

# De-Congressising the ecosystem



By Meenakshi Lekhi | Issue Date: March 11, 2018 | Updated: March 03, 2018 16:10 IST

In the last fortnight, the Indian political landscape was dominated by stories related to the banking scam that tumbled out of the cupboard of Punjab National Bank (PNB). The disappearance of the main actors of the scam, diamond merchants Nirav Modi and Mehul Choksi, kicked up a media furore. The mass outrage was justified as the escape showed a pattern crystallised during the UPA rule—cozy up with politicians, use the connection to get huge loans, round-trip the money and keep the scam growing, and when it gets too big for your shoes, leave the country to settle down in a European paradise.

The PNB fraud is an apparent case of systemic failure where individuals in collusion with influential businessmen exploited the loopholes of the system, while the monitoring agencies and regulators were caught napping. An underlining aspect of this episode, however, has been the swiftness and alacrity with which this government acted on the matter. Since the day the Enforcement Directorate registered a case under the Prevention of Money Laundering Act, it has seized and attached movable and immovable properties, including gems, jewellery, farmhouses, residential properties, offices and luxury cars, collectively worth more than Rs 6,300 crore against a scam reported to be worth Rs 11,400 crore. The hunt is still on.

Since the day the scam broke out, the Congress has been trying to foist it on the BJP. Ironically, the strategy backfired on them. First, the Congress claimed the scam came up during the NDA government's period. However, it emerged that the fraud of issuing forged Letters of Undertaking started in 2011, under the UPA. Then it emerged how Dinesh Dubey, an independent director of Allahabad Bank, who had objected to the loan proposals of Nirav Modi and Mehul Choksi by writing to the Reserve Bank and the finance secretary, was forced to resign during the UPA's time. Third, a report came in the media that one of the upscale showrooms of Nirav Modi in Mumbai operated on a property owned by Anita Singhvi, wife of Congress leader Abhishek Manu Singhvi. Fourth, Congress president Rahul Gandhi, who has been leading the attack on the NDA government from the fore, had attended a cocktail party hosted by Nirav Modi in Delhi in September 2013, and since then the fortunes of Modi started soaring high. The Congress is yet to explain why Rahul Gandhi hobnobbed with Nirav Modi and what benefits he got in return.

Corporate loans with fraudulent intentions were part of a well-functioning industry under the UPA regime. The phenomena of 'Congressisation' were not limited to the realm of politics but it had pervaded deep into the administration and banking institutions, work culture and professional ethics of the government. All sorts of regulators were culturally required to look elsewhere while the predators looted national resources. Now, the Modi government has begun the cleansing act. It has been tightening the noose around defaulters, leading to a scramble among corporates to sell their businesses to repay the loans. Today, while Jindal is selling power plant and rail businesses, Essar is selling part of its steel business and GVK is selling stakes in airports. DLF has put its prime properties on sale, while Jaypee Group is selling some of its businesses. The season of sales has reached to the doors of the likes of the Tatas, the Birlas and the Ambanis. Contrast this with the scams of the past, like those of Harshad Mehta and Abdul Karim Telgi, and you'll find no public money was recovered by the governments of the day.

Scams are a result of weak laws and poor regulatory mechanism. If the government responds in time and acts with honest intentions, the damage can be controlled and the loss minimised. This differentiates the Modi government with the UPA government. I believe, with honest intentions and swift actions, this government will be able to redeem the nation from the sins of the Congressisation of the past.

**Lekhi is member of Parliament.**

**forthwriteml@gmail.com**



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