

Maoist Finances: Sources, Methods of Collection and Utilization

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Naxalites of the Communist Party of India (Maoist), or Maoists in short, founded in September 2004, is the largest and most lethal Naxalite outfit in India having a presence – – intense to nominal — in 20 states, spread across 203 districts. To run a war machinery of this size the outfit requires large amounts of funds. Responding to Question No. 2276, in the Rajya Sabha, on February 12, 2014, Minister of State for Home Affairs, RPN Singh said, “...the CPI(Maoist) party has been collecting not less than Rs. 140 crores annually from a variety of sources. Further, the possibility of certain front organizations of the CPI (Maoist) ... clandestinely getting foreign funds cannot be ruled out.”

MAOIST’S FINANCE POLICY

At the 9th/Unity Congress, held in 2007 January, the CPI (Maoist) adopted a document entitled “Our Financial Policy”. This document enumerates the Maoists’ financial policy, identifies sources of finances, mentions areas of expenditure and issues guidelines to avoid wrong, wasteful expenditure.

THE ACTORS

Through a consultative process involving various levels the Central Committee fixes the annual amount to be collected at the all-India level. The Zonal Committee 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 Area Committee. In Jharkhand, there have been instances where the source has been informed of the amount he would have to pay, money left at the source(s) itself, and collected from the source at a later date, as and when the need arose. The Armed Squad need not necessarily go to collect the money. Usually, an over-ground member of the outfit is deputed to collect the money. These could a member of the Krantikari Kisan Committee, Krantikari Mahila Committee, a contractor, or an NGO, or any other designated person.

SOURCES

Money is collected from individuals as well as businesses — ranging from petty to big industries.

Sources at a Glance

- Government Works and Schemes
- Industry and Businesses
- Social Institutions
- Infrastructure
- People
- Membership Fees
- Supporters/Sympathizers
- Revolutionary Taxes in cash and kind
- Fines on Defaulters

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 itself 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. Also, in some cases the Maoists are said to have purchased vehicles and given them to their supporters. 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 very top-ranking former IPS officer told this researcher, there have been some instances — that came to the knowledge of the authorities — in which money has been deposited in banks.

INCOME AND EXPENDITURE: A SNAPSHOT

The Maoists have a meticulous system of accounting and are very good at book-keeping. As has been mentioned earlier, 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, that this researcher has been privy to, the expenditure in the entire North Telengana Special Zone area at the peak of the movement, during 2001 and October 2003, was Rs 4,42,51,256. At the same time, the income in the NTSZ area for the corresponding period of 2001 – October 2003 has been Rs 6,20,48,500. The balance of the amount as at that time was Rs 1,79,27,926, besides 562 gold biscuits.

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 at regular meetings.

Such a procedure is strictly followed at all levels of the hierarchy, upwards. These expenditure statements are scrutinized carefully and wasteful and unwanted expenditure is taken seriously. The rebels have also issued guidelines on financial discipline and how to avoid wasteful (non-proliferation) expenditure.

SAFETY OF DUMPS

In a document that this researcher has been privy to, the Maoists discuss in some detail the safety of dumps where money, as well as arms and ammunition, is stored/stashed away. In a document entitled 'Maintenance of Dumps' the Maoists had discussed various issues, in some detail. Busting of a dump by the security forces, indeed, dampens the morale of the Maoists and are, therefore, quite 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, and worse, the security forces succeed on a number of occasions in tracing the source of supply and disrupt it permanently.

FISCAL DISCIPLINE

In a document entitled "Our Financial Policy" that was adopted at the Unity/9th Congress, the Maoists have identified various incorrect trends that have been noticed at various levels and have suggested corrective measures.

CONCLUSION

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 organized 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 is 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 as ‘revolutionary taxes’ from the people. Besides, they term their extortion as ‘collection of levy’ and ‘imposition of fine’ on defaulters.

Besides, one view expressed by a few senior government officials and a former State Police Chief 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 utilized for strengthening the Maoist arsenal it is not a cause for major concern. Also, as extortion from PWD contractors can not 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.

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