size of the underground economy has increased on an average to 42.8% of the GDP (as against 27.4% in the pre-reform period), the compound annual rate of growth of illicit flows which stood at 9.1% during the pre-reform period shot up to 16.4% during the post-reform years.

The study categorically admits that its estimate of illicit flows is



www.twitter.com/shreyasnavare

quite conservative, as it underestimates both the principal amount (for example it does not take into account smuggling and distortions in trade pricing, not to talk of deficiencies of official statistics) and the interest component (the study has applied the rate of return accruing on US treasury bills which is far short of the actual rate of return on assets like real estate, precious metals, art objects). **Yet even this conservative estimate is more than double the amount of India's total external debt at the end of 2008 (\$ 230.6 billion)!**

What is it that is driving the illicit flows of funds (as distinguished from what constitutes legal flight or export of capital) in the wake of the reforms? The study suggests a couple of important reasons – (i) the **growth of foreign trade** leading to greater scope for trade mispricing (according to the study 77.6% of aggregate illicit outflows is attributable to trade mispricing), and (ii) **greater income inequality within the country leading to the emergence of a growing band of High Net Worth Individuals** (each with investable assets of more than \$1 million) who are “**the main drivers of illicit financial flows**”. In 2006, India had 100,000 HN-WIs, and by 2009 the figure jumped to 127,000. In the recently released Forbes list of dollar billionaires, India with 55 billionaires stood at third position – next only to the US and China – in a global total of 1210 billionaires. In 2001, there were only 4 Indian billionaires in the global list of 538.

What is the destination of the illicit financial flows? Typically, these flows end up either in commercial banks in developed countries or in offshore financial centres (OFCs), the emerging ‘retreats’ for global finance. In 1995, developed country banks absorbed 60% of illicit flows from India, but over the next two decades the share of banks fell to 40% while the share of OFCs rose to 60%. The reason behind this shifting preference is quite obvious – the OFCs offer greater secrecy and immunity than banks and hence attract more illicit funds from across the world. India currently has Double Taxation Avoidance Agreements with 65 countries and even when the government is aware of part of Indian assets illegally held abroad, it avoids naming those account holders in the name of respect for international diplomacy and investor confidence!

Checking Corruption Calls for a Change in the Policy Regime

Anti-corruption laws alone cannot check corruption. To rely on anti-corruption laws without changing the policy regime that causes corruption to thrive is like mopping the floor without turning off the tap!

Interestingly even as neoliberal advocates have to acknowledge the growth of corruption, they arrogantly use this evidence to push for still greater liberalisation and global economic integration. The KPMG survey would have us believe that it is the disproportionate growth of certain sectors and the indiscriminate entry of new players which lies at the root of heightened corruption as these new players seek to resort to bribery to disturb the level-playing field and secure a skewed field in their favour and everything could be sorted out by just strengthening the regulatory mechanism.

The Radia tapes however tell a different story, it is the well-entrenched players who go all out to protect their turf and the so-called new players are often proxy players propped up by the big few. But the question is not so much whether new or old players



are more responsible, it is the **subservient role of the state vis-à-vis big business which is facilitating and increasingly legalising corruption as a by-product of economic reforms and as a byword for governance. The US apparently has the best regulatory mechanisms in place, yet the world has seen its worth during the recent explosion of the financial crisis. And any mechanism in India will have to cope with not just the pressure of domestic big business but global capital and its chief custodian, US imperialism.** □

Corruption and Corporate Plunder

Some Instances

Loot of Oil and Gas Resources

Even at a time of global economic crisis in 2010, Mukesh Ambani, CEO of Reliance Industries Ltd (RIL), rose to the position of the 4th richest man in the world. How did he achieve this feat?

Policy Shift to Favour Reliance

The private sector was first invited into the oil and gas exploration sector in 1997, and RIL was allocated blocks in the rich Krishna Godavari basin for throwaway prices, where it struck gas. In 2007, the Empowered Group of Ministers (EGoM) (including Petroleum Minister Murli Deora and then Finance Minister P Chidambaram as well as Deputy Planning Commission Chairman Montek Singh Ahluwalia), which was set up to recommend the price of gas, recommended that RIL be allowed to sell gas at a highly inflated price: \$4.20 instead of \$2.34.

Next, in 2009, the UPA Government *doubled* the price of natural gas produced by PSUs from \$1.8 per unit to \$4.2 per unit to bring it in line with the price approved by the government for the gas produced by Reliance. This was obviously done to secure the market for RIL: without this decision, lower-priced gas produced by PSUs would have been preferred by power and fertilizer producers to gas produced by RIL. By hiking the prices all around, the Government increased the burden on farmers who buy power and fertilisers – all to boost the profits of a single private corporation.



Courtesy The Hindu

Petroleum Minister of Reliance's Choice

It is worth recalling here that in the Radia tapes, JD(U) MP and former revenue secretary N.K. Singh tells Mukesh Ambani's lobbyist Radia that **Murli Deora has probably been reappointed Petroleum Ministry because Mukesh Ambani "swung it for him."** In another conversation Atal Behari Vajpayee's son-in-law is heard quoting **Mukesh as saying, 'Congress to ab apni dukan hai.' (Congress is now our shop.)** The Wikileaks exposé too revealed that Murli Deora's appointment as Petroleum Minister was **pushed by the US.**

Even BJP Dances to Reliance Tune

But Mukesh Ambani did not only have Congress leaders at his beck and call – **even top BJP leaders were obedient to his bidding.** In 2009, another largesse for RIL was in the offing when Finance Minister Pranab Mukherjee introduced a Bill in Parliament in 2009 allowing 100 per cent tax exemption (applicable retrospectively) on the entire capital expenditure incurred on setting up and operating natural gas or crude oil pipelines, cold chains, and agricultural warehouses. This move would benefit a single

company - Reliance Gas Transportation Infrastructure Limited (RGTIL), to the tune of Rs 20,000 crore. In a conversation with Radia, N K Singh expresses the apprehension that in the debate in the Rajya Sabha, if Opposition MPs “begin to say that Pranab Mukherjee has given a bad largesse to benefit only one company (Mukesh Ambani’s Reliance), then ... (it will put) Pranab Mukherjee on the defensive and therefore the question of extending it (tax concession) retrospectively, goes out of the window.” He then says that BJP’s Arun Shourie, who is listed as the lead speaker for the BJP in the Rajya Sabha, is likely to oppose the Bill, and therefore says, “fortunately what we have managed to do is make Arun (Shourie) the second speaker and Venkaiah (Naidu) the first” speaker from the BJP. He also says he will get Mukesh Ambani flown in to Delhi to brief Venkaiah since they are known to share “good relations.” In fact, this is exactly what took place: Naidu replaced Shourie as the lead speaker from the BJP and supported the Bill, which was then passed in Parliament.

Media ‘Dresses Up’ Truth to Suit Mukesh

Not only the ruling Congress and Opposition BJP, Mukesh Ambani also had top media-persons do his bidding. On the Radia tapes, during the tussle between Anil and Mukesh Ambani over the KG basin gas, we hear senior columnist Vir Sanghvi asking Radia “What kind of story do you want?” He tells Radia his column Counterpoint is “most-most read” and therefore the ideal place to build opinion in favour of Mukesh Ambani’s position. He is heard taking detailed instructions from Radia on how the story should be structured. He then calls her up to report that he has written the article: “I’ve dressed it up as a piece about how public will not stand for resources being cornered, how we’re creating a new list of oligarchs... It’s dressed up as a plea to Manmohan Singh, so it won’t look like an inter-Ambani battle except to people in the know.”

The latest is that RIL has sealed a deal with MNC British Petroleum (notorious for the recent oil spill), thereby giving BP access to India’s oil and gas resources. BP India’s head has expressed hopes that the deal would “set the stage for eventually lifting state control on natural gas price.”

What does the entire episode tell us?

We see how one of the richest men in the world, Mukesh Ambani, is able to appoint a Petroleum Minister of his personal choice, and ensure that the Indian Government repeatedly frames policy in order to boost his own profits – at the cost of an increased cost burden for India’s farmers struggling against agricultural crisis and suicides.

We have seen how an Opposition MP acts as an agent for Mukesh’s lobbyist, ensuring that the main Opposition party supports the Government in its moves taken to benefit Ambani’s company.

And we have seen how the media, obligingly taking dictation from Ambani’s lobbyist, “dresses up” Ambani’s greed so that it looks like “national interest”!

And as Ambani teams up with MNC oil major BP to reap profits from India’s resources, “lifting of state control” on gas prices will mean that farmers will be forced to pay even more for power and fertilisers.

This is no exceptional occurrence. It is a reminder that corruption is in-built in the day-to-day reality of crony capitalism in liberalised India.

Telecom Scam

One of the largest scams of our times has been the telecom scam, in which procedures were violated to grant 2G spectrum – a national asset – to certain selected companies at throwaway prices leading to a loss to the public exchequer to the tune of Rs 1,76,379 crore. The Government undermined the probe into allegations of the scam and, acting under pressures from agents of companies like Reliance and Tata, reappointed A Raja as Telecom Minister in UPA-II even though he stood implicated in the scam during his tenure in the UPA-I. Eventually the CAG Report vindicated all the allegations of the scam and the Radia tapes exposed how corporations and their agents had secured the appointment of Raja as Telecom Minister.

Selling Out Spectrum

2G spectrum (i.e. magnetic airways – a precious and scarce national resource) was not auctioned but was instead allocated on a ‘First-Come-First-Served’ (FCFS) basis for a mere Rs 1,651 crore each.

Companies like Reliance Communications and Tata Teleservices were also given GSM and CDMA licences at prices fixed in 2001. In comparison, auction of 3G spectrum earlier this year fetched Rs. 67,710 crore.

But the matter did not rest with the choice of FCFS procedure over competitive bidding. Even the FCFS procedure was tampered with to 'fix' the match in favour of certain companies! Previously, applications were ranked on the basis of the date of receipt at the central registry section of the Department of Technology. However, this basis was changed to that of compliance with 'Letter of Intent' conditions such as bank guarantees. The CAG has further noted that the time limit for compliance with the LoI conditions was reduced to just half a day, and miraculously, certain applicants (who obviously enjoyed advance information) were all ready with demand drafts and relevant documents. Of the 122 licenses issued in 2008, 85 were found to fall short of the eligibility conditions prescribed by the DoT itself!

Further some of the companies which bagged the Spectrum allotment for a mere Rs. 1651 crore, did not have any prior experience in the business of mobile phone and then within a matter of six months sold off shares to foreign companies at the prevailing market rate making at least 700% return on their 'investment'! Swan, a front for Reliance sold to a Dubai-based company Etisalat, and Unitech, an Indian real estate company with no interests in telecom, sold to Telenor of Norway. The beneficiaries of the scam include companies like Swan (a front for Reliance) and Unitech (a real estate company with no previous interests in telecom) which, in spite of failing to fulfil DoT guidelines for issue of licenses, bagged the Spectrum allotment (out of turn) for a mere Rs. 1651 crore, and then within a matter of six months made a killing by selling off shares to foreign companies at the prevailing market rate, making at least 700% return on their 'investment'! Tata Group, like Unitech and Swan, also sold 25% of Tata Teleservices shares to NTT Docomo at market price for about Rs. 13,000 crore.

Complicity and Cover-Up by the PMO

The Congress-led Government has tried to deny the scam (claiming that the loss to the exchequer is "notional" and speculative) and at the same time distance itself from the scam by blaming the whole thing on its coalition partner the DMK (to which A Raja belonged). The

PM himself tried to say he was “not as guilty as he was being made out to be,” and blamed “coalition compulsions” for the scam. Such attempts at denial and distancing cannot save the Congress Government and PMO. Evidence indicates that the top Congress and UPA leadership is guilty not just of inaction, but of active collusion in this multi-crore scandal.

A letter written by former Union Telecom Minister Maran to the Prime Minister reveals that the PM had ‘assured’ the Telecom Ministry that it would be free to allot the 2G Spectrum as it wished, with no interferences from the Empowered Group of Ministers!

The UPA Government only got A Raja to resign in a last ditch attempt to save its skin when the Supreme Court took matters in hand.

Worst of all, the PM and Home Minister ignored widespread protest and went ahead with the appointment of tainted telecom secretary P J Thomas as the CVC! Not only does Thomas have a criminal charge-sheet on the Palmolein import scandal of 1992 in Kerala pending against him; as the telecom secretary under Raja, he had objected to inquiries by the CVC and the CAG into the allotment of 2G Spectrum licences. Obviously Thomas was being ‘rewarded’ for facilitating the 2G Scam by being appointed as CVC! The head of the country’ apex watchdog body himself was among those accused in multiple scams! Eventually the UPA Government was forced to drop Thomas as CVC



Courtesy Hindustan Times, Shreyas Navare

only after a Supreme Court ruling on the matter.

Similarly, the government's choice of AG Vahanvati to answer before the SC for PMO's inordinate delay in acting on the 2G spectrum scam, has come under serious questioning as according to a 26 December 2007 letter of Raja, it was Vahanvati, who in his then capacity of the Solicitor General has "advised" the telecom minister "to go ahead."

Privatisation Leads to Series of Telecom Scams

The 2G scam is not the first to hit the telecom sector, though it is certainly the largest. In fact privatisation of this sector has led to a series of scams, in which big telecom corporations ever since have influenced appointments of telecom ministers who in turn have facilitated the loot of public resources.

In 1995, Congress Minister Sukhram was at the centre of a telecom scam that accompanied the first moves to privatise telecom. And now, the size and scope of the scams have grown with more rapid privatisation of this sector.

In the NDA regime under Vajpayee, it was widely perceived that telecom corporations secured the removal of Jagmohan from the Telecom Ministry, because he fixed a deadline for private telecom operators to clear their license fee arrears. In July 1999, in keeping with a recommendation by a Group of Ministers headed by Jaswant Singh, the fixed licence fee regime was changed to a revenue share one, benefiting private telecom operators. The CAG back then had made an adverse assessment of this decision.

In the same NDA Government when BJP leader the late Pramod Mahajan was Telecom Minister, he faced allegations of bending rules to favour Reliance, offering it "full mobility" in its cellular operations without paying the full licence fee, defying TRAI recommendations!

The NDA Government and its then Telecom Minister Arun Shourie disinvested VSNL in favour of the Tata group, giving away, for a mere Rs 1,439 crore, a strategic PSU complete with rich cash reserves, a monopoly over international and STD calls, infrastructure worth hundreds of crores and over 1,200 acres of land, of which 773.13 acres (in Chattarur, Kolkata, Pune and Chennai) was a surplus land bank meant for future expansion.

Loot of Land and Minerals

The mining sector was opened up for private investment in the 1990s, and since then, it has become the worst instance of the corrupt nexus between corporations, political power, loot of resources and state repression.

Bellary Bleeds

The most notorious instance is that of the Bellary district of Karnataka, where the mafia writ of the 'Bellary brothers' (G. Karunakara Reddy, G. Janardhana Reddy, and G. Somashekhara Reddy) prevails over the rule of law. The illegal mining empire of the Reddys has made them a powerful political force, and their political clout in turn has ensured that administrative authorities turn a blind eye to the rampant illegal activities in the Bellary district.

Two of the Reddy brothers, Janardhana and Karunakara, are Ministers in the Cabinet of the BJP State Government, while the third, Somashekhara, is the Chairman of the powerful Karnataka Milk Federation. The Reddy brothers proudly proclaim that BJP leader Sushma Swaraj is their 'thayi' (mother), and in every instance where their will has clashed with that of the Chief Minister Yeddyurappa, the BJP top leadership has intervened on behalf of the Reddys. It is the money power of the Reddys that fuelled 'Operation Kamala' that enabled the BJP to buy over MLAs from the JD(S) on a large scale.

Bellary is rich in the finest quality iron ore, which came into great demand especially in countries like China. Iron ore prices soared from Rs 300 in 2002 to Rs 5000-7000 in 2005-06, and the Bellary brothers became multi millionaires through indiscriminately and often illegally stripping the region of iron ore which was then exported to China.

A report by the Karnataka Lokayukta Santosh Hegde estimated that the cost of mining, transportation and royalty came to just Rs 427 per tonne, while the sale price for exported ore was Rs 5000-7000 per tonne, amounting to a staggering profit of around 80-90%. The State Government got a royalty of a mere Rs 27 per tonne (now revised to 10% ad valorem), and since a large percent of the iron ore was illegally mined and transported, the State did not even get the token royalty. Mining regulations place restrictions on extraction, to guard against exhaustion of the finite resource and protect the environment. Indis-

criminate illegal mining in Bellary has resulted in widespread depletion of thousands of hectares of forest cover. The rate at which iron ore is being over-extracted means that this rich resource is being stripped bare – not to meet our own needs but being exported to meet the greed of a single mining corporation!

Both the Lokayukta's report and the Supreme Court Central Empowered Committee (CEC) on Bellary found that lakhs of tonnes of iron ore were being illegally exported and transported in thousands of trucks out of the state. The state's mining and geology department as well as transport department claimed ignorance of the whole process. The Obalapuram Mining Corporation (OMC) owned by the Reddys had a mining lease for just 68 acres of land in Anantapur district of Andhra Pradesh, that too only as a captive mine for the proposed Brahmini Steel Plant in Kadapa district. It had no licence to export iron ore. But the OMC encroached on Karnataka's forest lands with the connivance of officials in both AP and Karnataka. Even the borders of the states have been repeatedly manipulated and pillars marking state borders destroyed! Officially, Bellary has 58 operational mines. But 12,000 instances of illegal mining have been detected since 2000. Since 2003, an estimated 3.04 crore tonnes of illegally mined iron ore



Sushma Swaraj blessing Bellary brothers

has been shipped out of Karnataka, amounting to a whopping Rs 152 billion at today's prices.

What Bellary has witnessed is primitive accumulation of capital on a scale that reminds one of the colonial days. The Bellary brothers are minting money by bleeding Bellary of its precious minerals and forest cover. Meanwhile Bellary continues to be one of the poorest districts of Karnataka. While Janardhana

...The mineral wealth of the country, however, is a gift of nature, part of our initial inheritance, which belongs as much to the present as to the succeeding generations. The industries, moreover founded upon such materials, are among **the key or mother industries, whose benefit must be available to the whole country and not only a fortunate few who make profit for themselves out of what is common property. Private enterprise ought, therefore, to be barred from prospecting for or exploiting mines and minerals or developing vital industries on which may depend the very life of the country.** And even if in any sector, such enterprise is for any reason unavoidable, at least for the time being it must be confined strictly to the natives of the soil.

...The gravest defect of the present-day mineral industry of India is that[minerals] are extracted mainly for the purpose of export trade and at a rate which will in course of but a few years deplete the reserves of valuable key-metals....the price obtained [for the exported minerals] being ridiculously low....This export ...has been carried out not by genuine miners, but largely by traders...regardless of the fact that the metals are a rapidly wasting asset of a nation ... and that no geological processes ... will replenish the exhausted mines....

– from the Report of the National Planning Committee (NPC) set up in the pre-independent India to chalk out the course of India's economic development

Reddy is building himself a 60-room house with bomb-proof shelters and a helipad for his private helicopters, children of Bellary are being employed on mining sites. The people of Bellary suffer from serious health disorders due to the red dust from the indiscriminate mining. In Andhra Pradesh, too, Karnataka's Reddy brothers have accumulated a vast illegal mining empire, evidently enjoying the patronage of the late Chief Minister YSR and his family.

The mineral loot at Bellary and other parts of the country remind us of the guidelines set out by the National Planning Committee on the eve of India's independence. (See box) The NPC had noted how the colonial regime had exploited India's mineral wealth for export, and stressed that minerals are a precious resource of the country as a whole, to be safeguarded for future generations, not to be indiscriminately stripped by private profiteers. Today, our own governments are violating that principle and have opened the doors of the country for loot of minerals. As mining corporations earn huge profits, they pay a small percent of the profits to concerned officials and Ministers as a bribe. Corruption is therefore a fallout of the larger issue of loot of our mineral resources. Isn't it high time we called for a stop to this plunder?

Jharkhand, Odisha, Chhattisgarh: Tribals Robbed of Land to Feed Corporate Greed

Jharkhand, Odisha, Chhattisgarh, are all states rich in forest cover and mineral resources, with a substantial portion of their population being adivasis (tribals) who depend on forests for their livelihood and survival. Successive governments in these states have signed MoUs indiscriminately with national and MNC mining and steel giants, including Arcelor Mittal, Rio Tinto, POSCO, Tatas, Jindals, Essar and many others. Predictably, adivasi who faced eviction from land and forests rose up in resistance. In answer, they faced severe repression. Meanwhile, the process of awarding land and mining contracts to corporations has been accompanied by large-scale corruption and violation of laws. In spite of this exploitation of mineral wealth, it should be remembered that 86% of districts in Jharkhand, 90% in Orissa, and 94% in Chhattisgarh are counted among the 150 most backward districts of India.

The Madhu Koda episode in Jharkhand would be fresh in our minds, since Koda was the first Chief Minister to be investigated for money-laundering. He is accused of receiving commissions for mining contracts to the tune of Rs 4000 crore. Within days of becoming CM in 2006, Koda renegotiated and signed mining MoUs and recommendations for mining leases worth nearly two lakh crore rupees with as many as 44 firms. It must be remembered that no party in Jharkhand can claim to be untainted by the Koda episode, since Koda had served in every government in Jharkhand since its formation, in influential ministerial positions, including as Minister for Mines and finally as Chief Minister. Koda is said to have charged bribes between Rs.2 crore to Rs.20 crore for signing an MoU, and between Rs 30-80 crore for each recommendation for a mining lease, depending on the quantum of coal or iron ore that the respective mine would have produced. In the entire hue and cry over the huge scale of bribes being taken by a CM, it seems that investigators and opposition parties have forgotten to ask one crucial question. Which were the corporations that actually paid these enormous bribes? If they were willing to pay up Rs 4000 crore worth of bribes, can one imagine the scale of the profits they expected to make from mining? Of course the political heads who took bribes to sell out the state's resources, at the cost of the land, forests and livelihood of the adivasis, must be punished; but can any investigation into such corruption be complete without identifying and punishing such plundering corporations?

Odisha too abounds in instances of corruption and mining loot. Take the instance of the Vedanta/Sterlite British mining MNC, whose licence for bauxite mining in the Niyamgiri hills was cancelled not long ago. The process by which Vedanta got its licence to loot in Niyamgiri involved collusion by the Central Government, State Government and even the judiciary.

The UPA Government granted environmental clearance for the project rejecting the opposition of the tribal people of Niyamgiri and flouting every tenet of the PESA Act.

When the tribal people approached the Supreme Court to challenge the environmental clearance, the Supreme Court not only upheld the environmental clearance, but asked the government to grant forest clearance as well! The Supreme Court did so, deliberately ignor-

ing the evidence presented by the CEC (Central Empowered Committee constituted by the Supreme Court itself) of widespread violations of environmental regulations by Vedanta, merely making a cosmetic concession by ordering that Vedanta be replaced by its sister concern Sterlite. The order was passed by Justice Kapadia who admitted that he himself owned shares in Sterlite, but did not recuse himself from the case!

In a money-laundering case against Vedanta, the Enforcement Directorate suddenly changed its counsel midstream, appointing a new standing counsel who has been briefing counsel for Home Minister P Chidambaram when the latter was on Vedanta's Board of Directors and also a lawyer for mining corporations! Obviously, the MNCs are able to ensure that even judiciary and regulatory authorities are stacked with their own agents.

Eventually, following international protests and a hard-hitting report by the NC Saxena committee set up by the Ministry of Environment and Forests documenting the widespread violations of environmental and forest laws in collusion with Odisha government officials, the UPA Government was forced to withdraw the environmental clearance.

But the people of Odisha continue to battle similar corrupt corporations – such as the Tata project at Kalinganagar and POSCO project at Jagatsinghpur – in the face of severe state repression.

In Chhattisgarh too, mining corporations like Tata and Essar have their eye on land occupied by tribals – and have therefore backed the Salwa Judum, a private militia that in the name of combating Maoism has evicted some 50,000 tribals from their villages.

Infiltrating Regulatory and Policy-Making Bodies

Corporations often manage to get people who have been on their payroll, into policy-making positions and even regulatory bodies. A prominent instance, of course, is that of P Chidambaram, who used to be a Vedanta director and the lawyer for a range of mining corporations, before becoming Finance Minister and then Home Minister. Is it any wonder that he would formulate economic policies and security policies to suit the companies who had, till recently, paid his salary?

Recently there was an attempt to introduce genetically modified

Bt Brinjal for consumption in India. The Genetic Engineering Approval Committee (GEAC) set up by the Government recommended clearance for Bt Brinjal, claiming that it would pose no health or environmental hazards. But environmental activists found that **GEAC itself was hardly impartial, since it had representatives of the very same MNCs who stood to gain from Bt Brinjal!**

The Co-Chairman of the GEAC, C D Mayee, was on the Board of Directors of the International Service for the Acquisition of Agri-Biotech Applications (ISAAA) which is funded by Monsanto, the very same company that has the patent for Bt Brinjal and had applied for approval! It may be recalled that Mayee was also the Co-Chair of the GEAC that approved Bt Cotton in 2001 and four years later he was appointed to the Board of the ISAAA.

Another instance is that of the Food Safety Authority panels set up by the Government to look into the presence of poisonous additives like phosphoric acid, ethylene, and other dangerous chemicals in soft drinks like Coke, Pepsi etc. Unlike pesticides present in water which make their way into soft drinks, these poisonous chemicals are deliberately introduced by the companies into these drinks. Activists who approached the Supreme Court for action against the soft drink companies found that the **FSA panels were packed with people with close links with Pepsi, Coca Cola, Nestle – the very same companies which the panels were supposed to regulate!** The Supreme Court observed, “the panel does not consist of independent persons; it is contrary to the (Food Security) Act. What kind of recommendations do you expect from the panel?” The SC then ordered that the regulatory panels be reconstituted and all names associated with soft drink companies removed.

First Minerals, Telecom and SEZs... Now Education Too Being Opened Up for Corporate Profit and Corruption

We have already witnessed how the cancer of corruption has spread to our education sector, thanks to rampant privatisation and commercialisation of schooling and higher education. Huge ‘donations’ and ‘capitation fees’ are demanded to admit toddlers to kinder-

garten, schools increase fees steeply at will, and 'deemed universities' and other fraudulent teaching shops fleece students while offering sub-standard higher education.

It should be obvious that this corruption in education cannot be curbed as long as private profiteers are allowed to exploit education; in other words, until the Government takes full responsibility for ensuring affordable and good-quality schooling and higher education for all. But the UPA Government, in the name of taking action against 'deemed universities' and 'guarantee' of 'Right to Education', is actually opening the doors for the further entry of private corporations and MNCs into India's education sector! *Privatisation of minerals, telecom and other natural resources led to huge scams in these sectors – further privatisation of education can only mean **more** corruption and corporate exploitation in education!*

The Government claims a fund crunch, and therefore justifies privatisation of education. But as we have seen, the Government throws away thousands of crores every day in the form of scams, corporate subsidies, and black money outflows. How come the Government can afford to subsidise these super-rich and corrupt corporations, but claims to have no money to fund education?! Why not end these corporate subsidies and recover black money so as to ensure education for all India's young generation?

The much-touted 'Right to Education Act' is actually a mockery of education guarantee. It ensures the continuation of two parallel systems – of poor quality government schooling for the poor and expensive privatised schooling for the rich. Those who seek a better education for their kids are forced to pay ever-increasing fees and donation/capitation. This system not only makes good schooling out of reach for the poor, it also allows corruption and exploitation to thrive in the education sector.

Similarly in higher education, a slew of Bills proposed by the UPA Government are paving the way for massive privatization and commercialization of higher education. In the name of 'regulation' these Bills are actually paving the way to free private and foreign education profiteers from regulatory shackles! These Bills include the Foreign Educational Institutions (Regulation of Entry and Operations) Bill 2010, The National Council for Higher Education Research (NCHER)

Bill 2010, The Educational Tribunals Bill 2010; The National Accreditation Regulatory Authority for Higher Educational Institutions Bill, 2010; The Prohibition of Unfair Practices in Technical Educational Institutions, Medical Educational Institutions and Universities Bill, 2010 and the Innovative Universities Bill.

These Bills plan to usher in exorbitant fee hikes, commercialization of campus spaces and facilities like health care, halls, canteens and auditoriums, extraction of “user charges” even for basic facilities like water and electricity and a fundamental shift in focus of educational curriculum towards market-oriented courses. Private and foreign education institutions will be free from any obligation to provide SC/ST and OBC reservations. Clause 9 of the Foreign Educational Institutions Bill and Clause 49 of the National Accreditation Regulatory Authority Bill allow the Government to ‘exempt’ foreign and private education providers from regulations that apply to government institutions!

Some of the provisions in these Bills seem designed to scuttle the possibility of students or teachers going to district or High Court to seek justice in cases of grievances with private education providers. Take the case of the Education Tribunals Bill, Clause 47 of which reads, “No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the State Educational Tribunal or the National Educational Tribunal is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.” This means that it is only after exhausting the long process of first approaching the State Educational Tribunal, and then the National Educational Tribunal, that students can finally approach the Supreme Court for justice.

In our country, neo-liberal policies have pushed in SEZs (Special Economic Zones) – deemed to be “foreign territories” – where laws of the land do not apply and where corporations are a law unto themselves. This has led to an unprecedented scale of corruption. Now, the UPA is proposing to similarly turn yet another crucial sector (education) into ‘Special Education Zones’ where the law of the land on social justice, inclusion, and democratic functioning will be given a declared goodbye! This can only mean a massive increase in corruption in the education sector. □

The Corruption Cancer Spreads

As scam follows mega-scam, we are witnessing how the rot of corruption is fast spreading to every part of the system. Every time a scam is unearthed, some enquiries are ordered but rarely are the guilty punished. But these scams are no aberration – rather, they have become the order of the day. Earlier some liked to believe that although the government and bureaucracy are corrupt, judiciary and army are clean. But even those comforting illusions have been shattered.

The CWG Mega Scam

The Central Vigilance Commission (CVC) in a preliminary investigation of Commonwealth Games works found evidence of pervasive corruption in 16 CWG-related construction works: work was awarded at higher rates and to ineligible agencies, bids had been tampered with, there had been irregularities in issuing of tenders, and needless ‘upgradation’ of infrastructure like street lights. Virtually all government organisations involved in executing these works --- the PWD, MCD, DDA, NDMC, CPWD and RITES --- stood implicated in this mess.

According to the report, "Almost all the organisations executing works for Commonwealth Games have considered inadmissible factors to jack-up the reasonable price to justify award of work at quoted rates citing urgent or emergent circumstances."

It emerges that the Governments at Delhi and the Centre, including the Prime Minister himself, were aware of the CVC's findings long before these became public knowledge, but the PMO signalled the CVC to keep the lid on these revelations and not to play spoil-sport by exposing the corruption in Games works.

The quality of construction was so compromised that several of the prestigious structures (stadiums, swimming pools etc) collapsed or developed massive leaks before the Games could even begin!

Some 500 items – ranging from computers to disposable toiletries

to dustbins to treadmills - were procured on rent (often from foreign companies) at rates almost ten times what it would cost to buy them outright – and the entire cost of such overlays amounts to Rs. 650 crore.

The OC Chairman Kalmadi invariably imposed a conditionality in each tender to ensure that no Indian company could compete: that bidders should have “relevant experience of working with sports events.” As a result, it was ensured that everything from furniture to toilet paper was procured from ‘foreign’ suppliers!

The case of the Queen’s Baton Relay is even more bizarre. In the first place, the company – Maxxam International – that quoted the highest price (Rs 8.01 crore in contrast to the Rs. 1.19 crore and Rs 1.85 crore quoted by PricewaterhouseCoopers and Brilliant Entertainment Networks respectively) was hired as a consultant for the Queen Baton’s Relay.

Then comes the fact that the OC paid out nearly 2.5 lakh pounds to two UK-based firms - AM Films and AM Cars, both owned by one Ashish Patel - without a contract in place and without following any tender process, for services like providing transport, video screens and mobile toilets during the Queen’s Baton Rally in London. In addition to that money, 25,000 pounds were being transferred into AM Films account every month resulting in about a transfer of some 4, 50,000 pounds to London. Kalmadi produced an email purportedly proving that the firm was recommended by the Indian High Commission – but the mail was proved later to be doctored. Another email surfaced later showing that a member of the Organising Committee, Sanjay Mohindroo, had asked Ashish Patel to quote highly inflated prices for taxis.

Kalmadi’s circle of cronies embraced even those in the BJP camp. The Ministry of Information and Broadcasting floated tenders for construction of broadcast compounds in stadia – a project that should cost around Rs 50 crore. Kalmadi’s OC pushed for the contract to be given to Deepali Tent House, owned by a nephew of BJP leader Sudhanshu Mittal. The Ministry shortlisted three companies including Deepali, but Deepali’s rates were so inflated that the Ministry opted out. To evade pressure from the OC, the Ministry avoided giving the contract to any of the three companies and instead gave it to a PSU. To ‘compensate’ Deepali for this, Kalmadi handed it a Rs 230 crore con-

tract from the OC for supplying, testing, maintenance and removal etc of CWG overlay infrastructure.

During the Games, scam revelations were sought to be muzzled in the name of 'national pride.' Later, the UPA government has announced a high-level probe headed by former Comptroller and Auditor General VK Shungloo into various allegations of irregularities concerning the conduct of the Games. Several investigative agencies including the CBI, Central Vigilance Commission, Enforcement Directorate are supposedly already looking into various aspects of the CWG mega scam. Given the maze of scams and the multiplicity of agencies involved in the whole process of organizing and conducting the Games, it is quite possible that the process of investigation will get lost in the bureaucratic labyrinth and the political game of mutual mudslinging and shadow-boxing. Already there are signs that the whole thing is being sought to be reduced to a showdown between a Kalmadi and a Dixit or the CWG Organising Committee versus Delhi Government.

The government has decades of experience in delaying and diverting such probes and blunting their edge by finding a scapegoat or two. Moreover, the major political parties are all closely involved in the business of running the sports and games show in the country. Pushing the CWG probe to at least some reasonable level of logical conclusion will therefore call for a high degree of sustained civil society activism.

Media – Pulled by Corporate Strings

We have already seen how in the Radia tapes, Vir Sanghvi is shown to have 'dressed up' his piece on the Ambani brothers' dispute to make Mukesh Ambani's interests appear as 'national interest.'

In another conversation, celebrity anchor Barkha Dutt is heard agreeing to act as a courier between the Kanimozhi-Raja faction of DMK, lobbied for by Radia, and the Congress. Whether she did so or not cannot be known, but in a later conversation, Radia is heard telling someone that "Barkha has got the Congress to issue a statement."

There are also several references in the tapes to interviews with corporate being 'scripted' and even 'rehearsed' in advance.

What has come out very clearly from the Radia tapes is how powerful media houses and personalities are deeply in the pockets of cor-

porations – and therefore obligingly ‘dress up’ corporate interest in the garb of ‘national interest,’ fake public opinion and even obligingly carry messages from corporate lobbies to ruling parties in order to help install the Minister desired by the corporate lobby.

Corruption in the Judiciary

We are witnessing a shameful situation where the last Chief Justice of the Supreme Court, K G Balakrishnan, is now facing charges of his close family members having acquired huge illegal assets. Shockingly, Balakrishnan continues to be the Chairperson of the NHRC!

Many High Court judges are facing charges of corruption - such as Justice Soumitra Sen of the Calcutta High Court, Chief Justice P.D. Dinakaran of the Sikkim High Court (formerly of the Karnataka High Court) and Justice Nirmal Yadav of the Uttarakhand High Court (formerly of the Punjab and Haryana High Court).

The existing mechanism for dealing with corrupt judges is highly ineffective. Impeachment is prefaced by judicial enquiry – but the enquiry is often conducted by the judge’s own friends and colleagues! Take the case of the Enquiry Committee into the charges against Justice Dinakaran – the then Chief Justice Balakrishnan appointed a close personal friend of Dinakaran’s - Justice Sirpurkar – as the Chairperson! Only after much protest was Justice Sirpurkar replaced by Justice Aftab Alam.

There is also the Rs 23-crore Ghaziabad PF scam in which a Supreme Court judge (since retired), seven Allahabad High Court judges, 12 judges of the subordinate courts and six retired High Court judges are allegedly involved. The key accused, Ashutosh Asthana, died in jail mysteriously in October, 2009. He had provided vital documents to the CBI that established connivance of these judges. Recently, the Supreme Court rejected the CBI’s plea for shifting this case to New Delhi.

In case after case involving huge corporate interests, the Supreme Court has shown itself liable to bias and corruption.

The ‘contempt of court’ law is often wielded to intimidate those who challenge judicial misconduct or corruption. A recent instance is that of Supreme Court advocate Prashant Bhushan who was charged with contempt when he alleged in an interview that around half of the last 17 Supreme Court Chief Justices had been corrupt.

Campaigners against judicial corruption have demanded an independent Judicial Performance Commission as a Constitutional body to systematically and transparently examine the performance of and complaints against judges, having the power to take disciplinary action against them. They have also demanded that judges be brought under the ambit of the Lokpal legislation.

Corruption in BPL, Rationing and Rural Welfare Schemes

A study in 2007 by Transparency International India and Centre for Media Studies (CMS) found that the amount paid by BPL households as bribes to access rations, healthcare, education, water and other rural welfare schemes including MNREGA was to the tune of around Rs 9000 million a year!

According to this "TII-CMS India Corruption Study 2007, the police were considered to be the most corrupt of all. Of the 5.6 million BPL households that interacted with the police in that year, a whopping 2.5 million paid Rs 2,150 million as bribe for some work or the other.

The TII-CMS study also revealed that PDS service was not readily available as 5.36 million BPL families had to pay bribe to avail services that were basically meant for them and they had had to bribe officials in order to get ration cards!

Nearly one million households were denied hospital services simply because they either refused or could not afford to bribe hospital staff/officials. Similarly, staff and officials of school indulge in corrupt practices in order to admit the child of poor parents, issuing certificates to them and promoting the child from one class to another.

Huge scams in PDS rations (where the subsidised rations are siphoned off to the market) and MNREGA funds are the order of the day in all states, and those exposing such corruption have often faced repression and violence – the cases of Lalit Mehta, Kameshwar Prasad and Niyamat Ansari in Jharkhand (activists killed for challenging MNREGA and BPL scams) are fresh in people's memory.

‘Adarsh’ Patriotism

The NDA regime had been caught in a scam involving the purchase of coffins for Kargil martyrs. Now the Congress Government in Maharashtra has been caught colluding in land grab and illegal construction and allocation of flats invoking Kargil veterans and widows. In a supremely cynical gesture of mockery, the scamsters chose to call the illegal housing society ‘Adarsh’ (which means ‘ideals’ in Hindi). The whole episode speaks of the total lack of moral values or ideals on the part of a whole range of powerful powers.

The notorious corruption and dishonesty of politicians is often contrasted with the ‘uprightness’ and probity of the army. The Adarsh Housing Society Scam, in which a large number of top army officers are deeply implicated, has irrevocably busted that myth. Defence Minister A K Antony has had to acknowledge "a criminal conspiracy" by defence personnel, who "colluded" with the promoters to divert 6,490 sq. mt. of land (that the Army had "de facto" possessed for the past 60 years) for commercial purposes.

The scam originated when some army personnel mooted the idea of flats to “accommodate and reward the heroes of Kargil operation and those who had laid down their lives for the protection of the motherland”. Although the plot proposed (in the prestigious Colaba area of Mumbai) was one in which coastal regulations prohibited high-rise constructions, the magic mantra of ‘Kargil’ with its halo of nationalism was used to ignore and delegitimize environmentalists who raised questions, and a 31-floor structure came up. But the list of those who eventually got flats allotted to them in this apartment complex reads like a virtual who’s who of defence top brass, bureaucrats, and top Congress and NCP politicians of Maharashtra including the former Chief Minister Ashok Chavan. Of the 103 names to whom flats have been allotted, only 3 are in any way connected to Kargil!

The Congress has replaced Ashok Chavan as CM and ordered a CBI enquiry, and the Union Environment Minister Jairam Ramesh has ordered the demolition of Adarsh society. The Maharashtra High Court has meanwhile sought data on large-scale violations of the Coastal Regulatory Zone Act leading to unauthorised real estate constructions and environmental depredations along a 60 acre stretch of land in South Mumbai.

But it remains to be seen if the CBI will bell the cat and identify and prosecute those responsible for this shameful scam.

Meanwhile other similar scams involving army land have surfaced in other parts of Maharashtra and the country. The Bofors case and the scam revealed by Tehelka during the NDA regime showed how top army officials as well as politicians often receive kickbacks during defence deals. We cannot afford to insulate the army from scrutiny and allow its officers impunity to violate the law – army officers who are charged with corruption too must face prosecution and trial. □

Political Corruption and the Character of the Indian State

The Bofors case – involving 64 crores – brought down a government. Now, almost daily we are faced with revelations of corruption to the tune of lakhs of crores. Not only has the scale of corruption been upgraded, the nature of corruption today also reflects on the character of the Indian State in liberalised and globalised India. **Big capital and imperialist forces always influenced the State in India, but in globalised times, national and multinational corporations as well as imperialist forces are increasingly playing a more and more direct role in deciding the priorities and policies of the State.**

Ruling Class Politicians – Agents of Corporates?

The Radia tapes exposed how corporations through their agents are influencing the appointment of Ministers, laws passed in Parliament, and policies – all in their favour.

The embrace between corporate funds and politics has been growing ever fonder down the years. Some years back, the BJP's Pramod Mahajan and SP's Amar Singh were known to be big time fund mobilisers for their parties, boasting of being able to deliver hundreds of crores within minutes. Such corporate favours inevitably came with a price tag of return favours. The Radias of the corporate world excel in performing services (such as helping to secure the appointment of A Raja as Telecom Minister) only to call in favours later. Corporate cash would be used by politicians to dole out family favours while family connections would be used to whitewash the cash; corporate hush money would come in handy to buy favourable recommendations and reports and even influence judges. These phenomena were all glimpsed in the Amar Singh tapes; in the sordid Mahajan episode, and in their fullest version in the Radia tapes.



Above all, economic and internal policies (SEZ Act, Patents Act, Nuke Liability Act, draconian laws, Operation Green Hunt being some prominent instances, and even laws relating to education and health) are being scripted largely with corporate interests in mind.

What Wikileaks Proved

Perhaps one of the most notorious instances of political corruption has been the cash-for-votes scandal in Parliament during the trust vote in the context of the Nuke Deal. The

Wikileaks revelations have confirmed the widespread allegations that the UPA Government bought MPs' votes to ensure their victory in the trust vote and pave the way for the Indo-US Nuke Deal. But both Congress and BJP have chosen to underplay the real significance of the Wikileaks revelations. Why did Congress leaders chose to tell US diplomats of the plan to buy votes in Indian Parliament and even show them trunks full of cash means? Surely it was because they wanted to assure their US bosses that they were doing all they could to ensure that the UPA Government won the trust vote and sealed the Nuke Deal!

Pro-US Cabinet Reshuffle

The Wikileaks cables expose, above all, the extent to which the US influences India's economic and foreign policy and even the selection of Cabinet Ministers. A U.S. Embassy cable dated January 30, 2006 sent by Ambassador David C. Mulford to Washington observed that in January 2006, the Manmohan Singh Government appointed Murli Deora (described by the Ambassador as "pro-US") as Petroleum Min-

ister, removing Mani Shankar Aiyar, who is described as a “contentious and outspoken Iran pipeline advocate”. Mulford adds that “The UPA inducted a large number of serving MPs (among them Deora), including seven from the IUPF (Indo-US Parliamentary Forum) who have publicly associated themselves with our strategic partnership.” Mulford therefore concludes approvingly that the Cabinet reshuffle is “likely to be excellent for US goals in India (and Iran),” signifying the Manmohan Singh Government’s “determination to ensure that US/India relations continue to move ahead rapidly.”

US-Dictated Economic Policies

The leaked cables not only reveal the US’ intense scrutiny and monitoring of India’s economic policy, they also spill the beans about the fact that India’s Ministers openly owe favours to this or that corporations! In one cable, US Secretary of State Hillary Clinton asks about India’s Finance Minister, “To which industrial or business groups is (Pranab) Mukherjee beholden? Whom will he seek to help through his policies?” Do we need Finance Ministers who are ‘beholden’ to corporate groups rather than accountable to India’s common people?!



Hillary Clinton's cable also shows that more than Ministers, the man trusted by the US to ensure pro-US economic policies is Planning Commission Vice Chairman Montek Singh Ahluwalia, known to be an IMF appointee, as well as the PM Manmohan Singh. She asks, "Why was Mukherjee chosen for the Finance portfolio over Montek Singh Ahluwalia?"

Pro-US Shift in Foreign Policy

Other cables testify to the fact that the UPA Government lies to the Indian public on the real nature of its relationship with Israel and Iran. One cable makes the assessment that India's seemingly warm engagement with Iran meant for "public consumption," mostly to please the "domestic Muslim and Non-Aligned Movement audience." Another cable quotes then National Security Adviser M.K. Narayanan as saying that India would like to vote against Iran when the matter came up in the IAEA a second time, was worried about the reaction in its "domestic political constituency."

The US cables also record that US representatives warned India that failure to vote against Iran at the IAEA would jeopardise the Nuke Deal. Events show that the Manmohan Singh Government ably



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served their US masters by voting as directed by the US. **Clearly the leaked cables offer fresh and explosive evidence – not just of bribery but of the much more serious charge of undermining India’s own interests and subverting democracy to meet the demands of the US.** This is the most serious dimension of political corruption in our country, and resisting such corruption calls for resisting the growing pro-imperialist character of the Indian state.

BJP – Loyal to Corporate and US Bosses

The main opposition party, the BJP, is not interested in highlighting or challenging the corporate and imperialist influence on state policy. After all, all ruling class parties including the BJP are tainted by the Midas touch of corporate gold, and are wary of doing anything that would seriously jeopardise corporate interests. The Radia tapes showed numerous instances where top BJP leaders too had obediently served corporate interests.

The Wikileaks cables have exposed the duplicity of the BJP, proving that in matters of subservience to the US, the BJP and the Congress are birds of a feather. A senior BJP leader is quoted assuring the US representative that the BJP’s political resolutions criticising the United Progressive Alliance’s ‘subservience’ to the US should not be taken too seriously since it is “only political rhetoric meant to score easy points against the UPA.” Another cable refers to L K Advani’s playing down of the BJP’s stated opposition to the Nuke Deal, and promising ‘continuity’ in Indo-US relations and the Nuke Deal too, if the BJP were to come to power. Yet another cable has senior BJP leader Arun Jaitley complaining against Modi’s being denied a US visa, saying he could not understand how the United States could take such an action against the party that began the transformation of U.S.-India relations! In the same cable, Jaitley is quoted as mooted FDI in retail and even in legal services. Noting that Jaitley was ‘gracious’ throughout the interview in spite of his protests against denial of visa to Modi, the US Embassy representative comments, tongue in cheek that Jaitley “clearly values his personal and commercial connections to the US (several US corporates are legal clients).”

Just as BJP is committed to cultivating ties with US imperialism

in spite of its public posture of nationalism, it is fully committed to neoliberal policies and corporate appeasement in spite of public posture against corruption.

If BJP's posture of swadeshi and their claims of opposing the UPA's 'pro-American' policies stand exposed as a misleading mask by the Wikileaks cables, their 'Hindutva' politics too stands exposed as 'opportunistic' (a word Jaitley himself is quoted as using in the conversation with the US representative). Jaitley told the US representative that "In India's northeast, for instance, Hindutva plays well because of public anxiety about illegal migration of Muslims from Bangladesh. With the recent improvement of Indo-Pak relations, Hindu nationalism is now less resonant in New Delhi, but that could change with another cross-border terrorist attack, for instance on the Indian Parliament." These bald words reveal how for the BJP, even terror attacks like the one on Parliament are welcome because they provide fertile ground for Hindutva politics!

A Banana Republic?

Stung by the tapes implicating his own lobbyist Niira Radia in the country's worst ever corruption scandal, Ratan Tata has chosen to act the injured martyr. In an interview with Indian Express editor Shekhar Gupta aired on the Walk the Talk show of a media house (also stung by the Radia tapes), Tata said just the other day Obama had hailed India for having arrived on the world stage, but the developments since then suggested that India was in danger of becoming 'crony capitalist' and a 'banana republic'. When Tata spoke of crony capitalism, was he referring to the revelation that corporate lobbyists had Ministers, leaders of both ruling and opposition parties, judges and media persons in her pocket? When he spoke of a 'banana republic' was he referring to the worrying situation where extremely rich corporations, with the collusion of governments and imperialist powers, seem able to violate laws with impunity, undermine democracy and loot the country's precious resources (as happened in the original 'banana republics' of Latin America)? It seems not – what Tata is talking about, instead, is the fact that a corporate lobbyist's 'privacy' was violated and her phones tapped; and the tapes then leaked to the media (he implies the leak happened to tar-

nish Tata and benefit some rival corporation).

Tata went on to warn that “if we under the guise of freedom of speech, or of any number of other so-called rights of democracy, abuse the luxury of democracy,” India would turn into a country where people “go to jail without adequate evidence, or their bodies are found in the trunks of cars”. It is interesting that Tata refers to the “freedom of speech,” democratic rights and democracy itself as a “luxury”! The peasants of Singur and tribals of Kalinganagar could give Tata a lesson or two about the kind of world where activists and political dissidents challenging powerful corporate interests like land grab “go to jail without evidence,” are found dead in fields, or are simply shot dead by police in cold blood. Protest against corporate land grab to protect livelihood and survival is a “luxury of democracy” that peasants and tribals, in Tata’s view, do not deserve – while super-rich corporates like Tata enjoy the ‘democratic right to privacy’ and can go to court to get evidence suppressed in the name of ‘protecting privacy’.

Actually the evidence of the Radia tapes and the Wikileaks cables suggest that India has already embarked on the road towards becoming a banana republic where corporations and imperialist forces subvert democracy and people’s rights are repressed to secure the ‘rights’ of corporations. Unless neoliberal policies are urgently overturned, India will indeed become a banana republic. The erstwhile ‘banana republics’ of Latin America are experiencing a new awakening – with popular movements and governments that are challenging imperialism in its very backyard. Will India learn from their example and mount a determined resistance to the neoliberal and imperialist plunder of our resources and undermining of our freedom and democracy?

State Repression to Serve Corporate Plunder

All over the country, huge swathes of agricultural and forest land have been grabbed by corporations for mining, real estate and a variety of projects and industries, in collusion with governments. In every case, laws of the land have been violated wholesale, while government officials have turned a blind eye. But such corruption has been backed by the might of police lathis and bullets and draconian laws – and any-



Courtesy : Hemant Morparia

one exposing or questioning it has faced severe repression.

Naturally, tribals and peasants who face the loss of land, livelihood and means of survival have mounted a fierce resistance. At many places – Kalinganagar, Jagatsinghpur, Dadri, Singur, Nandigram, Sompeta, Srikakulam – they have been met with police firing, brutal lathicharges and organised political violence that have killed and injured many. The broad majority of popular struggles against land grab have not been of a Maoist variety, but have rather been people's struggles. However, increasingly entire communities protesting land grab have been branded as 'Maoists.' Adivasis are literally being hunted out of the forests that are their home. In Chhattisgarh, private militia called the 'Salwa Judum,' in the name of opposing Maoists, forcibly displaced tens of thousands of tribals and have indulged in rape, arson and massacres.

'Operation Green Hunt' is a military operation launched by the central government, specifically the Home Ministry, ostensibly to

combat Maoist violence. However, it has been apparent that Maoism is only the pretext: the real intention is to crush the people's resistance, silence dissenting voices so in the service of corporate plunder. People like Binayak Sen, who critique the policy of corporate loot and state repression, have been branded as 'seditious,' equated with terrorists and jailed. Binayak Sen is only one among thousands of activists and ordinary people who have been jailed under draconian laws for the crime of questioning corporate grab of resources.

It should be noted that Union Home Minister P Chidambaram who launched Green Hunt himself used to be a director of mining MNC Vedanta, only stepping down a day before becoming Finance Minister in 2004.

Chidambaram's Man Suggests "Corporate Territorial Armies"

Chidambaram's agenda and thinking are also reflected in the ideas of Mahindra Special Services Group CEO Captain Raghu Raman who heads NATGRID, a pet project of Chidambaram's Home Ministry to integrate intelligence databases. In a report, Raghu Raman makes the audacious suggestion that "it's time for the corporates to step in" to the arena of security. In favour of this idea, he cites the precedence for private security contractors in the Israel, the US and other countries. He proposes that corporates be allowed to raise their own "private territorial armies." He concludes that "If the commercial czars don't begin protecting their empires now, they may find the lines of control cutting across those very empires."

Corporations running their own "private territorial armies" is not too far-fetched an idea – after all, be it at Bastar, Rayagada, Singur or Jagatsinghpur, corporations with the help of ruling political parties did raise private armed groups to terrorise and intimidate protestors. **Operation Green Hunt too is clearly an instance of India's own police and paramilitary being deployed to protect the "empires" of corporate czars. □**

Doctor and civil liberties activist Binayak Sen was sentenced to life in jail under the colonial 'sedition' law. Binayak Sen was one of the voices of conscience challenging Operation Green Hunt, corporate plunder and



Binayak Sen

Salwa Judum. Recently the Supreme Court ordered his release on bail, observing that there was no evidence of his involvement in 'sedition.' In our country, thousands of ordinary citizens are jailed under the sedition law and other draconian laws like AFSPA, UAPA, etc, only because they challenge corruption and corporate plunder.

Soon after his release on bail Binayak Sen observed about the anti-corruption movement in which the middle classes participated in large numbers, "**Crony capitalism has been around for long, but the disparities have only intensified in recent years. People are fed up of the scale of corruption... Iron Sharmila**

(in Manipur) has drawn attention to the fact that her fast (against AFSPA) of 10 years had not brought about change. She is making an important point. But... **what the anti-corruption people have tried to do...is very important and very necessary.**" (Times of India Crest Edition, April 23, 2011) He also said about the **sedition**

law "The existing law is a holdover from colonial rule. We need a better set of definitions of loyalty to the country and the people of India that is more in keeping with our status as free citizens of a free country."



Irom Sharmila

The sedition law (Section 124A of IPC), the AFSPA, the Chhattisgarh Special Public Security Act 2005, the sweeping and draconian provisions of the UAPA – these are all utterly incompatible with the notion of a functional democracy. It is awakened public opinion and public protest which has resulted in bail for Binayak; but scores

of other nameless Binayaks still await justice. Awakened public opinion and protest forced the government to accept the agenda of drafting an anti-corruption legislation. The same public must now also call for repealing all these terrible laws which make a complete mockery of our constitutional liberties and rights and which are used to harass activists and ordinary people who challenge corporate loot and plunder. **Let anti-corruption campaigners and human rights activists march together and unfurl the common banner of a democratic India free of corruption and repression!**

Anti-corruption Struggle Must Resist Privatisation Policies

(Excerpts from article by Prashant Bhushan – ‘Janlokpai Bill – Addressing Concerns’, The Hindu, April 15, 2011. Prashant Bhushan is a senior Supreme Court lawyer, anti-corruption campaigner and member of the joint committee to draft the Lokpal bill.)

“Corruption in India has grown to alarming proportions because of policies that have created enormous incentives for its proliferation, coupled with the lack of an effective institution that can investigate and prosecute the corrupt. **Under the garb of liberalisation and privatisation, India has adopted policies by which natural resources and public assets (mineral resources, oil and gas, land, spectrum, and so on) have been allowed to be privatised** without transparency or a process of public auctioning. Almost overnight, hundreds of memorandums of understanding (MoUs) have been signed by governments with private corporations, leasing out large tracts of land rich in mineral resources, forests and water. These allow the corporations to take away and sell the resources by paying the government a royalty, which is usually less than 1 per cent of the value of the resources.

The Karnataka Lokayukta, Justice Santosh Hegde, has pointed out in a report on **mining in Karnataka that the profit margins in such ventures are often more than 90 per cent. This leaves huge scope for bribe-giving and creates incentives for corruption.** The same thing happened when A. Raja gave away spectrum without a public auction to companies at less than 10 per cent of its market price. **Private monopolies in water and electricity distribution, airport development and so on have been allowed to be created, where huge and unconscionable levels of profit can be made by corrupting the regulator and allowing private monopolies**

to charge predatory prices. Tens of thousands of hectares have been given away to corporations for commercialisation in the guise of airport development, construction of highways, creation of **Special Economic Zones** and so on, at prices that are less than 10 per cent of the value of those tracts of land.

Apart from creating huge incentives for corruption, *such policies have resulted in the involuntary displacement of lakhs of the poorest people, leaving them on the brink of starvation and forcing many of them to join the Maoists. The beneficiaries have stripped the land of natural resources (a good deal of which is exported) and destroyed the environment. Most ominously, such deals have resulted in the creation of monster corporations that are so powerful and influential that they have come to influence and virtually control all institutions of power — as we see from the Radia tapes.*

While adopting policies that thus create huge incentives for corruption, we have not set up effective institutions to check corruption, investigate and prosecute the corrupt and bring them to justice....

... The draft Jan Lokpal bill seeks to create an institution that will be largely independent of those it seeks to police, and which will have effective powers to investigate and prosecute all public servants (including Ministers, MPs, bureaucrats, judges and so on) and others found guilty of corrupting them...

... One must not, however, be under any illusion that the Lokpal law by itself would solve the problem of corruption. Unless we tackle and change the policies that create enormous incentives for corruption and monster corporations that become too powerful for any institution to control, the fight will be incomplete. The judiciary too is in need of comprehensive reforms.

But an independent, credible and empowered Lokpal is a necessary, though not a sufficient, condition to effectively control corruption. Let us work at least to put that in place.”

Onward to a More Determined Assault on the Citadels of Corruption and Corporate Plunder

- ✓ No more can we allow the rich and powerful to indulge in scams without fear of punishment!
- ✓ No longer can we allow corruption to corrode our democracy and trample on our rights!
- ✓ No more can we allow India's rulers, riding roughshod over people's own rights and interests, to patronise the plunder of our country's resources!
- ✓ No more can we allow corrupt corporate houses to subvert democracy, violate the laws of the land, and rob the people of land, forests, water, minerals and seeds!
- ✓ No longer can we allow our elected representatives and Governments to act as agents for corrupt corporate and imperialist forces!

- ✓ No more will we forgive our rulers (be it the ruling Congress or Opposition BJP) for kneeling down to US imperialism – while lying to the Indian people and betraying people’s interests! We demand a review of the Nuke Deal which was sealed through corrupt means and which benefits the global nuclear corporations at the cost of exposing Indians to the risk of a Fukushima on Indian soil!
- ✓ The recent movement for an effective anti-corruption Lok Pal Bill has successfully forced the government to agree on principle to the drafting of the bill. But the present government, which stands in the dock as the most corrupt government in Indian history, cannot really be trusted on the issue of drafting and enacting an effective, transparent and democratic anti-corruption legislation. There are already indications galore that the corporate biggies and the corrupt corporate-driven UPA regime are bent upon derailing the very process of drafting the bill.
- ✓ We must therefore remain ever alert and active and make sure that the government is not allowed to backtrack and delay and dilute the process. But more importantly,

let's consolidate this initial victory of people's determination and struggle, and go on to strike at the very root of corruption!

- ✓ Let's take the anti-corruption movement onwards for an end to the regime of privatisation of public and natural resources – a regime which provides fertile soil for corruption to take root and thrive! Let's resist the move to further open up our country's education and health for corporate profiteering, plunder and corruption!
- ✓ Let's demand an end to the daily drain of black money and the return of this illegal plunder stashed in foreign banks! Let's force our Governments to stop gifting the super-rich and super-corrupt corporates with crores of public money – and instead demand that this money be spent on people's welfare, education and health!
- ✓ Let's storm the citadels of corruption and corporate plunder, and resolve to create a corruption-free India, in which people, not profit, decide policies and priorities!



"Young India against Corruption - Young India for Democracy"

Join the Nationwide
Student-Youth Movement for a
Corruption-free Democratic India

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Sign up as a Volunteer in the Student-Youth struggle
for a corruption-free India!



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