

India's Maoists: Financing the war machinery

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The raising of finances by terrorist/extremist groups has been a major source of concern for different world governments, as well as the United Nations, since the past many years. In its now well-known Security Council Resolution No. 1473, the United Nations asked various world governments to “Criminalize the wilful provision or collection, by any means, directly or indirectly, of funds by their nationals or in their territories with the intention that the funds should be used, or in the knowledge that they are to be used, in order to carry out terrorist acts”, as well as “Freeze without delay funds and other financial assets or economic resources of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts...”

Similarly, extortion by terrorist groups in the various theatres of conflict in India has been a cause of serious concern for the Union government and the various State governments. Within the context of extortion by the Naxalites, the Union government, perhaps for the first time, admitted what has been suspected.

The Rajya Sabha, India's Upper House of Parliament, was informed on December 18, 2013, that the Naxalites of the Communist Party of India (Maoist), or Maoists, in short, extort money from a variety of sources to finance their activities. Replying to Unstarred Question No. 1457, the Minister of State in the Union Ministry of Home Affairs said, “The main source of funds for the Maoists include(s) extortion from tendu patta contractors, infrastructure/development work contractors, businessmen, corporate houses, etc. In addition, they rob banks and public/private property to augment their finances.

Barely a week later three contractors were arrested on December 26, 2013 from Madanpura-Kasma road, Salaiya police station limits, Aurangabad district, Bihar. They were apprehended by the police while they were on their way to pass on Rs 75,00,000 lakh extortion money to the Maoists. This is, but, just once instance. Earlier, too, several such instances were reported, and more have likely gone un-reported.

In a document entitled ‘Our Financial Policy’, the Maoists mention that, in the main, they have three types of economic needs, viz. the needs of war, political propaganda and the people. To cater to these needs there are three broad categories of resources, viz. (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.

Thus, money is collected from individuals as well as businesses — ranging from petty to big industries. Development Works (PWD) contractors, government schemes such as MGNREGS, IAY, mining industry, illegal mining of all minerals, big industries, businessmen, timber contractors, bamboo contractors, contractors dealing in Minor Forest Produce (MFP), small-time shop keepers, protection racket — including for the cultivation of ganja — PDS, tendu (kendu) leaf contractors, etc. The rebels also levy taxes in their strongholds. In fact, as one government

official told this researcher, 'there is a symbiotic relationship between the Maoists and illegal mining, as well as forest produce'.

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, Maoists and a few concerned unscrupulous 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 trap of 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 work-site. 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, and is deemed to have been completed on paper.

There is some vagueness about how these amounts are stored; various methods are being employed to store the money. Possibly, some amount is retained at each level of the Maoist hierarchy. In some cases, money is left with the source himself and collected as and when required. Some money is also being kept with very trust-worthy over-ground sympathizers/front-men.

It is learnt that money is also being given to real estate agents. Perhaps, these are trust-worthy 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 syntex tanks; thereafter, these tanks are being stacked away in dumps in forests.

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.

Understandably, it is difficult, if not impossible, to bottle-up extortion by the Maoists. However, it is possible to check. In this wake, some of the measures could include, close monitoring of known sources of finance, including big industry, monitoring of Maoist conduits/front-men, registering criminal cases against sources of finance, irrespective of their social/economic standing, etc.

Views expressed are of the author and do not necessarily reflect the views of the IDSA or of the Government of India.