

Boforsgate



# Boforsgate

A Journalist's Pursuit of Truth

Chitra Subramaniam

 juggernaut

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*To my family – Giancarlo, Nikhil, Nitya and Andrew –  
for their patience, kindness and sense of humour.*

*And to Dr Volker Kirchner at the Clinique de Génolier  
for giving my life and living a new meaning.*



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## Chronology of Events

### 1979

*November:* The defence ministry gives permission to hold trials of the 155-mm FH 70 (UK).

### 1980

Trials sanctioned for the 155-mm M 198 (US) are accorded by the defence ministry. The Government of India (GoI) approves a philosophy paper prepared by the army headquarters. This forms the basis for future planning.

*March to May:* The UK gun undergoes trials.

*April to October:* The American gun undergoes trials.

### 1981

*March:* The defence ministry sanctions trials of the Bofors FH 77B (Sweden).

*June to December:* The Bofors gun is evaluated along with a Saab-Scania truck.

*July:* The trial of the Voest Alpine 155-mm gun (Austria) is sanctioned.

*September to October:* The Austrian gun is evaluated.

### 1982

*February:* The Sofma TR 155-mm gun (France) is accorded trial sanction.

*March to May:* The Sofma gun along with a towing vehicle is evaluated.

*June to July:* Deputy Chief of Army Staff, General K. Sundarji (later COAS), travels to the UK, Sweden, France and Austria to see the performance of the guns.

In July, the army headquarters sends a draft paper to the Cabinet Committee on Political Affairs (CCPA) in the defence ministry about the procurement of the 155-mm towed gun systems and the 155-mm self-propelled guns.

*October:* The defence ministry asks the army headquarters for a detailed report on all the trials it has conducted.

*December:* The army headquarters finalizes the General Staff Evaluation of 155-mm gun systems. The American and Dutch guns are rejected. The following systems are recommended in terms of priority for purchase and licence production:

1. TR (France)
2. FH 77B (Sweden)
3. FH 70 (UK)
4. Voest (Austria)

### 1983

The requirements of the 155-mm towed and self-propelled guns and other issues are firmed up in a series of meetings in the defence ministry attended by officials of the Defence Research and Development Organisation (DRDO) and Defence Production.

### 1984

*January:* The Indian government decides to procure 400 of the 155-mm towed gun systems and delink their procurement from the 155-mm self-propelled guns. It is agreed that the feasibility of integrating a foreign turret with an Indian-made platform will be explored.

*February:* A CCPA paper on procurement of the following is sent to the Cabinet Secretariat for approval:

1. 400 of the 155-mm towed guns along with accompanying spares/vehicles and ammunition for an estimated total cost of ₹1,600 crores and subsequent licensed manufacture in India of the balance 520 guns in the Seventh Plan and thereafter.
2. Entering into a licence agreement with the selected manufacturer for the production of 155-mm gun ammunition.
3. Constituting a negotiating and guidance committee for the purpose of carrying out technical/commercial negotiations with the firms.

*April:* The CCPA approves the first and second recommendation. As for the third, it directs that instead of two committees there should be one chaired by the defence secretary.

*May:* The following Negotiating Committee is set up:

- Defence Secretary – Chairman
- Secretary – Defence Production
- Secretary – Research and Development
- Secretary – Expenditure
- Additional Secretary – Economic Affairs
- Financial Advisor (DS)
- Deputy Chief of Army Staff

In the same month, the following four companies are asked to come to the army headquarters with technical details about their 155-mm towed guns on the dates given to each:

1. Bofors, Sweden – 16 May 1984
2. IMS, UK – 21 May 1984
3. Sofma, France – 25 May 1984
4. Voest, Austria – 30 May 1984

The companies are given a programme for the negotiations, which will begin soon. They are also asked to submit quotations for different types of ammunition.

*June:* The first in-house meeting of the Negotiating Committee is held and a timetable for the negotiations is drawn up.

The second and third in-house meeting of the Negotiating Committee is held on 12 and 23 June. The companies are asked to submit their formal price offers on 23 July 1984. Several in-house meetings are held in the same month and the Working Group submits its report on 30 July 1984. The fourth in-house meeting of the Negotiating Committee is held on 31 July 1984.

*August:* The army headquarters recommends that the British and Austrian systems are not acceptable to the Indian Army. This confidential information is not shared with the two companies who are now out of the race. For the army headquarters, of the remaining gun systems, the grading is that the French gun meets the requirements most of all and the Swedish gun is the second best.

During this period, it is decided to invite offers for the supply of 155-mm ammunition from other reputed ammunition manufacturers.

*September:* Offers from various firms are received.

*October:* The four firms are asked to consider further reduction of prices and to extend the validity of their offers.

On 31 October, Prime Minister (PM) Indira Gandhi is assassinated by her bodyguards.

*November:* The four companies are asked to extend the validity of the revised offer till March 1985. Army headquarters' comments on the new claims made by the four companies are circulated to all members of the Negotiating Committee.

On 31 December 1984, Rajiv Gandhi takes over as the prime minister of India.

## 1985

*February:* The army headquarters recommends that the French and Swedish gun systems should be shortlisted immediately.

It is important to note that Prime Ministers Rajiv Gandhi and Olof Palme met during the six-nation summit in Delhi in January 1985 and the gun contract, now in an advanced stage of negotiation, was reportedly discussed.

*March:* The army headquarters recommends that no change can be made in their recommendations of August 1984.

*April:* The four companies are asked to depute their top executives to furnish certain clarifications to a sub-committee on 2 and 3 May 1985.

*May:* The defence secretary informs the companies that the GoI does not permit the involvement of Indian agents acting for foreign suppliers. He also tells the companies that the GoI will disqualify them if it finds out that an agent works for them. The companies are also told that the agent/intermediary must not contribute to the finalization of the deal and the decision of the GoI in any way.

On 10 May 1985, the revised offers are submitted.

*June to July:* It is decided that all four companies whose offers expire in June 1985 will be asked to extend their offers till December 1985.

*October:* The Negotiating Committee on 19 October 1985 accepts the final recommendation of the army headquarters and decides to call only Sofma of France and Bofors of Sweden for negotiations. The final decision remains open and will depend on a combination of technical and commercial considerations.

*November:* Approval of the PM and the *raksha mantri* or defence minister is sought to shortlist the two guns on 13 December 1985. The companies are invited for technical negotiations from 16 December onwards. It is decided that three working groups be set up to discuss contractual and commercial terms with representatives from the companies. The actual price negotiations are to be held with the Price Negotiating Company.

## 1986

*February:* Detailed negotiations with the two companies begin.

On 17 February, the army headquarters submits its final technical evaluation where it recommends that keeping in mind the capability to meet present and future operational requirements, the Swedish Bofors FH 77B gun has a clear edge over the French Sofma TR 155-mm gun.

On 28 February, Swedish PM Olof Palme is assassinated in Stockholm.

*March:* On 4 March the Negotiating Committee takes note of the army headquarters' recommendation of Bofors. Because of the gun's advantages, it is proposed that it should be procured even if it means paying more.

On 10 March, Bofors confirms that it has no agent and is using Anatronics Corporation only for administrative services.

(On 15 November 1985, Bofors had signed on with A.E. Services, granting it a

3 per cent commission if it could win the weapons contract by 31 March 1986. This was at the behest of Ottavio Quattrocchi, a certified chartered accountant with no experience of defence sales.) In January 1986, Bofors also agreed to pay a 3.2 per cent commission to a company called Svenska Incorporated. Svenska Incorporated, A.E. Services and Anatronics were agents for Bofors.

On 12 March, the Negotiating Committee notes that Bofors has offered credit for the supply of components up to a specified amount for the indigenous manufacture of the gun system under license and has reduced interest rates on credit. It recommends that, pending finishing touches to the contract, a letter of intent could be issued to Bofors saying that India would be willing to award the contract to them subject to their satisfying the GoI on the purchase, licence production, credit and other arrangements.

On 24 March 1986, the PM in his capacity as the defence minister of India approves the proposal to award Bofors the contract. It is valued at ₹1,437 crores for the supply of 400 155-mm guns.

## 1987

*April:* On 16 April, Swedish state radio broadcasts that Bofors won Sweden's biggest arms contract by paying bribes to senior Indian politicians and key figures through secret Swiss bank accounts. It quotes senior company sources as having said that four instalments, totalling 32 million Swedish crowns, were paid during the last two months of 1986 into secret accounts in Swiss Bank Corporation (SBC).

On 20 April, PM Rajiv Gandhi tells the Indian Parliament that no kickbacks were paid and no middlemen were involved.

On 22 April, Bo. G Andersson writes in *Dagens Nyheter (DN)*, an influential Swedish daily, that Bofors paid commissions to the Hinduja, an influential business family, to win the contract.

*May:* Bofors' Delhi-based agent, Win Chadha, flees to New York via Dubai.

Defence Minister V.P. Singh raises questions about monies being paid into Swiss bank accounts. In a cabinet reshuffle, his portfolio is changed from that of finance minister to defence minister.

The Opposition parties in India ask for a parliamentary probe. They accuse PM Rajiv Gandhi of taking the bribes. The Congress party, which enjoys a majority in the Parliament, stonewalls all calls for such a probe.

*June:* On 1 June, the Swedish National Audit Bureau (SNAB) submits its report to the government, confirming that various commission payments were made

to Svenska, the front company belonging to Win Chadha. The parts that detail the illegal payments are blanked out. It is not clear at this point if the GoI has received the complete report or a redacted one. It is also unclear who asked that this information be withheld.

Sweden's chief prosecutor, Lars Ringber, who has been following the reports from the day of the radio's revelations, decides to launch an independent investigation into the allegations.

*August:* On 6 August, a Joint Parliamentary Committee (JPC) is set up in India to investigate the allegations of corruption. Congress politician B. Shankaranand heads it. The Opposition parties boycott the investigation.

*September:* On 18 September, the president of Bofors, Per Ove Morberg, and its vice president and chief jurist, Lars Gothlin, appear before the JPC where they say payments were indeed made to three companies but these were 'winding up' charges to abide by the GoI's instructions. They said no commission was paid to any Indian agent. No names of companies or beneficiaries are published because they are confidential.

Prior to this, PM Rajiv Gandhi announces that he refused to meet the two Swedes because he wanted the names of the recipients in writing and not orally, as they had offered.

## **1988**

Indian investigators from the Central Bureau of Investigation (CBI) visit Sweden to probe the issue. Their trip is not an official one. They do not ask officials for any information from their Swedish counterparts.

## **1989**

*July:* The JPC submits its report to the Lok Sabha. It concludes that there is no evidence to show that any middlemen were involved in the process of acquiring the guns.

*November:* PM Rajiv Gandhi loses power in a general election and V.P. Singh becomes the new PM. Singh bans Bofors from any future defence contracts with India.

## **1990**

On 22 January, the CBI registers a First Information Report (FIR) for the alleged offences of criminal conspiracy, cheating and forgery under the Indian Penal Code (IPC) and other sections of the Prevention of Corruption Act against Martin Ardbo, the then president of Bofors, alleged middleman, Win Chadha, and the Hinduja brothers.

Following this, India sends a Letter Rogatory (LR) to Switzerland to investigate the accounts and the people mentioned in the FIR. Swiss authorities freeze six bank accounts, including Svenska and Anatronics (Win Chadha), A.E. Services (Quattrocchi) and three other accounts code-named Lotus, Tulip and Mont Blanc, belonging to a company called Moresco (Hindujas).

### **1991**

On 21 May, Rajiv Gandhi is assassinated in Sriperumbudur, Tamil Nadu, by an LTTE suicide bomber.

Swiss authorities find a Swiss bank account belonging to Quattrocchi containing \$7 million. After he fails to respond to an official letter asking to prove that the account was not linked to the Bofors deal, the Swiss authorities freeze the account.

### **1992**

In March, the Indian Minister of External Affairs, Madhavsinh Solanki, quits over the investigations. (He gave an unsigned and undated note to Swiss Foreign Minister, Rene Felber, at the World Economic Forum [WEF] in Davos, asking the Swiss authorities to go easy on the investigation.)

### **1993**

The Indian Supreme Court rejects Win Chadha's plea to quash India's request to Switzerland for assistance in the Bofors case.

### **1997**

Despite several years of appeals from the Hindujas, 500 pages of secret Swiss bank documents are handed over to the Indian authorities at a public ceremony in Bern.

### **1998**

On 15 June, a Geneva court finally rejects the Hindujas' attempt to prevent incriminating documents from reaching India. Their contention that their lives would be in danger if the documents reached India is rejected.

### **1999**

In December, the Swiss authorities hand over the final set of secret Swiss bank documents to India.

### **2012**

In an interview with me, Sting reveals himself as Sten Lindström, the Swedish head of police, who was conducting the Bofors investigations.

**2017**

In an interview with me, Sten Lindström speaks about the 2003 conversation between Rajiv Gandhi and Olof Palme aboard the plane from New Delhi. Martin Ardbo had called to speak to him.

In 1987, as soon as the Swedish radio story hit the wires, Coomi Kapoor asked me to follow up on the revelations. It was Easter weekend. Carlo and I were in Italy for what was to be our last vacation before Bofors entered our lives and took over mine completely. I filed my first story for Coomi in April 1987. I was a stringer for *The Hindu* and was asked by N. Ram to follow up on the story.

I began my own investigation using my networks in Europe.

I developed three crucial sources code-named 'Kaa', 'Snowman' and 'Sting'. Kaa and Snowman were in Switzerland and Sting was in Sweden. Between 1987 and 1997 – ten years – they gave me documents that blew the bottom out of the Indian government's cover-up. These documents included secret bank documents, payment slips, payment instructions, the SNAB report, the agreed summary of a secret meeting between Bofors officials and Indian officials on 14, 15 and 16 September 1987, Martin Ardbo's diaries and notes, documents linking Win Chadha and his companies – Anatronics, Svenska Incorporated and AE Services – and Ottavio Quttrocchi and the Hindujas and their accounts, code-named Tulip, Lotus and Mont Blanc in Swiss banks.

These reports appeared in *The Hindu*, *The Indian Express* and *The Statesman* over a period of ten years.



## Cast of People Involved

Martin Ardbo	Carl-Fredrik Algernon
Ottavio Quattrocchi	B. Shankaranand
Srichand Parmanand Hinduja (S.P.)	Malini Parthasarathy
Gopichand Parmanand Hinduja (G.P.)	Aaron Karp
Marc Bonnant	Hans Dahlgren
Velupillai Prabhakaran	Ingvar Carlsson
Ingvar Bratt	V.K. Ramachandran
Carl Johan Arberg	Anders Björck
Per Mossberg	Mr Lafond
Prakash Hinduja	Madhu Dandavate
Washeshar Nath Chadha (Win Chadha)	Mohan Katre
Anita Gradin	Hans Ekblom
Erik Penser	Ulla Nilsson
Lars-Erik Thunholm	Jagdish Tytler
Anders Carlberg	Atal Bihari Vajpayee
Sten Andersson	E.M.S. Namboodiripad
Arun Nehru	Micheal Heseltine
Narayan Dutt Tiwari	Augustine Rajaratnam
Arun Singh	Anna-Greta Leijon
S.K. Bhatnagar	Pierre Schori
N.N. Vohra	Norbert Gansel
Alfred Nobel	Ursula Eid
Thorsten Cars	Peter Hoover
V.P. Singh	Reinhart Kramer
Bertil Bredin	Ernst Pieper
Per Ove Morberg	Thomas Eldh
Lars Gothlin	Sven-Olof Olin
P.K. Kartha	Ed Arlberg
G.K. Arora (Gopi Arora)	Mr Golikeri
Major Robert Wilson	Mr M. Ericson
Miles Tweedle Stott	D.D. Menghrajani
General Krishnaswamy Sundarji	Joran Widen
Virginia Cover de Rodriguez	Suman Dubey
Egberto Flores Moreno	T.N. Chaturvedi

N.K.P. Salve  
Tavleen Singh  
Shanti Bhushan  
Bertil Sodermark  
Rolf Gauffin  
Emile Marshi  
Bhure Lal  
Arun Jaitley  
G. Ramaswamy

Dr Bernard Kouchner  
Madhavsinh Solanki  
René Felber  
Laurent Kasper-Ansermet  
K.P. Balakrishnan  
Joginder Singh  
Coomi Kapoor  
Vir Sanghvi  
Jean Claude Péclet