

Conspiracy to Loot

IN HIS BUDGET SPEECH TOUCHING upon Public-Private Partnership (PPP) and Viability Gap Funding Union Finance Minister P Chidambaram said that the PPP model has enabled greater private sector participation in the creation and maintenance of infrastructure. In fact this PPP scheme is the other name of doing private business for profit by investing government's money that is public money deposited by the public on faith to the governments. Previously, the governments, Central and State, through various departments launched infrastructure creation projects for which the governments recruited technical personnel who supervised works done in collaboration with contractors and their workforce. Nowadays the governments are shedding their technical personnel and the government's budgetary allocated money is directly given to private partners, that is, business houses who launch, create and maintain infrastructure. But private partners are not satisfied. They need more—more margin of profit. And to assuage, soothe and appease the private partners the budget makes provision for Viability Gap Funding. This PPP and VGF business for 2007-08 is Rs 9842 crore and Rs 2521 crore respectively, not a small sum by Indian standards.

This flourishing private business by making use of public money is channelled through India Infrastructure Finance Company Limited (IIFCL). All money that the general public invest in National Savings Certificate, Kisan Vikas Patra (NSC, KVP), government bonds etc. are now pooled to National Small Savings Fund (NSSF) from which State governments take 80 percent of net collections and remainder goes to the Centre. These monetary resources are taken as loans which are repaid. So the NSSF is now inundated with more and more funds in the forms of net collections from the public and repayments from governments. Since 2005-06, the government of India is making available this huge financial wealth for long term lending. And in this budget for 2007-08 fiscal the Finance Minister P Chidambaram proposed the public-private initiative and the UPA government at the Centre is at the threshold of carrying out the programme that “these funds may also be borrowed from NSSF by India Infrastructure Finance Company Limited (IIFCL)”. Then the Finance Minister added, “An initiative that has borne fruit is the launch of 5 billion US dollar (Rs 25000 crore approx) infrastructure financing initiative by Citigroup, Blackstone, IDFC and IIFCL. A committee chaired by Shri Deepak Parekh has made a number of recommendations for financing infrastructure...”

If the recommendations, get implemented there lies every possibility to swindle India to the tune of crores of rupees through the above-mentioned US\$ 5 billion international infrastructure financing initiative involving American Bank Citigroup, the American financial business Blackstone Group and possibly the American corporate giant, GE capital too. But such experiments in the past led to one of the biggest Wall Street (New York) scams of the 1980s and 1990s in which the Central Banks of Poland, Malaysia, Portugal and Yugoslavia were cheated. These Central Banks had been lured into becoming greedy. But in this Indian case the RBI is being kept at the background. What will the RBI do in this case? The answer is, according to the budget proposal, the RBI will make over India's foreign exchange reserve to the above mentioned US\$ 5 billion infrastructure initiative. Whatever economic sovereignty India has may be wiped out if the 'Initiative' plan gets into action.

The UPA, which includes CPI(M)-led left front, supports this move to sell out India and swindle Indian people's popular investment channel, National Small Savings Fund, in the next few years. Significantly, there was no debate on this point in the parliament since the main opposition group, the BJP-led NDA is in complete agreement with this sinister design. □□□