

# India's government rocked by 2G mobile license scandal

**Kranti Kumara**  
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A series of corruption scandals have rocked India's national coalition government and the country's premier party, the Congress Party, exposing the deep rot that lies at the base of what is routinely hailed as the "world's largest democracy" by the western elite and their obedient scribes in the corporate media.

A scandal surrounding a military housing complex in India's financial capital Mumbai, where apartments meant for war widows were allotted to well-connected military officers and politicians, forced the resignation of the Congress Party chief minister of the west Indian state of Maharashtra last month.

But by far the most damaging scandal to the Congress Party and the Congress-led national coalition government concerns the selling off at bargain basement prices of second generation (2G) frequency-spectrum licenses by the Communications and Information Technology (CIT) ministry in 2008.

India's comptroller and auditor general (CAG) recently submitted a report charging that the ministry sold the licenses "in an arbitrary, unfair and inequitable manner." Foregoing an auction, the CIT purportedly sold the licenses on a "first-come, first-serve" basis—only some companies' applications sailed through even though they did not meet all the requisite criteria, while others' languished.

The ministry, charged the CAG, effectively sold off the 2G licenses at 2001 prices, resulting in a massive "presumptive loss".

India, it should be noted, has the world's fastest growing mobile phone market and, with 500 million subscribers, is now considered to be the world's second largest.

The CWG has estimated the losses resulting from the CIT's failure to hold a competitive auction and sell the licenses at prices akin to those charged in 2001 at \$40 billion—or almost six times what the Indian government spends annually on education.

The government's defenders have been quick to note that these losses cannot be definitively "proven". But already instances have come to light showing that several of the 2G license-holders "flipped" their licenses to other companies only a few days after buying them, earning huge profits in the process.

The political uproar caused by the CAG report quickly led to the forced resignation of Andimuthu Raja, the communications and information technology minister. Raja was a representative of the Dravida Munnetra Kazhagam (DMK), a regionalist party based in Tamil Nadu, in the Congress-led United Progressive Alliance (UPA) government.

The 2G scandal, as it has been come to be called, has also resulted in the exposure of a mercenary nexus linking journalists and editors from leading corporate dailies with corporate lobbyists, industrialists and politicians. According to reports that surfaced after Raja's resignation, government income tax investigators have many tape-recordings of editors and journalists discussing with corporate lobbyists about the planting of stories and opinion pieces favorable to their wealthy clients in exchange for cash.

The Hindu supremacist Bharatiya Janata Party (BJP), India's official opposition, and other opposition parties have prevented parliament from conducting business for the past two weeks to press the government to establish a Joint Parliamentary Committee (JPC) to investigate the 2G scandal. The government has offered a Public Accounts Committee investigation, but opposition parliamentarians have been quick to point out that unlike a JPC the Public Accounts Committee does not have the power to force ministers to appear before it.

The BJP has lurched from one crisis to another since it fell from national office in 2004. Recently it has been shaken by the exposure of ties between the RSS—an ostensible non-political movement for Hindu unity that has long supplied many of the BJP's cadres and front-rank leaders—and persons implicated in terrorist bombings targeting Muslims.

The BJP has seized upon the 2G scandal to posture as a guardian against corruption. It is demanding that the tape-recordings of the conversations between politicians, lobbyists and reporters and editors be made public. But the BJP has its own share of scandals. The BJP chief minister of Karnataka, B. S. Yeddyurappa, is currently fighting to cling to his post following reports showing that his government handed out prime real estate to his family members.

The 2G scandal has been termed the biggest in the six decade history of independent India. Yesterday, Supreme Court Justice A.K. Ganguly—part of a Supreme Court bench that has become involved in the case due to the earlier inaction of the government—said, “If you go into the monetary aspect, you cannot compare this with any other scam. Consider the magnitude and volume as highlighted by the CAG. This scam will put all other scams put together to shame.”

At Thursday’s hearing, Ganguly and fellow Supreme Court Justice G.S. Singhvi upbraided India’s Central Bureau of Investigation (CBI), which has launched a criminal investigation into the 2G sale including the role that the former minister Raja played in it, for failing to even question him. The justices accused the CBI of “beating around the bush” when “illegality is prima facie evident.”

A Dalit (or ex-untouchable), Raja was considered a rising-star in the DMK, a key UPA ally and the ruling party in the southern state of Tamil Nadu. Raja’s rise was the product of his close and obedient association with Tamil Nadu Chief Minister M.K. Karunanidhi, whose family dominates the DMK in a mafia-like fashion.

While the Dalit population in India have suffered and continue to suffer brutality, social indignities, and discrimination, Raja’s fall from grace is emblematic of the trajectory of a corrupt and grasping petit-bourgeois layer that has used its Dalit identity to profit from, and integrate itself into, India’s degenerate official politics. Ascension to office through the patronage of long-established politicians has become a means of amassing wealth through graft and outright thievery.

Clearly, the UPA hoped that the 2G scandal would die with Raja’s resignation. But the sheer size of the reported scam has shocked even the Indian establishment. Moreover, the arbitrary manner in which the licenses were awarded no doubt left some powerful interests angered.

Of particular concern for the Congress Party and the UPA government is that Prime Minister Manmohan Singh has been implicated in the attempt to cover up the 2G license scandal.

On November 18, India’s Supreme Court directed Prime Minister Singh to explain why he had not acted earlier to sanction legal action against Telecommunications Minister Raja.

In November 2008, Subramanian *Swamy*, a right-wing opposition politician from Tamil Nadu, had written the prime minister to seek the permission necessary under Indian law to initiate a prosecution against Raja for malfeasance in relation to the 2G sale. According to previous Supreme Court decisions, the prime minister has three months to respond to such a petition. But in this case, the prime minister’s office took 16 months to reply.

The Congress Party and the Indian media have long sought to portray Singh as a man of great integrity and decency, cut from a different mold than most Indian politicians. In fact, Singh, who served as India’s finance minister in the first half of the 1990s, was the chief architect of India’s break from “Congress socialism” (a nationally-regulated economy with a large public sector) and adoption of “pro-market”, “business friendly” policies. These policies have made India a magnet for foreign investment and enriched a narrow layer, while plunging rural India into crisis and increasing economic insecurity and social inequality.

The 2G scandal is illustrative of the manner in which India’s governments over the past two decades have tailored their policies to serve the narrow interests of big business.

Singh owes his current high office not to his popularity with the Indian people, but because of the value Indian and foreign big business place in him as a loyal enforcer of their interests. He has never won popular election. If he can serve as prime minister, it is by virtue of his holding a seat in India’s upper house of parliament, which is for all intents and purposes an appointed body.

Singh’s callous indifference to the Indian people was recently exposed when he led his government in defying a Supreme Court order to distribute food grains rotting in scandalously ill-kept government warehouses to the poor for free or at low cost. Much of India’s population is malnourished, but Singh was determined that the food should be left to rot. To give it away or sell it cheaply would, he contended, serve as a “disincentive” to farmers.



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