

# Borrowing heavily to fund losses due to fraud, plunder and liberal tax waivers to corporates



According to media report, BJP-led Indian government is in talks with multilateral lenders to secure about \$2.5 billion in funding from existing credit lines as it tees up fresh sources of money after the West Asia conflict crimped its ability to step up spending. The World Bank and Asian Development Bank (ADB) are stated to be in discussions to disburse loans worth \$1.5 billion and \$1 billion, respectively, with announcements likely within the next two months. It is further claimed by the ruling quarters that India is facing a wider-than-expected budget gap at the start of the financial year after it had to spend more on subsidies to shield citizens from higher oil prices triggered by the US-Iran conflict. But is that a fact or a subterfuge to hide total failure in so called pursuit of fiscal prudence and financial management, not for securing people's interest but to satiate unending hunger for profit maximization of the ruling monopolists and multi-nationals through exacerbation of ruthless oppression of the toiling masses.

## National Debt of India

The total outstanding debt of the Government of India (combining central government and state liabilities) has grown by roughly 260% to 270% over the past decade, increasing from around Rs 55–58 lakh crore in 2014 to over Rs 200 lakh crore currently. While the absolute debt figure has trebled, the critical measure—the General Government Debt-to-GDP ratio—stands at around 80.6%. The surge was primarily driven by the heavy borrowing required to fund post-pandemic economic recovery and significant revenue loss because of a splurge of tax waivers, concessions and condoning of large loan defaults to the corporate houses. The Union minister of state for finance has finally confirmed that the Indian banking system has written off Rs 16.11 lakh crore during Prime Minister Narendra Modi's first 10 years. Over the last ten years, frauds and corporate sharks frittered away at least Rs 12 lakh crore of the Rs 16.11 lakh crore our banking system has written off. The union finance ministry has given the 'recovery' figure, which is around Rs 2.5 lakh crore, and if that be so, the actual hit (net NPA)

by the banks would come down to Rs 13.62 lakh crore. We have no idea how much of the recovery was from cases that were being pursued or relate to those that are already ‘written off’. What is lost matters the most to the common Indian citizens, as it is their money.

## Waivers to monopolists

All India Bank Employees Association has, of late, exposed how public banks were made to accept Rs 16,000 crore from ten financially stressed companies after they were taken over by Adani groups, against their claim of Rs 62,000 crore. Anil Ambani’s Reliance Communications owed Rs 49,000 crore to 53 banks, but the National Company Law Tribunal admitted only Rs 47,000 crore and settled for just Rs 455 crore—which is a ridiculous 0.92% of the total debt. The other major query one asked of the finance minister was about scamsters who have fleeced the banks. To this, the minister was cagey and gave a bland statement, the sum and substance of which is that frauds accounted for Rs 92,193 crore of losses in ten years “based on the date of reporting”.

## Plunders by business tycoons

This is obviously an understatement, hiding under banking terminology, as the combined loot of PM Modi’s former associates, Nirav Modi, Mehul Choksi, Nishant Modi, Ami Modi, Neeshal Modi, Lalit Modi, Jatin Mehta, Chetan and Nitin Sandesara and Gujarat-based ABG Shipyard would be larger than this amount. Then, there are mega frauds carried out by Vijay Mallya, DHFL, Yes Bank, PMC Bank and so many other cheats. Three years back, the RBI had responded to an RTI query saying that banks had lost Rs 4.69 lakh crore on account of frauds between 1 June 2014 and 31 March, 2023. This report was sent to the finance minister to confirm or rebut, but an otherwise verbose FM went silent. She did not even clarify whether there had been any overlap between ‘corporate losses’ and ‘frauds’—which, one suspects, there is.

Apart from not changing the rules to stop this “legitimate” plunder of bank funds, viz, people’s money (the government does not compensate) and allowing fugitives to escape to better climes (by not issuing lookout notices), the BJP government has not seized properties of the fugitives made from such ill-gotten gains, unless they are company properties.

Fugitive diamond tycoon Mehul Choksi and his companies (such as Gitanjali Gems) have outstanding loan defaults and unpaid credits totaling Rs 27,544 crore (over \$3.2 billion USD). Mehul’s nephew Nirav Modi’s fraudulent bank guarantees and subsequent loan defaults total approximately Rs 13,000 crore (around \$2 billion USD). This massive debt primarily stems from the unauthorized Letters of Undertaking (LoUs) issued through the Punjab National Bank (PNB) to overseas branches of Indian banks. Vijay Mallya’s defaulted loan amount involves approximately Rs 6,848 crore. However, with accumulated interest and penal charges, total outstanding dues reached an estimated Rs 17,781 crore. Moreover, one comes to the Rs 12 lakh crore approximate figure by adding the amount banks lost to fraud between June 2014 and March 2023 (Rs 4.69 lakh crore) to 80% of the amount that banks have written off for “large industries and services” in the BJP government’s first ten years (80% of Rs 9.25 lakh crore, i.e. Rs 7.45 lakh crore).

## Windfall tax waiver

Then there is waiver of windfall taxes. To understand windfall tax, we have to first understand the windfall gains on which this tax is levied. Windfall gains are the unexpected profits or gains that are accrued to a business on account of external factors that are often

beyond their control and the business has not made targeted efforts to earn the same. The recent increase in crude oil prices has led the domestic oil companies to gain unprecedented profits. Yes, unprecedented profits. These profits have been the result of the economic condition faced by the world that has been aggravated due to the ongoing war creating a perfect scenario for the oil companies to have a one-off case of unprecedented profits. Taxing these super-normal profits could prove to be a good revenue source for the government. But the government, instead is raising retail tariff of petrol-fuel-LPG to squeeze the common people more and more. Amid the ongoing military invasion of US-Israel against Iran, which has impacted India's energy supply, the government announced export duties of Rs 21.50 per litre on diesel and Rs 29.50 per litre on Aviation Turbine fuel (ATF). But Mukesh Ambani-led Reliance Industries Ltd has been exempted from paying the reimposed windfall tax on diesel and aviation turbine fuel (ATF) exports. This exemption allows Reliance to protect nearly 55% of its total refining production from the export duty, resulting in substantial indirect tax relief for the company Levy on fuel exports cut; government spares SEZs from windfall tax. Exempting Reliance Industries Ltd from India's windfall tax on Special Economic Zone (SEZ) fuel exports is estimated to widen the government's annual revenue shortfall to roughly Rs 1.5 lakh crore.

## Revenue foregone

Thus, over the past 10 years (FY 2014-15 to FY 2024-25), the Government of India has foregone approximately Rs 9.3 lakh crore (\$ 111 billion) in corporate tax revenue. Over the past decade, India's public exchequer has foregone a staggering Rs 11,812.98 crore in tax revenues due to exemptions claimed by donors to political parties, according to a study by the Commonwealth Human Rights Initiative.

## Is it mark of resilient economy

The fiscal deficit target for the Indian government for the 2025-26 (FY26) financial year is exactly 4.4% of the Gross Domestic Product (GDP). This translates to an absolute borrowing amount of approximately Rs 15.58 lakh crore. Over and above that, the BJP government is now soliciting huge loan from World Bank and Asian development Bank to finance the deficit caused by limitless loot, fraud, liberal tax waivers and financial concessions to the corporate behemoths and corrupt businessmen. This is just a glimpse of India's 'resilient' economy as claimed by the government circles.