

Indian government reeling after website exposes high-level arms procurement corruption

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The Indian government of Prime Minister Atal Behari Vajpayee has been plunged into a major political crisis following revelations last week by the Internet site, Tehelka, of high-level graft in the country's procurement of arms. Defence Minister George Fernandes, whose Samata Party is an important component of the ruling National Democratic Alliance (NDA), has been forced to resign. Samata Party president Jaya Jaitly has quit, as has Bangaru Laxman, president of the Bharathiya Janatha Party (BJP), the leading party in the NDA.

Fearing the impact of the scandal on upcoming state elections, another NDA ally, the Trinamool Congress, which is based in West Bengal, has withdrawn from the ruling coalition, expressing outrage over the allegations. While the BJP's other partners are standing with the NDA at present, Vajpayee has been compelled to fight a rearguard action to keep the government together. Pressure from other NDA allies—notably Telugu Desam, which supports the government from outside—apparently forced the prime minister to secure the resignation of his defence minister and to promise an inquiry.

The scandal erupted on March 13 when Tehelka held a press conference to present the findings of its seven-month investigation into India's defence establishment. Posing as arms dealers representing a fictitious British-based company, West End, selling a nonexistent brand of thermal imaging binoculars, its journalists systematically worked their way from low level army procurement officers up into the top echelons of the state apparatus and the government, secretly recording their discussions with miniature cameras.

The more than 100 hours of footage includes shots of Bangaru Laxman accepting a 100,000 rupee bribe at his residence in January and Jaya Jaitly taking 200,000 rupees at the Fernandes home. R. K. Gupta, a trustee of the Rashtriya Swayamsevak Sangh (RSS)—a Hindu extremist organisation connected to the BJP—is shown boasting of his connections to the prime minister. His son Deepak brags to the journalist/arms dealers: "Whatever money goes to the government goes through me".

And the list goes on. Other significant figures named in the course of the taped decisions include two prominent officials in the Prime Minister's Office (PMO)—Brajesh Mishra, PMO Principal Secretary and National Security Adviser, and N.K. Singh—along with the defence secretary. Some 30 senior army and defence ministry officials as well as other politicians are recorded discussing arms kickbacks and taking cash bribes.

Speaking defensively on national television on March 16, Vajpayee said the allegations were the "most serious" in 50 years and that the system had to be "cleansed." In an effort to bolster the government's credibility, he announced an inquiry into the scandal by a sitting or retired Supreme Court judge appointed in consultation with India's Chief Justice. The prime minister said the inquiry would be completed within four months and promised that the "guilty will be punished without considering their

rank".

The scandal has breathed some life back into Congress (I) and other opposition parties. The BJP government came to power in 1998 in part by highlighting the corruption of other parties and promising to provide clean government. Obvious parallels are being drawn between the Tehelka scandal and the allegations in the 1980s that the Congress (I) government of the late prime minister Rajiv Gandhi received multi-million dollar kickbacks from the Swedish arms company, Bofors.

At a meeting last weekend of the All India Congress Committee (AICC) in Bangalore, Congress (I) President Sonia Gandhi, Rajiv's widow, attacked Vajpayee saying that "the government had lost the moral authority to govern and should resign". The meeting passed a resolution authorising the party to enter into coalition arrangements with other parties.

At a joint press conference on March 15, the Communist Party of India-Marxist (CPI-M), the Communist Party of India (CPI), the Samajwadi Party and the Janata Dal (S) announced the creation of a "Peoples Front" to be chaired by CPI (M) leader and former West Bengal chief minister Jyoti Basu. A broader opposition coalition with Congress (I) is also being canvassed. CPI (M) leader Basudeb Acharia said: "First we will meet and then follow it up with talks with the Congress."

Political connections

No scandal, whether in India or any other country, should simply be accepted at face value. Scandals, after all, are a tried and tested method by which the ruling class settles differences within its own ranks and reorganises its affairs of state.

On the surface, Tehelka appears to be an Internet go-getter intent on building a reputation and amassing a fortune as quickly as possible. Tehelka, or "sensation" in Hindi, was only launched last May and quickly came to prominence using the same techniques to uncover the cricket match-fixing scandal that rocked India last year. Bragging about the latest journalistic coup, one of Tehelka's promoters Aniruddha Bahal commented: "It's huge. It's branded us forever. What took the *New York Times* 100 years, we've done in a year."

No evidence appears to have emerged that Tehelka has direct political connections. But the question remains: did sections of the political and defence establishment, for their own purposes, provide the journalists with tip-offs and information to steer them in definite directions?

The *Hindustan Times* reports that bitter recriminations have broken out in India's Intelligence Bureau (IB). If their agents failed to detect the two journalists who posed for months as representatives for a fictitious company selling non-existent equipment, it is an obvious case of gross incompetence.

But what if, as is more likely, the Intelligence Bureau did know. According to the Tehelka journalists, they thought IB operatives were

following them as far back as October. So why was no one informed? As the *Hindustan Times* noted: "Some believe that a section of the IB, with political backing, decided to let the expose go ahead. Others even suggest that Tehelka could not have got so far without the connivance of part of the establishment."

It is worth noting who was caught in the Tehelka's sting operation and who was not. All of the main figures are close to Vajpayee and the government's so-called moderate wing. Laxman was inserted last year as BJP president with the backing of Vajpayee to soften the party's Hindu chauvinist stance. Brajesh Mishra, who is also under pressure to resign, is considered one of Vajpayee's right-hand men. Defence Minister Fernandes was considered a possible replacement for Vajpayee.

Home Minister L.K. Advani, on the other hand, who is known for his extreme rightwing views, has emerged comparatively unscathed. As an article on *tehelka.com* noted: "None of the people named in the tapes could be said to be remotely close to the home minister. In contrast, the people who have an instrumental role in devaluing Advani's importance since December 1998, were linked to the tapes some way or the other." While Vajpayee and other NDA leaders were desperately seeking to stem the political damage, Advani maintained a studied silence for four days before making any pronouncement of support for the government.

Whether or not the *tehelka.com* investigation was deliberately targeted, its results have been seized upon by the RSS and other Hindu extremists organisations connected to the BJP, such as Shiv Sena, to intensify the pressure on Vajpayee or those close to him. As the *Hindustan Times* wrote: "Part of the problem is that Mr. Vajpayee's real opposition is not the Congress: it is his own Sangh Parivar [collection of Hindu chauvinist organisations]. For over six weeks now, the Prime Minister and his aides have been relentlessly worn down by a sustained campaign against the PMO."

At a three-day annual meeting of its leadership last weekend, the RSS firstly sought to distance itself from the scandal by claiming that R.K. Gupta was not an RSS trustee, and that BJP president Laxman, already on the outer because of his moderate stance and low caste status, was a "failed Swayamsevak" [RSS cadre]. But the meeting then launched into a diatribe against "incompetent officials" in the Prime Minister's Office and specifically demanded Mishra's resignation. It charged that the BJP had become "Congressised"—that is made rotten and corrupt like Congress (I). Shiv Sena leader Bal Thackeray this week joined the RSS in calling for the resignation of Mishra and Special Secretary, N K Singh.

The RSS bitterness with Vajpayee has been building up for some time. In forming the ruling coalition, Vajpayee and the BJP were compelled to put elements of its Hindutva or Hindu extremist agenda on hold in order to gain the support of a number of minor parties. At last weekend's meeting, the RSS leadership made clear that it will not tolerate an indefinite delay and passed a resolution giving the government a year to clear the legal obstacles to the building of a Hindu temple at Ayodhya. Vajpayee, Advani and other BJP leaders are RSS members and several, including Advani, took part in destruction of the Babri Masjid mosque in Ayodhya in 1992 by a mob of Hindu fanatics.

Economic policies under fire

The RSS, Shiv Sena and the Vishva Hindu Parishad (VHP) or World Hindu Council are highly critical of the government's economic policies. The Hindu extremist organisations have traditionally appealed to layers of small businessmen, shopkeepers and farmers on the basis of defending Indian businesses against the intrusion of international corporations and foreign culture. Vajpayee, however, under the pressure of international finance capital, has continued and intensified the restructuring program of previous governments during the 1990s and opened up India to foreign investors and corporations.

At its meeting, the RSS leadership attacked the government's policies for giving "reckless concessions" to multinational companies. RSS

general secretary Mohan Baghwat demanded Vajpayee immediately follow "swadeshi" or nationalist policies and, in a veiled threat, he warned that there could be demonstrations against the government. The VHP, which is connected to the RSS, has branded the Vajpayee administration as the country's "worst government" and hinted that it was time for it to "pack up its bags". Senior VHP leader Ashok Singhal told Aaj Tak, a television channel, that in India "you have the worst politicians".

The Indian budget handed down on February 28 has heightened the tensions. Among big business layers, both in India and internationally, it was generally hailed as marking a significant step towards further economic restructuring and the opening up of the economy to international capital. But by eliminating subsidies and cutting government spending, the budget will not only deepen the gulf between rich and poor but also undermine the position of layers of the middle class who form a significant part of the social base of the RSS and the BJP.

Big business has already sensed that there is more to the West End scandal than its immediate impact on the reputation of a few politicians. Confederation of Indian Industry president Arun Bharat and Associated Chambers of Commerce and Industry president Raghu Mody insisted that the political crisis must not be allowed to overshadow economic reforms.

Pointing to the damage done by the scandal to the BJP's electoral prospects, an editorial in the *Hindustan Times* entitled "Economics of corruption" commented: "To fend off this threat, the Vajpayee government will be tempted to sacrifice the structural reforms and deficit-reducing measures of Sinha's budget. This will be a tragedy of unfathomable depths." Finance Minister Yashwant Sinha has already moved to reassure big business that the measures outlined in the budget will stay in place despite the scandal.

A more fundamental concern has been expressed over the all-pervasive character of the corruption revealed by the latest scandal and others. The same *Hindustan Times* editorial complained: "In the economic sphere, this none-too-subtle extortion has gone a long way towards aborting the main goal of the 1991 economic reforms. This was to draw in foreign direct investment with the express purpose of making India an integral part of the global system. So far, despite adopting some of the most liberal foreign investment laws in Asia, India has not succeeded in seducing even one major international corporation into using it as a global production platform..."

"In a frank discussion in Singapore, fund managers and corporate executives revealed that the main reason why they were not prepared to mesh India into their global production plans was that even after they had obtained all the clearances from the central and state governments, they remained at the mercy of local bureaucrats and politicians. Any one of them could stop their operations, and threatened to do so if they were not given an adequate 'inducement'. Every change of government in a state led to a fresh set of demands and a fresh set of negotiations with the new incumbents."

Both the RSS and spokesmen of big business have seized upon the scandal to push their own, divergent economic agenda. While Vajpayee may succeed in patching up his government in the coming days and weeks, the scandal has highlighted deeper conflict tearing away at the ruling coalition and the BJP. It has little choice but to press ahead with the economic program prescribed by international finance capital, but in doing so, the government is undermining its own base of support and courting political oblivion.



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