



# No, Modi Government Is Not Untainted By Scams

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I owe Subhir Raha, former chairman, ONGC, an apology but, alas, he is no more and as he died a bachelor, there is no one else in his family to whom I can confess *mea culpa* (I was wrong). For it was when I was Union Minister of Petroleum and Natural Gas (May 2004 - January 2006) that Modi, as Chief Minister of Gujarat, made the grandiose announcement that his Gujarat State Petroleum Corporation (GSPC) had made the largest gas discovery - some 20 trillion cubic feet off-shore the Krishna-Godavari delta. I believed Modi. Raha didn't. I was cheated. Raha saw the truth.

So too did my Director-General of Hydrocarbons, VK Sibal, who told [India Today, 11 July 2005](#): "It appears to be a tall claim based on the result of just one well." Today we know that it was not just a tall claim, it was an outrageous fabrication that has resulted in a clutch of India's leading banks being taken for a ride. Modi's boys have squeezed them for nearly Rs. 20,000 crore rupees and there is ZERO commercial production eleven years after Modi's empty boast. This is the Modi model of development. All PR, no substance, but a marvellous way of winning elections.

It was not only I who was taken in, so was the entire business press. [The Economic Times, 27 June 2005](#), for example exulted: "Gas production from this find alone could end up firing 10,000MW of power. This is enough to meet the peak power requirements of Delhi and Mumbai". *The Economic Times* quoted, without question, the former Director General Hydrocarbons Avinash Chandra, saying, "The American Bureau of Standards calls a field of 2tcf gas reserves as giant. The Deendayal field (as Modi had named it) would be ten times as big." And [The Hindu reported](#) that the find would "save the foreign exchange reserves by Rs. 10,000 crores annually for the next 20 years."

In the same article cited earlier, *India Today*, that a month earlier had named me the most outstanding minister in the first year of the Manmohan cabinet, put out a fanciful tale of someone claiming to be "close to Union Petroleum Minister, Mani Shankar Aiyar" having called Modi to congratulate him and then having "wisecracked whether the Union Government should consider shifting the focus from the Iran gas pipeline to the Krishna-Godvari" basin. The magazine went on to describe GSPC "as a company with the golden touch" that "may also puncture Aiyar's gas pipeline diplomacy" and quoted Modi's gas-blown boast, "The find will not only help us realize our dream of

India's economic advancement."

The media also picked up Modi's proud description of the discovery as a "historic moment for India's hydrocarbons sector." We have since discovered that "historic" is the Modi machine's favourite adjective: "historic address to Congress by Modi"; "Friendship Dam is historic for Afghanistan" - Modi; "India - Iran sign historic Chahbahar pact"; "Modi terms Assam poll verdict historic"; "historic climate change pact in Paris" - Modi; "Historic Assam verdict" - Modi. The CAG's damning report on GSPC is also historic. It exposes the sham that is Modi's claim that his government is untainted after two years in office. Fraud takes time to surface. Heaven knows what will be revealed before Modi next faces the electorate.

Based on the numbers given in the CAG report - the same CAG that exposed the wrong-doings in the 2G scam which has since become the BJP's stock-in-trade - the Congress have demanded a judicial enquiry into "where has the money gone, how Rs. 19,700 crore have been used and why after 11 years the KG basin remains a dud investment?"

With his trademark flamboyance, arms doubtless flailing, Modi in 2005 had predicted that gas production would commence within two years, that is, by 2007. Forget gas production, even a field development plan was not produced till 2009. Meanwhile, GSPC had succeeded in borrowing the humungous sum of Rs. 4,800 crore which appears to have been squandered, partially or wholly on producing a technical report by a two-man outfit from Barbados, of all places, and in partnership with a dodgy firm in the black money haven of Mauritius - the Roy group - with no known credentials in oil exploration. The field development plan cut Modi's hollow boast by 90 per cent - not 9% or 19%, but all of 90%.

This did not come in the way of GSPC spewing contracts to dubious companies, principally Tuff Drilling, a company set up only in 2007, whose owner had earlier been in the apparel business (was he the one who sewed Modi's infamous suit with his name embroidered all over it?) In 2010, this callow company was contracted to supply several hundred crore worth of deep water drilling equipment (platform rigs) - but only after GSPC had found that there was little or no gas they were capable of extracting! Unsurprisingly, Tuff Drilling (which might be better named Tough Luck Corp.) has now gone bankrupt. Meanwhile, in GSPC's audited accounts, "Other Expenses" soared from Rs. 18 crore in 2006 to Rs.500 crore in 2013! The general elections were, of course, called the following year and led to the most expensive campaign ever - but perhaps that is not relevant to GSPC?

One would expect that as a company's prospects improve, the scale of its borrowings would rise. One would also expect a reckless gambler to raise his stakes with every loss in the vain hope of recouping his losses. The extent of financial prudence shown by GSPC is evident from the fact that while in every year following 2005, their estimates of gas reserves have been declining, their bank borrowings in parallel have been growing by leaps and bounds. So, even as estimates of recoverable reserves have declined by 90%, borrowings have zoomed from nil in 2005 to nearly Rs. 20,000

whose net income before interest is a measly Rs. 80 crore. Why did GSPC so recklessly increase its debt to the point where they cannot even service interest payments? And why were government-owned banks paying up so glibly? Only a judicial enquiry might reveal the truth.

Even as its Krishna-Godavari ambitions were going up in smoke, GSPC bought into 11 foreign fields. It has surrendered ten of these after writing off Rs. 2000 crore in "exploration costs" - two thousand crore straight down the drain.

So now GSPC wants to sell off its KG assets. But who would buy a car from this used-car salesman? No one. So my successor minister several times removed, Dharmendra Pradhan, is leaning on ONGC to take the burden off Modi's conscience and saddle itself with GSPC's huge borrowings and its unviable assets. What an irony that I should have been party to blocking Raha's prospects of a second term as chairman ONGC because ONGC was not measuring up to the claims of GSPC and Reliance when Raha was desperately trying to remove the wool from my eyes that were also covering everyone else's eyes. Sorry, sorry, sorry.

(NB: I owe a great deal of the information on which this comment is based to my colleague, Jairam Ramesh, [The Hindu, 18 April](#), [29 April](#), [13 May](#) and [The Indian Express 3 June 2016](#).)

*(Mani Shankar Aiyar is former Congress MP, Rajya Sabha.)*

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