

THE ISRO CASE

THE GREAT ESPIONA

SHANKAR



MARIAM RASHEEDA

Was she really the Maldivian Mata Hari?

Though initial reports made her out to be the pivot of a diabolical espionage plot, it now seems that she was just a minor functionary in the Maldivian Secret Service, sent out to keep an eye on those suspected of plotting a coup against President Gayoom. Though said to be handing out greenbacks by the lakhs, she lived in cheap hotels, sold a gold chain to pay her bills, took nearly 1,000-km bus rides from Bangalore to Trivandrum, and was not present in most places on the days that crucial meetings are believed to have been held.

By SHEKHAR GUPTA

PICTURE yourself in the boots of the chief of Pakistan's Inter Services Intelligence (ISI). Name one operation your dreams are made of. Perhaps, it will be one that internationally discredits India's repeated charge of an ISI hand in its internal problems. It also demoralises the scientists in its space programme, attracts international attention to its links with the missile project and sows distrust with several friendly countries. Then it triggers a bitter war, fought in the courts and the media between its premier intelligence agencies, making it the laughing stock of the world.

Would you believe your luck if the Indians themselves did all this for you?

Whichever way you look at it, this is how the picture emerges in the ISRO sex-sleaze-spying case. The Intelligence Bureau (IB), the Centre's main agency for domestic intelligence-gathering and counter-espionage, and the Central Bureau of Investigation (CBI), India's premier investigation agency, are working at cross-purposes while normally they are supposed to be complementing each other. Usually, the IB conducts initial surveillance and sets up traps, leaving the CBI to prosecute the spies. Here the IB has spun a fancy yarn that involves the shipment of at least 85 kg of sensitive documents from ISRO to an assortment of foreign users for nearly Rs 250 crore over the past four years. The IB said much of this in materials presented to the Kerala High Court. The CBI, which was handed over the case on December 4, calls it nonsense and so far finds no evidence of espionage. Its director, Vijay Rama Rao, has even said so in a sworn affidavit at the same court. True to form, the Research and Analysis Wing (RAW), the foreign intelligence agency, adopted a "we know nothing more" line at the court.

The consequence was open warfare in North Block as a furious Home Minister S. B. Chavan sought explanations and Cabinet Secretary Surendra Singh called a meeting of the in-

telligence chiefs. Commenting on the sharp divergence between the two agencies in his ministry, Union Home Secretary K. Padmanabhaiah said: "The issue was discussed in a meeting in the cabinet secretary's office. But I wasn't invited there."

The judiciary too joined the fray by taking serious note of a public interest petition filed by a Cochin-based NGO, rapping the CBI on the knuckles for not pursuing the case strongly enough. It was perhaps the first time in India that the intelligence agencies were asked to present primary data gathered by them. When one of them, the IB, presented materials in a sealed envelope and, claiming privilege, pleaded with the judges not to examine it, the court turned down the request, reading the

CRUCIAL BUNGLES

- The IB jumped to conclusions without checking on the venues and dates of crucial meetings among the alleged plotters leaving most of them with easy alibis.
- Instead of quietly putting suspects under surveillance, tapping their phones, uncovering contacts and setting up sting operations, IB rushed in with arrests.
- In a rush to grab the credit, intelligence agencies prematurely rushed in with exaggerated estimates of the extent of espionage. This made backtracking difficult.
- There was no coordination between the various agencies either at the ground level or at the level of their top brass or even the Joint Intelligence Committee.
- The CBI wrote its own case diaries on the basis of the IB interrogation reports. Since its own findings now contradict the IB's, it had a hard time convincing the courts that it did not deliberately deviate from them.

GE MESS

Intelligence agencies feud and work at cross-purposes bringing India embarrassment and putting the espionage theory into serious doubt



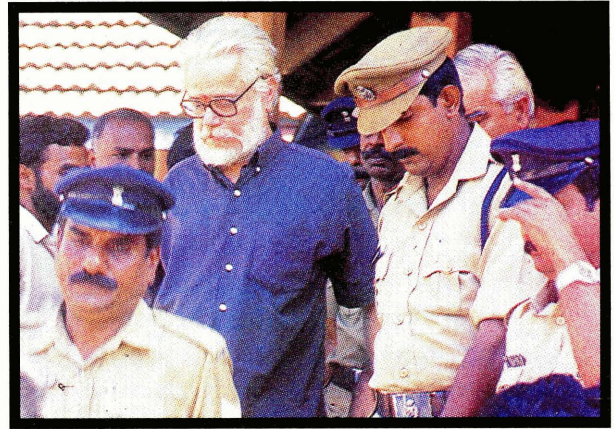
PTI

FAUZIA HASSAN

Was she really a veteran ISI operative?

Intelligence reports first called her a pro-Gayoom agent, then anti-Gayoom and finally an ISI operative. Fauzia, however, spent most of her time putting together the capitation fee for her daughter Zila Hamadi's school admission in Bangalore. She has a heart ailment.

documents and watching three videotapes of "confessions" obtained in the IB's interrogations. The judges also found the IB and the CBI contradicting each other. Completing the mix-up, both agencies were represented by the same counsel, Additional Solicitor-General K.T.S. Tulsi, who had a hard time making a rather delicate point that at the moment, the CBI's data were more relevant. The IB reports, he said, were a combina-



SHANKAR

S. NAMBINARAYANAN

A traitor or a brilliant scientist wronged?

He is said to have sold away several kg of documents containing sensitive space secrets for tens of crores of rupees. But he has been persistently short of cash, having sold his car and refrigerator in the past year. The CBI believes he never met the two Maldivian women in his life.

tion of information and apprehensions. What he left unsaid was that many of these had turned out to be unsubstantiated.

There was an uneasy feeling in North Block too that this could become the most exaggerated, sensationalised and mis-handled espionage case in a long time. A senior western diplomat asked: "What else can you say when your premier counter-espionage agency calls it the gravest breach of its security ever and your premier criminal investigation agency dismisses it as a total frame-up?"

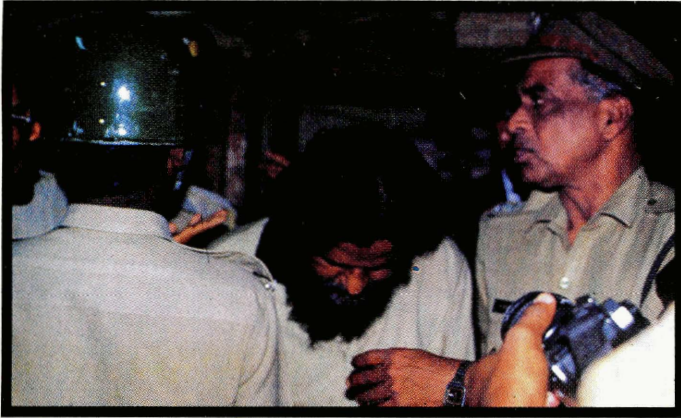
UNANSWERED QUESTIONS

- Interpol reports and passport pages prove that Zuheira, the Colombo-based "ISI agent", was not present in India on crucial dates. Couldn't she have travelled on fake passports given by the Pakistanis as the IB suggests?
- Why has RAW not been able to check on Mohiuddin and Habibullah, working at the Male branch of Pakistani Habib Bank who "helped" Mariam draw the dollars?
- Who is the mysterious Alexi Vassiv in Moscow, mentioned in interrogation reports as the buyer of documents smuggled out of the ISRO by the "spy gang"?
- What is the role of Ural Aviation? How frequently has it been flying to Trivandrum and do its planes go through the usual customs and security checks?
- If the "spies" hawked secrets for tens of crores, where has the cash been stashed away, since nothing of such magnitude has been recovered from any of the suspects?

INITIALLY, the IB had suggested that not just Pakistan but almost the entire world had been able to penetrate India's space establishment. The documents were apparently being bought by a man called Alexi Vassiv, at the Russian space agency Glavkosmos, on behalf of a Moscow-based syndicate. These were shipped, of all places, to North Korea via Holland. One scenario was Pakistan using Maldivian spies, setting up a front company in Germany, hiring renegade Russian scientists and building missiles in North Korea in a collaborative venture. With three friendly countries already in the dock, the IB also added Indonesia to the list of likely buyers. It is said to have made the first approach to ISRO's deputy director of liquid propulsion, S. Nambinarayanan, as far back as 1982. The IB says Nambinarayanan turned it down as he was afraid his secretary had overheard the offer made on the telephone. The CBI now calls the plot fictional. "I can't say no spying took place anywhere in ISRO," says a senior official, "but none has taken place within the Mariam-Fauzia-Sasikumaran-Nambinarayanan-Chandrasekharan module."

Yet, so strong is media hype that the CBI is facing allegations

SHANKAR



K. CHANDRASEKHARAN
The Indian kingpin or a
wayward middleman?

Much of the initial plot was constructed on the basis of disparate bits of information given by him during interrogation. But he could be running a shady, though not strictly illegal, trade of his own in the acquisition and sale of space and other technologies. A transfer of \$4,500 to the New York account of a mysterious company called Technomash and \$15,000 to his Singapore account by a Russian company still need to be probed thoroughly.

MALDIVES

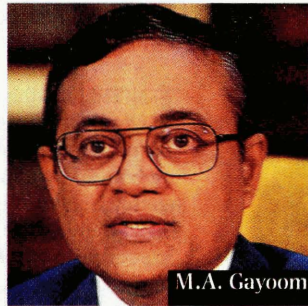
Archipelago of Fear

TOURIST brochures describe the Maldives as an exotic string of 2,000 coral islands and 2 lakh people where "you learn the art of doing nothing, yet sleeping peacefully at night". That won't apply to President Mamoon Abdul Gayoom, in his fourth five-year term. He lives with the twin fear of the seas engulfing his capital Male—where you can run coast-to-coast in five minutes—because of global warming, and coups being hatched by expatriate dissidents, mostly based in Bangalore, Trivandrum and Colombo. Gayoom is pro-India. So the ISI backs the dissidents.

His armed force, including the firemen, police and intelligence, is 3,000-strong and led by Brigadier A. Saleh Ambaree. So even a private such as Mariam bags sensitive foreign operations. Like watching dissident Ali Nisar, son of Gayoom's predecessor. She cultivated Fauzia who is close to Nisar, now launching an airline, Air Surf Maldives. When INDIA TODAY's Saritha Rai dared to buzz the security phone at his M.G. Road apartment in Bangalore, a bouncer threw her out.

Last week, Ambaree came to Delhi. His message: if any Maldivians are working against you, hang them. If they're innocent, free them. But stop harassing Maldivian nationals at your airports after the ISRO scandal.

PRAMOD PUSHKARNA



M.A. Gayoom

of hushing up the case because of the "involvement" of Hyderabad-based businessman K.V. Ravindra Reddy, whose company, MATR Industries, is among the hundreds of vendors supplying components to ISRO, and who is alleged to be close to the prime minister's controversial son, P.V. Prabhakar Rao. Vijay Rama Rao complains: "It has become difficult to get people to believe the truth." So strong is the popular suspicion, particularly in Kerala, that the leading daily, *Malayalam Manorama*, is running a serial on cases in which the courts made strictures on the CBI. The house of the defence counsel was stoned by irate mobs who have also been targeting the ISRO staff buses. Children of ISRO scientists are being mocked in schools.

Top CBI officials say they first had doubts after the search of Nambinarayanan's house because "anyone making money illegally is unlikely to have just one, 14-inch black and white television set in the house". The CBI *panchnama* (inventory) of properties recovered from Nambinarayanan's house mainly consists of insignificant items such as six cane chairs, two tables, a couple of lamps and so on. Suspicions that he had bought property elsewhere proved false. He had only advised a friend to set up an aquaculture project and hoped to work with him after retirement. He liked his drink, which is probably why his standard of living was much lower than even that expected of a government employee, with a basic pay of Rs 7,300. He had recently sold his car and refrigerator. His son had taken up a Rs-2,500 per month job.

AS the CBI team grew increasingly sceptical, Vijay Rama Rao decided to visit Trivandrum and see things for himself. He was soon convinced by his officers' argument that their investigations have knocked the bottom out of the case. For example:

- ▶ The five conspirators are said to have met in Hotel Madras International in the presence of ISI's Colombo-based Maldivian agent Zuheira and passed on documents to her in return for cash between January 24 and 26, 1994. Investigators found that five different persons called Chandrasekharan stayed in the hotel in these three days. They were traced to various parts of the country and admitted to having stayed in the hotel but did not include the Chandrasekharan involved in the case. Similarly, the hotel register had names such as R.S. Srivastava and Sasi Kapur. But these too turned out to be other, real people when contacted. During this period, Raman Srivastava was supervising the Republic Day parade rehearsal in Trivandrum. He was seen there by many, including an IAS officer. Wireless logs and his official car logbook also confirmed his alibi.

- ▶ Contrary to the allegation that Nambinarayanan was a key member of the ring, the CBI claims to have established that he had never met either Mariam or Fauzia.

- ▶ The CBI says both Mariam and Fauzia failed to identify Raman Srivastava in pictures or in real life in the identification parade. In fact, they identified as Srivastava a retired Bangalore-based IAF squadron leader, R.K. Bhasin, as the man they were calling "the brigadier" or the "brigadier coatwalla".
- ▶ Investigations contradicted the belief that Mariam used to meet her contacts at an army club in Bangalore. Once, while driving with the Bangalore-based Chandrasekharan and his friends Bhasin and Sharma to the house of the principal of Baldwin High School to make a pitch for the admission of Fauzia's daughter, Mariam wanted to urgently use a toilet. Bhasin suggested they stop by at Rajinder Singh

RAMAN SRIVASTAVA

Was he the "brigadier coatwalla" who controlled the gang?

The controversial Kerala IGP is the most contentious character in the case. The IB is convinced of his involvement and the Kerala High Court takes the charge seriously, because of which he has been suspended. But the CBI is emphatic he wasn't in Madras on the day of the crucial meeting but was supervising a Republic Day rehearsal in Trivandrum. It also asserts that none of the accused ever saw him, his name was introduced with ulterior motives, and the "Brigadier Srivastava" mentioned is actually retired Sq. Ldr. Bhasin from Bangalore.



Institute, which is an army club where officers have to sign their guests in.

► While it was alleged that the two women were handing out lakhs for information, their own conduct shows they were hard up for cash. Fauzia borrowed Rs 10,000 for her daughter's capitation fee from Sara Palani, with whom she stayed as a paying guest in Bangalore. She also sold her \$1,000. In October, Mariam sold a gold chain for Rs 4,000 in Trivandrum to pay for her extended stay. Both made at least two trips between Bangalore and Trivandrum, a distance of nearly a thousand kilometres, by bus.

Mariam's propensity to make friends at airports and then end up with them in cheap hotels raises obvious questions. Initial reports said she had contacts with a Saudi arms merchant. Actually she met Ahmed Fouad Jizawi, chairman of the Riyadh-based Al Foudia General Trading and Contracting Co, at Trivandrum airport and he invited her to Kovalam Beach Resort, the only time she stayed in a fancy hotel. He paid her bills, and she spent most of her time in his room. Following inquiries through Interpol, Jizawi himself came to the Indian Embassy in Riyadh and pleaded that this was no more than a casual tryst. He is an ordinary trader and not an arms merchant.

Mariam made calls to Sasikumaran and others from the hotel and the numbers were recorded on the bills. It is unlikely for spies to act that way. Also, if S.K. Sharma was indeed part of a spy ring, would he have come to Trivandrum to stand bail for his friend Chandrasekharan?

► The IB said Sasikumaran met Zuheira in Hotel Fort Manor, Trivandrum, between March and June, 1990. Actually, the hotel started functioning only in December, 1991.

► A 40-kg consignment of secret documents was allegedly booked on a flight of Ural Aviation, a Russian air cargo company, at Trivandrum. Customs records show no such entry. Ural Aviation, however, has been used often to ferry

components and personnel from Russian companies collaborating with ISRO.

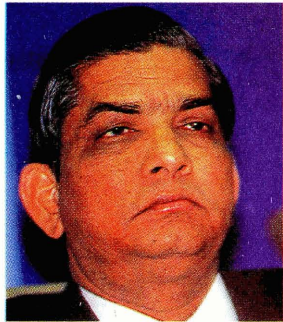
► On September 24, 1994, Sasikumaran is said to have taken Mariam and Fauzia to the ISRO complex where she took pictures. The CBI says she, instead, went picnicking to the Aruvikara dam site along with several other Maldivians who have been interrogated, and took pictures there.

Finally, following ISRO's thorough internal inquiry, the joint secretary (space) wrote to the investigating agencies that no documents were missing. Also, that ISRO was an open organisation and did not classify documents.

THE CBI's view, accordingly, is that Mariam was no more than a small-time operator in the Maldivian secret service with a rather "friendly" disposition towards men, though her charms seemed to have worked better on her casual Indian acquaintances than her seven failed marriages would suggest. Chandrasekharan came in contact with her on September 24 when he tried to help solve her problems with customs at Trivandrum airport. She met Sasikumaran when her friend Fauzia needed medical help and Chandrasekharan referred her to B. Saroja, Sasikumaran's wife and a pathologist. Her official assignment was to keep tabs on certain anti-Gayoom groups operating in India. (see box) She and her friend Fauzia had planned to return to Male on September 29 but were stuck as all flights were cancelled owing to the plague scare. It was then that Mariam approached the police to extend her visa.

It was a case of step-by-step escalation. Given her garrulous nature, she immediately generated curiosity among policemen who casually asked her a few questions. Mariam, fearing that her visa might not be renewed, responded by

SHARAD SAXENA



"So far we have nothing with us to sustain an espionage theory."

VIJAY RAMA RAO,
Director, CBI

PRASHANT PANJIAR



"The CBI-IB differences have been taken up by the cabinet secretary."

K. PADMANABHAIAH,
Union Home Secretary

The IB said documents were flown to Moscow and then sent to North Korea.

name-dropping. The Kerala Police got suspicious and searched her room. They found her diary contained meticulous entries dated August 19, 23, 24 and September 2, 10, 14, 25, 27 talking about some kind of a plot being hatched in Bangalore to overthrow President Gayoom of Maldives. Alarmed, the Kerala Police informed the Subsidiary Intelligence Bureau (SIB, as the IB offices in all state capitals are called). The first IB assessment accordingly talks about Mariam being part of a likely conspiracy against Gayoom.

But once the IB joined the interrogations, Mariam convinced them that she was in fact working for Gayoom and reporting to Fauzia. The IB sent out an update turning the earlier hypothesis around. And then the intelligence men began calling up the phone numbers mentioned in Mariam's diary. One of these was Sasikumaran's. Apparently, when Inspector VISHANKAR



Shankar of Kerala Police called the number, a drunken Sasikumaran picked up the phone. When asked if he knew someone by the name of Mariam Rasheeda, he is believed to have responded by saying: "Yes, I have s.....d her." Once the inspector learnt he worked as a scientist at ISRO, suspicions were well and truly aroused.

THE rise of the Srivastava factor added a new dimension to the case. Raman Srivastava, one of the youngest and most controversial officers to become an IGP in Kerala, is a favourite of Chief Minister Karunakaran. In a bitterly faction-ridden Kerala Police many officers, both senior and junior, hate his guts. He is acerbic, arrogant and has a lifestyle that is the envy of Trivandrum's tiny elite. During interrogation, Mariam mentioned a certain contact of hers, known as "Brigadier Srivastava". This immediately raised eyebrows. Perhaps she was talking about Raman Srivastava. Perhaps she was calling him brigadier as he was still a DIG when she first met him and thus wore exactly the same pips—Ashoka emblem and three stars—as a brigadier. Perhaps he was the kingpin in the gang and the man she described as the likely chief executive of the firm that was going to be set up to carry out its subversive activities. The firm, with touching nonchalance, was to be called Cavalier Ltd. Following the Kerala High Court's judgement last week, placing faith in the IB's *prima facie* find-

ings and videotaped "confessions" of the accused, even a reluctant Karunakaran was forced to place Srivastava under suspension.

Smarting under the court's blow, the CBI is planning to appeal for the removal of strictures. It still suspects that some Kerala Police officers added two and two together too quickly, motivated primarily by the juicy prospect of arresting their *bete noire*. According to the CBI version, "Brigadier Srivastava" was possibly the Bangalore-based, retired Squadron Leader R.K. Bhasin. It seems that when asked his name by Mariam, Bhasin, who took her to the Army club in Bangalore, casually told her, "call me Brigadier Srivastava". Kerala Police and the IB bitterly dispute this. But the CBI asserts that under its questioning, both Mariam and Fauzia picked Bhasin's picture as "Brigadier Srivastava's". Karunakaran obviously sees the whole thing as an

P. SASIKUMARAN

Was treason his motive, or just a bit of fun?

The case blew up when his number was found in Mariam's diary. He claims he was befriending Maldivians in the hope of finding a good tenant for his house in Trivandrum. He's the only suspect on whom an unusual amount of wealth has been found but it still does not indicate that he was rolling in crores. The CBI says so far it believes he could at worst be making a little money and having some fun on the side rather than selling secrets.

attack on him. He says, defiantly: "Wait. The truth will come out and then I will make sure justice is done."

It would need an archivist armed with liberal declassification laws 30 years from now to figure out what exactly happened subsequently. But information gleaned from high level sources in North Block indicates that this set into motion a process of excited speculation. The IB produced a hypothetical assessment of the vulnerabilities of ISRO and the countries that could be interested in information from it, and included such unlikely contenders as Indonesia and Mexico.

The level of concern was suddenly raised a few days after this report as IB Director D.C. Pathak himself signed and circulated what is described as a UO Note (Unofficial Note), a bureaucratic euphemism for a missive of high significance marked for the attention of the mightiest in the land, including the prime minister and the Union home minister. Once expectations had been aroused at such a level, even if prematurely, it was difficult for the intelligence agencies to backtrack. All effort was now concentrated on buttressing the espionage theory. Contradictory signals were ignored, hearsay was accepted as evidence and precise information was not verified. For example, if someone said the conspirators had met in a hotel in Madras, why did the IB not check things out at the hotel—the organisation maintains a 95-strong office in Madras headed by a joint director. Possibly the IB, under pressure after the Nadwa raid bungle and its failed promise of 138 seats for the Congress(I) in the Andhra Pradesh elections, was too keen to show a success. A more charitable explanation is that IB officials in Trivandrum were obviously unaware of the activity undertaken

The CBI has made a list of 21 factual points to demolish the spying theory.

by ISRO itself on the quiet to procure Russian technologies, components and to even bring in experts through charter flights in which Chandrasekharan, as a Glavkosmos agent, may have had a role. During interrogations, they mistook this for espionage. The IB suspicions were also aroused by two curious bank transactions involving Chandrasekharan. First, an amount of \$4,500 (Rs 1.41 lakh) was transferred by him from the State Bank of India branch in New York to the account of a company called Technomash in Republic National Bank of New York. Second, an amount of \$15,000

(Rs 4.5 lakh) had been transferred by a Russian company to Chandrasekharan's account in Hong Kong and Shanghai Bank in Singapore. The IB thought this could be a payment for espionage. But it could as well be a way of evading Indian taxes with his employers making payments in foreign accounts.

Keystone Cops or Spies Like Us. Choose your simile. But the entire intelligence machinery produced an unending series of bungles in this case. If the IB learnt of the existence of a spy ring in the ISRO, its normal counter-intelligence instincts should have been to put suspects under surveillance, tap their phones, track their contacts, then catch them red-handed in sting operations. But it rushed headlong into arresting them. Then Kerala Police made a cardinal error in handing over the sus-

SHANKAR



S.D. SHARMA

A partner in crime or a victim of official bungling?

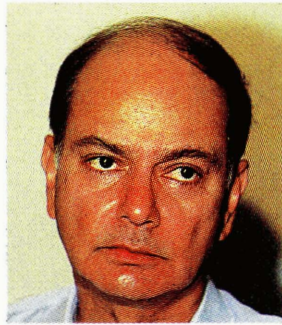
It does not seem logical that if the Bangalore-based businessman was involved in the spying racket, he would have exposed himself by coming to Bangalore to stand bail for his friend Chandrasekharan. The CBI thinks he was no more than a member of the gaggle of admirers Mariam tended to collect around herself. He met her through their common contact, Chandrasekharan.

SHARAD SAXENA



The ISRO case is now a major headache for IB Director D.C. Pathak.

SHARAD SAXENA



Cabinet Secretary Surendra Singh has been assigned to find out what went wrong in the case.

up their own case diaries copying Kerala Police masterpieces chapter and verse. Now they stood in the Kerala High Court repudiating the entire espionage theory, arguing that it was based on confessions extracted earlier by using third degree methods. This, when their own case diaries had dutifully recorded all the "facts" that surfaced in the IB's interrogations. No wonder the judges were furious at this "deviation". A CBI officer admits: "Every policeman in this case took leave of his instincts and training for some reason." Kerala Police has now made a significant about-turn, supporting the CBI view. Says Director-General P. Madhusudan: "The accused can say wrong things or even lie out of anxiety or fear. If the CBI says there was no espionage, they must have come to that conclusion after thorough investigation."

THE case raises serious issues. Despite persistent efforts by INDIA TODAY, including requests made in writing, no explanation was forthcoming either from the director of the IB or the Cabinet Secretariat. Secrecy and privilege clauses are vital requirements of the intelligence business. But there have to be safeguards so these do not become a licence for irresponsible adventurism, where apprehensions are built into evidence and the media are used as a hugely farcical kangaroo court. In this specific case, there is no doubt that at least some of the intelligence work has been creative and fictional with two organisations arriving at diametrically opposite conclusions while their respective directors sit merely 30 metres and a collapsible steel gate apart. This colossal incompetence and insensitivity have caused irreparable damage to India's international image.

Such bungling is not new to Indian intelligence. The reopened Samba spy case is one example. Even starker is the arrest and humiliation of Subba Rao, a naval scientist who was charged with selling submarine secrets but was ultimately acquitted by the court that found that the "incriminating" documents recovered from him were actually his doctoral thesis. There is a message in all this. Democracies need systems of checks and balances to oversee their intelligence agencies. At a juncture when India faces grave threats, a reform of its intelligence agencies is a must. Because, if Indian intelligence is half as bad as the bungling in the ISRO case suggests, and the ISI half as good as government spokesmen tirelessly assert, we must be living in a hopelessly insecure world.

—with JACOB GEORGE in Cochin, M.G. RADHAKRISHNAN in Trivandrum and SARITHA RAI in Bangalore