

Foreign sharks in Indian financial waters

by Ramtanu and Susan Maitra

Big-time money operator George Soros and his offshore company Quantum Fund are in India, obviously looking for some easy meat in the form of cash. Soros Fund Management (SFM), reputed to be one of the world's leading fund managers, has already taken up a 33% stake in its tie-up with the GIC Mutual Fund. Another Soros front, Chatterjee Petrochemicals Ltd. (CPL), run by a Soros moneyhandler, Purnandu Chatterjee, has secured 25% equity in Haldia Petrochemicals Ltd., a 36 billion rupee project near Calcutta. There are also reports that the Quantum Fund NMV, a Netherlands Antilles-based investment house, is picking up stocks from the Bombay stock exchange.

Soros's procuring of 33% of the GIC Mutual Fund and investment in the Bombay stock exchange is no surprise, since Soros follows the smell of money as the shark follows the smell of blood. But the CPL's procuring of the 25% equity in Haldia Petrochemicals Ltd. offers a clear insight into how the Soros operation functions.

Native cunningness

The CPL frontman is on Purnendu Chatterjee, a New York-based entrepreneur with ethnic ties into West Bengal. Chatterjee was given a boost by the local media as an investor par excellence, and, in due time, he made contact with the ostensibly Marxist chief minister of West Bengal, Jyoti Basu. Basu, whose British connections were always underplayed, went through with the deal without really checking the pedigree of the CPL, Soros, Quantum Fund, et al. As one Indian journalist puts it, it was a case of "naive cunningness" on Chatterjee's part.

The *Economic Times*, a leading daily, asked on Aug. 17 why CPL's mysterious silence about the source of its funding was ignored. The paper reported that Chatterjee had acquired a poor reputation because of his troubles with the American Securities Exchange Commission, and it evinced surprise that he had developed direct contact with the West Bengal chief minister, Jyoti Basu. It would not be the first time in India that non-resident Indian investors, under the guise of giving back to their country some profit of their labor elsewhere, had taken the country for a ride. However, the Indian government's avowed commitment to "globalization" and free-market liberalization, and obsession with money, will no doubt bring more of the sharks into this rather desperate economic scene.

Few in India are aware of who George Soros is, and

how he operates. Soros, a Hungarian-born Jew, speculates in world financial markets and was hailed by *Time* magazine as a man of uncanny speculative powers. Following the crisis of the European Exchange Rate mechanisms in September 1992, Soros boasted that he had made over \$1 billion in speculations against the British pound.

Nature of the beast

But Soros, whose Quantum Fund N.V. board members include luminaries from such powerful financial operators as N.M. Rothschild and Sons merchant bankers and London-based St. James Place Capital, has also been linked to the underground. According to reports from U.S. State Department officials, Quantum Fund raised a huge amount of money to demolish European monetary stability in 1992. During this operation, such well-known criminals as Marc Rich, a fugitive metals and oil dealer now based in Switzerland, and Israeli arms merchant Shaul Eisenberg were silent investors, along with a third Soros partner, Rafi Eytan, known as "Dirty Rafi," who had served in London previously as the Israeli Mossad's liaison to British intelligence.

Shaul Eisenberg is also very much in the Indian scene. His plans to enter India's power sector have received a temporary setback, but there is no doubt that Eisenberg, who engineered a \$3.5 billion arms deal between Israel and China at a time when China did not have diplomatic relations with Israel, will not give up so easily. There are reports that within the Rao cabinet, at least one minister is busy wooing Eisenberg the way chief minister Basu wooed Chatterjee.

Another Soros man who made a splash in India is "shock therapist" Jeffrey Sachs. Sachs, whose economic "reforms" in Russia have turned that country into an economic wasteland, has long been a benefactor of Soros's graces. Soros, who had unveiled his "plan" for Poland in 1989 calling for dismantling of Poland's public sector enterprises, recruited Sachs to carry it out. Soros set up the Batory Foundation in Poland to sponsor Sachs's work. In the case of Poland, Soros cultivated the top man. In his own words: "I established close personal contact with Walesa's chief adviser, Brinislav Geremek."

Now Sachs has been laundered into India through the chamber of commerce, and is preaching what he has been programmed for—the promise of the land of Oz through rapid economic reform. Outlining his philosophy, which is another guise for helping his bankrollers to loot the economy, Sachs announced in Delhi that government never reforms, so the answer is to privatize one and all.

Is the government capable of handling these sharks? There is grave doubt among some observers about the government's will and determination. The billion rupee securities scam has found few guilty ones, and the opposition claims that the government is even unwilling to take action against that handful. If such is the state of affairs, Soros and his men will make merry, no doubt.