

Washington Exploits Adani Group to Cement India's Foreign Policy with America

By Abdul Majeed Bhatti

The United States Securities and Exchange Commission (SEC) has accused Adani and others of conspiring to pay about \$265m in bribes to Indian government officials to obtain contracts and develop India's largest solar power plant project. [1] Almost a year ago, the Hindenburg Research report shook the Adani Group, accusing it of stock manipulation, fraud, and the misuse of offshore tax havens. This exposé led to a sharp decline in Adani's market value and raised questions about the group's financial practices. While Adani denied these allegations, the episode exposed vulnerabilities in one of India's most prominent conglomerates. [2]

The SEC and Hindenburg accusations have severely weakened the Adani group and placed India's business community under greater international security. Nevertheless, leaving aside the legal wrangling of where Adani should be tried, America recognizes this as a golden opportunity to strategically leverage the crisis and pursue its broader geopolitical, economic, and strategic goals.

The Adani Group's important position in India's infrastructure development and its growing footprint in across strategic regions have made it a critical player in India's rise as a global power. Adani's ventures in ports, logistics, and energy are not only vital to India's economy but also challenge China's Belt and Road Initiative (BRI) in the Indo-Pacific and beyond.[3] However, from an American perspective, this poses two major challenges. First, Adani's dominance in critical sectors like renewable energy and ports threatens U.S. corporations seeking to expand in these regions. Second, Adani's efforts to counter China via trade and logistics networks fall short of the level of commitment and scale that Washington expects.

Another looming threat to U.S interests is the Adani Group's financial networks and global partnerships that have enabled it to uniquely chart India's economic future independent of Washington. This is unacceptable from U.S. standpoint, and Adani's financial dealings must be reined in.

For instance, within BRICS, there have been discussions about reducing reliance on the American dollar in global trade. Adani's infrastructure projects and financial arrangements, particularly in emerging markets, could expedite this shift and reduce India's dependence on America. By scrutinizing Adani's finances, the U.S. wants to tamper India's ability to play such a role within the ambit of BRICS.

Additionally, Adani's competitive expansion in regions like Africa and the Middle East overlaps with China's economic strategies. While India's counter to China aligns with U.S. goals, Adani's increasing influence could dilute Washington's ability to directly mold outcomes in these markets. Hence, by amplifying financial and legal scrutiny on Adani, the U.S. wants to restrict the conglomerate's role in fashioning a new Indian economic order and to re-invest the Adani Group's assets exclusively for containment of China.

The close association between Adani and Prime Minister Narendra Modi adds another advantage for American policy makers. Adani's success is intertwined with Modi's vision for India's economic growth, making the conglomerate both a symbol of national progress and a potential vulnerability for the government. The U.S., recognizing this nexus, could amplify the Hindenburg and SEC allegations as a means of coercing Modi's administration to change its stance on issues important to Washington. India's neutral stance on key global issues, such as the Russia-Ukraine conflict, has caused friction with Washington. Using Adani as leverage, the U.S. could signal that strategic neutrality has costs, encouraging India to align more closely with American foreign policy objectives.

This dynamic also extends to domestic policies as well. A weakened Adani Group could contribute to shifts in India's economic and regulatory landscape, particularly in areas like foreign investments and trade. The U.S. could exploit this and push for reforms that align with the interests of American businesses like Starlink, further embedding Washington's influence within India's economic framework. Simultaneously, any significant damage to Adani's reputation is likely to undercut Modi's political narrative, which often emphasizes the role of homegrown corporations in driving national development. This creates an additional avenue for Washington to apply indirect pressure on the Indian government to align more closely with American foreign policy objectives, especially as the new Trump administration is gearing up for another trade war with China.

In sum, Adani's vulnerabilities exposed by the legal charges offer America a multifaceted approach to curb India's infrastructure and energy independence, ensure the continued U.S. dominance in global financial systems, and cement India's geopolitical alignment with Washington. Modi is about to learn a harsh reality: once India aligns itself within America's sphere of influence, it must fully conform, leaving little room for independence or an exit strategy.

References

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