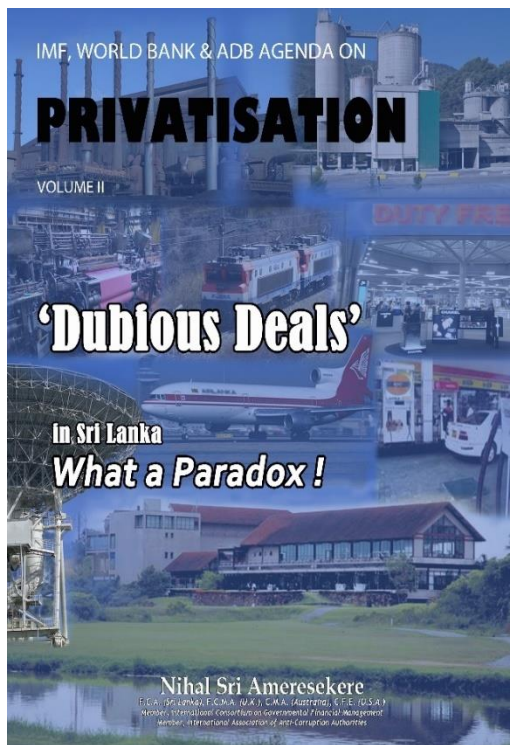


**Synopsis of**  
**IMF, World Bank & ADB Agenda on**  
**PRIVATISATION**  
**‘Dubious Deals’**  
**In Sri Lanka – *What a Paradox !***

*Google Books – ‘IMF, World Bank & ADB Agenda on Privatisation – Vol. 2: ‘Dubious Deals’ in Sri Lanka – What a Paradox!’*

<http://www.consultants21.com/fraud-&-corruption-exposures-new.php>



**Size - 8.25" X 11" - Pages 596**

The Author has very appropriately titled this Book as ‘Dubious Deals’, shockingly disclosing after deep investigations thereinto, certain transactions and actions of the Government of Sri Lanka, demonstrating these suspicious transactions to be riddled with mega corruption, also well demonstrating the *socio-political realities*.

Though politicians, to get elected into power vociferously condemn fraud and corruption on election platforms, the moment they come into power they act completely different thereto, demonstrating that the above rhetoric to combat fraud and corruption was only to coming to power, thereby exploiting the impoverished poverty of the poor, who are suffering in utter economic pathetic plight.

By such conduct and actions in dealing with public property transactions, shockingly they who had so castigated fraud and corruption, get themselves

engulfed unashamedly in the same quagmire of fraud and corruption which is the deplorable reality as well revealed in this Book.

One of the main causes for the above predicament is that during election time, to gain political power politicians are financed and funded by business community, and once in power, politicians invariably are thereby obligated and become victims to provide opportunities for such business community to get a return on their such investments in financing their respective political campaigns. Accordingly, in such predicament the poor become haplessly further impoverished, with no real value to the power of their vote !

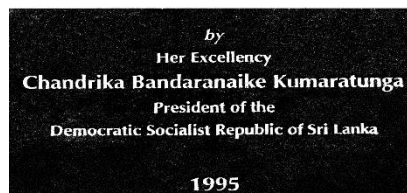
The details of investigations revealed in this Book would shock the reader disclosing that these are not transactions, only by politicians and senior public officials acting alone, but it is clearly revealed that essentially they have been enticed to do so by local and foreign shrewd powerful businessmen and their lobbyists.

Accordingly, the Author demonstrates that whilst the IMF, World Bank and Asian Development Bank pushed the Government of Sri Lanka into a process of privatization, really what had transpired is that in the sale of Government assets, mega frauds and corruption had taken place, thereby jeopardizing the very objectives of these international agencies, with some transactions being unlawful and fraudulent, disclosing that under the guise of privatization certain transactions to have been unlawful, fraudulent and corrupt.

At the very outset, the Author discloses that upon President Chandrika Kumaratunga assuming Office in November 1994, as the President of Sri Lanka, whilst also holding the post of Minister of Finance, that she had through then Secretary Ministry of Finance, A.S. Jayawardena, persuaded the Author to become an Advisor to the Ministry of Finance. Consequently, the Policy Statement made by President Chandrika Kumaratunga to the Sri Lanka Parliament in January 1995 has been included in totality in this Book.



## **Policy Statement**



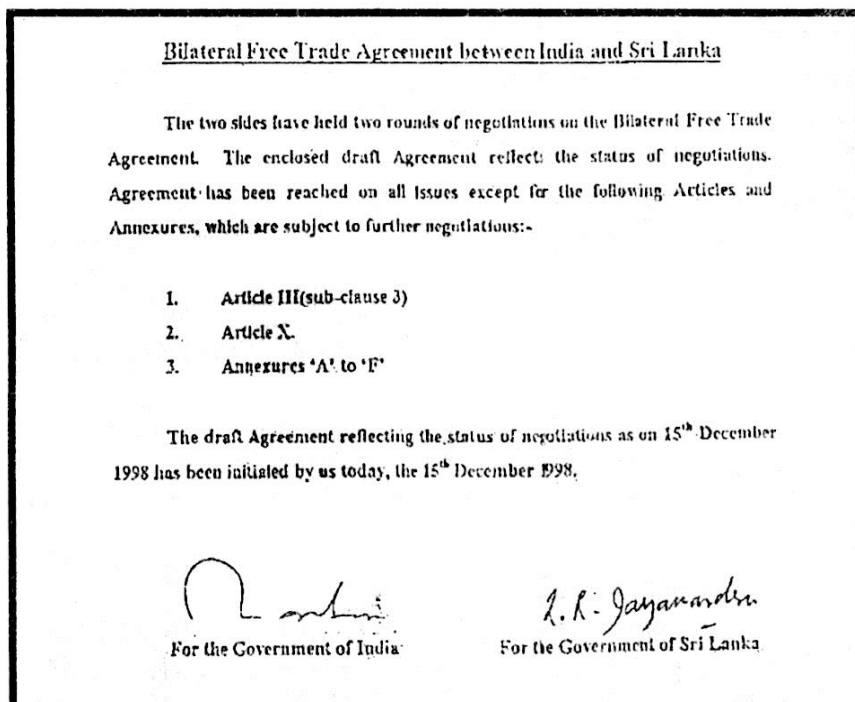
Such Policy Statement had been a mere fairytale, in that, whilst having severely castigated, particularly the privatization carried out by the previous regime, as the pillage and plunder of public assets, the reality thereafter was that President Chandrika Kumaratunga's Government too, in a haphazard manner had carried out privatizations with similar pillage and plunder of public property, riddled with fraud and corruption which is indeed revealing.

The Author fore seeing the above catastrophe and debacle as early as February 1995 had informed Secretary Ministry of Finance, A.S. Jayawardena that he wishes to resign as Advisor, Ministry of Finance due such inhibitions. Accordingly, notwithstanding the objections by the President Chandrika Kumaratunga, the Author had resigned from his post as Advisor, Ministry of Finance.

Consequently one year after resigning from such Office, the Author had submitted representations in January 1996 to President Chandrika Kumaratunga, pointing out fraudulent and corrupt privatization carried out by the Public Enterprises Reform Commission appointed by her, particularly in the privatization of the plantations and the Duty Free Shop at the International Airport, causing colossal losses to the Government of Sri Lanka and the people criticizing the realities of what had transpired; and that such was totally violative of the her above Policy Statement.

The Author with excerpts of investigative Articles published by the Author in the media at that time of what had transpired in January 1999, disclosing facts in detail has well demonstrated the duplicity in the condemnation by President Chandrika Kumaratunga of the terror, which had prevailed during the previous regime, by comparing with that at the Wayamba Provincial Council Elections, whereat terror had been reigning openly, with the rule of law turned *topsy-turvy*.

Likewise with excerpts of investigative Articles published by the Author in the media in January 1999, disclosing truth and reality and criticizing the Indo-Lanka Free Trade Agreement, reveals the manner in which it had been formulated with last minute vital changes having been made thereto after an one to one secret meeting between Indian Prime Minister Atal Behari Vajpayee and President Chandrika Kumaratunga changing the draft Agreement, which had already been agreed upon by Officials of the both countries by omitting therefrom taxes and levies imposed by the Indian States referred to as para Tariffs, thereby the Indo-Lanka Free Trade Agreement between two sovereign countries, Sri Lanka and India, being equal should have included such State taxes and levies to make it an equitable Agreement between two sovereign countries, which is was not.

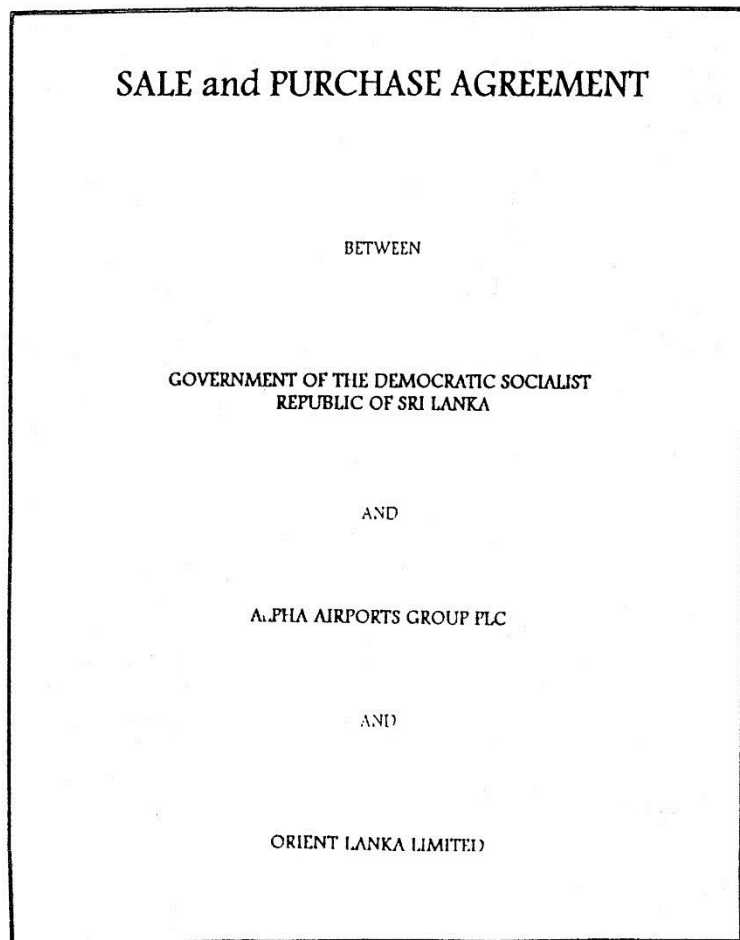


Another transaction which caused a huge public controversial scandal, namely, the Sale of the Puttalam Cement Factory to Thawakkal Ltd., of Pakistan has been investigatively well exposed by the Author, with excerpts of investigative Articles published by him in the media in March 1997, highlighting the dubious and fraudulent nature and the unlawful manner in which this transaction had been carried out, which then Minister of Foreign Affairs, Lakshman Kadirgamar P.C., too had very strongly also publicly castigated and condemned, calling upon the Government of Sri Lanka to immediately conduct an investigation thereinto.

“I would strongly press on my colleagues, with respect, the fundamental desirability of making clear to the private sector, both local and foreign, that this Government means what it says – that it will not tolerate malpractice in the market and that it will not condone and perpetuate (or to use a colloquial expression ‘whitewash’) malpractice where it has occurred. What has occurred in the Puttalam Cement affair is a gross and calculated fraud on the Government and people of this country. This Cabinet must not condone it in the name of trying to placate the stock market. In the long run stock exchange and a private sector stimulated by dubious means will again fall into disrepute, to the detriment of the national interest, as it did under the previous regime”

However though he was a Scholar of the Oxford University of United Kingdom, respecting such democratic stance he did not resign his portfolio, as a Minister. Later the Commercial High Court of Sri Lanka in Case No. 145/97 (1) annulled this transaction as a major fraud.

Likewise with excerpts of investigative Articles published by the Author in the media in August 1997 well disclosing critically with facts and data the condemnable privatization of the monopolistic Duty Free Shop at the International Airport to Alpha Airports Group PLC UK, causing huge losses to the Government of Sri Lanka and the people carried out in a questionable devious manner by Officials appointed by President Chandrika Kumaratunga, herself is well revealed.



Similarly, with excerpts of investigative Articles published by the Author in the media in April 1997, the Author supported with facts and data well exposes the questionable privatization without any transparency of the Steel Corporation to Doosan Group of South Korea.

Likewise, with excerpts of investigative Articles published by the Author in the media in July 1997, the Author supported with facts and data well exposes the questionable privatization without any transparency and in an intriguing dubious manner of the large Mattegama Textiles Mills Ltd., to Kabool Co. Ltd., South Korea.

With excerpts of investigative Articles published by the Author in the media in November 1997, the Author critically shockingly revealingly exposes, with supporting facts and data, the questionable privatization of Sri Lanka Telecom Ltd., to Nippon Telegraph & Telephone Corporation of Japan, which caused a major public outcry in the country, with a 5-year monopoly being given with tax holiday, and with pre-determined right to increase the annual tariff for the first 5 years by 25%, 25%, 20%, 15% and 15%, respectively, thereby enhancing the valuation of Sri Lanka Telecom Ltd., over the valuation at bid processing time, and such concessions having not been disclosed in the bid documentation, and had it been so done, it would have attracted wider bidding interest.

**SRI LANKA TELECOM LIMITED**

## **SHARE PURCHASE AGREEMENT**

Between

**THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**  
(acting through the Secretary to the Treasury)

and

**NIPPON TELEGRAPH AND TELEPHONE CORPORATION**

Dated 5th August 1997

The bidding had been based on the valuation of Sri Lanka Telecom Ltd., by the Chief Valuer without having known the above new concessionary conditions granted, for the Chief Valuer to have taken them into reckoning. Accordingly if such concessionary conditions had been taken into reckoning the Chief Valuer's valuation of Sri Lanka Telecom Ltd., would have been very much more than the valuation based upon which the sale transaction had been agreed upon. Thereby it had only enriched the pre-selected Japanese Company, causing a huge loss to the Government of Sri Lanka and the people. The granting of such concessionary conditions having not been disclosed before the bidding process was a serious flaw, and had they been disclosed it would have certainly attracted more interest and parties to bid for the purchase of the Shares of Sri Lanka Telecom Ltd.

With excerpts of investigative Articles published by the Author in the media in December 1997, the Author has exposed in great detail, supported with facts and data, after they had been investigated, and consequently a hue and cry had been raised in the country criticizing the transaction which had been in relation to the purchase of Railway Locomotives from a French Company, GCE Alsthom from whom no purchases of Railway Locomotive had been made previously; with a minority dissenting Report by one Member of the 3 Member Cabinet Appointed Tender Board recommending the purchase from GCE Alsthom with President Chandrika Kumaratunga intervening and endorsing.

**“ Minority Dissenting Report**

Report of the Cabinet Appointed Tender Board for the purchase of 10 nos. Diesel Electric Locomotives for Sri Lanka Railways (SLR)

Mr. B.C. Perera  
Chairman  
CATB

Report of the cabinet appointed tender board for the purchase of 10 nos. diesel electric locomotives for Sri Lanka Railways (SLR)

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

1. Not to consider some recommendations made by TEC, as they have deviated from the correct tender evaluation procedure.
2. Accept the offer submitted by M/s GEC Alsthom Corporation, which is responsive in all respects and purchase 10 Nos. Diesel Electric Locomotives for a value of SLR 1,451,021,460 CIF.

Sgd.

G.D. Cyril Gunapala

Addl. Secretary to the President

10<sup>th</sup> November 1997 “

Similarly, with excerpts of investigative Articles published by the Author in the media in April 1998, the Author has exposed with detail investigations, supported by facts and data, as to how Air Lanka had been privatized to Emirates Airlines of the United Arab Emirates, which transaction had caused a huge controversy in the country and in the Sri Lanka Parliament. It had been disclosed that this transaction had been carried out secretly in a haphazard manner, without any transparency. The Opposition United National Party had made a complaint on this to the Commission to Investigate Allegations of Bribery or Corruption, but it had not borne any results, whatsoever.

AIR LANKA LIMITED

SHARE SALE AND PURCHASE AGREEMENT

Between

THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST  
REPUBLIC OF SRI LANKA  
(acting through the Secretary to the Treasury  
(as Seller)


and

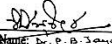
EMIRATES, THE INTERNATIONAL  
AIRLINE OF THE U.A.E.  
(as Purchaser)


Dated 30th March, 1998

IN WITNESS of which this document has been executed and delivered on the date which  
appears on page 1 above.

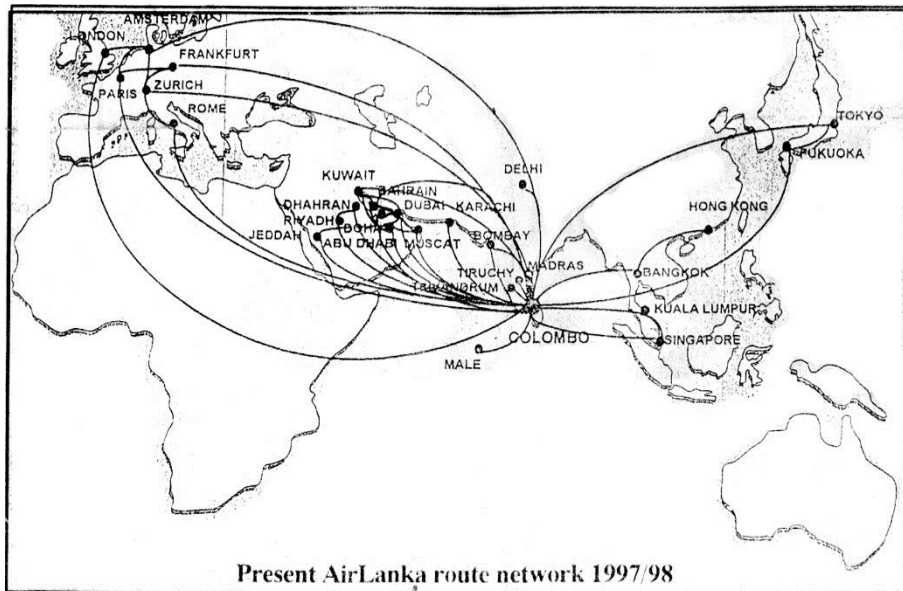
Signed in the presence of

  
Weerawarna Ranpatanabandige Dixon Nilaweera  
Secretary To The Treasury  
For and on behalf of The Government of the  
Democratic Socialist Republic Of  
Sri Lanka

  
Name: D. P. B. Jayawardena  
Title: Deputy Secretary  
to the Treasury  
asst.

  
Sheikh Ahmad Bin Saeed Al-Maktoum  
Chairman, Emirates,  
the International Airline of the U.A.E.  
For and on behalf of  
Emirates, the International Airline of the U.A.E.

  
Name: MAURICE ELANAGAN  
Title: MANAGING DIRECTOR  
EMIRATES



Furthermore, with excerpts of investigative Articles published by the Author in the media in June 2006, the Author discloses as to how colossal loss had been caused to the country and the people by the privatization of part of the Petroleum Retail Market to Indian Oil Corporation Ltd., in a manner affording them unfair benefit. As to how the 100 most profitable Petroleum Retail Sheds of the Ceylon Petroleum Corporation had been sold had been investigated and critically well exposed, supported by facts and data.

Furthermore this transaction had been contrary to the approval conditions given by the Cabinet of Ministers of the Government of Sri Lanka, causing the Sri Lanka Government colossal losses, which the Author as a subsequent Chairman of the Public Enterprises Reform Commission have been able to successfully minimize by taking lawful action, even criticizing the interference and pressures by then Indian High Commissioner in Sri Lanka, Nirupama Rao. It is disclosed that President Mahinda Rajapakshe upon assuming Office had commended the Author of his fearless stance taken in the interest of the country.



මුදල් හා ක්‍රමසම්පාදන අමාත්‍යාංශය  
 நிதி, திட்டமிடல் அமைச்சு  
 MINISTRY OF FINANCE AND PLANNING

මහ ලේකම් තාප්පාලය, කොළඹ 01. செயலகம், கொழும்பு 01. The Secretariat, Colombo 01.

தொலைபேசி } 2484500 தொலைநகல் } 2484500 Office } 2484700	தொலைநகல் } (94)-011-2449823 தொலைபேசி }	இணையத்தளம் } Website } www.treasury.gov.lk
අගය } මගේ අංකය } My No. }	ඔබගේ අංකය } ඔබගේ අංකය } Your No. }	දිනය } දිනය } Date }

4<sup>th</sup> April, 2005

Chairman  
 Public Enterprise Reform Commission

Dear Sir,

**PAYMENT OF SUBSIDY TO LANKA IOC**

Lanka IOC has submitted several claims pertaining to the subsidy as per the pricing formula attached to the agreement signed between GOSL and LIOC.

Since you had already expressed concern over this pricing formula and the amount involved, I shall be grateful if you could examine their claims and make a suitable recommendation for the government for an early settlement of the outstanding amounts.

Since the formula prices have been computed on a rising market, it appears that the pricing formula has given much more return on investment than expected from such investment. I recall that you have made a strong argument in this regard. Therefore, please be kind enough to provide a suitable modification to the agreement.

Yours faithfully,

P B Jayasundera  
 Secretary to the Treasury



“

13<sup>th</sup> June 2006

Her Excellency Nirupama Rao  
 High Commissioner for India in Sri Lanka  
 36 – 38, Galle Road  
 Colombo 3.

Your Excellency,

**Indian Oil Corporation Ltd. (IOC) / Lanka IOC Ltd. (LIOC)**

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

'In conclusion, the following citations from Judgments of Lord Denning MR perhaps would be pertinent in the context of diplomatic influences and nuances, *vis-à-vis*, this matter. (1977) 1 All ER @ 892

**“If the dispute brings into question, for instance, the legislative or international transactions of a foreign government, or the policy of its executive, the court should grant immunity if asked to do so, because it does offend the dignity of a foreign sovereign to have the merits of such a dispute canvassed in the domestic courts of another country; but if the disputes concerns, for instance, the commercial transactions of a foreign government (whether carried on by its own departments or agencies or by setting up separate legal entities), and it arises properly within the territorial jurisdiction of our court, there is no ground for granting immunity” – *Rahimtoola v Nizam of Hyderabad***

**“..... a foreign sovereign has no immunity when it enters into a commercial transaction with a trader here and a dispute arises which is properly within the territorial jurisdiction of our courts. If a foreign government incorporates a legal entity which buys commodities on the London market, or if it has a state department which charter ships on the Baltic Exchange it thereby enters into the market places of the world, and international comity requires that it should abide by the rules of the market” – *Thai–Europe Tapioca Service Ltd. v Government of Pakistan***





In addition, the Author analytically discloses the details of another Supreme Court Judgment in SC (FR) Application No. 503/2005 made against former President Chandrika Kumaratunga on the retirement benefits of a former President as had been determined by the Supreme Court of Sri Lanka in terms of the prevalent law.

Even though the transactions between 1995 and 1999 investigated and disclosed as above had been dubious and fraudulent transactions, however, a privatization transaction of the previous regime, namely, the Sale of the Nylon 6 Plant had been investigated at the very same time by a Special Presidential Commission of Inquiry, which had been constituted by President Chandrika Kumaratunga.

Sinhala and Tamil versions of this Report will be printed separately.



SESSIONAL PAPER No. I – 1997

**FOURTH INTERIM REPORT  
SUBMITTED TO HER EXCELLENCY  
THE PRESIDENT BY THE SPECIAL  
PRESIDENTIAL COMMISSION OF  
INQUIRY, 1995 APPOINTED TO  
INQUIRE INTO ALLEGED  
MALPRACTICES IN CERTAIN  
GOVERNMENT BODIES**

*Printed on the orders of the Government*

**2nd March, 1997**

PRINTED AT THE DEPARTMENT OF GOVERNMENT PRINTING, SRI LANKA.  
TO BE PURCHASED AT THE GOVERNMENT PUBLICATIONS BUREAU, COLOMBO 07.

**Price : Rs. 120.00**

**Postage : Rs. 10.00**

1—D 044754—1,893—(21/06)



**Justice H.S. Yapa**

**Justice P.R.P. Perera**

**Justice F.N.D. Jayasuriya**

The Special Presidential Commission had held the transaction to be wrongful and had determined that it had caused the Government of Sri Lanka a huge loss as proven, the relevant Minister responsible having died before the conclusion, the Special Presidential Commission did not make any Order, but however made Order against the relevant Ministry Secretary, removing his civic rights.

Is it not an appallingly deplorable fact that the investigations and the facts disclosed that some of the transactions had been shockingly carried out by the assistance and/or involvement of a close *confidante* of President Chandrika Kumaratunga, namely, Rajan Brito got down by her from United Kingdom, as a Consultant ? Not taking similar actions as above against such persons and others involved, well and truly discloses that the rule of law is not enforced against persons, with connections with upper echelons, whilst they are in political power.

As set out in detail in this Book several major fraudulent and corrupt transactions had been disclosed in the media supported by facts, document and data. Nevertheless, the Government of Sri Lanka at that time had failed to enforce the rule of law, and also the law enforcement authorities had not taken any action on such against such fraudulent and corrupt transactions exposed, thereby well and truly disclosing the socio-political realities *vis-à-vis* the actions by the upper echelons of society. Even in the face of a Supreme Court Judgment, such law enforcement authorities had not taken any action. Has it not been an appalling state of affairs ?

What is even more shocking is that whilst President Chandrika Kumaratunga had constituted a Special Presidential Commission to investigate fraud and corruption deals during the previous regime, at the very same time, those *confidantes* of hers had through the Public Enterprises Reform Commission perpetrated the above fraudulent and corrupt privatisations deals, and even more appalling is that no action, whatsoever, had been taken against them to enforce the rule of law in such instances under her own charge ?

Furthermore, what is established is the duplicity and shrewd manner in which the rule of law is not enforced against those other persons, due to socio-political reasons, whilst in power.

**Visit for more information :** <http://www.consultants21.com/fraud-&-corruption-exposures-new.php>