

Corporate greed the fodder for terrorism

Nexus between corporates and the underworld now in the spotlight

PAVAN LALL
Mumbai, 27 October

The arrest of Humayun Merchant, a close aide of late gangster Muhammad Iqbal Memon, alias Iqbal Mirchi, by the Enforcement Directorate (ED), has once again turned the spotlight on the unholy nexus between the underworld and the powers that be.

Days before Merchant’s arrest and the confiscation of property involved in alleged money laundering, the ED had questioned former aviation minister Praful Patel. Patel’s reality firm Millennium Developers allegedly built CeeJay House, a building in Worli (Mumbai), with undeclared assets owned by Mirchi, who was one of the top associates of India’s public enemy No. 1 — Dawood Ibrahim.

History shows that links between corporate powerhouses and terror financing are not new. Nor are they restricted to industries such as cinema or real estate — sectors that were slow to be classified as official business verticals and, hence, slow to get legitimate financing.

Aviation is another industry that has thrown up such allegedly dubious connections. The now-grounded Jet Airways was once subjected to a multi-pronged scrutiny of the nature of its true ownership and sources of funding. The speculation was that the Naresh Goyal-led airline was being funded by Dawood Ibrahim and his henchman, Chhota Shakeel.

The accusations could not be proved and while some cases were dismissed, others are still in court and Goyal remains under investigation by the Serious Fraud Investigation Office (SFIO) as well as income tax authorities.

Political and economic commentator Swaminathan Gurumurthy, who is also a part-time director at the Reserve Bank of India, says: “There is no doubt that there is high level of political involvement wherever terror financing is present.”

He goes on to say that there are several past examples of individuals and firms with links to criminal factions, and adds that companies have started crossing lines that they never did earlier and that this culture needed to change.

Whether it is the Colombian drug car-



MONEY MENACE

- History shows links between corporate powerhouses and terror financing not restricted to cinema or real estate alone
- Aviation is another industry, with Jet Airways having been subject to scrutiny of the nature of its true ownership and sources of funding
- Whether it is the Colombian drug cartels, the Italian mafia, or what was once the underworld

in Mumbai, the points of connection almost always involve the use of ‘black money’ and a few select industries

■ In March, the UN Security Council called upon member states to stiffen the fight against terror financing

■ India’s last update at the UN pegged the number of persons accused of terrorist financing and the number of cases under investigation at 470 and 143, respectively

tels, the Italian mafia, or what was once the underworld in Mumbai, the points of connection almost always involve the use of ‘black money’ and a few select industries. Colonel Samrendra Mohan Kumar, co-founder of risk consultancy MitKat Advisory, says: “In India, these businesses or industries have historically been the film world, real estate and the aviation business. That is because in these industries the risk of failure is high and liquid cash is required more often,” Kumar says.

Apurva Agarwal, managing partner at corporate law firm Universal Legal Advocates, says the Real Estate Regulation and Development Act (RERA) has come down hard on illicit funding of real estate because it contains stringent requirements across various stages of development. “However, it isn’t 100 per cent successful and more needs to be

done,” he adds.

Recently, Finance Minister Nirmala Sitharaman welcomed the integration of the International Monetary Fund’s lending policies with specific provisions for anti-money laundering and anti-terror financing steps. Her remarks came during the IMF’s annual meeting.

In March this year, the United Nation’s Security Council had called upon member states to stiffen the fight against the financing of terrorists and their activities and adopted a resolution on the issue under Chapter VII of the United Nations Charter.

When India had last updated the figures at the United Nations, the number of persons accused of terrorist financing and the number of cases under investigation were 470 and 143 respectively as of 2013. The number of people convicted stood at a mere five.

READY FOR REBOOT



Haryana Chief Minister Manohar Lal Khattar and Deputy Chief Minister Dushyant Chautala after taking oath during the swearing-in ceremony, in Chandigarh on Sunday. PHOTO: PTI

Uddhav now has remote control: Sena

PRESS TRUST OF INDIA
Mumbai, 27 October

The Shiv Sena on Sunday said it now had the “remote control of power” in Maharashtra, despite getting fewer seats in the 2019 Assembly polls as compared to 2014.

In his column *Rokhthok* in Sena mouthpiece *Saamana*, Sanjay Raut said, “The Sena won less seats this time, 56 compared to 63 in 2014, but it has the remote control of power.”

“The dream that the Shiv Sena will drag itself behind the BJP is busted (after poll results). A cartoon showing a tiger (Sena’s identity) holding a lotus (BJP’s symbol) in its hand tells a lot about the current scenario. Not taking anyone for granted is the message,” Raut wrote in his column.

PM lauds ‘maturity’ after Ayodhya verdict

PRESS TRUST OF INDIA
New Delhi, 27 October

Ahead of the expected Supreme Court verdict on the Ayodhya case, Prime Minister Narendra Modi on Sunday recalled how the government, political parties, and civil society prevented attempts to create fissures when the 2010 Allahabad High Court ruling on the disputed land in Ayodhya was to be delivered.

He described it as an example of how a united voice could strengthen the country.

In his monthly *Mann ki Baat* address, Modi asked people to jog their memory and recall the days ahead of the Allahabad High Court judgment of September 2010.

“I remember when the Allahabad High Court gave its verdict on Ram Janmabhoomi in September 2010. You could jog your memory a bit and reflect about the atmosphere then. Various kinds of people took to the arena. Various



Prime Minister Narendra Modi celebrates Diwali with jawans in Rajouri district on Sunday. PHOTO: PTI

interest groups were playing games to take advantage of that situation in their own way,” the prime minister said.

He referred to the “kind of language” used to “generate tension in the atmosphere”.

He said some loudmouths had the sole intention of hogging the limelight at that time.

On the one hand, the

machinations went on to generate tension. When the decision was delivered, the government, political parties, social organisations, civil society, representatives of all sects and saints, on the other, issued balanced statements. There were attempts to reduce the tension in the socio-political environment, he pointed out.

Pak denies use of airspace to Modi’s flight

Pakistan on Sunday said it has denied India’s request to allow Prime Minister Narendra Modi’s WIP flight to use its airspace for his upcoming visit to Saudi Arabia, citing the alleged human rights violations in Jammu and Kashmir.

In a statement, Foreign Minister Shah Mahmood Qureshi said Pakistan has decided not to allow Prime Minister Modi to use the country’s airspace, state-run Radio Pakistan has reported. He said the decision had been taken in context of the “black day” and in view of the alleged human rights violations in Jammu and Kashmir, it added. Qureshi added that the Indian High Commissioner was being informed of this decision in writing. PTI

US-India co-development fiasco forces new approach to DTTI

AJAI SHUKLA
New Delhi, 27 October

The US-India agreement on Thursday to co-develop seven cutting-edge defence systems marks the formal burial of six co-development projects announced with fanfare in 2015, but never concluded.

The agreement marks the reorientation of the US-India Defence Technology and Trade Initiative (DTTI) from a narrow, government-focused approach, to a new realisation that joint development projects be piloted by defence industry on both sides, while the Pentagon and India’s Ministry of Defence (MoD) oversee progress and deals with regulatory roadblocks that arise.

US Under Secretary of Defense, Ellen Lord, who visited Delhi this week to co-chair the ninth DTTI meeting with her Indian counterpart, Secretary for Defence Production Subhash Chandra, acknowledged: “In the past, there have been frustrations with progress under DTTI, but... we are making considerable progress.”

There are few takers for this, however, given the abandonment of projects taken up earlier (with the exception of aircraft carrier cooperation), and their replacement with seven new co-development projects on Thursday.

The MoD and Pentagon officials have drawn lessons from earlier DTTI failures. A key reason was that, in entering co-development projects, New Delhi and Washington had divergent motivations, with neither side focused on co-developing usable products.

An example is the co-development of “jet engine technology”, for which both sides constituted a joint working group (JWG) in 2015. On Thursday, Lord admitted that this had been suspended because “we could not come to an



US Under Secretary of Defense Ellen Lord, in Delhi to co-chair the ninth DTTI meeting, acknowledged that in the past, there were frustrations with progress under DTTI. PHOTO: BLOOMBERG

understanding of what exportable technology would be useful to the Indians. And, we did run into a challenge in terms of the US export control”.

In fact, there was little that India could ever contribute to this “co-development”, with US entities already masters of aero engine technologies. At the same time, Indian scientists and technologists were at an early stage of the learning curve, struggling to develop the Kaveri jet engine.

What the Defence R&D Organisation (DRDO) wanted was US solutions for unsolved technology challenges, such as high temperature alloys and single crystal blades for the “hot end” of the Kaveri.

Meanwhile, the US side expected that working with the DRDO would create a relationship that would lead to building US aero engines in India. US engine makers like Pratt & Whitney, or General Electric, would never part cheaply with intellectual property (IP) that had cost billions to develop over decades. Nor would Washington grant export control licences for

critical engine technology. The best that could be hoped for was the transfer of manufacturing line blueprints for building engines in India. That would advantage US fighter vendors in on-going procurements of fighter aircraft for the Indian Air Force and navy.

The MoD understood that this would provide a

controversial back door into India’s aircraft procurement cycle. New Delhi has also understood that US engine-makers

are guided by commercial and not strategic considerations. Although India remains a strategic partner, the US defence industry, which resides in the private sector, would not hand over “hot end” technology to score a success in DTTI.

The new approach to DTTI, and the choice of products and technologies now being co-developed, recognises that the Indian partner must bring credible technological capability to the table. In announcing the co-development of “air-launched, small, unmanned airborne systems (UAS)”, Lord acknowledged: “There

are some small, very innovative companies here in India that have [this] technology.”

Similarly, it was decided to co-develop a “Virtual Augmented Mixed Reality” platform to teach aircraft maintenance, because several Indian start-ups have already developed VAR technology.

A second lesson has been the need for Pentagon-MoD control of DTTI to allow more space for industry-to-industry collaboration. The first step was taken on Monday, when seven American and 20 Indian defence firms attended the new “DTTI Industry Collaboration Forum”, chaired by mid-level defence bureaucrats from both sides.

Admitting that this was “helping us better understand challenges and opportunities”, Lord said this would be “formalised into an industry-to-industry framework” by the time the two defence and foreign ministers met in the “2+2 dialogue” in December in Washington.

A third lesson has been that the military, rather than the DTTI, is often the better platform for projects involving operational cooperation. The American and Indian navies are now largely driving “aircraft carrier technology cooperation” (ACTC), which involves a US-India partnership in developing the next indigenous aircraft carrier. Lord specifically lauded the “high level of engagement” between the parties.

Finally, there is a recognition of the need for the DTTI to diligently monitor projects and time-targets. The newly signed Statement of Intent specifies “the need for detailed planning and measurable progress on specific short, middle, and long-term DTTI projects that are identified in the document”.

