

Bofors and after
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The Bofors scandal is back to roil Indian politics

Like Banquo's ghost, the Bofors scandal, in which the Swedish arms manufacturer paid kickbacks to key Indian policymakers, is back to roil Indian politics a quarter of a century after it first broke and a good year after the case was officially "closed."

Last week, the scandal raised the political temperature in New Delhi, creating mayhem in Parliament when former Swedish police chief Sten Lindstrom -- who blew the lid off the sordid event in 1987 under his pseudonym 'Swedish Deep Throat' -- revealed his true identity.

Lindstrom, who was head of the Swedish police at the time, passed on crucial information obtained during his probe to Indian newspapers. In all, he unleashed 350 documents -- based on minutes of meetings, private notes, bank instructions, contracts, and a diary -- that culminated in a scandal of such magnitude that it led to the collapse of Prime Minister Rajiv Gandhi's Congress-led government.

According to the US\$285 million deal, clinched on March 24, 1986 between New Delhi and the Swedish metals and armaments major AB Bofors, the latter was chosen to supply the Indian Army with 410 155-mm howitzers with the option to license-produce 1,000 more.

However, on April 16, 1987, a Swedish Radio broadcast claimed that Bofors had paid kickbacks to politicians and top defense officials to secure the deal. Ottavio Quattrocchi, an Italian businessman who represented the Italian petrochemicals firm Snamprogetti, became a powerful broker for the deal between New Delhi and international businesses owing to his reported proximity to the Gandhi family. He was allegedly the prime beneficiary of the kickbacks paid in the gun deal.

On January 22, 1990, the CBI registered the first formal complaint in the case. However, Rajiv Gandhi was assassinated by Liberation Tiger of Tamil Eelam (LTTE) suicide bombers on May 21, 1991. This led to a general slackening of the investigative process which allowed Quattrocchi to go scot free.

Ironically, many top Indian institutions were tarred in the scam. But while the innocent got ensnared, the guilty escaped. However, the evidence against Quattrocchi, that he was paid a whopping sum as kickbacks, was conclusive. Through a front company called A.E. Services, bribes paid by Bofors landed in Quattrocchi's account which he subsequently cleaned out because India said there was no evidence linking him to the deal. Nobody in Sweden or Switzerland was allowed to interrogate him either.

Lindstrom believes that despite solid evidence against the tycoon, he was allowed to leave India in 1993. In 2006, two of Quattrocchi's overseas accounts, containing millions of dollars, were unfrozen following instructions from the Congress government. After making a lackluster attempt to extradite him from Argentina in 2007, India's Central Bureau of Investigation told the court in 2010 that it was not pushing for his prosecution

even as an Income Tax Appellate Tribunal declared that commission was indeed paid.

While Lindstrom had categorically noted the role of Quattrocchi as a recipient of the political payoffs, the Congress-led governments have acted time and again since then to let the Italian businessman off the hook. Circumstantial evidence, if anything, has actually increased. In 2004, the new UPA government did not appeal against the Delhi High Court judgment in the Supreme Court. A year later, the government provided evidence that allowed the Italian entrepreneur's frozen accounts to be unfrozen.

In 2007 Quattrocchi's extradition from Argentina was bungled, deliberately or otherwise it is still unknown. And in 2009, the UPA government withdrew the red corner notice against him. That put a firm lid on the possibility of Quattrocchi ever being extradited to India.

But it is not just the accumulation of circumstantial evidence that makes for the unending fascination this country has for the issue. What has fuelled the fresh hullabaloo over Lindstrom's revelations are the two points he makes: that while Rajiv Gandhi may not have personally benefited from the Bofors deal, he took no action against the cover-up in the probe which sought to protect Quattrocchi. This qualifies as complicity, say critics, if not outright guilt.

Equally important, however, is the fact that Lindstrom's interview comes at a time when the country has been rocked by a raft of corruption scandals involving high-profile ministers — the 2G scam, the Commonwealth Games fiasco, the Adarsh imbroglio, the Tatra scandal etc. All these intensify the public perception that the Congress party is convulsed with corruption.

The fact remains that the UPA and the [Central Bureau of Investigation](#) cannot ignore Lindstrom's fresh revelations. They are answerable to the Indian people about how Quattrocchi could have a safe passage from India despite the scam's damning revelations.

Interestingly, Lindstrom's statements are being claimed as a "victory" by both the ruling UPA and the largest Opposition party, the right wing BJP. The latter is clearly relishing the Congress' disquiet in the wake of the scam getting a fresh lease of life.

"Quattrocchi had escaped because of a friendly government and incapable probing agencies. Why was he so powerful that he could swing the case?" asked Arun Jaitley, a senior BJP leader.

However, UPA supporters are keen to know what Jaitley's government was doing in office from 1998 to 2004 (that too, when he was additional solicitor general) to secure the Italian businessman's conviction. The National Democratic Alliance government — of which the BJP was a part during the 1990s — had ample time to ensure decent closure on the case but it clearly didn't get its act together.

"Resurrection of the [Bofors](#) controversy can only be interpreted as a sign of the opposition running out of ammunition against the ruling party," says a senior Congress functionary.

In the meantime, the Indian public is keen to know if Bofors will retain its salience as a metaphor for corruption in Indian politics? And if it will cast a shadow on the Congress and the principal Opposition party's candidates with the year of the vote looming in 2014?

"The trouble is, corruption has only grown in scale since the mid-1980s and has become a malaise that afflicts all parties and practically all organs of the state," said political science professor Anil Basu. "If the Congress or the **BJP** are serious about tackling corruption, they have to turn to strengthening the judicial system and to reform the country's political funding system. This is what will tackle the root of the problem."

Lindstrom's revelations also raise questions about the role of the fourth estate in a democracy and the expectations from "whistleblowers" who leak information to the media. Protection of sources as well as media reporters is also a vital issue that merits attention, say experts.

However, the controversy has raised several big questions: Why should Quattrocchi have received any money at all? What role did a businessman who was not in the arms business play? What was the relationship between Quattrocchi and the Gandhi family?

The fact is that the Gandhis, through Rajiv's Italian-born widow Sonia and their son Rahul, continue to be stakeholders in Indian politics. This alone will ensure that Bofors will occupy public mindspace in India for quite some time to come even as it casts a murky shadow on the putative Gandhi name.

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