

Topic of the week for discussion: 19th to 25th March 2015

Topic: Resurfacing of CoalGate Scam – Ex-PM Summoned

At Rs 1.86 lakh crore, the coal mining scam is being billed as the 'mother of all scams'. While the BJP-led opposition is gunning for the government, Prime Minister in particular, the UPA managers have hit out at the CAG and claim of zero loss.

Recent Brouhaha:

The much-awaited report of the Comptroller and Auditor General (CAG) of India on the allocation of coal blocks was tabled in Parliament on Friday. The report created a massive uproar in political circles with the government being heavily criticised for causing a Rs.1.86 lakh crore loss to the exchequer.

Hence, the multi-billion dollar 'Coalgate' scandal is back in the headlines as the CBI filed a fresh FIR against industrialist Kumaramangalam Birla and former coal secretary P C Parakh. Birla's flagship company Hindalco has also been named in the FIR, and both Birla & Parakh have been booked for criminal conspiracy under section 120 B of the PCA (Prevention of Corruption Act). Moreover as Former Prime Minister Manmohan Singh held the coal portfolio from 2006 to 2009, when around 142 allocations took place, he is been indicated.

Retired coal secretary P C Parakh, who claims to have been falsely implicated by the CBI in the coal block allocation scam, has squarely blamed a 'weak' Prime Minister for allowing the Coalgate to happen by permitting others to undermine his authority.

Parakh further asserts that Coalgate would not have happened if his advice to go in for competitive bidding was accepted. He mentions that "The prime minister agreed with him but he was unable to counter vested interests within his government and the party,"

In this regard, Former Prime Minister Manmohan Singh has been summoned by a court as an accused along with five others in the above mentioned scam that saw mining rights being assigned without transparency to private firms. The charges against Dr Singh and the others include criminal conspiracy, corruption and breach of trust.

A day after former Prime Minister Manmohan Singh was summoned in the coal scam case; the Congress went on the offensive. Party president Sonia Gandhi, accompanied by Congress Working Committee members and party MPs, marched in solidarity to Dr. Singh's residence. The next step would be the legal fight — to challenge the summons in the Supreme Court.

The heat of the allegations & justifications is on!

Topic
Introduction

Background of CoalGate Scam:

In a nutshell, the coal allocation scam, or 'Coalgate' as it is popularly referred to in the media, is a political scandal that engulfed the UPA government in 2012. The scam came to light after the Comptroller and Auditor General of India (CAG) accused the government of India for allocating 194 coal blocks to public and private enterprises for captive use in a flawed, ad hoc manner between 2004 and 2009.

The premise of the CAG's argument was that the exchequer suffered a huge loss and public and private entities enjoyed windfall gains, because the government's policy of allocating coal blocks was non transparent. It alleged that despite having the opportunity to bring in transparency, the government did not introduce the process of competitive bidding. It also found that many politicians lobbied for allotment to certain private players raising questions about crony capitalism.

The government not only gave away coal blocks practically for free, they even gave them to companies who had never engaged in mining or the power sector or ran a coal-consuming industry. They allocated blocks with coal reserves that far exceed the lifetime requirements of these companies. They gave blocks to companies that have since sat on them, waiting for the price of coal to shoot up so they can sell it at a profit in the future. They gave free coal blocks to companies that have since been sold off at a profit.

The CAG initially estimated a Rs. 10.6 lakh crore loss to the exchequer, but the final report tabled in the parliament put the figure at Rs. 1.86 lakh crore. The expunged part of 8.90 lakh Crores was an estimated loss to public power companies. Combined, it's a mind-boggling figure and dwarfs the previous biggest scam - the 2G spectrum allocation.

Read further:

<http://www.dnaindia.com/india/report-11-things-you-need-to-know-about-the-coal-block-allocation-scam-2013511>

<http://www.thehindu.com/news/national/coal-scam-former-prime-minister-manmohan-singh-industrial-kumar-mangalam-birla-and-four-others-summed-as-accused-by-a-special-court/article6981525.ece>

<http://www.firstpost.com/business/corporate-business/india-inc-to-upa-manmohan-singh-isnt-the-only-one-to-blame-for-coalgate-1986063.html>