

Concerned Citizens Demand Accountability for Corporate and Policy Corruption in India's Power Sector

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The US District Court (Eastern District Court of New York)'s recent indictment of several Indian companies, including Adani Green, part of the the Adani conglomerate and the Solar Energy Corporation of India (SECI), a CPSE, raises disturbing concerns not only about large-scale corporate corruption that evidently prevails in India and the USA but also about how fraudulent policies adopted by the Union Ministry of Power at the instance of favoured business conglomerates have defrauded electricity consumers across the country.

In this connection, we refer to our statements issued on June 2, 2022, June 30, 2022 and August 16, 2024 in which we had repeatedly pointed out how the Ministry of Power irregularly invoked its authority under Section 11 of the Electricity Act of 2003 to impose an obligation on State power utilities to buy electricity from solar power plants to meet at least 10% of their total electricity requirement, irrespective of its unit cost and affordability. Similarly, the Centre created a man-made coal shortage situation across the country and the Ministry of Power equally irregularly ordered the State power utilities to buy coal from overseas sources to cover the shortage. Both those measures indirectly benefitted a few domestic private business groups known to be close to the ruling political executive at the cost of electricity consumers across the country. Such consumer-unfriendly measures so blatantly adopted by the Ministry led one to the inevitable inference that the policies adopted by the Ministry of Power during the last several years were at the instance of a few business conglomerates close to the executive, certainly not for safeguarding the interests of millions of electricity consumers, many below the poverty line. We hope that institutions like SEBI function independently so as to reinforce the integrity of the stockmarkets and elicit public trust.

The US court's judgement, based on detailed investigations by US Security Exchange Commission and the US Federal Bureau of Investigation, clearly points to how the Adani Group officials acting in tandem with a US company persuaded SECI and the State-owned power utilities in several States including Andhra Pradesh, Tamil Nadu, Chhattisgarh, Odisha and J&K to sign one-sided Power Purchase Agreements (PPAs) that would enable those private companies to earn billions of dollars of profits over the next several decades, entirely at the cost of the electricity consumers in India. In the process, ably supported by the Ministry of Power's anti-consumer policies and diktats, the private companies not only defrauded unwary consumers, crippled DISCOMs' finances but also committed fraud on the public at large.

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We demand that, under independent judicial oversight, a comprehensive investigation of this be taken up by CBI/ ED/ CBDT and other investigating agencies to gather further evidence from the US SEC/ FBI, factual evidence on the circumstances that led to the Union Ministry of Power adopting such misguided policies and issuing such illegal directives to States, the role of the concerned Indian business conglomerates including the extent to which they unduly benefitted, the one-sided nature of the PPAs, the role of public functionaries at the Centre and in the States and the extent of loss suffered by electricity consumers in the country.

If the allegations emerging out of the indictment are found to be true, we feel that, not only the concerned business conglomerates and their promoters be blacklisted and prohibited from undertaking activities in the electricity sector in the future but they should be forced to pay a deterrent penalty in addition to compensating electricity consumers for the additional costs borne by them on account of these acts of malfeasance. The culprits should be prosecuted for their criminal liability under the relevant laws.

We demand that a comprehensive report on this be placed before the Parliament within six months.

People's Commission on Public Sector and Public Services

About Peoples' Commission on Public Sector and Public Services (PCPSPS): Peoples' Commission on Public Sector and Services includes eminent academics, jurists, erstwhile administrators, trade unionists and social activists. PCPSPS intends to have in-depth consultations with all stakeholders and people concerned with the process of policy making and those against the government's decision to monetise, disinvest and privatise public assets/enterprises and produce several sectoral reports before coming out with a final report. Here is the first interim report of commission- Privatisation: An Affront to the Indian Constitution.

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