

# India's Congress-led government unable to quash 2G scandal

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11 January 2011

India's Congress Party-led coalition government has been unable to quash a scandal concerning the awarding, without auction, of wireless 2G (second generation) spectrum licenses in 2008.

So nervous is the Congress leadership about the scandal, it has preferred to let India's opposition parties boycott parliament since November, thereby paralyzing all legislative business, than agree to the opposition's demand for the setting up of a Joint Parliamentary Committee to investigate the affair.

To be sure, the opposition parties, led by the Official Opposition, the Hindu supremacist Bharatiya Janata Party (BJP), are hypocritically exploiting the revelations of government corruption for their own reactionary ends.

But the scandal—whose eruption has coincided with the twentieth anniversary of the adoption of India's pro-big business “new economic policy”—has provided damning evidence of the extent to which the government, political elite, and media are subservient to India's newly minted billionaire capitalists.

Police wiretap tapes that were made in an investigation related to the 2G affair and leaked to the press show India's titans of industry and their lobbyists dictating the choice of cabinet ministers and government policies, while conniving in government corruption. Prominent journalists and editors, meanwhile, are shown to plant stories on behalf of corporate lobbyists, presumably for money and other favors.

Last November 10, the Comptroller and Auditor General of India (CAG) issued a report charging that the arbitrary manner by which the 2G licenses were handed out had resulted in a presumptive loss to the public treasury of \$13 billion to \$40 billion. The report observed that the 2008 license allocation “lacked transparency and was undertaken in an arbitrary, unfair and inequitable manner.” Select companies were invited to buy spectrum based on its valuation in 2000 when India's telecom market was in its infancy. In some instances, companies quickly resold their licenses for three times what they had paid the government for them. Other companies initially made offers to purchase spectrum at prices substantially higher than those they eventually paid. Presumably the ministry rejected these offers because the higher sale prices would have drawn attention to how cheaply spectrum was being sold off to others.

Four days after the release of the CAG report, the minister of communications and information technology, A. Raja, was forced to resign. Although the CAG brought the 2G scandal to the attention of the public, there had long been complaints within political and industry circles about the arbitrary manner in which Raja had awarded the licenses; yet Prime Minister Manmohan Singh, who has been promoted by the corporate media as a pillar of moral rectitude, reappointed him to his ministerial post following the May 2009 election.

On the heels of the CAG report, several Indian media outlets began publishing transcripts of government-wiretapped telephone conversations that Nira Radia—a politically well-connected corporate lobbyist—had had with some of India's wealthiest businessmen, cabinet ministers and other

politicians, retired government bureaucrats and well known media personalities.

Radia, who in the space of less than a decade was able to build a lobbying business valued at Rupees 3 billion (\$67 million), represented at least two of the billionaires whose companies benefited from the 2G license distribution: Ratan Tata of the Tata Group and Mukesh Ambani of Reliance Industries.

Significantly, an investigation of Radia for tax evasion was launched after a senior executive in the pay of another billionaire capitalist—Mukesh Ambani's brother and archrival, Anil Ambani—helped one of Radia's ex-employees make a formal complaint about her to India's tax department.

To date, less than a fifth of some 5,800 Radia conversations taped by India's Central Bureau of Investigation (CBI) have been leaked to the media. The CBI wiretap on Radia was in effect for 120 days during August to December 2008 and a further 90 days ending in July 2009. No explanation has been given for why the wiretaps were discontinued for more than a quarter of a year, then resumed, nor for why the investigation apparently stalled, only to be revived—Radia's premises were raided by police last month—in the wake of the CAG report and publication of transcripts of the leaked tapes.

G.K. Pillai, India's top Home Ministry bureaucrat and the person who authorized the wiretapping of Radia, dismissed the leaked tapes in an interview with the *Wall Street Journal* in November, saying that what had been served up were “juicy elements” meant to “titillate” the media. The leaked tapes, he claimed, “barely scratch the surface of the stuff that will be at the heart of the government's investigation.”

The angry reaction of Tata and India's business elite belies Pillai's claims. While the full story of how the Indian government gave away the 2G licenses for a song has yet to be told, the tapes shed light on the cash nexus that is at the heart of politics in what is purportedly the world's most populous democracy.

Some of the most revealing leaked conversations are those surrounding the selection of India's cabinet after the Congress Party and its allies in the United Progressive Alliance (UPA) won reelection in May 2009. They show that Radia and other corporate spokesmen played the role of powerbrokers, promoting and torpedoing various ministerial candidates.

With the fate of Raja—one of the cabinet nominees of the Tamil Nadu-based DMK (Dravida Munnetra Kazhagam)—in doubt, due to vicious infighting within the Karunanidhi clan that dominates the DMK, Radia and other corporate interests pressed furiously for his reappointment.

In a conversation shortly after the May 2009 election, Radia informs the retired head of the Confederation of Indian Industries (CII), Tarun Das, that Prime Minister Manmohan Singh is “okay” with Raja retaining the telecom ministry.

In response, Das says that Sunil Mittal, another powerful telecom industrialist whose enmity Raja appears to have earned, is lobbying against him.

Radia then declares that “Raja will behave himself. Trust me he will

behave himself... I have promised, Raja has promised, that he will speak to Mittal and deal with the matter. Leave that to me.”

Tarun Das then says that he will talk to the Congress Party about Raja and get back to her.

In a subsequent conversation, Radia proclaims Tata, who has assiduously cultivated an image of a clean, urbane businessman, is relieved that Raja has been reappointed telecom minister.

During another conversation, Tarun Das informs Radia that he has pushed “big-time” for Kamal Nath, a leading Congress politician who held the Commerce and Industry Ministry in the previous government, to be appointed as Minister of Road Transport and Highways. The CII and big business as a whole have long been pushing for accelerated highway construction, preferably through “investor friendly” public private partnerships, so as to facilitate both internal and foreign trade.

Das terms Kamal Nath, who ultimately got the posting Das wanted for him, a “doer,” adding that as highway minister he will be able to make his “15 per cent,” a reference to contract kickbacks and other corrupt practices.

Das opines, “You can do national service and also make money...and do really something worthwhile here.” Radia then responds, “This is still an ATM [automated teller machine] for Kamal Nath,” to which Das replies, “Absolutely.”

In another conversation, opposition parliamentarian and former finance secretary N.K. Singh tells Radia that Murli Deora has probably been reappointed Petroleum Ministry because industrialist Mukesh Ambani, whose Reliance Industry Limited owns a large petrochemical business, “swung it for him.”

Singh also complains that Kamal Nath “does not need another ATM” as he has had one for a long time.

The influence of Mukesh Ambani is not restricted to the Congress Party. In a Nov. 28 television interview, Arun Shourie, a longtime senior leader of the BJP, charged that he was replaced as the BJP’s lead speaker in the 2009 budget debate because the party top brass did not want him to go on record as opposing a tax break specifically written on Ambani’s behalf.

In conversation with N.K. Singh, Radia estimates that this single tax break was worth 810 billion rupees or \$18 billion to Mukesh Ambani and his Reliance Industries.

Like the politicians, the Radia tapes demonstrate that leading media personalities act as front men for business interests.

In one of the leaked conversations, Vir Sanghvi, till recently the editorial director and editor of the *Hindustan Times* (HT), one of India’s most influential English-language dailies, tells Radia that he has planted a column in the HT that takes the side of Mukesh Ambani in a dispute with his brother, Anil Ambani, regarding natural gas pricing.

“Okay, wrote it,” declares Sanghvi. “I’ve dressed it up as a piece about how public will not stand for our resources being cornered.” He then describes the column to Nira Radia: “I’ve given this example of how spectrum is being allocated and I’ve said that while people have a certain tolerance for corruption in this country, they’ve no tolerance for people cornering our assets and cornering our scarce resources. What’s going to happen in this country is we’re going to become a country run by oligarchs like Russia who nobody can control and that Manmohan Singh must act because he’s basically giving away the future of our children.”

To which Nira Radia replies: “Very nice.” Sanghvi elaborates further: “It’s dressed up like a plea to Manmohan Singh, so it won’t look like an inter-Ambani battle, except to people in the know.”

The Stalinist Communist Party of India (Marxist), which though its Left Front rules West Bengal, has also made use of Radia and her firm as part of its self-avowed “pro-investor” industrialization policy. While none of the leaked conversations involve CPM leaders, the *Deccan Chronicle* reported on November 28 that Radia’s firm is the representative of the West Bengal Industrial Development Corporation and the West Bengal

information technology department. According to the report, Radia has been personally interacting with West Bengal Chief Minister and CPM Politburo member Buddhadeb Bhattacharjee and state Industry Minister Nirupam Sen.

Radia appears to have played a central role in bringing Ratan Tata and Bhattacharjee together to promote the Tata “Nano” car plant project for the West Bengal town of Singur. The *Chronicle* reports that “Overnight in 2007 Vaishnavi—Radia’s firm—turned into PR [Public Relations] agency for West Bengal Industrial Development Corporation as well...controlling dissemination of information for both government and Tatas.”

Because of popular opposition from peasants to the West Bengal government’s attempt to bully them into giving up their land for an industrial park for the Nano plant, Tata was finally forced to abandon his plans to build cars in Singur.

The CPM has responded to the 2G crisis with pro forma denunciations of big business’ growing influence in India’s political life and by making common cause with the ultra-right-wing, corporate-supported BJP in making the call for a Joint Parliamentary Committee (JPC) investigation the focus of public debate.

Under conditions where all the institutions of the Indian state have been demonstrated to be tools of big business, with parliament implementing tax cuts, privatization, and numerous other policies aimed at enriching big business and India’s courts delivering a flurry of judgments strengthening management prerogatives and attacking workers’ right to strike and dissent, the Stalinists are actively seeking to bolster illusions in Indian democracy.

Thus, in championing the call for a JPC, CPM Politburo leader Sitaram Yechury recently waxed eloquent on parliament “representing the will of the entire community,” while simultaneously lavishing praise on the judiciary that enforces India’s unequal social-political order. Wrote Yechury, “Some ask: Do you not have faith in the judiciary? Of course, we do. We are proud of the independent and impartial judiciary created by our Constitution as an interpreter of law and custodian of the rights of citizens through the process of judicial review.”



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