

# Indian government gifts tens of billions to big business through privatization

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The supreme government auditing authority of India, the Comptroller and Auditor General of India (CAG), has released three damning reports accusing India's Congress Party-led United Progressive Alliance (UPA) government of facilitating the looting of public wealth by the biggest domestic corporations to the tune of Rs. 38 trillion (about US \$75 billion). This staggering sum eclipses by far the unprecedented \$40 billion losses estimated by CAG in the 2G (second generation) mobile-phone spectrum allocation scandal that rocked the Indian establishment in the latter half of 2010.

The CAG reports examine the handover of coal fields to private corporations for free, the privatization of the New Delhi airport, and the licensing and status of "ultra mega-power projects," electric generation projects that are each meant to generate at least 4,000 megawatts using coal. The 2004-2011 period covered by the CAG reports coincides with the term in office of the current Congress Party-dominated UPA alliance, which first came to power in 2004 and won a second term in 2009.

By far the most damaging are the first two reports, those dealing with coal field allocation and the privatization of Delhi international airport.

CAG charges that the airport privatization process was skewed towards the winning bid made by the Hyderabad-based GMR corporation and that it has unduly rewarded GMR with commercial rights to real estate situated near the airport and lucrative parking, shopping and restaurant concessions at the airport itself.

According to *The Times of India*, the Delhi airport will soon become the most expensive in the world, with passengers paying higher ticket prices to fly to and from Delhi due to the high aircraft landing and parking fees charged by GMR.

CAG estimates the losses to the government from the

privatization of Delhi Airport in 2005 at Rs. 16.5 trillion rupees (almost \$3 billion). Even IATA, the mouthpiece of India's private airlines, has criticized the way in which the privatization was carried out, saying the resulting high costs will depress air travel.

Significant as these losses are, they pale before those resulting from the giveaway of much of India's vast coal reserves.

Between 2006 and 2011, the UPA government gifted some 148 coal fields, containing an estimated reserve of 41 billion tonnes, to some of the country's largest corporations. This is more than twice the 18.9 billion tons owned by the giant government-owned Coal India Ltd. Coal India is the premier coal producer in the country, with decades of experience in coal mining, and currently supplies 80 percent of India's coal consumption. Nevertheless the government insisted that private companies, some of which do not have any experience in coal mining, would quickly increase the country's coal output.

The government initially responded to CAG's explosive revelations by mounting a diversionary counterattack. The Prime Minister's Office fielded two ministers who accused CAG of having overstepped its constitutional mandate by "questioning government policy."

"The CAG has submitted the report without proof, basing its information on some documents. I think the CAG has a certain mandate under the constitution. It is not following it," thundered V. Narayanasamy, a junior minister in the prime minister's office.

Indian Coal Minister Sriprakash Jaiswal was even more brazen in his lies. "Auctions would have made coal costlier and thus also made electricity expensive," he claimed. "Coal blocks were allocated in the national interest with an aim to boost growth of the country."

Opposition parties led by the Hindu-supremacist Bharatiya Janata Party (BJP)—which is itself mired in an unending corruption scandal in the BJP-ruled southern state of Karnataka—have pounced upon the CAG report to demand the resignation of Prime Minister Manmohan Singh. To back up this “nonnegotiable” demand, the Official Opposition BJP has paralyzed normal parliamentary business for over a week, with repeated walkouts and other disruptive tactics.

While the BJP postures as a determined corruption fighter, the Stalinist Communist Party of India (Marxist), CPM, has provided a lifeline to Singh and the UPA, stating that it will decide on its strategy once it hears “clarifications” from the Prime Minister.

The CPM previously provided loyal political support to the Congress-led UPA, propping up the government in parliament from 2004 to 2008. Last month, in a transparent signal that it remains ready to “do business” with the Indian bourgeoisie’s premier political party, the CPM voted for the Congress Party’s presidential candidate, the ex-Finance Minister Pranab Mukherjee.

A great deal of the handout of India’s coal wealth occurred directly under the watch of none other than Prime Minister Manmohan Singh, who himself held the post of Coal Minister from 2006-9. Singh is tirelessly promoted by the corporate media and other sycophants as an “honest” politician, despite the nexus of corrupt ties his government has to big business and a myriad of corporate lobbyists.

Singh and the “free market” ideologues he has surrounded himself with justified and continue to justify the giveaway of vast coal resources on the grounds that for-profit companies are uniquely qualified to quickly bring coal to market and thereby alleviate the massive coal shortage afflicting the country—a shortage so severe that many coal-fired power plants lie idle because of lack of fuel, thereby exacerbating the country’s chronic electricity shortage.

The government’s bogus rationale has now been exposed as a monumental fraud. Although several years have passed since the private corporations acquired their loot, most of the gifted coalfields remain dormant. Like all private corporations, the companies are intent on exploiting their sizeable mineral wealth at a pace and in a manner that will provide maximum benefit to their own bottom line.

During the first seven years of the UPA (2004 to

2011), annual coal production increased by only 65 million tons to 436 million tonnes, which translates into an abysmal 2.3 percent annual growth rate.

In spite of the importance of coal to India’s energy strategy, the government has refused to prioritize expanding the output of the government-owned Coal India. Instead, through an initial public offering in 2010, it has partially privatized the company.

Political corruption has long been a fixture of Indian bourgeois democracy. But the corruption that has developed during the past two decades—when the entire Indian elite and its political parties, from the BJP on the right to the Stalinist parliamentary parties on the left, have pursued India’s full integration into the world capitalist market—is of a qualitatively different character. In the name of “liberalization” and “free markets,” India’s national and state governments have systematically dismantled the state-owned sector, transferring what were hitherto at least nominally publicly-owned assets into the hands of a clique of rapacious Indian capitalists.

India now reputedly has 48 US dollar billionaires, the second highest number in Asia. But the mass of the population has seen little if any benefit from India’s “rise.” More than three-quarters of India’s population survives on less than \$2 per day.

Singh and his ilk nonetheless insist that the “free market” is placing India on the royal road to development and they are adamant to enforce “market mechanisms” no matter the human cost. Not long ago, Singh defied a Supreme Court order that the government distribute food grains that were about to rot in government warehouses so as to help relieve hunger among India’s hundreds of millions of malnourished on the grounds that this would disrupt “the agricultural market.”



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