OUTING THE OLGARCHY:

Billionaires Who Benefit From Today’s Climate Crisis - The Indian Oligarchs

by Dr. Vandana Shiva

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OUTING
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The global image of India has been undergoing drastic changes in the last few decades: from being known as an exotic land of spirituality and great culture on the one hand, and massive poverty and destitution on the other, India suddenly finds itself on the world’s platform presented as one of globalization’s winners. ShiningIndia has become not only a national political slogan by which drastic economic, political and social changes were brought about and justified, but also the country’s new brand name abroad. Dollar billionaires from India, now famous worldwide, occupy the top slots of the Forbes billionaires list. How did the great Indian oligarchs emerge? Which policies and processes facilitated their rise? India is often referred to as an “emerging economy.” Indian civilization is, of course, too ancient to be called “emerging.” What has emerged from globalization and deregulation?

With the much-hyped, neo-liberal model (based on privatization, liberalization and globalization), the avenues were finally opened for the economic rise of India’s billionaires, misleadingly presented as “the rise of India,” the miracle growth story. In the era of globalization, the drastic reforms of the 1990s under the aegis of Cambridge/Oxford educated Manmohan Singh – then India’s Finance Minister and now the country’s Prime Minister – came to be seen as an undisputed propeller of growth, spinning out impressive double-digit GDP rates. What globalization advocates forego in their analysis is that, while India was rising and GDP growing, poverty, hunger, destitution, social conflict and inequalities of wealth and power were rising as well.

While it is true that great wealth has been accumulated, it has de facto remained in the hands of a few traditionally influential families, as sectors once included under the public domain have increasingly become private oligopolies. The policies of neo-liberal globalization imposed by the International Monetary Fund’s (IMF) Structural Adjustment Programs since 1991 and World Trade Organization (WTO) since 1995, have created the climate for such concentration of resources and wealth in the hands of a few.

Yet, today, a wave of scandals of enormous proportions involving politicians and some of the biggest business houses are rocking the very foundations of the new global image of India. Much of the new wealth is
based on resource grab and land grab. The heat has been turned up on India’s wealthiest: where business acumen and ingenuity once were praised as sole determinants of such successful ventures, a question mark is now sneaking into the public’s mind as to whether this ingenuity was not also applied towards lobbying for particular policies, rule-bending and favoritisms rather than to just plain business. As people start to question the means through which such richness came to be, it is important to make explicit the connection between politics, economic policies and such lopsided patterns of growth: such inequality is, in fact, the result of a process initiated two decades ago that has been pushed forward, consistently and vehemently, by a government that professes inclusive growth.

THE DISTRIBUTIVE EFFECTS OF LIBERALIZATION, PRIVATIZATION, GLOBALIZATION

Liberalization and economic restructuring gave rise to new avenues for profit creation and wealth accumulation for the powerful. Any structural change has distributive effects. In the case of economic or political reforms, too, it is fundamental to not only assess the total sum of the game, but also the political economy of it – that is, who stands to gain and who stands to lose. In a country like India, where political, social, economic, religious and identity-based constituencies abound (alongside many particularistic interests), it is paramount to study the finer distribution of benefits and losses that any initiative entails. Studies of the economic liberalization process of the 90s strongly suggest that, indeed, the reforms were strongly biased in favor of the corporate business sector as well as of the local elites. These already powerful sections in society were able to reaffirm their status in a self-reinforcing trend where growing wealth increased political clout and political connections increased economic clout.

The corporate business sector was pushed to the forefront of the economy, presented as innovators, as the engines of change and growth. An India of 1.2 billion was reduced to India, Inc. Public sector units had come to be broadly seen as redundant and unnecessarily bureaucratic, if not hopelessly corrupt. Privatization was strongly promoted as the panacea that would resolve all of India’s structural inefficiencies and problems. International financial institutions have been systematically flogging the LPG mantra of Liberalization, Privatization and Globalization through a carrot-and-stick approach: on one hand, the
country was lured by promises of rapid growth, modernization and increased social well being while, on the other hand, such reforms were pushed through Structural Adjustment Programs and loan conditionalities.

In 1991, at the time of these economic reforms, India was in the midst of a balance-of-payment crisis so accepting international institutional assistance also meant accepting their diktats. The World Bank initiated a $500 million Structural Adjustment Program (SAP) that was also supported by an IMF-led stabilization program. Approved in December 1991, the SAP closed in December 1993.¹ The program envisioned by the SAP strongly pushed deregulation and liberalization with the idea of opening India’s economy to the world. Government subsidies were cut substantially; trade policy was liberalized with decreased tariffs; industrial and import licensing were reduced or removed considerably, foreign direct investment, foreign equity investment and foreign participation in Indian businesses were strongly increased.

In 1991, with introduction of the New Industrial Policy, the public sector’s domination was broken and crucial economic sectors such as power, telecommunications, infrastructure, mining and banking were opened up to private investment. Manufacturing sectors – including iron, steel and shipbuilding – were also opened up for private business ownership.² All traditionally common property resources, public goods and services – including water, electricity, telecommunications, health and education – were steadily enclosed and privatized.

The conditions were thus created for domestic and foreign private players to enter and exploit a largely uncharted territory that they soon would come to dominate.

While the direct beneficiary of the new policy framework was the business sector, the middle classes also welcomed the restructuring with open arms. India had been a domestic economy in which production was intended for the Indian market, and consumption was based on local production. With globalization, the country’s middle and upper classes quickly fell under the spell of all that was foreign – they were hungry for international goods, values and lifestyles. They identified Government’s policies as regressive and saw them as the reason for their material deprivation. They supported India’s new access to the global market, insofar as it gave them what they thought they so badly needed.
Unfortunately, the general public has often remained oblivious to the deeper consequences the LPG process would inflict on the socio-economic reality of India – especially for local producers, small farmers, small industry and small retail. The middle and upper classes also became increasingly detached and segregated in islands of status – removed from the broader country’s reality.

If, for some, India’s opening to the world economy simply meant being able to access foreign consumer goods, for a much larger section of society this translated into a consistent, constant and unstoppable threat to their very survival through the loot of their resources and livelihoods. This divide has often been referred to as the “India-Bharat” divide – the divide between the privileged consuming classes in largely urban settings and the peasants and tribals in rural areas. These neo-liberal-paradigm-led structural changes were, in fact, accompanied by a steady shift in mentality and approach to social policy where wealth accumulation is presented as the foremost human achievement and poverty comes to be seen as an individual failure. What this hides is the massive transfer of wealth from the poor to the oligarchs, and the dispossession of millions from their resources, possessions, land and livelihoods.

The neoliberal paradigm has strongly pushed for a decrease in Government’s participation in the country’s economic affairs. The new reductionist role cast on the Government has signified a partial abandonment of what used to be the most guiding principles of social and economic policy in India – principles based on the socialistic ideology of equality and redistribution. While liberalization opened avenues for corporate profits for the rich, it closed down local economies, livelihoods, safety nets and social security for the poor. The socialist ideology as envisioned by Gandhi and Nehru implied a strong component of social justice. The new capitalist model increasingly does away with concerns over common welfare, replacing the notion of community with that of individual. In a market economy, actors are atomistic, competing for resources as a function of their financial status.

While the rhetoric calls for more market freedom and less Government regulation, what is in fact happening is deregulation for corporations and over-regulation of citizens. Laws like the Indian Seed Act, which would outlaw the sharing of thousands of traditional varieties of seeds in favor of a small selection of “licensed” seeds controlled by corporations, are aimed at regulating small, independent farmers while leaving
corporations free. Laws like the Food Safety and Standards Act criminalizes the artisanal food producer while it deregulates the large corporations doing industrial food processing. The Biotechnology Regulatory Act would free the biotechnology industry to pursue the creation of Genetically Modified Organism (GMOs) while avoiding biosafety regulation. At the same time, the act would, criminalize citizens for demanding GMO-free food. This is not less Government, but more. This is Government as a partner of corporations, not citizens.

These economic reforms initially gained legitimacy from the high rate of GDP growth that followed. The corporate houses were favored by the newly deregulated market economy, which directly raised their economic and political clout. The social elites were condescending in their acceptance of globalization, which offered new opportunities to import an aspirational culture of consumerism. The political elites were ready to embrace the new “free market” and abandon the state-controlled dirigiste regime, convinced that following the signposts of the LPG would lead to broad, new avenues for personal profits and patronage.\(^3\)

The process of globalization and deregulation of commerce has had several far-reaching and multifold consequences in India and elsewhere in the world. Firstly, the focus on pro-corporate policies (and a reductionist role for the State to privilege corporations) comes at the expense of weaker sections of society that are sorely in need of social safety nets to protect their social, economic and human rights. Secondly, as the market becomes the predominant ruling institution, rights are replaced by purchasing power. This excludes the majority of the population from welfare and benefit provisions and leaves them dependent on “dole outs.” Thirdly, competition for resources on an uneven playing field translates into the privatization of the commons and increasing concentration of wealth at the top of the social pyramid. Finally, the shift in mentality that accompanies capitalistic growth (driven by persistent and persuasive “corporate messaging” in the media) increasingly trains the public to see this accumulation of great wealth as legitimate and justifies whatever means are used to obtain the ends.

**THE EMERGING OLIGOPOLIES**

While privatization, deregulation and liberalization were presented as a bold way to break away from the constraints of State monopoly and create a “level playing field,” the political economy of the process actually
translated into rising income inequalities. These new forces greatly affected the entitlements levels of many different sections of the social ladder by creating a new rung of large oligopolies dominated by a handful of private actors. Deregulation exposes the poor to new threats of exploitation as deregulation and privatization set the stage for a process known as “accumulation by encroachment or dispossession.” This is a process typical of capitalism, wherein new resources are not created ex novo, but are snatched from the pre-capitalistic or State sector through the direct appropriation of previously common property – such as communal water and land as well as public transportation, health and education resources – that can now all be privatized.4

When growth happens through this process, it doesn’t lead to poverty reduction, it just redistributes wealth from the large base at the bottom of society to a small elite at the top. Studies on income tax reports by Banerjee and Piketty show undisputedly that with the New Economic Policy, the incomes of the top 1% income India’s earners increased by about 50%. Out of this 1%, the richest 1% saw their incomes increase by more than 3 times.5 Indeed, the LPG approach has proved to be especially beneficial to the privileged top 1%. The problem is that, contrary to the promises of the “trickle-down theory,” wealth was being sucked upwards – the rich were getting richer while the poor were rendered increasingly dispossessed and marginalized – physically, socially and politically.

The most blatant evidence of the skewed pattern of wealth accumulation resulting from neo-liberal policies is the creation of scores of new Indian billionaires in the midst of growing swaths of poor, hungry, dispossessed and landless people. Practically unchallenged in the newly opened market, a handful of well-connected firms and families soon came to control huge resources and this growing concentration of wealth laid the foundations for the rise of the Indian oligarchs.

The 2011 Forbes list counts 50 Indian billionaires. Most famously, there is Lakshmi Mittal, the owner of the Arcelor Mittal steel company and the world’s sixth richest man with $31.1 billion. There are managers of the Reliance Empire (petrochemical and telecommunications), the Ambani brothers, Mukesh (in ninth place with $27 billion) and Anil (ranked 103rd with a scant $8.8 billion). Earnings from the Essar Group (minerals, energy and communications) placed Sashi and Ravi Ruia in the 42nd position worldwide, with $15.8 billion. The Jindal family (Jindal Steel and Power, Ltd.) ranks 56th, with $13.2 billion. Gautam Adani’s Adani Group (real estate, power, oil and agriculture) has earned him a slot as the world’s 81st richest man at $10 billion. Sunil Mittal, owner of the telecom giant Bharti-Airtel, is the world’s 110th richest man with $8.3 billion. Finally, aluminum baron Anil Agarwal of Vedanta Resources holds down position 154 with $6.4 billion.

Ratan Tata, founder of the Tata Group, involved in manufacturing from tea to automobiles, does not appear in the list as his wealth is predominantly held by his charitable trusts. Although absent from the Forbes list, the size and operations of Tata’s conglomerate qualify him for this study. That some of the billionaires are self-made while others inherited their wealth does not affect the argument, as it witnesses the tendency of wealth to remain in the hands of those already wealthy and, even if some groups replace others, wealth stays concentrated in oligopolies.

1. **LAKSHMI MITTAL — ARCELOR MITTAL STEEL**

The richest man in India and sixth richest in the world, Lakshmi Mittal is known worldwide. He also happens to also be the richest man in Europe and in Britain, where he resides in a luxury mansion located at the prestigious and posh Kensington Palace Gardens. Mittal’s mansion, on a street known as Billionaire’s Row, is said to be the most expensive
private residence ever bought. Lakshmi Mittal’s wealth of $31.1 billion derives fundamentally from the operation of his steel company, Arcelor Mittal.

With industrial capacity in 20 countries and operations in more than 60, Arcelor Mittal is reputed to be a leader in steel production on most global markets. The company is listed on the Stock Exchanges of New York, Amsterdam, Paris, Brussels, Luxembourg, Barcelona, Bilbao, Madrid and Valencia.

Lakshmi Mittal is also an independent director at Goldman Sachs and serves on the board of directors of the European Aeronautic Defence and Space Company, the World Steel Association, Kazakhstan’s Foreign Investment Council, South Africa’s International Investment Council and the Investors’ Council to the Cabinet of Ministers of Ukraine. He is also a member of the World Economic Forum’s International Business Council, the World Steel Association’s Executive Committee, Mozambique’s Presidential International Advisory Board and the International Iron and Steel Institute’s Executive Committee. Closer to home, Mittal is a board council member of the Prime Minister of India’s Global Advisory Council of Overseas Indians.

Starting out in the family’s steel business, Lakshmi Mittal first began to expand with the acquisition of a rundown steel mill in Indonesia. This purchase initiated his rise as a steel magnate through a process of consistent consolidation – acquiring steel-making units in Europe, Canada, Africa and the U.S. More recently (through Arcelor Mittal), Mittal has put forward proposals for Greenfield projects for India, Liberia, Mauritania, Mozambique, Nigeria, Russia, Saudi Arabia, Senegal and Turkey. The company employs the strategy of “vertical integration” to streamline production and increase the profitability of its steel-making operations. In addition to owning steel factories, Mittal also controls the essential raw materials, making the company a prominent player in mining of iron ore and coal. These consolidation and vertical integration strategies combine to produce a powerful market-domination – and this raises a number of issues.

Firstly, the consolidation trend has resulted in the creation of huge oligopolies with substantial economic and political weight (as Mittal’s connections and his CV testify) that translates into significant control over the market. Secondly, Mittal’s success has been based on exploiting
weaker industries and regulations (often in fragile or less developed economies) and by turning poor labor standards and wages into profitable, “costcutting” business assets. Thirdly, the direct sourcing of raw materials entails a strong involvement in mining, which is, in turn, one of the most exclusive, environmentally and socially destructive economic sectors. Lastly, taking a broader perspective, the growth of metal industries depends on a prevailing ideology that sees overconsumption and industrialization as the ultimate goal of human development.

The policy framework in India is similarly geared to increase production of steel as the country aims at becoming a world leader with a national target of producing 200 million tons of steel by 2020. Demand for steel remains very high domestically and the government has set out an intensive advertising campaign aimed at further increasing domestic consumption while also looking to increase exports.

Following implementation of India’s new Industrial Policy in 1991, the Iron and Steel industry, so far part of a list of industries reserved for public sector ownership and control, was deregulated and exempted from compulsory Government licensing. The New Economic Policy, also passed in 1991, introduced the following changes in India’s steel industry:

- After large-scale industrial capacities were removed from the list of industries reserved for public sector ownership and control, the licensing requirement for industrial units expansion was also largely withdrawn.
- The private sector came to play a prominent role in industrial steel production
- Pricing and distribution control mechanisms, so far imposed and regulated by the Government, were discontinued.
- The iron and steel industry was included in the high priority list for foreign investment, implying automatic approval for up to 50% foreign equity participation, subject to foreign exchange and other stipulations governing such investments.
- Quantitative import restrictions, aimed at limiting the quantity of goods that could be imported within a given time, were largely removed. Export restrictions in place to prioritize the domestic market over foreign trade, were withdrawn with a view to promote international trade.
The regulatory framework was hence reshaped in a manner to encourage private domestic and foreign participation: other policies related to different economic sectors were hence tailored to similarly encourage private sector involvement. For example, in the case of the metal industries, the New Mineral Policy 2008 altered the existing Mining Framework by introducing considerable deregulation and placing a new emphasis on facilitating the entry of private players into the mining sector. The negative consequences of this favorable treatment were borne by local communities. Violent land wars and conflicts erupted across mineral-rich Central India as mining and steel companies evicted villagers, seized forests and grabbed agricultural land to set up their facilities, leaving behind a trail of displacement, pollution and destruction. Arcelor Mittal naturally found itself tarred by controversy (and faced with strong, local opposition) when it set out to mine iron ore and build steel plants in the resource-rich states of Jharkand, Orissa and Chattisgarh.

The promise of offering investments and technology to promote the privatization of public property and public works has a long history. Back in 2008, Arcelor Mittal put forward a proposal to the Government for establishing a joint-venture to take over the state-owned coalmines held by Coal India Limited.

As public sector units are privatized and small mills and plants taken over, the steel industry has become increasingly concentrated and monopolistic. But even this is not enough: financial advisors and institutions alike have called for even further privatization based on the supposed benefits of “economies of scale.” This obsession with efficiency works against the interests of India’s small businesses, which are slowly disappearing to make way for privately owned industrial giants. The proponents of the LPG Mantra argue against offering any offsetting protections for these small and infant industries as well as strongly stressing that public owned companies are inefficient and hence need to be privatized, but this is a clear departure from the approach followed by most developed countries.

In the case of steel, a case worthy of notice is that of South Korea’s POSCO. Now amongst the top steel producer in the world (and operated under a consortium of foreign private shareholders), POSCO was originally born and successfully run as a public enterprise. It was privatized not on efficiency grounds, but under IMF diktats as condition of South Korea’s acceptance of institutional stabilization loans. That a
State owned company can be successful and efficient is a fact often underplayed or left unmentioned by liberalization advocates, a point Ha Joon Chang makes very aptly to illustrate developed countries practice and preach mismatch.

Policies of privatization, consolidation and vertical integration form the pillars on which Mittal’s huge steel empires were created. In the absence of competition – or where competitors are too weak to survive without public protection and support – only the strong survive.

2. MUKESH & ANIL AMBANI – THE RELIANCE EMPIRE
PETROCHEMICALS, PLASTIC, RETAIL, SEZ, OIL & GAS, ELECTRICITY, FINANCE, TELECOMMUNICATIONS

The Reliance brand name is associated, in the public mind, with a multitude of products. Dhirubai Ambani, the company’s original founder, is held in high esteem by an Indian public that sees Ambani as self-made man with a dream, whose drive and ambition lead to a rags-to-riches story. Common people embrace Ambani as a symbol of change and emancipation – an example that their own dreams of success might someday be realized.

While it is true that Dhirubai Ambani created an empire from scratch, he was surely backed by the right connections. It is widely accepted that doing business in the era of the license raj, policy of Government regulations and control over economic business through licensing and permits, implied keeping good relations with bureaucracy and politicians. Even after the economy was liberalized and competition expanded, connections continued to provide an important competitive advantage that allowed some companies to flourish massively while others lagged behind. Starting out working at a gas station, Dhirubai went on to become the owner of India’s largest refinery at Jamnagar.

In 1958, he launched a small business under the name of Reliance Commercial Corporation, trading in spices; a few years later, he shifted his business into textiles and changed the company name to Reliance Textile Industries Limited. The big break came in 1966 with the set up of a textile mill in Naroda, near Ahmedabad, producing under the brand name Vimal. A few years later, in 1977, Reliance was publicly listed: Ambani managed to raise operating funds from the broad-based society rather than from commercial institutions – thereby initiating what came
to be known as the *equity cult*. As the company became more successful, Ambani set out to create an industrial manufacturing complex.

Dhirubai’s Reliance was favored by the government – particularly during Rajiv Gandhi’s regime, in the decades before formal liberalization, as India’s priority in the textile sector kahdi cotton – hand-spun and woven on the traditional handlooms promoted by Gandhiji (Mahatma Gandhi) as an emancipating tool that promised employment and self-reliance to generations of Indians – was eventually forced into retirement with the arrival of new policies favoring synthetic and machine-made cloth.

When Indira Gandhi was in power, Dhirubhai shared friendly relations both with her and with Finance Minister Pranab Mukherjee. Throughout the years, a number of malpractice complaints were filed against Reliance. The company was accused of insider trading, share-price manipulation and tax evasions. Yet, precisely because of Reliance’s acquired status and clout, the public, the media and the political apparatus were wary of taking on the group. The fundamental role that this kind of clout plays in making or breaking business fortunes was demonstrated by the difficulties the company faced when the political leadership changed. Prime Minister V.P. Singh famously became the first PM to challenge Reliance by imposing stricter regulations. As a result, the company’s business operations were not running so smoothly.

In the 1980s and 1990s, while Reliance was flourishing, the company began diversifying in a major way. These were the decades of India’s economic reforms and its entry into globalization. In the 1980s, the Rajiv Gandhi Government had initiated a set of reforms that included reducing income and corporation taxes to “create incentives” for the private sector. The list of manufacturing items and products reserved for small-scale business sectors was reduced, while several sectors – including telecommunications and cement manufacturing were deregulated.

In the 1990s, the Narasimha Rao government pushed these reforms forward with even greater impetus, focusing particularly on industrial growth. The Government’s system of central licensing of businesses was dismantled and private companies were allowed to do business in sectors previously under the sole control of the State. Foreign participation was encouraged, imports were facilitated through a more liberal trade policy, and the Monopolies and Restrictive Trade Practices Act was relaxed to encourage private sector actors to enter previously closed markets.
It is against this backdrop that the Ambani family’s spectacular rise occurred. As the economy was radically deregulated, liberalized and privatized, the Reliance group (backed by a familiar brand name that ensured the public’s continued loyalty and protected by its established economic and political clout) found renewed occasions to grow and consolidate – both by way of diversification and aggressive expansion. Allegations of the company’s unfair reliance on political connections did not end with the founder’s death – or the subsequent division of the company after a prolonged row between Dhirubhai’s sons, Anil and Mukesh. Today, Mukesh heads Reliance Industries Limited (RIL) while Anil heads the Reliance Anil Dhirubhai Ambani Group (ADAG).

Through a process of “backward integration,” Reliance diversified its operations to include producing the raw materials for its textile operations, starting with polyester and moving even further back into the production of oil and chemicals. In the following years, the company (through its two arms, RIL and ADAG) began expanding its reach into telecommunications, petrochemicals, power, life sciences, finance, infrastructure, retail, Special Economic Zones and so on.

Privatization was strongly pushed domestically by the New Economic Policy and internationally by the World Bank as a means of “creating competition.” Instead, these new initiatives translated into the creation of powerful new forms of private monopolies. Reliance provided an example of what “competition” really meant under the NEP, with its takeover of one of its leading rivals, the Indian Petro Chemical Limited. Reliance now controls more than 75% of the India’s petrochemical market.\(^{11}\)

Having become a major player in the oil and gas sector, Reliance Industries Limited (RIL) was the biggest winner during the time of India’s economic liberalization. In 1994 the Oil and Natural Gas Corporation (ONGC) became publicly held. In 1997-98, following the impetus of privatization, the government introduced the New Exploration Licensing Policy (NELP), which allows private players to obtain hydrocarbons exploration and production licenses on the basis of competitive bidding. RIL was allotted the largest number of exploration blocks after ONGC.

Despite claims that privatization would stimulate competition and ensure a fair and transparent playing field, the process of allotting licenses has remained largely under the influence of well-entrenched patronage.
networks dominated by the powerful few. Recently, India’s Controller Auditor General reported that the Oil Ministry and the Directorate General of Hydrocarbons (DGH) practice of favoring Reliance’s oil business with huge benefits by way of rule-bending, was causing losses to the national exchequer. Reliance Petrol Ltd. was also amongst the largest beneficiaries from the United Nation’s Oil-for-Food scam. Oil-for-Food was ostensibly a program designed to provide “humanitarian relief” to the people of Iraq but it soon undermined by a whirlwind of corruption that mainly benefited scores of foreign contractors. (Reliance’s role substantially covered up until Arun Agarwal set out to expose the scandal in his riveting book, Reliance: the Real Natwar.)

As the volume of RIL’s oil pumped from the fields of Andhra Pradesh decreased, Mukesh Ambani embarked on a partnership with the British oil giant BP. In July 2011, the Oil Ministry hailed the $7.2 billion BP-RIL deal as India’s biggest Foreign Direct Investment coup to date. As a result of the agreement, BP, the second largest oil producer in Europe, will gain access to a host of profitable Indian natural resources. The synergy between domestic companies and Western firms eager to enter the Indian market, lured by technology and investment, is increasingly visible. But as business becomes more transnational in nature, it becomes more detached from the original country’s local realities.

In another joint venture, RIL has partnered with Australia’s UXA Resources Limited to commence uranium mining operations and is lobbying for deregulation of the Indian uranium mining sector to allow private domestic companies to access it. At the same time, RIL is arguing that Indian firms should be granted incentives to secure uranium assets abroad.

A similar fate awaited the telecommunications sector when it was privatized around 1994. With the introduction of a National Telecom Policy, licenses for the telecom spectrum were to be allotted through open and competitive bidding. But what was promoted as a means to increase fairness and accountability produced just the opposite result. Reliance Communications is currently being investigated in the country’s biggest scam over 2G–spectrum telecom allocations. (This scandal involved the ruling-Congress party’s discounted sale of 1,232 telecom licenses to 85 companies, many of which had no experience in telecommunications.) Reliance Telecom and three ADAG officials stand accused of having conspired to set up Swan Telecom as a front for the sweetheart deals with Reliance Communications. (Reliance: the Real Natwar.)
obtaining spectrum allocations. India’s Telecom Minister Kapil Sibal is currently denying allegations that he favored Reliance by decreasing penalties against the company from Rs 50 crores (over 10 million US$) to a mere Rs 5 crores (1 million US$). Meanwhile, the Center for Public Interest Litigations claims the actual penalty that should have been assessed would amount to a whopping Rs 650 crores (over 131 million US$).

If the final outcome of such enforcement litigations cannot be guaranteed (given the climate of lax implementation and fraudulent or absent regulatory compliance), the future oversight of questionable business practice will remain under a cloud of suspicion. Mukesh Ambani complained to none other than the Prime Minister that these lingering questions are “denting his reputation.”

Claims of unfair business practices being allowed to operate thanks to political connections and favoritism have always accompanied the Reliance brand. Its activities in the spheres of retail and real estate developments offer some of the starkest examples of how the State-corporate Nexus can work to promote wealth accumulation by the rich at the cost of people’s livelihoods. Through its supermarket chain, Reliance Fresh, the company has brought about a destructive revolution that has devastated India’s small retail sector, in much the same way Wal-Mart did in the United States. If entry into the retail sector was once regulated with an eye to protecting small producers, corporate interests now are succeeding in bringing down the last vestiges of these regulations. For example, India’s private sector has lobbied successfully for 100% Foreign Direct Investment in retail. Currently, Reliance is earmarking plots of agricultural land for future food production. This constitutes the last step in the privatization of the commons, where food becomes a private commodity and is no longer an intrinsic right of the greater human community. In Andhra Pradesh’s Kakinara SEZ, the company has earmarked 200 acres for Jatropha plantations for biofuels.

In 2005, the introduction of the Special Economic Zone (SEZ) Act opened up land development as a huge profit-making sector for private domestic and foreign corporations facilitated by massive tax concessions and incentives. Meanwhile, the 1894 Land Acquisition Act, which institutionalized dispossession, was left untouched in its colonial state. Reliance’s resort to violent land acquisition in Dadri and in Haryana offers a chilling demonstration of how the government’s legislative
machinery can function to serve corporate interests over the interests of common citizens.

After Reliance declared a Special Economic Zone at Dadri, squads of armed police, acting on Anil Ambani’s behalf, brutally fired on protestors, assaulted locals and destroyed villages as people attempted to resist the corporate acquisition of 2,500 acres of productive farmland. At Jajjar, Haryana, 25,000 acres of fertile land were grabbed by RIL from farmers.

The Electricity Act 2003 and the Energy Conservation Act 2001 introduced neoliberal conditions and deregulation in order to favor private sector participation in the energy and power sectors. These new acts made specific mention of the need to revise the Land Acquisition process to facilitate power-generating industries. RIL has benefited massively from these new laws. In addition to being the leading power distributor in Mumbai and Delhi, Reliance Power’s Sasan power generating plant in Madhya Pradesh has been registered with the UN Clean Development Mechanisms program, which has opened the door for Reliance to claim additional profits of more than Rs 2000 crores from the sale of Certified Emission Reduction credits. The super-critical technology based pit-head coal-fired plant was granted Host Country approval by Minister of Environment & Forests Jairam Ramesh who claimed the project contributes to India’s sustainable development. The news was received with strong criticism by environmentalists as well as climate change experts; in fact, the methodology panel which advises the CDM executive board supported the concerns as the methodology under which firms can apply for offsets by cutting greenhouse gas emissions through more efficient technology ‘may lead to significant overestimation of emission reductions’. Besides, to qualify for CER credits the projects must prove that they would be unviable without the additional revenue; the Reliance plant was instead well underway already.

Anil Ambani’s Reliance is also prominent player in the world of finance, providing insurance and commercial services. Ambani’s fortunes have blossomed since the banking and financial sector was gradually privatized beginning in 1992 to allow for the entry of private and foreign entities.

Mukesh Ambani’s Antilla, an ostentatious 27-floor high-rise mansion in Mumbai ("the city of slums") has come to stand as a blatant symbol of the gross inequality that the current economic and political system of deregulation, privatization and liberalization is pushing forward.
3. THE RUIA FAMILY – ESSAR GROUP
STEEL, MINING, OIL, POWER, TELECOMMUNICATIONS

Liberalization has similarly favored the fortunes of another family, the Ruia tribe of Mumbai. The Essar group, set up in 1969 by brothers Shashi and Ravi Ruia, exploited new avenues of profit accumulation and proceeded to establish a varied business empire that rocketed the brothers onto the world’s billionaires list.

Born into a business family, the Ruia brothers started off as owners of a construction company. The turning point in the Ruia’s saga came with the deregulation and liberalization of India’s economy. During the 1980s, India’s state-operated shipping and drilling sectors were opened up for private business. During the 1990s, most of the remaining sectors – including power, telecommunications, mining, ports, roads and banking – were liberalized. The Essar group took advantage of these newly available avenues and substantially increased its wealth after having initiated a process of business diversification in steel, oil, gas and telecommunications. India, Indonesia, Canada and North America now host Essar’s steel manufacturing facilities while its retailing and processing activities cover India, Indonesia, the UAE and the UK.

As part of the “backward integration” of its steel-making ventures, Essar now is involved in mining operations in India, Indonesia, Mozambique, Brazil and the U.S. These efforts are focused on excavating iron ore (for a total reserve of 1.6 billion tons) and coal (for a total of 450 million tons). Growing domestic demand from the steel industry in a newly industrializing India has led to a boom in metals prices. Minerals are increasingly highly valued on the international market: increasing scarcity at a time of rising industrialization and urbanization continue to be significant factors pushing demand.

While it must be said that developed economies’ mineral and metal consumption has suffered from the effects of the global recession, which has caused the closure of smelters and plants, developing and emerging economies have not abandoned plans to scale-up their capacity, production and consumption. This trend – also arguably favored by carbon-trading approaches to mitigate climate change – is based on a model of “outsourcing of pollution,” the resource-intensive, resource-hungry and environmentally damaging industries like steel and iron and aluminum and automobile manufacture are increasingly being shut in
the West and opened up in the East. This is happening with polluting metal smelters and even with nuclear power stations, as global capital moves across borders to run invasive, polluting business; as global divisions of labour dictate which country should produce what most cheaply; as the CDM reverses the principle that polluter pays.

If India is on the receiving end of “pollution outsourcing,” it is also actively reproducing the same model as Indian corporations target fragile countries with weak regulatory systems as convenient locations to relocate their unsustainable operations. Human Rights Watch has raised an alert about Asian, European and North American companies that are still investing in Burma/Myanmar despite the fact that foreign financing serves to support a military junta accused of multiple human rights abuses. In a bid to control the world’s remaining oil and natural resources, these resource-hungry foreign interests are fuelling conflict and violating human rights from oil-rich Burma to mineral-rich Central India. Amongst the Indian companies that have not divested their holdings in Burma/Myanmar are GAIL, ONGS Videsh, Sun Group and the Ruia family’s ESSAR Oil.

It is often the case that the regions or countries with the richest mineral and natural resources are also amongst the most impoverished and are often torn by armed conflict, if not outright civil war. In India, too, as the government went ahead with its privatization program, Essar was granted a prospecting license in Dantewada, Chattisgarh State, one of the regions most affected by violent resource wars. Similarly, the creation of Essar Steel’s plant in Dhurli, Dhantewada State, required the forceful acquisition of 600 hectares of land at the cost of the locals’ livelihoods, human rights and democracy. Interestingly, the Salwa Judum, a violent anti-Naxal civilian militia operation armed and equipped by the Government, was launched on the same day as Tata Steel and Essar Steel signed Memorandums of Understanding for the set up of steel plants in the region.

This trend of plunder-and-profit by seizing oil and mineral resources – encouraged by deregulation and privatization in mining policies – offers a stark example of the process of wealth accumulation by encroachment and dispossession. First, common property resources are privatized for individual accumulation; secondly, the industrial-capitalistic sector expands by encroaching and expropriating the living space and resources of pre-capitalist sectors; thirdly public utilities become private-sector
domains, thus allowing for private wealth accumulation. Essar along with Tata now control a great part of the Sabri River in Chattisgarh, which they use for their industrial operations.\textsuperscript{25} Water and land “give-outs” to corporations have impoverished locals and blocked their access to essential resources linked fundamentally to their very right to life.

Up until, July 2011, Essar Group also controlled Vodafone Essar, India’s third-largest telecommunication provider. Essar Group held 22% through its Mauritius arm as well as an 11% stake through the Indian Joint Venture. The total of the shares was sold back to Vodafone in two transactions, leaving 26% ownership with Indian shareholders.

Only few months earlier, Essar Group’s CEO Prashant Ruia was questioned by the Central Bureau of Investigation in relation to its involvement in the 2G-spectrum scam. Nevertheless, the newly appointed Corporate Affairs Minister Veerappa Moily confirmed his intentions to proceed with the investigations into the role played by Loop Telecom as an alleged cover up for Essar-Vodafone to obtain favorable spectrum allocations. From a regulatory point of view, Loop was ineligible to receive allocated licenses. Yet, the company has so far been given a clean chit by the Corporate Affairs Ministry headed by Murli Deora, who resigned in July 2011 ahead of a Cabinet reshuffling – quite possibly in sight of pressing allegations of his connections to powerful business groups that he may have favored, including Reliance.

4. THE JINDALS – \textit{JINDAL STEEL AND POWER LIMITED MINING, STEEL, POWER, INFRASTRUCTURE}

Jindal Steel was started in 1952 by O.P. Jindal, a farmer’s son, who began by trading in steel pipes. He moved on to manufacturing steel pipes and fittings and opened his first factory near Kolkata. In a pattern familiar to other billionaire family companies, the Jindal group took advantage of expanding via “backward integration.” While steel remained the primary focus of business, the company went on to diversify its holdings to include a wide portfolio ranging from mining operations to power generation, infrastructure projects and telecommunications, making it one of India’s biggest private conglomerates.

Since the founder’s demise, the Jindal family’s assets have been managed by his widow, Savitri Jindal, and the couple’s four children, PR Jindal, Sajjan Jindal, Ratan Jindal and Navin Jindal. Under a complex crossownership agreement, each brother holds the largest holding of the

\textbf{Outing the Oligarchy}
arm he manages while holding shares in the all the others’ business operations.26

Politicians, bureaucrats and business houses in India are not only a closely-knit clique; indeed, in many cases, their roles appear interchangeable. Savitri Jindal, India’s richest woman, is also a Congress Member of the Legislative Assembly and was Minister of State for Revenue, Disaster Management, Rehabilitation and Housing in Haryana. Navin Jindal is a standing Member of Parliament. Before his demise, O.P. Jindal was also active in politics, winning a seat in Haryana State Assembly in 1991 and in Lokh Sabha in 1996. At the time of his death, O.P. Jindal was also Power Minister in Haryana27.

The Jindal Group also has resorted to forceful land acquisition to further its mining and industrial operations, opening way for additional violence and repression. In November 2009, a bomb blast targeted a convoy containing the West Bengal Chief Minister and Union Steel Minister Paswan. Their vehicles were returning after having inaugurated the Jindal Steel plant at Salboni. This incident unleashed a fury of brutal repression on the part of the police forces. The corporate-led scramble to exploit Central India’s natural resources, land and minerals particularly, justified by the corporate-state in the name of development comes with dispossession and the expropriation of the commons for private interests as well as Constitutional and human rights violations; this is fuelling the Naxal conflict, the armed struggle between people who have resorted to violence to protest exploitation, loot and forceful displacement, and the Government, which acts through police forces that routinely, in the name of anti-Naxal operations, resort to unrestricted violence. Following the bomb attack, several local boys and young villagers were labeled as Maoists and harassed, while three innocent tribals were killed in a clash with police.
In another case of expropriation of the commons, Jindal Steel and Power Limited (JSPL) was widely protested in Orissa after it acquired forest and community land for the construction of a 12.5 MTPA (million tones per annum) steel plant without providing compensation to the local residents. The locals complained that what the government calls its property is actually a community managed resource. They argue that the non-recognition of common property for the sake of private appropriation constitutes the central weapon in the unequal battle of accumulation by dispossession. The protests were inflamed by death of an indigenous Adivasi tribal woman (who died while taking part in a hunger strike protesting JSPL’s takeover of water from the local river to cool the furnaces of its steel plant). Stories of distraught farmers forced to become casual laborers after being displaced from their ancestral lands near the Rabo village tell another tale of the human impact of privatization and of the broader trend that allows industries a free run as far as resources and regulations are concerned. Dams built by private companies have risen aplenty across rural India – even in defiance of Governmental objections – robbing common people of livelihoods, land and water.

Jindal Steel is among the top tier of companies profiting through a more covert route: JSPL is building one of the world’s largest Clean Development Mechanism (CDM) projects in Chattisgarh. Clean Development Mechanisms were born as an initiative to fight climate change through Carbon Trading. Jindal’s sponge-iron plant, spread over 320 hectares in Chattisgarh, is supposed to help address climate change. Instead, JSPL’s plant is polluting groundwater, air and contaminating crops. Through such CDMs, companies claim benefits (often even in contravention with the CDM policy itself). Polluters also profit from this newly opened commercial opportunity in several ways. Meanwhile the ability of CDMs to reduce Greenhouse Gases remains controversial. CDMs function by establishing a system of “outsourcing pollution” that actually benefits polluters.

Using CDMs set up under the Kyoto Protocol, countries obtain a carbon emission certificate that can is then sold through the free market. These certificates have been criticized as a way to buy a “permit to pollute.” Instead of actually reducing their greenhouse emissions, developed countries are buying these certificates from developing countries to meet their production targets without having to reduce their carbon pollution.
At the same time, Indian companies transfer the costs of their profit making and pollution to communities and the environment only to gain additional benefits and even a green reputation through the CDM façade.

In July 2011, the Karnataka Lokayukta (Ombudsman) for Karnataka State found three companies (NMDC, Adani Enterprises and the Jindal Group) guilty of “financial irregularities” and trading in illegally mined ironore\(^3\).

5. GAUTAM ADANI – ADANI GROUP
INFRASTRUCTURE, OIL, ENERGY, REAL ESTATE, AGRICULTURE

Gautam Adani started out as a diamond trader, but he went on to accumulate a huge fortune as one of India’s most powerful industrialists. Adani has prospered by building infrastructure (including ports) and through real estate development, power generation, oil and trade in agricultural commodities. His first break came when his brother purchased a plastic manufacturing unit in Ahmedabad, which Gautam was invited to run. Importing polyvinyl chloride (PVC) as a raw material for the business, Adani did not see the group’s profits soar substantially until after the liberalization of India’s economy.

The policies of the ‘90s were strongly centered on facilitating foreign trade. As tariffs were slashed and trade barriers removed, import and export became a thriving business. Taking advantage of this favorable environment, Adani went on to build his empire through an uncanny ability to adapt his business to the local economic and political climate. Adani is known to share friendly relations with Gujarat’s Chief Minister Narendra Modi and he regularly makes contributions to the conservative, free-market-friendly Bharatiya Janata Party (BJP) yet maintains good relations with the liberal Indian National Congress (INC).\(^3\) The billionaire’s companies – Adani Enterprises, Adani Power and Mundra Port and Special Economic Zone – have grown in sectors that have significantly benefited from liberalization and deregulation. These freemarket initiatives have given Adani greater access to raw materials through mining, land and real estate development through infrastructure, and his Special Economic Zone has undertaken a number of extremely profitable ventures since 1991.

The Mundra SEZ is the largest in India. Spread over 10,000 hectares of land, its creation caused the destruction of a rich mangrove ecosystem.
that once lined the coasts of the Kutch Gulf. Destruction of the mangroves has had severe consequences on water availability, fishing activities and livelihoods of the local population.

A representative of the National Fishworkers Forum clearly framed the problem as one of malindustrialization at the expense of traditional livelihoods: “Hazardous units, manufacturing petrochemicals, pesticides and agrochemicals, have mushroomed along the Gujarat coast. Refineries and private ports have compounded the misery of people living in these areas. Our survey shows that the worst culprits are the Adani group, which is building a port at Mundra, Sanghi Cement Company in Saurashtra and Atul Agrochemicals in Bharuch.”

The SEZ and its captive port were developed in the prohibited coastal zone after the Adani group presented misleading evidence of its plans to obtain necessary clearance. Nevertheless, the regulatory scenario works to the advantage of big business houses rather than forcing compliance with existing legislations. The Coastal Regulation Zone (CRZ) notification prohibiting development on coastal areas was amended in 2002, then again in 2011 by India’s Ministry of Environment and Forests. The Ministry’s ruling allowing for industrial development in fragile coastal ecosystems was accompanied by a telling remark by then-Environment Minister Jairam Ramesh who reflected that India “must get used” to such industrial plants being located in fragile coastal areas.

Thanks to government policies, Special Economic Zones (SEZs) have emerged as huge moneymaking enterprises for private developers. The relaxation of regulations and the wide application of the Land Acquisition Act have resulted in land being acquired cheaply in prime locations, with sufficient infrastructure and close to urban areas. The Act has been the instrument to facilitate the rulers’ takeover of land under the notion of “eminent domain” i.e. that the State has overwhelming power and control over the country’s resources. Through the invocation of the broad and ill-defined ‘public purpose’, the Government has promoted takeover of land for very private profits under pretence of public good. State agencies act as agents and facilitators in the process, favoring industrial houses at the expense of local farmers and citizens. SEZs bypass most of the country’s relevant legislation, including requiring Environmental Assessments as part of the application for expansion through new units. On the other hand, developers are attracted by the offer of tax holidays and financial incentives, framing SEZs as gated enclaves for very private
profit making. Adani’s Mundra Port and SEZ, for instance, stands like an island on its own – completely furnished with private schools, private hospitals and exclusive residences for the very rich.

Adani also profits massively from mining – probably one of the most environmentally damaging and socially impoverishing activities short of war. In a bid to control raw materials at the source and given the domestic constraints, such as infrastructure and high demand Adani’s company has bought up mining assets across Australia, Africa and Asia. In India, Adani operates two coalmines in Chattisgarh and one in Orissa. It is also the country’s largest importer of coal. Once again, the claim that introducing competitive bidding in order to allow for private competition and transparency was proven to be vacuous. A case in point: the Punjab State Electricity Board has been accused of having favored Adani over other bidders for a tender to import 22 lakh [2,200,000] metric tons of coal for its power plants. This apparent act of favoritism resulted in a 100-crore loss for the national Treasury.35

It is such instances that stand out as glaring examples of the contradictions and failures of the Indian growth story. The old networks of patronage and influence are still very much in place. They continue to work by concentrating favors and resources within the liberalized economy. In addition, the very process of deregulation and the removal of welfare provisions that accompany neoliberal growth have left common citizens at the bottom of an exploitative chain. Meanwhile, the bureaucracy, the corporate tycoons and political agents collude in exploiting every avenue for personal accumulation. Not only are public goods no longer provided, they are simply snatched away – becoming accessible only through purchasing power. The fishermen of Mundra are fighting their case in court but they realize the importance of political connections: they know their bargaining power will never match that of one of India’s greatest oligarchs.

Adani has been assigned a contract for building a 1320-MW coal-fired thermal power plant in Chindwara. The adjacent Pinch River will be diverted for the project. The land for the project is agricultural land. Farmers have been protesting against the displacement caused by a planned dam and the Adani power project.

At 6 PM on May 24, 2011, two local Kisan leaders, Dr. Sunilam and Aradhana Bhargava of Kisan Sangarsh Samiti were attacked by goons
hired by Adani Power. Their car was smashed. Dr. Sunilam suffered a head injury and both his arms were broken. As a press statement issued by the Peoples Union of Democratic Rights states: “the attack by Adani Power Limited’s armed goons is yet another instance of how powerful corporate houses are resorting to organized violence perpetrated through their private mafias to silence those who come in the way of their interests and break peoples’ attempts to organize on issues of land, water, forests.”

The Ombudsman (Lokayukta) report on mining in Karnataka found Adani involved in illegal mining and recommended that Adani enterprises be blacklisted and its port lease cancelled.

6. SUNIL MITTAL – BHARTI AIRTEL TELECOMMUNICATIONS, RETAIL

Sunil Mittal founded Bharti Enterprises in 1976. Bharti Airtel, his flagship company, is the largest phone operator in India and now stands as the world’s fifth largest telecom operation with business spread across 19 countries. Starting out modestly as a bicycle part maker, Sunil Mittal moved to Bombay in search for a more favorable business environment. Once in Mumbai, he entered into the international trade arena by beginning to import different products, zinc, brass, plastics etc. Mittal says it was at this point that he learned to navigate the Indian regulatory environment. It was precisely around this time that the country’s economic scenario also began changing substantially. Mittal acknowledges that as the trade and regulatory barriers came down, his company’s fortunes turned and Mittal became one a tide of entrepreneurs who rose to great heights advantaged by deregulation and de-licensing. Previously, the telecom sector had been restricted by the constraints of manufacturing capacity, importing and exporting. Mittal recalls how from strict Government regulation, one day the Government suddenly announced that licenses were no longer required to run businesses. “From controlling what you could do [snaps fingers] it was gone in one day.”

Today, Bharti Airtel is expanding beyond India’s borders: focusing on Africa, it is striking deals with local providers across the continent and has acquired assets in more than 16 African countries.

Sunil Mittal’s name came up recently in the ongoing Government investigations over the 2G-spectrum scam. Lobbyist Niira Radia mentioned the tycoon in one of the taped conversations regarding the
fixing of the Telecom Ministry. Radia hoped to find a way to favor her big-business clients, including Tata and Reliance ADAG. The allocation of the 2G-spectrum certificate was found to be absolutely tainted by powerful vested interests, some of which have been brought to justice while others managed to get a clean chit. While Sunil Mittal spoke in support of the investigation, he also has argued against the Telecom Regulatory Authority of India’s (TRAI) attempts at regulating spectrum price. Mittal insists on advocating for competitive bidding, even at a time when the evidence clearly indicates that unfair and corrupt practices were routinely involved in the process.

As the head of Airtel, Mittal is a leader in the telecom sector, but he is also involved in retail through a controversial partnership with the giant U.S. supermarket chain, Wal-Mart. Mittal has forged the alliance with Wal-Mart in hopes of introducing a chain of hundreds of similar retail stores across India.

Wal-Mart is already widely despised in its home country for its destructive impact on the small retail sector. In India – where this sector counts, a minimum, 40 million small retailers – the effects of bringing Wal-Mart’s to India’s cities and towns will be equally if not more devastating.

The move is one last step in the corporate sector’s ultimate strategy to hijack the entire food chain – from seed to table. As corporations increasingly control everything from production to marketing and distribution, the local food system in India is being undermined – with severe consequences for common people. Under the corporatizing process, food ultimately becomes just another commodity and henceforth ceases to betreated as a fundamental right intrinsic in our right to life.


Tata is not only a household name in India, but it is also one of the country’s most renowned brand names around the world, where it is considered a symbol of reascent India. According to the Reputation Institute, Tata is the second most-trusted brand in India and the 11th most-reputable brand in the world. Ratan Naval Tata, the fifth-generation chair of the country’s biggest private conglomerate, is also one of the most respected and trusted tycoons. Unlike the other billionaires, he
does not appear in the Forbes list: this is because the majority of his company’s shares are held under his charitable trusts.

After looking after the family’s Tata Steel business in Jamshedpur, Ratan Tata was appointed to head the company in 1991. Under Ratan Tata, the company began its international operations and went on to become the giant that it is today – with 96 companies and operations spread over 56 countries. Out of these, the steel business remains the country’s largest, followed by Tata’s automotive empire and the company’s outsourcing services.

As the economy was liberalized at the time of Ratan Tata’s appointment as company chair, the firm had been shedding a number of less relevant activities in hopes of achieving global competitiveness and domestic leadership. Ratan Tata is said to have foreseen and strategically anticipated the economic restructuring, thereby managing to use it to its advantage. By streamlining and refocusing operations while also initiating mergers and acquisitions on an international scale, he transformed Tata Sons into a group that could not only benefit from the reforms of the 90s but also rise to become a leading conglomerate. Providing everything from salt to luxury cars and service delivery, Tata Sons made it to heights of success. Admirers attribute Tata’s success to its ability to deliver goods and services tailored to the needs of the every sector of the public, providing everything from luxury items to cheap options for the less–well-off.

Tata also stood apart thanks to its numerous charitable initiatives – including a “better than the rest” rehabilitation policy for people displaced by industrial projects – and this has granted the company an aura of trust and benevolence. But there was another side to this growth story. While to many, Tata represented admirable business acumen in the service of his company and consumers, to another set of people, Tata has meant something quite different: loss of land, loss of livelihood and loss of life. The Tata groups have, in fact, been involved more or less directly in many environmental and social conflicts stemming from its industrial operations. Tata Steel, in particular, has been at the center of numerous controversies including the Dhamara Port project in Orissa. Operated through a joint venture between Tata Steel and L&T (Larsen & Toubro), Dhamara Port was found to be in violation of Forest Conservation Act, yet despite this ruling and despite huge protests, the project was allowed to operate in an ecologically sensitive area, without due assessment of
the baseline ecology, the impacts of pollution and operations on the nearby Sanctuary and nesting site for the Olive Ridley turtles and on the broader ecosystem.

As the government deregulated mining and mineral processing, the Tata company began to eye the uranium mines in a fertile agricultural zone in Tamil Nadu. Tata proceeded with its plans to mine this uranium despite encountering opposition from a local population that was prepared to resist land dispossession, livelihood destruction and environmental degradation. Similarly, in Orissa and Jharkand, planned land takeovers to make space for Tata Steel plants, led to the killing of innocent Adivasis and the injuring of many women and children.

The most infamous instance of Tata’s forceful land acquisition occurred at Singur in West Bengal State. This region, once famous for land reforms aimed at empowering landless laborers and small farmers, had succumbed to neo-liberal pressures and, under Chief Minister Bhattacharya, embarked on a path of intensive industrialization to make way for private investments. As part of this ambitious plan, land in Singur was acquired for a plant to build Tata’s Nano, the world’s cheapest car, costing only Rs 1 lakh (2000 US$) But what was presented as a milestone for the country’s common man, actually translated into a spectacle of violent repression as thousands of police brutally put down local resistance to the forceful land takeover. The company was forced to relocate and build it’s line of Nano’s elsewhere.

When Mamata Banerjee, a former resistance leader came to power as West Bengal’s New Chief Minister, one of her first acts was to pass a resolution for a Land Bill designed to return the seized land to the original owners. Tata challenged the move in court, labeling it “unconstitutional” and lamenting the protestors’ nonviolent occupation of the land, at night and without prior notice or consent. Isn’t this the crux that protesting farmers constantly face whenever State governments grab land for corporations? As has happened in too many other sites, the farmers’ cries were met with teargas, fire, bullets and charges of police armed with lathi – India’s version of a truncheon.39.

Tata was also involved in land grabbing in Kalinganagar, in the State of Orissa where 13 tribals were killed. In Gopalpur, Orissa, protests forced Tata to abandon plans to build the Gopalpur Steel plant.
Still, the TATA name remains practically stain free. Because the company’s charitable initiatives have granted it a considerable degree of respect and justification, the general public tends to overlook such violent instances as an act of the State alone. And once these episodes are placed in a context of “industrialization and development” even forceful operations come to be accepted as needed. This falls in line with the idea that “someone has to pay the price for the country to develop.” It also builds on an outdated view that those living outside the industrial-consumerist model are retrograde, poor and in need of rescue.

Such regressive thinking leads to the acceptance of dispossession and the destruction of traditional livelihoods, as long as a top-down option is presented as the “modern alternative.” Tata Steel Vice President H.H. Nerukar’s words on the rehabilitation of Adivasis and other rural communities go a long way in explicating this mentality: “Tata Steel has improved the standard of living. There are many special initiatives for tribal development. In spite of doing this, tribals have not reached where they ought to have, even in Jamshedpur. Tribals have to be looked after much more.” And further: “These people haven’t seen anything positive in life. So, we’ll give them training. It will be a residential course. We’ll take them and give them 10 days of attitude training. We’ll get them to quit their habits.”

8. ANIL AGARWAL – VEDANTA RESOURCES (ALUMINUM, COPPER, ZINC)

The 12th richest Indian in the Forbes List (and the world’s 154th richest individual), Anil Agarwal was born into a business family already involved in manufacturing aluminum conductors. He went on to found his own company, Sterlite Industries Limited, and proceeded to expand his metal empire by acquiring previously government-owned assets. In 2001, thanks to the government’s privatization program, Agarwal’s company was able to acquire 51% ownership of the previously publicly owned Baharat Aluminum Company Ltd. (BALCO), for a giveaway price. BALCO was allegedly worth Rs 3,000 crores [approximately 613,000,000 US$] whereas the deal with Agarwal totaled only Rs 551 crores. [approximately 113,000,000 US$] At the same time as the takeover, Agarwal also signed a Memorandum of Understanding under which the Orissa Government was to supply of iron ore to Agarwal’s newly acquired plant.
In 1974, BALCO had become the first Public Sector Undertaking (PSU) to begin producing aluminum in India so Agarwal’s 2001 takeover of the historic plant was widely protested. Chattisgarth Chief Minister Ajit Jogi joined the public protests in support of striking BALCO workers opposed to the takeover. The case was brought to the Supreme Court with Agarwal’s critics arguing that the sale violated national laws written to protect the rights of tribal people, in particular, the V Schedule of the Indian Constitution, which states that tribal land cannot be transferred to private owners. Chief Minister Jogi also filed serious corruption allegations against top political figures, while protesting the Central Government’s attempts to bypass the Chattisgarh State Government. The bureaucratic apparatus remained unfazed, however, and (as is often the case) the deal was justified on financial grounds.

Local people were quick to understand how the policy of privatization that the government was so vigorously pursuing would spell disaster for the disadvantaged and marginal communities of the country. The protesters had a clear vision of how, once BALCO’s public assets were placed in private hands, they would have forever lost rights inscribed in the Constitution. Agarwal’s takeover of BALCO illustrates, once again, how wealth is accumulated through dispossession. Land that had originally been recognized as tribal land protected by the Constitution, became “publicly owned” when the Government acquired the property (for a mere Rs 20 per acre) under the “public purpose” exemption. Ultimately, land that had historically been recognized as tribal property was transferred to a private company. While the transfer generated profits for Sterlite’s shareholders, the deal clearly violated tribal Constitutional rights, increased regional insecurity and undermined the livelihoods of the local residents.

Similarly, the government’s proposal to divest from the National Aluminum Company Limited (NALCO) was received with huge protests from the public, trade unions and political parties. Vedanta’s Sterlite and Hindalco were among the top bidders. Acquiring NALCO would make Agarwal India’s largest player in aluminum and copper. He also bought a majority share in the formerly government-owned Hindustan Zinc Limited (HZL) and in the Madras Aluminum Company. Agarwal recently proposed to buy out the government’s remaining 49% stake in BALCO and 29% in HZL. Agarwal’s Sterlite also owns 51% of SESA Goa, India’s largest iron-ore producer and exporter: the deal raised
allegations of severe financial irregularities and came under the scrutiny of the Serious Fraud Investigation Office. Other questions were raised about the NALCO divestment move after it was pointed out that Finance Minister (now Home Minister) P. Chidambaram was, in fact, on Vedanta’s board of directors before becoming Finance Minister, a conflict of interest which has raised very serious questions.

While divestment advocates often can make sound arguments for selling off the government’s money-losing PSUs, investigators deemed the BALCO and NALCO buyouts were unnecessary since both state-owned companies were successful operations running at a profit: it made no sense to sell them to private interests – especially at such meager rates. The big winner clearly was Agarwal. Owning and managing the ex-PSUs would allow huge turnovers owing to near-total market domination and free access to the State-owned hugely sought-after raw materials – the iron ore, bauxite and other mineral riches that lie deep in India’s earth.

Anil Agarwal’s strategy of buying out PSUs has paid out handsomely by allowing him to create a lucrative quasi-monopoly in aluminum, copper and zinc that has propelled his rise in the Forbes list of India’s dollar billionaires.

In 2003, the listing of Vedanta Resources on the London Stock Exchange made it the first Indian company listed on international markets and this move proved to be a turning point for Agarwal’s richness.

Unlike others who managed to maintain a good name despite serious malpractice allegations, Agarwal’s ill reputation grew along with his business plans. Vedanta’s most egregious move, and one that shot its chairman into the top tiers of corporate infamy, was a callous attempt at mining bauxite from the hills of Niyamgiri, part of the ancient homeland.
of the Dongria Kondh, one of India’s protected indigenous Primitive Tribal groups. Niyamgiri means “the mountain that upholds the law of the Earth” and local residents revere the mountain as a “living God.” The Dongria Kondh reside inside the mountain’s cover of thick and lush vegetation and thrive within a strongly knit community that lives and functions according to the laws of Nature.

The Dongria Kondh do not require a legal framework to determine how and when they are permitted to access and use their resources: their own ancient principles of sustainability, equity and community guide their lifestyle. Yet it is precisely this system – and even ideology of “common property resource” – that has been bashed by the advocates of divestment and privatization. The institutional system based on individual rights not only fails to protect customary values of indigenous people, but it also threatens the implementation of any rights at all.

Despite having introduced specific legislation such as the 2006 Provisions for Extension Scheduled Areas (PESA) and the Forest Rights Act to “undo centuries of historic injustice” suffered by tribal groups in India, the government has repeatedly failed to impose the same operational prohibitions on corporate-led industrial initiatives, hence leaving business leaders free to deny tribal land-dwellers even most basic rights enshrined in the Constitution.

The model of development that has been promoted is authoritarian and top–down and, hence, totally undemocratic. The imposition of an alien way of life and an imposed system of foreign governance has had devastating consequences on traditional livelihoods. As Vedanta lobbied hard to feed its aluminum smelters by mining bauxite from the rich hills of Niyamgiri, the Dongria Kondh faced displacement, loss of livelihood and, ultimately, genocide.

The Niyamgiri battle is probably the most revealing demonstration of the link between wealth accumulation for the few and impoverishment for the many. Vedanta’s predatory modus operandi clearly uncovers the connection between privatization, accumulation by dispossession, and the infringement of rights and regulations that occur when the State becomes an agent of forced industrialization.

CONCLUSION

India is commonly hailed as “the world’s biggest democracy.” It is also famously one of the most multicultural, multilingual and multiethnic
countries in the world. Its Constitution incorporates provisions and principles from a number of other Constitutions in an attempt to design a framework for the protection and empowerment of all segments of the country’s extremely diverse society. India is also celebrated as one of globalization’s “winners,” a country whose GDP has picked up and remained higher than most other world economies.

But presenting India exclusively as a “miracle growth story” fails to account for the greater reality. The grim fact is that, out of a population of one billion, only 50 have attained sufficient wealth to sit among the world’s richest individuals. The extravagant wealth of 50 billionaires is no reason to feel proud – not when this “success” is contextualized within a country that cannot feed half of its children. Nor is it reason to gloat about the success of globalization – whose failures become apparent once the victims of the wealth-creation process are included in the picture.

A closer look at the means through which such riches were achieved forces the question: is wealth really being “created” or is it mostly being redistributed from the weaker to the more powerful? India’s founding social policy has similarly inverted. From a political philosophy based on advancing the ideals of social justice and equity, India has increasingly adopted a series of governing theories dangerously based on crony capitalism – where rights and fortunes are increasingly dependent on who you know and what you possess.

What does this mean for citizenship? What does it mean for development? When huge monetary wealth is accumulated through the dispossession of the vulnerable only to be applauded globally, citizens lose faith in the system and lose faith in democracy.

The government professes an interest in promoting inclusive growth: yet what this has come to mean for India’s majority – agricultural communities, fishermen, landless laborers, Adivasis and tribals – is the destruction of homes and livelihoods, the loss of a sense of community and kin. What is gained in exchange is the superimposition of an alien way of life – a fundamentally unsustainable one – where wealth translates into nothing more than consumerism, the pursuit of material possessions and overconsumption in a dense, urban context. The word “rural” has come to mean primitive, non-consumerist and poor. If the success stories of a few billionaires are the yardsticks we use to measure progress and growth, we might say India has been successful. But India’s “miracle
story” is actually a work of fiction – a biased and partial perspective that ignores the unrelieved misery of millions.

If we do account for those who have lost their land, their sustenance, their homes and even their lives in the battle between these two opposing paradigms, surely the story of India’s “miraculous growth” takes a hit. If we account for the hectares of land diverted for industries and, hence, removed from food production, that’s another hit. If we start factoring in the increasing costs of food imports and of healthcare (compounded by increased exposure to industrial pollution, chemical exposure, and a range of “lifestyle diseases” attributed to the extremes of poverty and overconsumption) and then add the costs of internal conflict and growing extremism, it becomes fairly evident that the end result will look much different than India’s “Shining Miracle.” And, if we start accounting for the impacts of the LPG “revolution” in social and environmental terms, we will realize that it is not just the present that is at risk but that our future is at stake, as well.

The process of integrating with the global economy– which is fundamentally centered on the neoliberal tenets of deregulation, privatization and opening new markets – has had a tremendous impact on the Indian and the global economy, on governance and on society. The shift of ownership from public to private control – privatization – has been imposed in the name of efficiency. Deregulation, its byproduct, has created a freewheeling, business-friendly environment that encourages companies to seize properties and assets previously held in the public domain and operate them, not for the public good, but according to their own bottom-line rules and standards.

According to the LPG Mantra, self-regulation alone should be sufficient to ensure a company’s compliance with laws and policies; yet extensive evidence has proven this claim fictitious. But even as projects laced in illegalities, misdeeds and unfair practices continue to be exposed – more often than not, these activities have been condoned. One of the foremost issues that has arisen with the growing dominance of private actors has been the so-called “enclosure of the commons” in which resources born as common property are taken over and henceforth treated not as an entitlement but as a function of purchasing power. In such a situation, the common historical heritage of people’s traditional income and livelihoods are simultaneously and irreparably destroyed. In the official discourse (as well as in practice), these grim and wrenching local realities
fail to be accounted for – only the most positive assessments of globalization’s impacts are admitted to the debate.

Similarly, “the rise of the Indian billionaires” has been hailed as proof of the neoliberal paradigm – i.e., that LPG opens up avenues for wealth creation. But this is only a partial picture that accounts for none of the lasting social, economic and environmental costs – and refuses to accept the failure of the “trickle-down” paradigm. An impartial analysis of the processes that sponsored the rise of Indian billionaires reveals that what is presented as wealth-creation is instead wealth-accumulation – achieved through dispossession of the poor and encroachment on the commons. In practice, this “success story” required removing wealth from a broadly shared community base and concentrating it in the hands of a small elite at the top of the economic pyramid.

While it is worrying enough that India’s growth is following such a lopsided pattern, it is even more troubling to realize how the few powerful individuals at the top are becoming increasingly denationalized. As they collaborate with their other super-rich counterparts at home and abroad, billionaires in India (and elsewhere around the world) are becoming increasingly removed from the reality of their own countries. And this trend towards “cultural globalism” is not limited to multinational corporations, even domestic businesses are becoming increasingly rootless as the drive to increase profits pushes them into new partnerships and joint ventures, mergers and acquisitions the world over.

Foreign companies eye the dynamic Indian economy both as a vast, potential market for goods and services and as an open door to gain access to India’s wealth of natural resources. Indian companies are following this lead, either to avoid domestic regulation (where it still exists) or to duplicate the same plunder-and-profit model abroad, often in weaker economies or fragile states. While the neoliberal economic agenda was initially justified on grounds that it would enhance domestic economies by attracting foreign investment, what we find instead – especially among the ranks of India’s billionaire oligarchs – is a disturbing outflow of investment.

During 2010-2011, Shashi Ruia of Essar invested $1.2 billion abroad and $200 million in India. Mukesh Ambani’s domestic investments were $2.7 billion and investments abroad were $8 billion. Ratan Tata invested $200 million in India and $3 billion abroad. Anil Ambani invested $400 million
in India and $3 billion abroad. Sunil Mittal invested $2 billion in India and $16 billion abroad\textsuperscript{31}.

The disregard for national priorities – which can be attributed to the change in ideology from one dominated by the sense of community to that of individual welfare – seems to be a common characteristic of the wealthy family of global oligarchs increasingly removed from the reality of society. Through the LPG process, local economies are being destroyed as common people and their rights are increasingly rendered invisible. Cities are increasingly fragmented and the poor are being marginalized both symbolically and physically, failed by both the State and the market and pushed to the far borders of society. The super-rich, on the other hand, work towards the shared objective of amassing great wealth, creating gated islands of luxury beyond the reach of common people and feeding into their disengagement with the broader reality while, at the same time, ensuring that their wealth is on convenient display for others to admire and covet.

Mukesh Ambani’s towering Mumbai residence, the 27-floor Antilla skyscraper-cum-mansion, symbolizes this dichotomy. Similarly, India’s Special Economic Zones stand in defiant opposition to any sense of community obligation. They act as foreign entities, with the near-sovereign power to grab land and resources. Neither the oligarchs nor their quasi-legal SEZ fiefdoms, share any abiding concern for the displacement of local communities and the destruction of small, sustainable livelihoods. Under the banner of LPG, the oligarchs have only one abiding mission: to take full advantage of the huge incentives for profit accumulation that exist outside the realm of law and beyond the loyalties of citizenship.

NOTES


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38 Bharti’s group Sunil Mittal on Lessons of Entrepreneurship and Leadership, available at http://knowledge.wharton.upenn.edu/india/article.cfm?articleid=4306
39 Lathi is the wooden stick tipped with metal used as a weapon by the Indian police
40 Excerpts from Corpwatch: Interview with Mr H.H. Nerurkar, Vice President Tata Steel
41 India Today, “Flight of Capital,” August 1, 2011
There has been class warfare going on for the last 20 years, and my class has won.

Wrenn Burford, Chairman, & CEO, Burford Holdings

THE GLOBAL 0.001%

EXTREME WEALTH

10.9 million
0.1% of the population

7 BILLION
WORLD POPULATION

AN UNEQUAL WORLD

Top 20% of world population
82.8

Second 20% of world population
4.2

Third 20% of world population
2.1

Fourth 20% of world population
1

WHAT WOULD $42.7 TRILLION PAY FOR?

250 years
UN Millennium goal for clean water

190 years
Universal primary & secondary education

2247
US space programme

854 thousand
Safe clean, accessible toilets

2.5 billion
People living on less than $2 per day

Source: Credit Suisse 2011

GEOGRAPHY OF THE RICH

USA
3,104

BRAZIL
1,165

ITALY
170

SWITZERLAND
243

FRANCE
395

CANADA
282

UK
454

GERMANY
824

INDIA
153

JAPAN
1,739

CHINA
535

AUSTRALIA
183

Source: Credit Suisse 2011

Resources:
http://www.inequality.org.org
http://www.inequalitymap.com
http://www.inequalityofwealth.org
http://www.inequalityofwealth.org

http://www.inequalityofwealth.org
THE WORLD'S RICHEST MEN

WORLD'S TOP BILLIONAIRES
RANKED BY ASSETS
IN US$ BILLIONS

CASE STUDY OF CARLOS SLIM
The world's richest man, who doubled his assets between 2008 and 2010, is a classic example of a very global elite, who have used monopolies, government corruption, and the support of the World Bank and IMF, to privatise public resources and extract vast wealth from ordinary people, often in the global South.

In 1990, Carlos Slim bought the new privatised national telephone company, Telmex, in a sweetheart deal – with his friend then-President Carlos Salinas – that included a price rise on consumers, a monopoly of telecommunications for several years, and a $2.2 million loan from the World Bank. The deal made telephone services in Mexico some of the cheapest in the world, and paved the way for Slim to take over other monopolies.

In 2006, it was estimated that Mexicans contributed $156 per capita or $67 million total to Slim each day. His significant investments in oil and gas, mining and infrastructure companies polluted the Mexican environment through the emission of greenhouse gases, the displacement of local populations and the destruction of the country's biodiversity.

Slim protects his wealth by fighting off anti-monopoly suits with legal action, making donations to all major Mexican political parties, through friendships with politicians including current Mexican President Felipe Calderon and former President Bill Clinton, and more recently via his philanthropic involvement in the health and environmental sectors “whistleblower” and “green-wash” the poor social and environmental track record of many of his companies.

WHERE WAS THE MONEY MADE?
SECTORS THAT THE TOP 100 BILLIONAIRES' WEALTH CAME FROM

WHERE DO THE RICHEST CONTROL MOST INCOME?
TOP 1% SHARE OF TOTAL INCOME

Tax evasion costs 145 countries more than US$3.1 trillion annually.

Every $100 million recovered could fund full immunisation for four million children or provide water connections for 250,000 households.