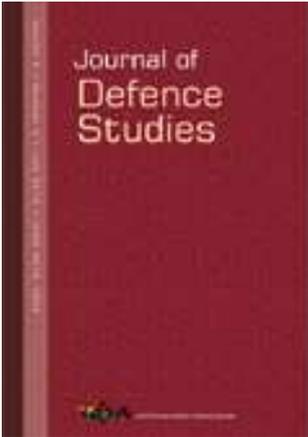


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Maoist Finances

*P.V. Ramana**

This article shows that the Maoists have been collecting not less than Rs 140 crore annually from a variety of sources: businesses—big and small—industry; contractors engaged in various trades; corrupt government officials; and political leaders. The largest and principal sources of income for the Maoists are the mining industry, PWD works, and collection of tendu leaves. They have been able to put in place a well-organised mechanism to extort money on a regular basis. Besides, they have conceived ingenious ways to store money and ensure its safety. Even as they have issued guidelines for the collection of money, the Maoists have, similarly, also circulated guidelines on expenditure and maintaining fiscal discipline. It is not possible to bottle up Maoist extortion. However, many measures can be taken to contain it.

INTRODUCTION

The Communist Party of India (Maoist) (CPI [Maoist]), or Maoists in short, is the largest and most lethal Naxalite/left-wing extremist group in India. The Maoists have a presence in 106 districts, across 10 states. Their underground armed cadre strength is estimated to be around 6,000 men and women.

The Maoists have a hierarchical organisational structure: at the apex is the all-powerful Central Committee (CC) consisting of 18 members; the Polit Bureau (PB) has a core group of nine members; and the Central

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Military Commission (CMC) has six members. The Area Committee (AC)/Village Committee (VC) lies at the bottom of the hierarchy. To run a war machinery of this size, the rebels require huge amount of finances. As one scholar has noted, 'Financing of terrorism has been referred to as the lifeblood of terrorism. Taking this analogy further, one could say that if ideology is the soul of terrorism, finance is its lifeblood.'

This article is a modest, preliminary attempt to understand the entire gamut of 'Maoist finances' and make a few possible recommendations to curb the extortion of money by the Maoists.

MAOISTS' FINANCE POLICY

The CPI (Maoist), at the 9th/Unity Congress held in January 2007, adopted a document on financial policy. This document, titled 'Our Financial Policy', states that, in the main, the outfit has three types of economic needs, namely, the needs of war, political propaganda and the people. To cater to these needs, there are three broad categories of resources: (a) membership fee, levy and contributions from the people; (b) confiscation of the wealth and income of the enemy; and (c) 'revolutionary taxes' collected in guerrilla zones and base areas. The Maoists have been worried about their income not increasing at par with their growing expenditure. In other words, there is a mismatch between income and expenditure. To rectify this, the document says it is necessary to improve economic resources and regulate expenditure through a 'centralized policy and planning'.

According to the centralised plan, the CC shall act as the 'nodal agency' to formulate guidelines on financial matters and allocate funds according to the budget plan of the respective committees. The CC shall also coordinate with various State Committees (SCs) and departments on financial matters and maintain the central reserves, that is, the funds collected by the SCs and other wings of the outfit. Besides, 'Audit Bureaus' shall be constituted at the state and central levels. The CC shall submit the final financial report for the period between two Congresses at the next Congress for its approval. The SCs shall examine and ratify the annual budget of the lower-level committees, ranging from the ACs to Regional Committees (RCs). The SCs shall also maintain state reserves. The Zonal Committees (ZCs) shall allocate funds as per the budget plan and coordinate with various lower-level committees up to the AC and various departments. The ZCs shall also maintain the zonal reserves. The basic unit for the collection of funds, expenditure and accounting shall be the ZCs.

All members of the outfit are required to submit their accounts at every meeting of their respective committees. The lower committees will submit their budget and accounts to the ZCs/Divisional Committees (DVCs)/District Committees (DCs) and the ZCs/DVCs/DCs, RCs and the SCs/Special Area Committees (SACs)/Special Zone Committees (SZCs) will submit their budget to their respective higher committees.

The financial year of the outfit shall be from January to December. In case the holding of the CC/SC meetings gets delayed, the CC and SCs can allocate funds for their own needs and for the needs of the departments they are leading, equivalent to their last annual expenditure. If new annual budget allocations have not been approved on time, the RCs and ZCs can add an additional allocation of 20 per cent over their last budget. If new additional expenses came to the fore, the respective committees can make additional allocations up till 10 per cent out of their annual budget.

To fulfil the needs of war efficiently, each area needs to be self-sufficient financially. In the wake of this, it is important to maintain reserves. The SCs/SACs/SZCs, therefore, will leave one-year reserve funds with the lower-level committees and take the rest. The CC will also leave one-year reserve funds with the SCs. In case some committee is not self-sufficient, necessary funds shall be allocated, for example, for the formation of Revolutionary People's Committees (RPCs) of various layers.

In the same document, the Maoists have discussed sources, methods of collection and allocation of funds under various heads. They have also issued guidelines on financial discipline and how to avoid wasteful ('non-proletarian') expenditure. All these aspects, especially the sources, are covered in some detail in this article. The next section deals with the actors involved in collection of money.

THE ACTORS

Through a consultative process involving various levels, the CC fixes the annual amount to be collected at the all-India level. The ZC appears to be the basic unit responsible for conveying the decision on the amount to be collected from each source. In effect, money is collected at all levels, beginning from the AC. In Jharkhand, there have been instances where the source has been informed of the amount to be paid, money left at the source(s) itself and collected at a later date, as and when the need arose.

The Armed Squad need not necessarily go to collect the money. Usually, an overground member of the outfit is deputed. This could be

a member of the Krantikari Kisan Committee or Krantikari Mahila Committee, a contractor or a non-governmental organisation (NGO), or any other designated person.

At each level, there is a designated person who may be called treasurer in-charge of finances.

SOURCES

This section describes the major sources of finance for the Maoists. Money is collected from individuals as well as businesses, ranging from petty to big industries. Public Works Department (PWD) contractors, government schemes such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Indira Awaas Yojana (IAY; presently Pradhan Mantri Gramin Awaas Yojana [PMGAY]), mining industry, illegal mining of minerals, big industries, businessmen, timber contractors, bamboo contractors, contractors dealing in minor forest produce, small-time shopkeepers, protection racket—including for the cultivation of *ganja*—Public Distribution System (PDS), tendu (*kendu*) leaf contractors, corrupt government officials at various levels, political leaders, supporters and sympathisers form the sources of finances for the Maoists. The rebels also levy taxes in their strongholds. In fact, as one senior police officer told this researcher, ‘Jharkhand is the treasury of the Maoists. There is a symbiotic relationship between the Maoists and illegal mining, as well as forest produce.’

Government Works and Schemes

The PWD contractors are an important target for extortion by the Maoists. The amount extorted is determined by the nature of the work and its cost. While the amount extorted is less in the case of works such as construction of schools, drinking water supply schemes and IAY/PMGAY, the levy is high in the case of works relating to exploration of minerals, building of bridges, roads, culverts and power projects, the railways and industry.

The amount paid as levy to the Maoists varies anywhere between 1–20 per cent of the cost of the work. The situation seems to have come to such a pass that the contractors are first negotiating the levy to be paid and then filling in the tender form. The levy amount to be paid depends upon the resourcefulness of the concerned actor, that is, the bargaining capacity of the contractor versus the capability of the Maoists to arm-twist him. According to well-informed official sources, the Maoists have to be

tough and put in a lot of effort to extract money from the contractors and businessmen, because the latter generally try every possible method and reason to part with as little as possible. Nevertheless, they do end up paying the levy.

Given the cost of such projects, even a small per cent of the project cost as levy reaps huge amounts for the Maoists. The Maoists specifically use fear to extort money. For example, the Maoists set on fire 70 trucks in north Jharkhand where a major road construction work was being undertaken and succeeded in extorting money, though it is not known how many crores might have been paid.

Similarly, in Odisha, businesses are an important source of extortion for the Maoists. Representatives of a construction company, a Hyderabad-based crusher unit, were apprehended with a large amount of cash and huge quantity of explosives by the Border Security Force (BSF) on 14 September 2012. According to BSF officials, this company was asked to deliver an amount of Rs 10 lakh in cash and explosives worth a similar amount to the Maoists.

Every government scheme is a veritable source of income for the Maoists. The case of PDS is illustrative. In Chhattisgarh, per card, on an average, 20–35 kg of rice is siphoned off by the Maoists per month. For instance, in Chintalnar circle, there are 12 PDS shops serving a total of 36 gram panchayats. It has been learnt that the Maoists routinely siphon off 36 quintals of rice every month.

Industry and Businesses

In Andhra Pradesh, it has been reported that the AP Paper Mills was paying Rs 50 lakh per month to the then People's War Group (popularly known as the PWG). Similarly, Paper Mill A in Odisha was paying a protection money of Rs 20 lakh per month.

In Odisha, Maoists extort money from big companies operating in the Maoist-affected areas. These include construction companies and telecom companies. For instance, the Maoists have been extorting large amounts of money from a cellular operator D in Malkanagiri district. According to a well-informed official source, there are around 21 towers of cellular operator D in Malkanagiri district, and it is said to be paying Rs 20,000 per month for each tower as protection money to the Maoists.

In Chhattisgarh, besides big companies, petty businesses also form a source of finance for the Maoists. These include petty and small-time businessmen, as well as transporters who operate jeeps, tractors (Rs 1,000

per month), buses (Rs 5,000–Rs 10,000 per month), trucks and lorries. Similarly, in Odisha, the Maoists are said to be extorting money from small-time businesses in areas such as Malkanagiri and Rayagada towns. These small businesses pay a fixed amount every month.

Mining

Mining of minerals, both legal and illegal—especially coal and iron ore—forms the primary and largest source of extortion for the Maoists in Jharkhand. One truckload of coal is said to fetch approximately Rs 1,00,000–Rs 1,50,000 in the open market. For every truckload of coal that is transported, whether legal or illegal, the Maoists impose a levy of Rs 5,000.

Also, of late, illegal mining of precious stones (colour stones) has been detected by the security forces in Jamshedpur district. The local population is engaged in this activity and the Maoists have been supporting it in order to win over the sympathies of the people. In future, this can turn into a potential source for large-scale extortion. The Maoists are receiving some amount as levy from the buyers of these precious stones.

In Chhattisgarh, a public sector undertaking (PSU) excavates the best quality iron ore in Asia. The Maoists have been able to manipulate the system in such a way that the amount they decide to extort is made a part of the cost of the works contract and the fare charged for transporting the iron ore that is mined. Also, the authorities have been manipulated to fudge records and understate the quantity of iron ore mined, which is sold away to contractors of sponge iron companies. In the process, the Maoists and the authorities get their share of the transaction.

As reported in the media, in September 2011, the General Manager of Essar, D.V.C.S. Verma, was arrested in Dantewada district, Chhattisgarh, for allegedly paying ‘protection money’ to the Maoists to the tune of Rs 15 lakh. Besides, as one media report claimed, there have also been allegations that Essar was routing money to the Maoists under its corporate social responsibility (CSR) scheme through an NGO in Bijapur district, called Jai Johar Sewa Sansthan, which is run by a local journalist, Pawan Dubey. It is also believed that Dubey acts as a conduit to pass on money directly to the Maoists.

Tendu Leaf

Extortion from contractors who deal in tendu leaf (*kendu/beedi* leaf) has been the earliest source of finances for the Maoists in all their areas of

operation. For a very long time, in fact, it has been their single largest source of funding. As one reliable official source told this researcher:

As it has been the preliminary and enduring source of finances for the Maoists, members of the Central Committee have an emotional bonding with this amount. All money extorted from tendu leaf contractors is sent to the Central Committee, and is not allotted to any other level in the hierarchy.

In Chhattisgarh, extortion from tendu leaf contractors is a very important source of finances for the Maoists. The levy collected per bag varies anywhere between Rs 130–Rs 300. That apart, the hapless tribals earn a pittance of anywhere between Rs 1.05 to Rs 1.20 per standard bundle of 50 leaves that they collect (this data relates to 2011). The other side of the story is that this amount was at least 45 paise more than wages fixed by the government, because the Maoists negotiated with the contractor and ensured that he paid more than what was prescribed by the government. The Maoists also take their cut from the tribals, who contribute one day's wage per week to the Maoist coffers.

Opium

Opium (*ganja*) cultivation is another important source of extortion by the Maoists. The Maoists do not themselves indulge in the cultivation of opium but receive protection money from opium cultivators in their strongholds in all the affected states where it is grown. In Jharkhand, in the past, opium crops were detected and destroyed by the security forces in Hazaribagh and Chatra districts. According to a very reliable official source, offering protection to opium cultivation in Latehar, Ranchi and Khunti districts could, in future, turn into a potential source of income for the Maoists. In fact, in Khunti district, *ganja* cultivation has been detected by the security forces. It is learnt that 1 kg of dried *ganja* milk fetches Rs 600 to the cultivator, while in the market it costs Rs 2,000; the Maoists extort protection money of Rs 100 for each kg of milk that is allowed to pass from their strongholds.

Lemon Grass

Lemon grass cultivation is a profitable business in the Bandhugaon area of Koraput district, Odisha. According to the local population, each acre of lemon grass cultivation entails a profit of Rs 70,000 per annum. In the entire Bandhugaon area, the Maoists have established their stranglehold over this crop. The security forces and the local population contend that

the Maoists are engaged in lemon grass cultivation in over 650 acres of land. While the Maoists may not be directly cultivating lemon grass, it is possible that they are supporting this agricultural activity and taking their share of the earnings.

The People

Maoists collect petty amounts, for instance, Rs 5, from the people in their strongholds to give them a sense of being a part of the new democratic revolution (NDR). As one reliable official source told this researcher, the 'levy economy' has reached such a stage that it has deepened to the level of individual households and small businesses. The tax collected depends upon the income of the individual concerned and might vary anywhere between Rs 10 per month to Rs 1,000 or Rs 2,000.

Besides, as a part of 'revolutionary tax collection', the poor tribal population is asked to deposit a specified quantity of paddy to the grain bank that falls under the jurisdiction of each People's Revolutionary Committee (PRC) where the *Janatana Sarkar* is functioning. This paddy is used in, at least, two different ways. One, a farmer can borrow paddy on loan from the grain bank, at nominal interest, to feed the family when it runs out of stock. Two, it is used to feed the visiting squads, from time to time.

Besides, according to the Constitution of the CPI (Maoist) that was adopted at the 9th Unity Congress in 2007, every member has to pay an annual membership/subscription fee of Rs 10 to the outfit. Sympathisers contribute some amount every month from their personal earnings. Besides, a fine is imposed on members of front organisations who fail to attend meetings convened by the outfit. The amount is decided randomly and there have been occasions when a fine as high as Rs 500 was imposed. Also, kangaroo courts (*janadalats*) collect fine from the people.

Extortion in the Form of Logistics

It is also known that in a number of cases, extortion is in kind and need not necessarily be in cash. For instance, a businessman, industrialist or a local-level political leader may be asked to provide logistics in large quantities, such as clothing, shoes and food supplies like rice, lentils and oil. These are passed on to the Maoists either through overground supporters or through conduits. For instance, as was stated in a media report on 10 February 2012, security forces in Odisha seized from Malipadar village, Koraput district, a huge quantity of supplies of daily

use from three Maoist supporters. These included hundreds of soaps, tea, oil, rice, etc., and 10 bundles of wires used for detonating land mines.

Government Servants

The officialdom is not free from allegations of having paid a levy to the Maoists. As one veteran journalist told this author in Ranchi, on 11 April 2013:

1. In 1993, senior officials admitted to the chief secretary and director general of police that they paid levy to the then Maoist Communist Centre.
2. In 1997, at a meeting called by the Bihar chief minister, a superintendent of police went on record as having paid a levy.
3. Some years back, the Chatra district commissioner paid a levy to the Maoists.

Further, the Maoists impose a 'fine' (penalty) on absentee government employees. In a number of places in the affected areas, government servants at various levels—clerks, revenue officials, engineers, school teachers, doctors, etc.—do not stay in the place of work and do not report to work every day. On an average, the Maoists impose and collect a fine of 10 per cent of the monthly salary of such absentee employees.

Political Leaders

There have also been some instances in which political leaders at various levels have paid money to the Maoists for political gains. This is true of all political parties in all the affected states and it would be grossly incorrect to place the blame on any one single political party or leader. As two former Congress ministers noted before the Advocates Committee on Naxalite Terrorism in Andhra Pradesh, which was constituted by an order of the Andhra Pradesh High Court in 1997, their Ministers as well as those from the Telugu Desam Party (TDP) 'buy the support' of the extremists at the time of every election. Confirming their statement, senior state Communist Party of India (Marxist) leader and former PB member, the late Koratala Satyanarayana, informed the same Committee that 'that had been the case for the last 30 to 40 years'.

Looting

There have been a few occasions when the Maoists have indulged in the looting of banks. In the past, in Andhra Pradesh, this had backfired on

the Maoists and, therefore, they have completely stopped looting banks in the state. On the other hand, in other affected states too, this has been reported. For example, a few lone instances have been reported from Bihar in the past. More recent instances include that of Kundan Pahan, a zonal commander in South Chotanagpur of Jharkhand (since surrendered), along with his associates looted Rs 5.5 crore in May 2008, in Khunti district, from an ICICI Bank van that was carrying money to be delivered at a branch.

Darker Side

There is also a darker side to the extortion racket. As all the actors involved get a share of the pie, everyone is happy—the contractors, the Maoists and the public servants. Eventually, due to the poor quality of the works completed, it is the people who suffer. Also, in the affected areas, because of extortion and corruption, the projects have been falling into the vicious cycle of time and cost escalation. There is an interesting story from Chaibasa district, Jharkhand. A contractor was awarded work by the railways to build a tunnel. After paying off to the Maoists and greasing the palms of railway engineers, he was left with some money that was insufficient to complete the work at an acceptable quality and yet make a profit. Moreover, he was also running the risk of time escalation, as it was a time-bound project. At that juncture, an inspecting team was just about to visit the worksite. So, the contractor cleverly asked the Maoists to blow off the work that was already completed. Resultantly, he could plead for additional time and money to complete the construction of the tunnel. In fact, in a number of cases, the projects are non-starters because multiple groups have to be paid. Resultantly, the contractor is left with little money to undertake the work, which is deemed to have been completed on paper.

QUANTUM OF EXTORTION AND IMPACT OF DEMONITISATION

Naturally, to meet their expenses, annually the Maoists collect the required amounts. However, according to their scheme of things, they envisage collecting thrice their annual requirement (one year's requirement, plus one year's reserve and an additional one year's requirement). According to a retired, very reliable former official source from Andhra Pradesh, the annual all-India collection ranges somewhere between Rs 125–140 crore. This is corroborated by the interrogation report of Akhileshji alias Masterji, a CC member of the CPI (Maoist), who was arrested in Bihar

in 2012. He told his interrogators that the Maoists collect Rs 140 crore annually. He further added that the CC has decided to enhance the annual collection, but did not mention what the new target was.

As one former Additional Director General (Special Intelligence Branch), Jharkhand, told this researcher, the annual collection in Jharkhand could not be in excess of Rs 40–50 crore. Similarly, in Chhattisgarh, this researcher was given to understand that the annual extortion would not exceed Rs 100 crore. In Andhra Pradesh/Telangana, in 2017, the Maoists seem to be collecting no more than Rs 5–6 crore. Besides, the Maoists have also been collecting money from various other parts of the country, including in southern Odisha where mining activity is being undertaken on a considerable scale. Further, this researcher was told by a reliable official source in Andhra Pradesh that the annual extortion in Odisha, in 2010, was Rs 4 crore. Thus, it can be deduced that in the current scenario, the all-India extortion is unlikely to be more than Rs 160 crore.

If the Maoists have been meeting their planned targets, they should then be extorting Rs 160 crore \times 3, that is, Rs 480 crore, annually; or at least Rs 140 crore \times 3—Rs 420 crore.

It has been over 13 years since the CPI (Maoist) has been founded (it was formed in September 2004). Therefore, after deducting their annual expenditure from the total money extorted, and if the Maoists are meeting their targets of extortion, there should be a surplus of a few hundred, if not a few thousand, crores stashed away somewhere.

The demonetisation exercise initiated by the Union government in November 2016 seems to have hit the Maoists hard. As a result, as this researcher was told, the Maoists turned to businesses and industry to exchange high-denomination currency. Besides, some known Maoist sympathisers were arrested in different parts of the country while attempting to exchange money in banks. To cite a few examples:

1. 2 January 2017: According to a media report, 100 incidents of attempting to exchange old currency through banks would have taken place across Jharkhand.
2. 22 November 2016: Media reports said over 50 banks in Naxal-hit areas of Chhattisgarh recorded deposits of nearly Rs 20 crore in two weeks. Based on an intelligence report, transactions in these accounts were put on hold, suspecting the money to be belonging to the Maoists.

3. 21 November 2016: Police arrested three Maoist cadres with Rs 1 lakh each in Dharampur, Latehar district, Jharkhand, while attempting to exchange demonitised currency.
4. 19 November 2016: A villager was arrested in Muriyapada, Bijapur district, Chhattisgarh, with Rs 6 lakh in Rs 500 and Rs 1,000 denomination while heading to a bank to exchange them. The villager reportedly admitted that the money was given to him by the Maoists.

The Maoists have got back to extorting money to make up for the huge loss they suffered due to demonitisation. According to a media report of 2 September 2017 police in Ranchi arrested, two days earlier, two persons linked to the Maoists—one of them the brother of Maoist CC member Sudhakar—with Rs 25 lakh in cash and half a kg of gold biscuits worth an estimated Rs 12 lakh.

STORAGE

There is some vagueness about what amounts are stored at each level, but certainly money is delivered to the next higher committee. Possibly, some amount is retained at each level. At each level, only two people are aware of where the money is stored. Various methods are being employed to store the money. In some cases, money is left with the source himself and collected as and when required. Some money is also being kept with very trustworthy overground sympathisers/frontmen.

It has been learnt that money is also being given to real estate agents. Perhaps these are trustworthy former radicals or cadres, who would invest it in their business and return the money to the Maoists as and when demanded. Also, in some cases, the Maoists are said to have purchased vehicles and given them to their supporters. These can be used for ferrying logistics and cadres and leaders as and when required. Besides, those allotted vehicles would also pay fixed amount to the outfit every month from their earnings.

In some cases, the money has also been converted into gold biscuits. Large amounts are also being packed neatly in multiple layers of polythene, kept inside a metal box and then dropped into syntax tanks; thereafter, these tanks are being stacked away in dumps in forests. In Jharkhand, as a former Director General of Police told this researcher, there have been some instances in which money was deposited in banks. These could not be investigated to their logical conclusion because the banks refused to cooperate citing the privacy clause.

It is also learnt that big amounts are being kept in the charge of platoon commanders to meet the immediate requirements of platoon members in order to keep their morale high.

EXPENDITURE: A SNAPSHOT

The Maoists have a meticulous system of accounting and are very good at bookkeeping. Each level in the hierarchy maintains a detailed statement of expenditure, while those responsible for collecting money also maintain a detailed account of the amounts collected. On perusal of a few documents recovered by the Andhra Pradesh Police, which this researcher has been privy to, the expenditure for the entire North Telangana Special Zone (NTSZ) area at the peak of the movement, during 2001 to October 2003, is given in Table 1.

The income in the NTSZ area for the corresponding period of 2001–October 2003 was Rs 6,20,48,500. Within the same document, the Maoists also make a mention of the amount then in the possession of various DCs and individuals. In a few other documents that this researcher has been privy to, similarly the Maoists make a detailed mention of the income and expenditure of each of the DCs within the jurisdiction of the NTSZ, for varying periods.

MONITORING

Monitoring and audit is pretty strict within the outfit. Each cadre has to maintain a detailed account of expenditure meticulously. A consolidated expenditure sheet of the squad is prepared by the commander and submitted to the higher committee (DC) at regular meetings. Such a procedure is strictly followed at all levels of the hierarchy, upwards. These expenditure statements are scrutinised carefully and wasteful and unwanted expenditure is taken seriously. In an internal document, the rebels have also issued guidelines on financial discipline and how to avoid wasteful ('non-proletarian') expenditure.

SAFETY OF DUMPS

In an internal document of the Maoists that this researcher has been privy to, namely, 'Maintenance of Dumps', the rebels have discussed in some detail the safety of dumps where money, as well as arms and ammunition, is stored/stashed away. Busting of a dump by the security forces, indeed, dampens their morale and they are, therefore, quite

Table I: Expenditure Statement, NTSZ, 2001–October 2003

| <i>Head of Expenditure</i> | <i>Amount in Rs</i> |
|--|---------------------|
| Meals, tiffin and tea | 49,56,113 |
| Meetings and classes | 31,05,936 |
| Military camps | 707,848 |
| Military goods | 40,90,680 |
| Arms and ammunition | 36,96,334 |
| Resistance | 8,99,084 |
| Communication | 17,28,244 |
| Dress, bedsheet, lungi, undergarments | 9,02,076 |
| Shoes, chappals and socks | 2,92,286 |
| Stationery, toiletries | 5,97,286 |
| Radio, watch, tape recorder, cassettes | 3,48,488 |
| Medicines and hospitalisation | 27,38,913 |
| Travel and transport | 2,67,940 |
| Printing and photocopying | 14,90,981 |
| Literature | 3,42,366 |
| Mass organisations, cover persons | 4,37,148 |
| Courier | 3,26,552 |
| Jails and courts | 7,16,652 |
| Assistance to families of cadres | 20,40,597 |
| Dumps maintenance | 33,992 |
| Special expenditure | 21,44,222 |
| Compensation | 10,70,000 |
| Dens | 12,38,080 |
| Development and welfare activities (Janatana Sarkar) | 2,06,700 |
| Total (organisational and military expenditure) | 3,44,82,966 |
| Press | 32,50,862 |
| Recoveries during raids and siphoning off by deserters | 65,17,428 |
| Grand Total | 4,42,51,256 |

Source: Headquarters, (Undivided) Andhra Pradesh State Police, then in Hyderabad.

cautious to ensure its preservation. Recoveries from a dump cause two types of losses for the Maoists. One, they are deprived of the material lost, until replenishments come in, and are, thus, handicapped in their armed activity to that extent. Two, the security forces have succeeded on

a number of occasions in tracing the source of supply and disrupting it permanently, that is, the Maoist supply lines are jeopardised. Hence, they are very particular about the safety of dumps.

In the Maoists scheme of things, dumps are of six types and are classified under two categories: long-term and temporary/regular dumps. Arms, ammunition and explosives, money and tools used for production of arms and ammunition and farm implements are stored in long-term dumps. The money stored in dumps is classified under two heads: budgetary allocation at the concerned level (SC/SZC, ZC and District/Division Committee); and money meant for the CC but stored at a particular level that shall be handed over to the CC as and when required. As has already been mentioned, money is stashed away in dumps in forests. The precaution suggested in this regard is that these dumps should be located in areas that are: (a) less frequented by the security forces; (b) guerrilla bases; and (c) bastions where people's support is very strong. Another way of storing money is leaving it in the custody of trustworthy sympathisers. The precaution suggested in this regard is that such money should be stored in safe houses in plain/urban areas and two members at each level of hierarchy should be aware of the place/person involved in safekeeping of the money.

On a few occasions, the security forces have been able to recover money from dumps, conduits and leaders and cadres who have been arrested.

POSSIBLE MEASURES TO CURB FINANCES

It is known to all concerned that it is difficult, if not impossible, to completely clamp down on Maoist extortion/finances. However, it is possible to restrict the flow of money to Maoist coffers. Some possible measures in this wake are as follows:

1. Close monitoring of known sources of finance, including big industry.
2. Monitoring of Maoist conduits/frontmen and interception of their telephone lines.
3. Registering criminal cases against sources of finance, irrespective of their social/economic standing.
4. Encourage the victims (sources of finance) to inform the security forces when extortion notices are served and, through example, instil the confidence in them that they shall have the protection of the state machinery.

5. Ruthless crackdown on illegal mining and timber felling.
6. Find ways to make the RPCs dysfunctional, and then get them dissolved.
7. Ensure photographic evidence of the completion of development works and make on-the-spot inspections. Strengthen the social audit mechanism.
8. Mines, forests, land/revenue records need to be rectified and made accurate.
9. Penalise government servants paying extortion money.
10. Create a separate wing within the intelligence apparatus in each state to exclusively monitor the flow of money.
11. Maintain surveillance on bank accounts of suspects.
12. Tighten the PDS to halt leakages to the Maoists.
13. The Ministry of Home Affairs could set up a Special Investigation Team (SIT) to track down and arrest the persons responsible for providing finances to the Maoists with a view to restrict the flow of funds to them. Initially, the SIT could focus on two sectors that provide the largest source of funds to the Maoists, namely, the mining sector and PWD.

CONCLUSION

This article shows that the Maoists have been collecting not less than Rs 140 crore annually from a variety of sources: businesses—big and small—industry, contractors engaged in various trades, corrupt government officials and political leaders. The largest and principal sources of income for the Maoists are mining industry, PWD works and collection of tendu leaves. The Maoists have been able to put in place a well-organised mechanism to extort money on a regular basis. Besides, they have conceived ingenious ways to store money and ensure its safety. Even as they have issued guidelines for the collection of money, the Maoists have, similarly, also circulated guidelines on expenditure and maintaining fiscal discipline.

There is no evidence yet to suggest that the Maoists are investing money in businesses or in the stock market. Surely, considerable amounts are being spent on acquiring weapons, ammunition and explosives from the grey arms market, while some money is also being spent for the daily needs of the armed cadre and running the war machinery, as well as expanding it.

A small portion of the finances are being spent on propaganda and development work in their base areas where they are running a parallel government, which they term *Janatana Sarkar*. Further, in villages where the *Janatana Sarkar* is functioning, they are collecting what they call 'revolutionary taxes' from the people. Besides, they term their extortion as 'collection of levy' and 'imposition of fine' on defaulters.

One view expressed by a few Superintendents of police in different states and a former Director General of Police of Andhra Pradesh was that, in any case, it is not possible to bottle up extortion right away. Therefore, in the immediate term, as long as it is not being utilised for strengthening the Maoist arsenal, extortion is not a cause for major concern. Also, as extortion from PWD contractors cannot be stopped, the focus of development works could be on building schools and Public Health Centres (PHCs), which would reduce people's alienation from the state. Another area of concentration could be on improving infrastructure and connectivity, such as laying roads and bridges, which would enhance the scope for penetration of the state machinery, including that of the police, into Maoist-affected areas.

