

# CPI(M) Appeal



**Corruption, Cronyism  
Uninterrupted  
*Modi Hai to Mumkin Hai***

**17th Lok Sabha 2019**

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## CPI(M) Appeal to Citizens

# Under Chowkidar Modi - Corruption, Cronyism Touch New Heights

“*Na khaonga, na khaane doonga*” Narendra Modi boasted during the 2014 election campaign. Corruption, he insisted, would be wiped out in the New India that would be ushered in with his *achhe din*. Five years down the line, that seems like a sick joke, and as hollow as his promise to put Rs 15 lakh into each Indian’s account.

Scams galore of every type have surfaced during these five years and beyond these specific instances there have been changes in the law that actively help promote corrupt practices. The scams have in many cases directly involved BJP leaders themselves, or, in others, they betray a consistent pattern of cronyism in which those who are close to the power Centre have reaped a rich harvest. Then there are instances of a clear quid pro quo offered to opposition leaders facing corruption charges – switch sides and we’ll wash out your sins.

For five years the Modi Government refused to appoint the Lok Pal. Now on the eve of elections, denying the leader of the opposition a say in the choice, the panel has been appointed. The credibility is questionable because of the timing and the process of appointment. The Government destroyed the sanctity and credibility of such agencies as the CBI, CVC, Enforcement Directorate and Income Tax department which have the powers of investigating corruption by fixing appointments and using them brazenly for their own interest.

The Modi government pulled off one of the biggest hoaxes ever by declaring that it was demonetizing 86% of currency in November 2016 to flush out black money. As it turned out, the whole country was made to suffer, the economy went into a tailspin, lakhs of people lost their jobs and – 99% of cash was returned to banks! In fact, many illegal cash stockpiles were conveniently made white in the process. Similarly, the promise to bring back black money from tax havens in foreign countries has gone nowhere. In fact, the country’s National Security Adviser Ajit Doval’s son was recently revealed as running a hedge fund from Cayman Islands, a notorious tax haven. But no action was taken.

In short, this government, which claimed to be the champion against corruption, has turned out to be totally corrupt. The CPI(M) has relentlessly fought against the double-faced Modi government and its pretense of fighting corruption. In the forthcoming elections too, we again place before the people some salient features of the Modi government's corruption, cronyism and malfeasance.

### **Rafale Scam**

The Modi government's decision to scrap the nearly complete deal for acquiring 126 Rafale aircraft in favour of a direct purchase of 36 Rafale aircrafts in fly-away condition has been the biggest and most brazen defence scandal in India's history. Instead of 126 Rafale aircrafts being negotiated by India with Dassault Aviation, Indian Air Force got only 36, leaving the country short of over 90 crucial aircrafts! Did India get these 36 aircrafts much earlier than what it was committed originally? No, the difference was only one month.

What then did the Modi government gain by scrapping the earlier tender for medium multi-role combat aircraft floated in 2007? Did direct procurement without a tender get us a cheaper aircraft?

The facts – hidden earlier by Ministers – are now public. In fact Modi Govt. lied to Parliament and the Supreme Court. The 36 aircraft cost India 27.01 million Euros *more per aircraft* than the price negotiated in the earlier deal. Dassault Aviation first reduced the price by 8.9 million Euros per aircraft – from 100.85 million Euros to 91.75 million Euros – and then jacked up the price substantially by charging a lump sum additional price of 1.3 billion Euros for the 36 aircrafts. This was for supplying what it called India Specific Enhancements. This works out to a price of 127.86 million Euros per aircraft. The Indian Negotiating Team, in contrast to the 7.87 billion Euros finally paid to Dassault, had started with a base price of just 5.06 billion Euros! That's a huge price increase(55.6%) on the benchmark price, something that was opposed by three out of the seven members of the Indian Negotiating Team.

Was there anything costly or special in what Dassault calls the “13 India Specific Enhancements”? It turns out they were all part of the original tender specifications, and were India Specific only for Dassault. For example, they included Helmet Mounted Displays, which are mounted on MiG21 Bisons of 2001-02 vintage, recently in the news for their stand-off

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with Pakistani F-16's. These are standard on most 4<sup>th</sup> generation aircrafts today and were part of the base offers of most of Dassault's competitors on the tender. India simply helped fund upgrading Rafales by paying the entire cost of so-called India Specific Enhancements, most of which are now a standard part of Dassault's supply to French Airforce and others. Why did Modi government favour and benefit Dassault so much?

Apart from price, what are the other advantages that the Modi government gave to Dassault? One is that it did not require Dassault to give any Bank Guarantee – a saving of approximately 7.3%. Bank Guarantees cost money, and waiving off of the Bank Guarantee simply saved Dassault money. Instead of the Bank Guarantee, the French Government gave a letter that it will intervene in some vague way if Dassault defaults. The French Government also refused to give a sovereign guarantee.

Another shocking aspect is that India waived off the anti-corruption clause in Modi's Rafale deal. Why waive off the anti-corruption clause which is standard in every defence contract? Why did Dassault ask for this "relaxation" if there was no corruption involved? So in the deal that directly involved the Prime Minister office — the Chowkidar instead of fighting corruption does away with the anti- corruption clause!

The documents now in the public domain show the interest taken by the PMO in the deal. The usual, procedures, the well established mechanisms and the negotiating team were virtually by- passed to the extent that the Defence Ministry file on the issue noted that the interference by the PMO was weakening the position of the official, negotiating team. This is quite unprecedented.

Why then did Modi cancel a near complete contract, worked over almost 7 years, in favour of a manifestly inferior deal? Apart from paying higher prices and getting less aircraft, the answer lies in a major change that the Modi government brought in – on who will get the offset contracts. The previous deal had HAL, India's premiere defence aeronautical company, as partner in the offset and transfer of technology deal. The new deal gifted the offset contract to Anil Ambani. As we all know, Anil Ambani's only credential has been running every company he owns into bankruptcy and having one of the highest Non Performing Assets (NPA's) in the country with the banks. He got an offset contract of Rs. 21,000 crore, a huge bonanza to his sinking business empire. Nor did his company have any experience in the Defence sector.

This is clearly a case of crass cronyism.

### **Incriminating Papers and Diaries**

There have been several examples of how names of important politicians in the ruling party have been named in papers and diaries seized in raids on business houses. However the cases are not investigated and covered up. The most recent exposure is that of the diary allegedly written by former Karnataka chief minister B S Yeddyurappa. It details payments of crores to senior national BJP leaders sometime around 2009. It names the current Finance Minister Arun Jaitley as also the Home Minister Rajnath Singh. The total sum runs into Rs 1,800 crore. The investigation authorities claim the entries in the diaries could not be substantiated. This could be yet another cover up.

Papers, emails, SMSes and handwritten notes seized by the IT department during the course of raids on Birla group of companies showed entries that suggest large pay-offs to politicians as well as to officials of the Directorate of Revenue Intelligence to scuttle ongoing investigations. The entries included alleged payments to ministers in the UPA government as well as several state governments. Among them is the then Gujarat CM, at that time the man who is now the chowkidar/prime minister. Similarly, raids on the Sahara group also led to the seizure of documents detailing what appeared to be payments to several political leaders from more than one party, with the same Gujarat CM being mentioned here too.

What would a government intent on investigating corruption have done with such explosive material? It would have ensured the IT department shared it with the Enforcement Directorate and the Central Bureau of Investigation and asked all three agencies to thoroughly probe the claimed pay-offs. What has happened instead is that the Birla-Sahara papers, as they have come to be known, were given a quiet burial on the plea that loose sheets did not merit any investigation.

This pattern was to be repeated when the former Arunachal Pradesh chief minister Khaliko Pul committed suicide in August 2016. Pul, who had formed a government after breaking away from the Congress and getting outside support from the BJP, left behind a suicide note which is now in the public domain. The note made serious allegations of Supreme Court judges being bribed to dismiss his government. Each page of the note was signed by Pul, and his widow vouched for its authenticity. Once again,

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there was no investigation of these extremely serious charges.

### **Amit Shah's Son's Company and Other Cases**

Here are some examples, according to media reports, of involvement of BJP leaders : The turnover of a little-known company Temple Enterprises Pvt Ltd, owned by Jay Shah, the son of Amit Shah, jumped from a mere Rs 50,000 in 2014-15 to Rs 80.5 crore – a 16,000-fold jump – in 2015-16. Interestingly, in the same period, a financial firm owned by Rajesh Khandwal, *samdhi* (brother-in-law) of Parimal Nathwani, a senior Reliance Industries executive advanced Shah's company an unsecured loan of Rs 15.78 crore. Sheer coincidence? We won't know because yet again there are no investigations.

Here's another coincidence linked to Amit Shah. The Ahmedabad district cooperative bank got Rs 745.59 crores in deposits of demonetized notes within five days of the demonetization. No other district cooperative bank in India got as much in deposits of scrapped notes. Shah was a director in this bank.

Shah is not the only big BJP leader in whose life such coincidences crop up. Piyush Goyal, who was briefly finance minister in Modi Sarkar and remains a cabinet minister, sold all shares in a company owned by him and his wife to a company from the Ajay Piramal group at nearly 1,000 times the face value of the shares. The sale took place after Goyal became a minister, but neither his earlier ownership of the company, nor the sale found mention in Goyal's declarations of assets as a minister in 2014 or 2015. What's more, the Piramal group has major interests in the energy sector which Goyal presides over as minister.

### **Cronyism at the Cost of Country**

Apart from these examples of scandals involving BJP leaders directly, cronyism has been the mantra of this government. Perhaps the most blatant instance was when front page ads in all newspaper announcing the launch of Reliance's Jio service carried the prime minister's photograph. Following an outrage over the PM becoming effectively a brand ambassador for a private firm, the government 'clarified' that the use of the photograph had not been authorized, but if RIL faced any consequences for such unauthorized use, we are yet to hear of it. On the contrary, the rules in the telecom sector have been repeatedly tweaked to favour RIL to the point

where a former chairman of the Telecom Regulatory Authority of India (TRAI) was compelled to comment that charges of bias against the regulator were hard to counter. Even more blatant was the human resources ministry giving a university being set up by the Reliance group the “institute of eminence” tag at a time when it existed only on paper.

The Adani group has been another major beneficiary of this government’s generosity. Its name has cropped up repeatedly in one scam after the other but to little avail. It continues to thrive as it has ever since Modi became chief minister of Gujarat. The Adani, Essar and Anil Ambani groups are among those charged by investigating agencies with making an extra Rs 50,000 crore by over-invoicing imports of coal for their power projects and then pressing for higher tariffs on the basis of these inflated costs. Not surprisingly, nothing has come of this yet despite demands for a Supreme Court-monitored probe.

The Adanis have also been major beneficiaries as coal mining contractors for a Rajasthan PSU that has been allowed open cast mining in some of the densest forest areas in Chhattisgarh in violation of environmental norms and of the Supreme Court orders in the Coalgate scam.

### **Bank Fraud and Escape of Mallya, Nirav Modi, et al.**

The manner in which Vijay Mallya, Nirav Modi, Mehul Choksi and many others managed to flee abroad after fleecing public sector banks for tens of thousands of crores – through loan defaults or just plain fraud – is well known. The public outrage has forced the government to go through the motions of bringing them back to justice, but that such action was an afterthought is evident to all but the bhakts. How Infrastructure Leasing and Financial Services (IL&FS) was allowed to be milked when its biggest shareholders were all state-owned entities like LIC, SBI and Central Bank is another question begging an answer.

Very recently, when the CBI launched an investigation into several major banking leaders in the context of the ICICI scam, Arun Jaitley, who was then in the US for a health issue, found time to blog against what he called “investigative adventurism”. The clear message from a senior minister to the CBI – lay off – is unprecedented, but as this government is fond of saying *Modi hai to mumkin hai*.

We are not getting into the innumerable number of scams under BJP governments in the states. That would need a full scale book in itself. Suffice it to say that neither the PDS scam in Chhattisgarh, the Vyapam scam in Madhya Pradesh or the mining scam in Karnataka have led to the CMs under whose watch these scams thrived having to pay a price. Every BJP ruled state has seen some scam or other, mostly involving govt. schemes – which means depriving people of their entitlements in order to line their pockets. This is what all the self-styled chowkidars have been doing in the past years.

### **Undermining Anti-Corruption Machinery**

Even more worrying than the specific examples of corruption, of which only the major ones have been mentioned here, is the manner in which the entire anti-corruption edifice has been systematically undermined by the Modi Sarkar. The CBI has been reduced to a laughing stock with its two senior most accusing each other of corruption. Its blatant political use is more evident than ever before. Just recall how Mukul Roy and Hemanta Biswa Sarma faced investigation in the Saradha scam when they were leaders of the Trinamool Congress in Bengal and the Congress in Assam respectively and how the cases against them vanished once they joined the BJP. Recall also just how many opposition leaders have had cases slapped against them under this government.

### **Electoral Bonds – Institutionalising Corruption**

One of the greatest dangers to Indian democracy is the huge role being played by corporate funding. The quid pro quo between pro- corporate policies and promotion of the interests of cronies of those in power is now concealed by the instrument of electoral bonds, one of the biggest scams in the electoral system. Of course black money payments still continue but this Modi Government has created an avenue through these bonds to keep secret the source of the funds received. Moreover, the limits of the amount that can be given have also been relaxed. So parties close to corporates can get thousands of crores of rupees and return the favour through policy decisions that will help the corporates, with no questions asked. This is not just corruption. It is corruption that is subverting the system of,parliamentary democracy.

The CPI(M) has challenged this utterly corrupt system in the Supreme

Court and the case is being heard.

While the public are denied information about funds received by parties through the bond system, the only entity that can now track these donations is the government. Thus, the public would not know which industrialist is funding a party and why, but the government of the day can keep tabs on 'unfriendly' corporates that dare to donate to the opposition. The net effect would be that the ruling party will get the overwhelming bulk of such donations – and that is precisely what has happened. According to latest figures, BJP has received 95% of the donations collected through these bonds. Modi's real intent is clear – *sirf hum khaayenge, tumhe khaane nahin denge*.

**To Fight Corruption, Defeat Modi Government!**

**Strengthen Left in Parliament!**

The CPI(M) stands for:

- Amending and strengthening the Prevention of Corruption Act and the Lokpal Act to widen its purview and bring all contracts, agreements or MOUs of any kind between the government and the private sector within its purview.
- Empowering regulators and investigating agencies to thoroughly probe corporate crimes.
- Private Financial sector institutions, banking and insurance sector in particular, and all public-private partnership projects brought under the purview of Lokpal Act, Whistleblowers Protection Act and other related anti-corruption legislations.
- Instituting effective mechanisms for providing protection to RTI users and anti-corruption crusaders and passing an effective Whistleblowers Protection Act.
- Strengthen the Right to Information Act and establishing institutionalised mechanisms for citizens to participate in all aspects of decision making in governance; implementing Section 4 of the RTI Act, for a transparent and participatory pre-legislative process soliciting citizen feedback before laws are passed.
- Stop the misuse of the Official Secrets Act (OSA) and reform it suitably.

( from the CPI(M) Election Manifesto,  
17th Lok Sabha 2019 )

# **Vote CPI(M)**



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CPI(M) and the Left**

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March, 2019

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