

December 2005

# A Shift from Crime to Terrorism: Assessing D-Company

**AJEY V LELE**



Society for the Study of Peace and Conflict  
*fostering ideas, research and dialogue...*

**About the Author**

**AJEY V LELE**

Research Fellow, Institute for Defence Studies and Analyses, New Delhi

© 2005 Society for the Study of Peace and Conflict. All rights reserved.

No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Society for the Study of Peace and Conflict, New Delhi.

Please direct inquiries to:

**Research Coordinator**

Society for the Study of Peace and Conflict

Post Box No. 10560, JNU Old Campus, New Delhi

Pin-110067 (INDIA)

[officemail@sspconline.org](mailto:officemail@sspconline.org)

[www.sspconline.org](http://www.sspconline.org)

This publication can be downloaded for free at: [www.sspconline.org](http://www.sspconline.org)

**SSPC Paper**

SSPC Paper presents research findings by the in-house scholars and colleagues from other institutions and independent analysts. It also aims to include ongoing research and key excerpts from larger works/projects in progress on the core research themes of the Society.

Comments from readers are welcome. Feel free to reply/contact at the mailing address or email above.

**Disclaimer**

The opinions, conclusions, and recommendations expressed or implied within are those of the authors and do not necessarily reflect the views of the Society for the Study of Peace and Conflict or the Organisation She/He belongs. Portions of this work may be quoted or reprinted with permission and with credit to the Society for the Study of Peace and Conflict, New Delhi. A courtesy copy of any reviews and tear sheets would be appreciated.

*Modern era has witnessed an enormous growth in transnational organized crime. Over the years such crime groups have covertly provided arms and ammunition to terrorist groups purely for business interests. However, the difference between organized crime and terrorism has blurred in last few years. Few crime organizations have shown a tendency of involving themselves in terrorist activities for non-profit reasons. This paper offers an analysis of the causes behind the changing philosophy and practices of one of the well-known crime organizations from India to move closer towards terrorism to support its criminal activities. The discussion is based on a specific case study carried out with the help of a 'Model of criminal-terrorist relations'.*

**T**he current literature on terrorism is wide-ranging both in its themes and perspectives and has expanded exponentially over the past few years. Other than conventional issues, some related issues, viz: terrorism and media, terrorism and foreign policy, and terrorism and world history, are often explored by social scientists. But the relation between terrorism and counter-terrorism in connection with criminal activity is one area, which remains under-explored. The reasons for this could be many, but the most important one is be the direct involvement of criminals in aiding and abetting state/non-state actors (NSAs). This is relatively a new phenomenon. Since terrorism was connected more readily with political, legal and military issues, hence in the past a need was not felt for juxtaposing criminology on terrorism.<sup>1</sup>

India has been a victim of terrorism for more than a decade. Recent studies on Indian security concentrate on terrorism. Most of the literatures are centered on the study of traditional threats vis-à-vis terrorism. Such an approach fails to decipher threats, which are related to organized crime<sup>2</sup> or the 'underworld'. Such

threats are designated as non-military threats (NMTs). In the Indian context it could be apt to describe the 'underworld' threat as an 'Asymmetric Threat' because of its potential to seriously challenge state authority by directly involving itself in violence.

This article explores the dynamics and scope of 'underworld' related threat to India's security while examining the case of 'D-Company'.<sup>3</sup> This article while trying, to establish the linkage between crime groups and terrorist organizations, also focuses on the shift of a crime group to that of a terrorist organization. Before studying any particular crime organization it is important to appreciate in general the nature of organized crime; it's structure and linkages during the last decade.

### Crime and Terror Nexus

Crime is defined as an evil act punishable by law.<sup>4</sup> Groups indulging in criminal activities have existed since time immemorial. However, there is an increase in organized and associated forms of crime at both the local and regional levels in recent years. Further, the nature of crimes increasingly influenced by the globalization of criminal activities gives an

<sup>1</sup> Mathieu Deflem, "Introduction: Towards a Criminological Sociology of Terrorism and Counter-Terrorism" in *Terrorism and Counter-Terrorism: Criminological Perspectives*, Elsevier Science, Oxford, 2004, pp.1-6.

<sup>2</sup> As per the United Nations Convention Against Transnational Organized Crime (Palermo, Italy, 12-15 December 2000): "Organized Criminal groups shall mean a structured group of three or more persons existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences [...] in order

to obtain, directly, or indirectly, a financial or other material benefit.

<sup>3</sup> 'D-Company' is the working name for the underworld don Dawood Ibrahim Kaskar's widespread crime network across Middle East and South Asia.

<sup>4</sup> Crime means 'breaking of law'. The definition officially labels people and separate society into criminal and non-criminal categories. In other words, criminality is a social status determined by the way an individual is perceived, evaluated and treated by the legal authorities. See, Richard Quinines, *The Social Reality of Crime*, Little Brown, Boston, 1970, p.7.

added dimension. This is not to say that globalization of criminal activities is a novel phenomenon. The UN crime and justice statistics has been documenting various categories of crimes since 1853.<sup>5</sup> However, there is a marked change in the behavioral pattern and nature of operations within the terrorist groups operating today.

Currently, the international criminal organizations/ syndicates are taking full advantage of globalization of world markets, dismantling of trade barriers, and increased ease of international travel, liberalized emigration policies, high-tech communication equipments and sophisticated money laundering techniques to enhance and further their criminal efforts and forge alliances with other criminal groups. Looking at very means, techniques and strategies of such criminal organizations, it may be well contained within the limits of terrorism. Arguably, the empires of crime organizations have grown beyond the routine crime activities like narcotics, arms trafficking, money laundering, contract killing and immoral trafficking. Some state and non-state actors have found it convenient to utilize/hire them in order to pursue their own agenda. Again, criminal organizations have started cooperating with state/non-state actors in order to protect their 'business interests'. These activities are definitely a threat to the national and international security and hence it can come within the ambit of 'crime affecting security'.<sup>6</sup> Similarly, the

reduction in the state funding for few terrorist groups over the past decade has forced them to undertake criminal activities to generate finances for their operations.

Three significant characteristics of organized crime have emerged at the end of the 20<sup>th</sup> century: 1) the traditional criminal activity, 2) growth of traditional links between criminal organizations and other groups and 3) the growing ability and power of international criminal organizations to threaten the stability of states by undermining institutions and economy.<sup>7</sup> The D-Company, which is a transnational criminal organization, has all the above-mentioned characteristics. This organization with its roots in India, is presently operating from various places in South Asia and Middle East. Even though the leader of the organization is currently Karachi-based, its network is active in the port city of Mumbai, India's commercial hub. To analyze the reach of D-Company, it is essential to have an overview of the growth of the Mumbai-Mafia over the years. It is also essential to examine the terrorist modus operandi of the past as well as the current crime groups operating from Mumbai.

### **Mumbai: Mafia Epicenter of India**<sup>8</sup>

Although various criminal gangs have been operating in India, there is no authentic data available to indicate the number of organized criminal gangs, their modus operandi and areas of operations. Their structures and leadership patterns may not strictly fall in the classical Italian Mafia module. They may sometimes be operating in loose structures, but the depredations of such criminal gangs are too well known. However, the purpose of organized crime in India, as elsewhere in

<sup>5</sup> A short history of the collection of the UN crime and justice statistics at the international level is available in Graeme Newman, (ed), *Global Report on Crime and Justice*, United Nations Office for Drug Control and Crime Prevention, 1999. The history along with summaries of the chapters can be accessed at, URL <http://www.uncjin.org/Special/GlobalReport.html>

<sup>6</sup> There are also incidences of terrorist organizations to be hand in glove with criminal organizations. The best-known example is Sri Lanka's Liberation Tigers of Tamil Eelam (LTTE). It is widely believed that the LTTE helps finance its insurgency through drug trafficking. *International Narcotics Control Strategy Report: 1997*, released by the Bureau for International Narcotics and Law Enforcement Affairs, U.S. Department of State, Washington, DC, March 1998.

<sup>7</sup> Roy Godson and W. J. Olson, *International Organized Crime: Emerging Threat to US Security*, National Strategy Information Center, Washington DC, 1993, p.7.

<sup>8</sup> This section followed various works on organized criminal activity in India, taking the lead from Sanjiv Kumar Upadhyay, "Crime in India" *UNAFEI*, December 2001, pp.197-207. This paper was presented at The United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders (UNAFEI), Tokyo.

the world, is monetary gain and this is what makes it a formidable force in the socio-political set up.<sup>9</sup> Organized crime has been reaching new heights in Mumbai since early 1960s. The pioneer among them was Varadharajan Mudaliar and gang whose nefarious activities included illicit liquor, gold smuggling, gambling, and extortion. In due course, three other gangs emerged: Haji Mastan (gold smuggling), Yusuf Patel (also, gold smuggling) and Karim Lala (drug trafficking). No reports indicate the involvement of above-mentioned gangs in any terrorist or anti-national activities. In fact, few of these gangs were involved in so called 'social work' and tried to create a "Robin Hood" image to gain sympathy of the local population. Varadharajan Mudaliar had in fact started involving himself in local religious festivals like 'Ganesh festival' to create a son-of-soil image.

The imposition of the National Emergency in India (1975) broke the monopoly of these gangs and provided space and opportunity for other small-time smugglers and unemployed youth. The collapse of the Mumbai textile industry led to the spectacular rise of the Dawood Ibrahim gang, now commonly known as D-company. The son of a former Criminal Investigation Department (CID) constable, Dawood Ibrahim moved to lead the underworld in 1981 after the murder of his eldest brother Shabir. Dawood along with his trusted lieutenants Chhota Shakil and Chhota Rajan (now operating independently dumping Dawood since 1993) emerged as the most dreaded gang in the city. In 1985, an increased police pressure forced Dawood to flee the country. After relocating to Dubai in 1985, Dawood started building his empire and had a turnover of approximately Rs. 20000

million per annum.<sup>10</sup> Currently Dawood is based in Pakistan and as per some reports he alternates between Pakistan and Saudi Arabia and sometimes to Afghanistan. Recently, Indian Intelligence Bureau (IB) sources indicated that Dawood has winded up activities in Dubai and shifted to Saudi Arabia because of crackdown on his base in the UAE.<sup>11</sup>

Besides D-company, other major gangs operating in Mumbai are those of Chhota Rajan (Drug Trafficking and Contract Killings), Arun Gawli (Contract Killings and Protection Money), Late Amar Naik (Protection Money) and Chhota Shakeel.<sup>12</sup> However, the organized crime very well transcends the boundary of Maharashtra state and finds its sinister foothold in other Indian cities too. There are several gangs operating in New Delhi primarily from neighboring State of Uttar Pradesh. Most of them have indulged in kidnapping for ransom. Om Prakash Srivastava, alias Babloo Gang of Uttar Pradesh has been responsible for organized kidnappings in Delhi and Mumbai in which ransom amounts were paid in foreign countries.<sup>13</sup> However, other than the D-Company, none of these gangs have shown any inclination or involvement towards anti-India activities and have not supported any foreign powers to create the atmosphere of terror in India.

The D-company is the only gang, which is serving the interests of an outside power trying to destabilize India. There is substantial evidence that the group operates at the behest of Pakistan's Inter-Services Intelligence (ISI). On March 12, 1993, Dawood had masterminded the serial bomb blasts in Mumbai in which 257 persons died and 713 were injured.<sup>14</sup> Public and private property worth millions of dollars was destroyed. Investigations

<sup>9</sup> Though the emergence of organized criminal activities in India dates back to early 19<sup>th</sup> century under Zamindars and landlords, followed by the 'Thuggee' system, it is in the mid-20<sup>th</sup> Century crime became more organized and exhibited serious manifestations through underworld activities in many parts of country, especially in Bombay (Mumbai), Gujarat and Bihar. See P.M. Nair, *Combating Organized Crime*, Konark Publisher, New Delhi, 2002, p.37.

<sup>10</sup> Sanjiv Kumar Upadhyay, "Crime in India", *op. cit.*, p.204.

<sup>11</sup> "Dawood shifts base to Saudi", *Hindustan Times*, December 11, 2004.

<sup>12</sup> *Ibid.* p. 197.

<sup>13</sup> Prafulla Ketkar, "The Changing Character of the Mumbai Mafia", Article No. 972, February 28, 2003. URL < [www.ipcs.org](http://www.ipcs.org) >

<sup>14</sup> P. M. Nair, *Combating Organized Crime*, *op.cit.*, p.74.

have revealed the transnational character of this conspiracy, the objective of which was to cripple the bubbling Indian economy, create communal divide and spread terror in the commercial capital of India. Since then, the D-Company has been actively involved in carrying out anti-India activities and behind all kinds of subversive activities in India.

**Model of Criminal-Terrorist Relationship**

Empirical analysis based on crime trends and changes in the behavioral pattern of such organizations provide substantial inputs for carrying out trend analysis and extrapolation. However, there exists a large gap between the incidence and reporting of crime, on the one hand, and the reporting and recording of crime, on the other, in India. This highlights the limitations of crime statistics published by National Crime Records Bureau (NCRB). In comparison to other developed countries like Canada, Japan, and England, the total crime per unit of population reported and recorded in India is even lesser than half, which is highly unlikely.<sup>15</sup> Also no database is available which could distinguish between the political and criminal motivations of the D-company. Hence, an empirical analysis of D-company's anti-Indian motivations is not feasible at the moment.

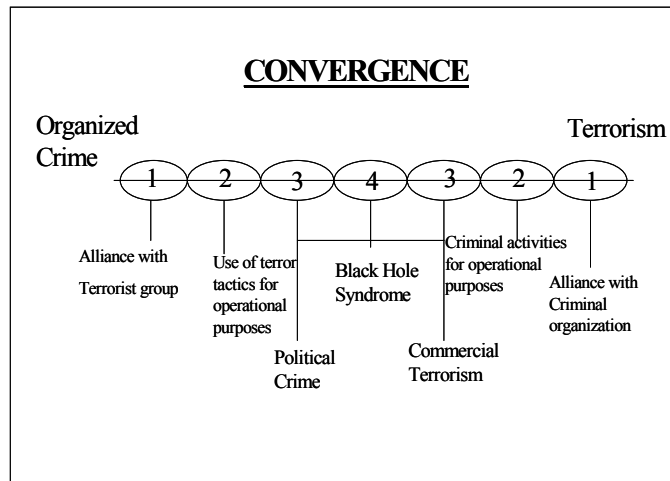
One possible way to deal with this problem is to adopt a matrix approach by identifying the strengths, weaknesses and intent of the D-company. Another approach could be to develop the model of criminal-terrorist evolution by identifying and analyzing various stages in the transformation of a criminal group to a terrorist organization.<sup>16</sup> For this purpose, organized crime and terrorism could be

thought of existing on the same plane, and capable of converging at a central point. But analysis of contemporary security threats indicates that it is difficult to distinguish between political and criminal motivations. In few cases terrorist organizations are depending more on self-financing due to reduction of state funding. As a result, the relationship between terrorism and criminality has acquired a new meaning. At the same time, state-funded and state-protected criminal organizations are becoming more adventurous, and have started indulging in terrorist activities probably in reciprocation to the state support of their activities.

The following figure illustrates a model for terrorist-criminal relationships and convergence as presented by Tamara Makarenko in *Jane's Intelligence Review* of August 2003 and also in her subsequent research endeavor.

**Figure I: Crime-Terror Continuum Model**

[Tamara Makarenko, *Jane's Intelligence Review*, August 2003]



For the purpose of this study, only one arm of this model is considered i.e. organized crime leading to terrorism. The model is tested on the D-Company, one of the few criminal organizations in the world, which is totally controlled by the people of same religion i.e. Islam. The discussion and subsequent conclusions are restricted only in respect of this case.

<sup>15</sup> Tapan Chakraborty, "An Alternative to Crime Trend Analysis in India", *Faultlines: Writings on Conflict and Resolution*, Vol.14, New Delhi, July 2003, pp.81-97.

<sup>16</sup> The further discussion is based on the model presented by: Tamara Makarenko, "A Model of Terrorist-Criminal Relations", *Jane's Intelligence Review*, August 2003, pp. 6-11.

### **D-Company: From Crime to Terrorism<sup>17</sup>**

As per the model of criminal-terrorist relationship (Figure-I), four major categories are identified which could explain the transformation of a criminal group to a terrorist group. They are:

- Alliances
- Operational motivations
- Convergence
- The 'black hole' syndrome

**Alliances.** A crime group can form an alliance with other crime groups or a terrorist organization or a state actor (covert alliance). The alliance could be based on one-off, short-term or long-term agreements. Such alliance may take place for various reasons like transfer of technology, distribution of territories, to gain expert knowledge (e.g. money laundering, bomb-making, and counterfeiting) or operational support (e.g. access to smuggling routes).

Over the years the nature of terrorism has changed radically. Some terror/criminal groups have become so powerful that they were even in a position to hijack a state. The best example is the Taliban in Afghanistan. Also a criminal group can be offered a safe haven by a state actor. Post-1984, Dawood entered to Dubai with the sponsorship of members of Royal family of Sharjah, and subsequently established himself in Dubai only to flourish under the patronage given by the Royal family.<sup>18</sup> Dubai is one of the largest and most unregulated financial centers in the world, located at the strategic crossroads of the Persian Gulf, South Asia and Africa. It has long been a financial hub for criminal and Islamist extremists as well as a primary transit point for the shipping of contraband. The Dawood gang controls much of this contraband movement to and from South Asia. The gang also controls

the illegal 'Hawala' transactions in the region.<sup>19</sup> It is because of international pressures on Dubai, post-1993 Mumbai bomb blasts; Dawood had to leave Dubai but was successful in getting Pakistan's support, and hence shifted his base to Karachi.<sup>20</sup>

The D-Company's alliance with Pakistan is linked to its business compulsions. Till 1991, 2000 tones of gold were smuggled every year to India but after the liberalization of the Indian economy in 1991-92, gold smuggling no longer remained a lucrative business. Also, by this time smuggling routes between the Gulf nations and the western coast of India (especially the Pakistani waters) had come under tight ISI control, thereby restricting Dawood's already dwindling Indian market. Further, the ISI was successful in brainwashing Dawood to work towards the greater cause of Islam because of the Babri Masjid demolition and the subsequent anti-Muslim riots in Mumbai.

The D-Company involved itself in terrorist activities for the first time in 1993, by helping the ISI to transport weapons and explosives to carry out Mumbai blasts. Since then the ISI is using Dawood's network for arms and money transfer (Hawala) to fund anti-India activities. He has also helped the ISI to smuggle fake Indian currency via UAE route.<sup>21</sup>

**Operational Motivation.** For a criminal group entering into proximity with a state is not the best of options. Such equation has got inherent problems like security concerns, differences over priorities and strategies, distrust, threat of creation of new competitors, loss of identity, etc. It has been generally observed that criminal

<sup>17</sup> Tamara Makarenko, *op.cit.*, Also see her latest analysis, "The Crime-Terror Continuum: Tracing the Interplay between Transnational Organized Crime and Terrorism", *Global Crime*, Vol. 6 (1), February 2004, pp. 129-145.

<sup>18</sup> Ajai Sahni, "Fellow Travelers of Terrorism", *South Asia Intelligence Review*, Vol. I (22), December 16, 2002. URL<[www.satp.org](http://www.satp.org)>

<sup>19</sup> Ajai Sahni, "The Criminal-Terror Nexus, Again", *South Asia Intelligence Review*, Vol. I (30), February 10, 2003. URL<[www.satp.org](http://www.satp.org)>

<sup>20</sup> B. Raman, "Testimony to Committee on International Relations of the US House of Representatives, on his Assessment of Cross-border Terrorist Challenges Facing India and their Implications for the Counter-Terrorism Policies of the USA", October 12, 2003.

<sup>21</sup> See chapter, "Dawood Ibrahim and Pakistan's ISI: Warning Signs of Terror" in Gilbert King, *The Most Dangerous Man in the World: Dawood Ibrahim*, Camberlin Bros, New York, 2004, pp.59-72.

groups turn to terrorism not for changing the status quo of a state, but merely to secure their operational environment.

Since the beginning of the process of economic liberalization in the post-Cold War era, it has been observed that criminal groups and terrorist organizations have started shifting their operational focus. Some criminal groups have started using terror tactics to fulfill specific operational aims. In the case of the D-Company, it appears to have taken help from the ISI<sup>22</sup>, initially as an operational tactics' from a business interest and reciprocated by carrying out the 1993 Mumbai blasts. But subsequently Dawood had to leave Dubai and settle down in Pakistan. So naturally he was left with little options but to play second fiddle to the interest of ISI. He has to make an alliance with the ISI to protect his business interests too.

It is reported that in 1990s Dawood had financially helped Pakistan in the clandestine procurement of nuclear and missile technology and components.<sup>23</sup> He had lent about \$1 million to Pakistan's National Bank when the country was just days away from bankruptcy.<sup>24</sup> Also it has been reported that he controls entire drug mafia on behalf of the ISI and contributes huge amount of money to ISI coffers every year.<sup>25</sup> These incidences imply that Pakistan have engaged D-Company for ISI's agenda is clear in this regard. Again there involvement is beyond what meets the eye. It seems that D-Company and Pakistan are involved in a long-term alliance for sure.

**Convergence.** In the recent past, a few criminal groups have evolved beyond using crime as operational tactics, and manifest characteristics of full-grown terrorism. This convergence thesis

includes following independent but related components.

- Some criminal groups display political motivations. The group uses terror tactics for gaining political leverage.
- Criminal groups attain political control via direct involvement in political processes and the institutions of the state.
- Criminal organizations initially use terrorism to establish a monopoly over lucrative economic sectors of a state. By controlling economic sectors these entities proceed to ultimately gain the political control over the state itself.

The world is dominated by free market economy. Economic strength is the prerequisite for political power. Has then Dawood shown political motivations? Both Yes and No. 'No' because during his prime days as a smuggler, he was totally involved in empire building, and had not shown much of interest in religion or politics. The inferred reason for this could be that since he was able to 'manage' everything for himself without involving in the political process, he may not have felt the necessity to do so now.

But this does not mean that there was absence of interest in politics. During his early days, Dawood along with few Pathan friends (essentially fanatic Muslim youths) was instrumental in forming a 'Young Party' in erstwhile Bombay during general elections.<sup>26</sup> Subsequently, he lost interest in local politics. But now there are indications that he is likely to involve his group in the political process in India. During the last 25-30 years, the political culture of India has undergone major shifts. Criminals have started joining politics to protect their 'business interests'. Not surprisingly, one of the well-known Mumbai underworld don Arun Gawli has entered politics. Another example is Iqbal Kaskar, brother of Dawood Ibrahim, who has been deported to Mumbai from Dubai. Mumbai police believes that this is a ploy orchestrated by Dawood himself. The

<sup>22</sup> Ibid. Also See, Gus Martin, *Understanding Terrorism*, Sage, London, 2003, p.197.

<sup>23</sup> B. Raman, "Dawood, Shakeel & Co", August 21, 2001. <www.redff.com>

<sup>24</sup> Paul Watson, "Gangster with Terror Links is jailed in India", *Los Angeles Times*, February 10, 2002.

<sup>25</sup> *The Tribune* (Chandigarh, India), December 13, 2002.

<sup>26</sup> R K Raghavan, "D company on the run? ", *Frontline*, February 15 - 28, 2003.



Crime branch of Mumbai does not have much of evidence against Iqbal and it is expected that he may stay in the prison for maximum of two years. He is also expected to contest an election. The aim is to protect D-Company's property in India, which is approximately worth Rs1000 crore.<sup>27</sup> Iqbal was arrested on March 6, 2003, under the Maharashtra Control of Organized Crime Act (MCOCA) on the charges of illegally constructing two shopping plazas in Mumbai on behalf of his elusive brother Dawood and threatening one owner of the property adjacent to these places.

Geographically, India is not a small nation-state like other criminal dominated states in Africa or Europe. The vibrant Indian democracy may not allow a criminal or his group to reach a certain level of significance in Indian politics. Hence it would be extremely difficult for D-Company to build a political network. At best the company may be able to safeguard its own interests by aligning itself in the Indian political process.

At the same time the international 'position' of the D-Company should not be underestimated. In February 2003, Bangladesh banned the newly formed political party Shahadat-Al-Hikma. This party was officially financed by D-Company and was created to export terror to India from Bangladesh.<sup>28</sup> Also there are reports about Dawood's linkages with the Nepalese monarchy and the D-Company has been using Nepal as a route for terrorism and smuggling.<sup>29</sup> There also exists a deep-rooted nexus between Dawood, the police and politicians in India.<sup>30</sup> Clearly, D-Company has well-established overt and covert linkages within and outside India. Hence, if not for a larger political gain but merely to safeguard its business interests, the D-

Company may find it prudent to increasingly involve itself in politics.

Sound economy is the oxygen of any criminal or terrorist organization. Terrorist organizations turn towards criminal activities mainly to keep this supply of oxygen intact. Various conservative estimates put it to Rs 7000 crore. The financial breakup suggests that drug business is the main source of income. Along with the drug mafia of Pakistan, D-Company manages a business worth US \$12 billion. There is an indirect involvement of the ISI and Pakistan armed forces in this drug racket. The D-Company has been actively involved in international drug business since the late eighties when Iran-Iraq war disrupted the traditional Southeast Asian heroin trafficking routes from Pakistan to Iran and Turkey. As per the report released by the International Narcotics Control Agency, almost all evidence shows close and multifaceted linkages between drug trafficking and terrorism. The twin problem can not be seen in isolation.

The D-Company's narcotics empire covers various parts of the world including West Asia, the Mediterranean, Europe, Americas, and Africa. Post-9/11 and subsequent Afghanistan conflict, Pakistan has lost its influence in the country. However, the drug and arms mafia continue to have unfiltered movement across the entire Afghanistan.<sup>31</sup>

Pakistan's support to D-Company at various levels is critical for the latter's survival. Granting 'economic citizenship' to Dawood Ibrahim is one such example. Economic citizenship—a concept of Caribbean and South Pacific origin—is sold in return for a minimum deposit in foreign currency kept by an individual in local banks. It helps to evade arrest and further deportation to countries where they are wanted for crimes.<sup>32</sup> However, India should be watchful of D-Company's economic strength as well as state

<sup>27</sup> S. Hussain Zaidi, "If Arun Gawli can do it, so can Iqbal", *Mid Day*, Mumbai, June 6, 2003.

<sup>28</sup> "Bangladesh bans Dawood-funded outfit", *Rediff News*, February 17, 2003. [www.rediff.com/news](http://www.rediff.com/news)

<sup>29</sup> *Hindustan Times*, New Delhi, October 9, 2002.

<sup>30</sup> "Dawood has moles in Mumbai police, Pathan tells CBI" *The Times of India*, February 22, 2003.

<sup>31</sup> *The Tribune*, Chandigarh, December 13, 2002.

<sup>32</sup> Ajay Sahni, "Fellow Travelers of Terrorism", *South Asia Intelligence Review*, op.cit.

backing which can translate into political power.

**Black Hole.** The final point of convergence is the 'black hole' syndrome. The convergence between criminal and political motivations within a single group allows it to subsequently gain economic and political control over a state. This indirectly suggests that a criminal organization graduates in becoming a terrorist organization and fulfills its ulterior motive of gaining control of the state. While this may not be the D-Company's goal, however, the ISI's ultimate target is to destabilize India. Since all D-Company's activities in India are orchestrated by the ISI, the conceivable can become a reality.

The ISI's motive can be clearly discerned. It has succeeded in bringing the Laskar-e-Toiba (LeT)<sup>33</sup>—the most active terrorist network in India—and D-Company together. Both these organizations are complimentary to each other; one excels in hardcore terrorist operations, while the other provides administrative and technical support. Also, the US had reportedly found Dawood's involvement in May 2003 Riyadh bombing.

Pre-9/11, Pakistan's strategy to gain control of Afghanistan by supporting the Taliban and using that country to spread terror in Kashmir was well thought out. Afghanistan was an ideal training ground for militants training. Afghan jihad was an ideal example to motivate Kashmiri militants. An extension of the Afghan jihad to Kashmir allowed the Pakistan army the facility not to engage with India directly in a declared war. It also helped Pakistan stunt the pro-independence elements in Kashmir's indigenous movement.<sup>34</sup> But with the turn of events, Pakistan now has to take an anti-Taliban view.

Unfortunately, on the home front Pakistan has to contend with the ISI, which is a state within a state. The ISI exercises enormous influence in shaping Pakistan's

foreign policy. ISI's support to the Taliban enabled it to develop close links with the Al Qaeda, the ties (10 to 15 years old) which now have gradually weakened if not completely severed.<sup>35</sup> Post 9/11, the D-Company has become a viable alternative for the ISI to carry out its anti-India destabilizing activities. The August 2003 Mumbai serial blasts, which killed at least 50 people was a case in a point. During the last decade D-Company has been successful in carrying out 15 to 20 blasts in Mumbai and adjoining areas killing approximately 350 people. However, for the ISI to fully convert D-Company into a non-state actor challenging India's sovereignty is inconceivable. Hence, it can be safely argued that the D-Company is far away from the 'black hole' stage of the model.

A pertinent question arises: are the aims and motivations of D-Company converging towards terrorism? In that respect it could be prudent to evaluate the current philosophy of this group against the backdrop of the definition of terrorism itself. According to Bruce Hoffman's definition, the most widely accepted components of terrorism are: "it is ineluctably political in aims and motives, it is violent or at least threatens violence, it is designed to have far-reaching psychological repercussions beyond the immediate victim or target, and it is conducted by an organization or conspiratorial cell structure and perpetrated by a sub-national group or non-state entity."<sup>36</sup>

This definition highlights the limitations in branding D-Company as a terrorist group. The violent actions committed by this group lack conventional political component. The historical distinction between crime group and terror group essentially signifies that the aim of the crime groups, by and large, is to preserve a status quo beneficial to their illegal, profit-making activities, while terrorist's

<sup>33</sup> Sharma Rajeev, "LeT Turning Global", *The Tribune*, Chandigarh, January 19, 2003.

<sup>34</sup> 'Pakistan's Agenda to Control Afghanistan Intact', December 19, 2001<[www.rediff.com](http://www.rediff.com)>

<sup>35</sup> "Profile: Pakistan's Military Intelligence Agency", *BBC News*, January 9, 2002, <http://news.bbc.co.uk/>

<sup>36</sup> Bruce Hoffman, *Inside Terrorism*, Columbia University Press, New York, 1998, p.43.

aim is to over-throw the Government, or at least, gain an independent territory or seat at the political table.<sup>37</sup> Clearly, the D-Company shows more shades of being a crime syndicate than indulging in terrorism. However, the acts of violence carried out by D-Company in Mumbai cannot be discounted and have far-reaching consequences as they are being carried out in connivance with a state actor.

### Analysis

The problem of transnational crime and terrorism has become a central focus of Indian foreign policy in the post-December 13 attack on the Parliament. India has furnished a list of '20 most wanted' terrorists to Pakistan. Seven out of twenty from this list owe their alliance to the D-Company. This indicates India's concern about the D-Company's anti-Indian activities.

The D-Company is not a monolithic criminal organization but has got a wide network spread over the entire globe. It appears that the D-Company is both manpower and technology intensive and financially contributes huge amounts to carry forward the hidden agenda of a state power. Because of its diffuse and dynamic nature of transnational operations and firm state support, it has succeeded in carrying out terrorist activities on the Indian soil. The ISI stands to gain hugely from D-Company's network in India. It provides the ISI with greater destructive power in India's financial capital Mumbai. Importantly, Mumbai has a large Muslim population, a section of which may be easily influenced by Dawood to act as his agents. Also Dawood has taken advantage of the resource crunch facing Mumbai's film industry, using the icon status of the *filmwalas* to further his interest.

The D-Company is acting as a conduit for the ISI - sponsored terrorist groups by developing links with the Mumbai underworld. The ISI is using these

linkages for anti-national and espionage activities. In the hindsight, it appears that Dawood has fatally erred by associating with the ISI. With the global spotlight on terrorism, Dawood has been branded as an international terrorist. With mounting international pressure, Dawood's mentor state may soon dissociate itself. It is unlikely that Pakistan will hand over Dawood to India. In the likely situation, the best option for India would be to cut his financial sources in the country and cripple his network.

As per the model suggested by Tamara Makarenko, the process of D-Company, a crime organization becoming a terrorist organization is yet to be completed. Out of the four stages suggested in the model, the D-company has passed three. It has established an alliance with a state actor. The state actor aids and abets its activities for achieving their operational aims. It is covertly helping the state actor towards achieving its political agenda. There is a tremendous amount of economic interdependence between the state actor and the D-Company.

Since the US Treasury Department's decision of listing Dawood Ibrahim as an international terrorist,<sup>38</sup> he has little choice but to become a stooge of the ISI and thereby be at his master's mercy. Pakistan is likely to come under tremendous pressure particularly because of India's ability to provide quick evidence about his whereabouts. Under such circumstances there exists a danger of Dawood Ibrahim hiding himself in the mountains of North West Frontier Pakistan (NWFP) or Afghanistan like Osama bin Laden. It is a known fact that he is connected with Al Qaeda through LeT.<sup>39</sup> No state actor is likely to help him because of the US pressure. Circumstances like this may (or, may not) convert Dawood to a fulltime

<sup>37</sup> Pamela L. Griset and Sue Mahan, *Terrorism in Perspective*, Sage Publications, London, 2003.

<sup>38</sup> The U.S. Treasury Department has announced Dawood Ibrahim as a Specially Designated Global Terrorist under Executive Order 13224 on October 19, 2003. See, <[www.treas.gov/press/releases/js909.htm](http://www.treas.gov/press/releases/js909.htm)>

<sup>39</sup> For a detailed study See, "The Path to 9/11: Osama Bin Laden and Dawood Ibrahim", in Gilbert King, *The Most Dangerous Man in The World*, op.cit.

terrorist. Here exists a danger of he completing the last stage of Makarenko's model of criminal-terrorist relationship.

To analyze the future of D-Company it is necessary to look beyond the above discussed model. The recent tag of terror attached to Dawood is bad news for D-Company. Because of this branding their associates are likely to begin distancing themselves. Suspected financing from Dubai and UAE (hawala) is likely to come under international scrutiny. Because of the US listing, very few countries around the world will be willing to provide Dawood a sanctuary. Also, the terrorist tag may threaten his links with the drug cartels.<sup>40</sup> Due to increased American pressure, in future, Pakistan may deport Dawood or even hand over him over to India. If Pakistan finds the Dawood issue too hot to handle then they may even eliminate him. Under these circumstances the future of D-Company may look uncertain.

However, it's not necessary that Dawood's banishment will cripple the D-Company given the fact that it is extensively networked. In the absence of Dawood, there is a second-line of command constituted his family members and trusted lieutenants. In any unfolding situation, the D-Company's business and areas of operations will inevitably rely upon the ISI backing. Likewise, the ISI will be too eager to patronize for obvious reasons. Parallels could be drawn from Osama and Al Qaeda. Today, Al Qaeda is surviving with a very loose network and fragmented economy. Al Qaeda essentially operates on a 'hate America' motivation and there are strong reasons to believe that Al Qaeda can operate with or without Osama. Similarly, D-Company may survive with a 'hate India' motivation so long as it get dividends gained through illegal financial activities are safeguarded. The business may temporarily suffer and even without Dawood the D-Company may survive. In the final analysis, it can be

safely said that, crime is going to remain the core interest of D-Company under all circumstances. However, their involvement in terrorist related activities either by choice or by compulsion is not remote.

\* \* \* \* \*

---

<sup>40</sup> *The Indian Express*, New Delhi, October 18, 2003.

## CV OF A FUGITIVE <sup>1</sup>

**Dawood Ibrahim Kaskar**

Moin palace

(Opposite Abdullah Shah Ghazi Tomb)

**Clifton area, Karachi, Pakistan**

**E-mail: janujanul@rediffmail.com**

**Password: Mumbai (not operational)**

### PERSONAL INFORMATION

**Name** : **Dawood Ibrahim Kaskar**  
**Father's Name** : **Ibrahim Kaskar**  
**Date of Birth** : **December 26 (31?), 1955**  
**Marital Status** : **Married**  
**Sex** : **Male**  
**Blood Group** : **Not Known**  
**Nationality** : **Indian**  
**Passport No** : **G866537 (August 12, 1991, issued at Rawalpindi)**  
: **Mohammad Anis (fake passport# 11-123259).**  
**New Identity/Nationality** : **Shaikh Dawood Hassan/ Pakistan**  
**Alternate Identity** : **Iqbal Seth alias Amer Sahib**  
**New Identity /Nationality** : **Shaikh Dawood Hassan / Pakistani**

**CORE COMPETENCY**

- **Gold and drug smuggling, real Estate, Protection money, settling land deals, hawala (money laundering) and contract killings.**

**ACKNOWLEDGED ASSOCIATES**

- **Chotta Shakeel, Anees Ibrahim, Iqbal Mirchi, Abu Salem, Tiger Memon**

**GLOBAL BUSINESS EMPIRE**

- **A more than Rs.7000 crore (approximately \$1.5 billion) company. Various networks are operating all over the world depending on the type of business e.g. narcotics network operating between the Golden Crescent and Golden Triangle. The company mainly operates from Nepal, Thailand, Malaysia, Australia, India and Pakistan. The company has got investments in fifteen firms and offices in Europe, Africa, UAE, S.E. Asia and South Asia. The company operates from two bases one in Karachi and a parallel base in Dubai. Karachi properties are worth \$28 million. He is believed to own at least 100 illegal properties in India besides several buildings in Pakistan, UAE, London and Africa.**

CAREER GRAPH

- Entered Mumbai underworld by joining Haji Mastan in 1971. Subsequently joined Amirzada and Alamezeb Pathan of Karim Lala Gang.
- Founded own network in 1981. The immediate reason to start own enterprise was gang rivalry. Killed Amirzada Pathan as a revenge of his own brother's killing.
- Migrated from India in 1985, due to pressure from Mumbai police and Karim Lala gang. Left the country and established his first overseas base at Dubai.
- Initially, his network was 'secular' with people from all castes and religions on his payroll, the Company shed its secular credentials post 1992—93, Babri Masjid demolition in India and subsequent Bombay (Mumbai) riots.
- His first act of terrorism was Bombay serial blasts during 1993, which had killed 257 people. He has been subject to an Interpol Red Corner Notice (A-135/4) for his involvement in it. Because of Interpol alert for his involvement in 1993 blast, international pressure and extradition treaty between India and UAE forced him to shift his base from Dubai to Karachi in Pakistan in 1994.
- Post-1990, Pakistan has been supporting him for all his criminal activities. ISI has cultivated him because of his underworld empire in India, particularly Mumbai.
- In October 2003, the United States designated Dawood as Al Qaeda-linked Terrorist, who shares smuggling routes with Al Qaeda.

**SSPC** is an independent, nonprofit research organisation based in New Delhi, dedicated to conduct rigorous and comprehensive research and work towards disseminating information on a broad spectrum of issues relating to security, conflict, peace and human development.

Founded in 2004, SSPC aims to conduct survey, research, documentation and analysis through constant monitoring, reporting and networking on its core research themes. The core objective is to build linkages and networks with national, regional and global think tanks, both Independent and Government organizations that are working towards the greater cause of peace and security.

- To initiate debate and dialogue for the furtherance of comprehensive and impartial research.
- To study India's growing role in Asia and in global politics and suggest policy initiatives for the advancement of its strategic interests in regional and global level.
- To undertake qualitative and quantitative research focused on policy issues on National and International security.
- To conduct in-depth, empirical study on different aspects of peace, conflict and human development for publication of research papers, monographs and books primarily to disseminate information.
- To provide web-based platform ([www.sspconline.org](http://www.sspconline.org)) for scholars/writers to air their viewpoints and for a greater participation on the issues related to peace, conflict and human development.
- To advance understanding and cooperation between organizations and societies across the world with common concern.

For more information about the Society and its activities, direct inquiries to:

Research Coordinator  
Society for the Study of Peace and Conflict  
Post Box No. 10560, JNU Old Campus, New Delhi  
Pin-110067 (INDIA)  
[Officemail@sspconline.org](mailto:Officemail@sspconline.org)  
[www.sspconline.org](http://www.sspconline.org)