

# How Much Coal Does a Crony Need?

## The Needle's Eye



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Or how much telecom spectrum? Or iron ore? Or how many ports and airports? How many zeros must be added to a long string before a billionaire is sated? In Leo Tolstoy's riveting 1886 short story "How much land does a man need?" a poor Russian peasant named Pahom vows to own some land after hearing his wife being put down by her better-off city sister. Goaded on by the Devil, and with his own hard work and perseverance, Pahom becomes a reasonably well-off landowner. But avarice gets the better of him. When Pahom is told he can keep all the land he can pace out on the steppes between sunrise and sunset, the peasant walks too long and too far, and drops dead with exhaustion just as he circles back to his starting point. At story's end, his servant measures out a mere six feet of land, which is all that is needed to bury Pahom.

This parable about greed could also be told about 21st-century India, and it may end differently: the beneficiaries of government generosity seem in better control of the mineral riches they have cornered, or the windfalls they have garnered. One senior official told me wryly that in the 1990s, in the first decade after 'liberalisation', there were genuine self-made success stories in business. But in the 2000s, when huge and ambitious infrastructure projects began to gobble up lots of land, money and resources in

which the government had huge discretion, the Licence Raj gave way to the Allocation Raj, and the loot began. On August 25, when the SC handed down a scorching 164-page judgment in the coal scam case, it used unambiguous words to describe the pillage. All the allocation of coal blocks from 1993 to 2010, it said, were illegal and "suffer[s] from the vice of arbitrariness and legal flaws...there was no transparency...guidelines have been honoured more in their breach. There was no objective criteria, nay, no criteria for evaluation of comparative merits. The approach had been ad-hoc and casual. There was no fair and transparent procedure, all resulting in unfair distribution of the national wealth."

The problem is that many of the people who were gifted these captive coal blocks hoarded them, presumably waiting to cash in on scarcity. Only about a sixth of the allocated coal blocks were in production. Coal production rose fractionally to 571 million tonnes in 2013/14 from 567.6 MT in 2012/13. Expensive imports surged to 171 MT in 2013/14 from 145 MT a year earlier. India sits on one of the world's biggest coal reserves, but because of corruption, government gridlock and inefficiency only about one-tenth of our total reserves of 301 billion tonnes have been allocated for mining. As I wrote in my July 24 column, electricity generation has suffered badly because thermal plants lack coal supplies.

The SC has said it will spell out steps to undo the coal mess on September 1. But it will take a war effort to start to dent the corruption corroding our souls. Look at the beauty parade: over the past few weeks the CBI has arrested the Registrar of Companies in Chennai, the CEO of the Censor Board, and the chairman of Syndicate Bank on bribery charges.

And these could just be symptoms, not the disease. Perhaps we are not willing to admit that things are very bad, as happened in the mid-1980s in Indonesia where the entire corruption-ridden customs service had to be outsourced to a Swiss company. Nor have we had the drama of 63,000 Communist Party officials in China being investigated on orders from President Xi Jinping, or the high-level detention of powerful former internal-security czar Zhou Yongkang.



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## THE BEAUTY PARADE

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Like Narendra Modi, Xi is also an impatient reformer and will have much to discuss when he visits New Delhi next month.

The Modi government seems determined to clean out the sooty stables of corruption. It could start by bringing some sanity to campaign expendi-

ture. The 2014 LS elections are estimated to have been the most expensive in our history. One person with a ringside view told me although the BJP had outspent Congress, the defeated party had at least double the BJP's war chest when it came to television, print and radio advertising. Despite this, the Congress party's funds were siphoned off by crooked intermediaries and over-invoicing and its campaign was therefore less impactful than that of the BJP, which drove harder bargains and got more mileage from media outlets. This person said three rooms were booked in a Delhi hotel to store the Congress cash. Piles of currency notes had been lying for so long in damp lofts and suitcases that they had begun to crumble with mould.

Modi, who knows a thing or two about a stigma, moved with alacrity when one threatened to attach itself to his government. On Wednesday, immediately after Home Minister Rajnath Singh pledged dramatically that he would quit politics if he or his family were guilty of corruption, the Prime Minister's Office angrily denied a story doing the rounds about how Modi had cracked his whip on Singh's son for allegedly peddling influence.

Clearly, Modi does not want any taint clouding his trip starting Saturday to Japan, a country that abhors the appearance of impropriety among its leaders. "Am particularly excited to meet PM @AbeShinzo," Modi tweeted. Abe, like Modi a strong nationalist who is shaking up his country in many ways, follows only Narendra Modi and two other people on Twitter - his wife; and author-critic Naoki Inose, who had to resign as Tokyo Governor after admitting to misreporting a loan of a mere 50 million yen (₹2.9 cr) that he used in his campaign. If only things were so cut and dried in India.

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