

Statement Issued by Shri Randeep Singh Surjewala & Shri Shaktisinh Gohil

Massive Fraud & Bungling in MPLAD Funds of Smt. Smriti Irani exposed !

CAG implicates for making payment of Rs 5.93 Cr from MPLAD funds without tender including fraudulent payment of Rs 84.53 Lakhs

Smt. Smriti Irani must be sacked forthwith & an FIR lodged

Major bungling, fraud and misuse of public funds allocated under MPLAD Scheme to Smt. Smriti Irani, Union Minister stands exposed by CAG Report No 4 of the 2018.

Time has come to sack Union Minister, Smt. Smriti Irani and lodge an FIR against her for proper investigation under Section 13 (1) (d) of the Prevention of Corruption Act, 1988 and different provisions of Indian Penal Code.

FACTS

- (i)** In August 2011, Smt. Smriti Irani was elected as MP, Rajya Sabha from Gujarat and selected Anand District as her nodal district for implementation of works under the MPLAD Scheme
- (ii)** Initially, the MPLAD Projects were being executed by Gujarat State Rural Development Co-operation (GSRDCL) vide GR No MKM/102008/981/Kh2 dated 19 August 2015, this co-operation was closed/wound up.
- (iii)** Subsequent thereto, on instructions of PA to Union Minister, Smriti Irani, the works were awarded to Shri Sharda Majdoor Kamdar Sahkari Mandli, Kheda. This was in complete derogation of MPLAD guidelines, particularly Clause 2.11

(a) The District Authority shall make the selection of an appropriate Implementing Agency through which a particular work recommended by an MP would be executed;

(b) The selection of the Implementing Agency shall be undertaken in accordance with the State Government rules/guidelines applicable for the purpose. Provided that for certain works in Central Government Ministries/Organizations (like Railways) where the Implementing Agency has necessarily to be the concerned Central Government Ministry/Organization, the same shall be selected as the Implementing Agency.

That Member of Parliament is prohibited from selecting the implementing agencies because this is the root cause of corruption.

In the present instance, Sharda Majdoor Mandli was selected without any due procedure or agreement and purely on instructions of PA of Smt. Smriti Irani.

- (iv)** That Shri Sharda Majdoor Kamdar Sahkari Mandli, selected by Smt. Smriti Irani is a supposed to be a co-operative society of construction labourers, but all the members actually belong to the Bhartiya Janta Party (BJP)

That major instances of bungling have come out in execution of works from MPLAD funds by this society. Some of these are:-

- I.** In 2016 the Sharda Majoor Kamdar Mandli claimed Rs 45.20 Lakhs for the renovation of the same Panchayat building for which amount was granted in the preceding year and the amount was sanctioned too.
- II.** The Mandli also claimed payment for several other works in 9 Villages including construction of protection walls in crematoriums, schools etc. But it was found that not a single brick had been laid at any of these places though funds had been disbursed to them.
- III.** An audit was carried out and the outcome clearly indicates that the fund which was allotted out of MPLAD grant of Smt. Smriti Irani for carrying out several works for which the payment was made to Shri Sharda Majoor Kamdar Mandali, no such work was done by Shri Sharda Majoor Kamdar Mandli and no records related to any such work were made available to Gram Panchayat/ Nagar Palika.

Some of the instances of irregularities and fraud pointed out in the Auditor's Report are annexed as **A1**.

- (v)** That even collector, Anand district had written a letter dated 20th June 2017 to the Deputy Secretary, General Administration Department, Gujarat pointing out the irregularities and the fraud being committed under the grants received under MPLAD.
- (vi)** That even in the CAG in its Report No 4 of the year 2018 has indicted Sharda Majoor Kamdar Mandli for having being awarded 232 works without tender and for making payment worth Rs 5.93 Crore including 'a fraudulent payment of Rs 84.53 Lakh'. Relevant of para 3.2 of the CAG Report is **annexed as Annexure A2**

Will PM Modi show the courage of conviction to sack Union Minister, Smt. Smriti Irani immediately?

ANNEXURE A1

(i) Name of work: Work related to Block Paver and maintenance of Sardar Vallabhbhai Patel Court at Borsad Town.

Date of Inspection: 15.06.2017

Payment Made: Rs. 1,50,000

Name of Agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda

Outcome of the Joint Visit: The fund was allotted out of MPLAD grant of Smt. Smriti Irani, Hon'ble MP (RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The work had not been done by the Mandli. Records related to the work were not made available to Gram Panchayat.

(ii)Name of work:

(a) Work related to beautification of lake at Maghrol (Rs. 55.47 lakh)

(b) Work related to crematorium of Patel Samaj at Maghrol (Rs. 12.67 lakh)

(c) Work related to crematorium of Kshatriya Samaj at Maghrol (Rs. 54.8 lakh)

(d) Construction of Panchayat Ghar at Maghrol (Rs. 69.90 lakh)

Date of Inspection: 15.06.2017

Payment Made: Amount shown in brackets under the heading "Name of work" represents payment made to the agency against that particular work.

Name of agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda

Outcome of the joint Visit: The fund was allotted out of MPLAD grant of Smt. Smriti Irani, Hon'ble MP (RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. These works had not been done satisfactorily by Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda.

While comparing the works done with the estimates, it appeared that the works were not done as per the estimates.

Further, with regards to work related to Crematorium of Patel Samaj at Maghrol, it was noticed that platforms on which cremation is being done was made by donors.

Instances of Other Village/s:

i) Name of Work: Block Paver work near Artificial Semination Centre at Udhel Vadola Road.

Date of Inspection: 13.06.2017

Payment made: Rs. 5,00,000

Name of Agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda

Outcome of the Visit: The fund was allotted out of MPLAD grant of Smt. Smriti Irani, Hon'ble MP (RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The work had not been done by Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The records related to this work were not made available to Gram Panchayat(GP), the same were not available with them.

ii. Name of work: Crematorium at Kabir Mandir in Anklav Town.

Date of Inspection: 14.06.2017

Payment Made: Rs. 1,00,000

Name of Agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda.

Outcome of the joint visit: The fund was allotted out of MPLAD grant of Smt. Smriti Z Irani, Hon'ble MP(RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The work had not been done by Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. Records related to this work were not made available to GP.

iii. Name of Work: Protection Wall at Saraswati High School at Palaj.

Date of Inspection: 13.06.2017

Payment Made: Rs. 02, 50,000

Name of Agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda.

Outcome of the Joint Visit: The fund which was allotted out of MPLAD grant of Smt. Smriti Irani, Hon'ble MP (RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The work had not been done by Shri Sharda Majoor Kamdar Sahkari Mandali, Kheda. Part of the protection wall that is present in school was made out of the grant of Hon'ble former MP Shri Surendrabhai Patel.

iv. Name of work: Protection wall of Crematorium at Village Vishnoli.

Date of Inspection: 13.06.2017

Payment Made: Rs. 2,00,000

Name of agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda.

Outcome of the joint visit: The fund was allotted out of MPLAD grant of Smt. Smriti Irani, Hon'ble MP (RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The protection wall was constructed out of donation provided by Somnath Mahadev Mandir Trust. Records related to this work were not made available to Gram Panchayat.

v. Name of work: Play Ground for kids at Ganj Bazar in Anklav Town.

Date of Inspection: 14.06.2017

Payment Made: Rs. 1,00,000

Name of Agency: Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda.

Outcome of the joint visit:

The fund was allotted out of MPLAD grant of Smt. Smriti Z. Irani, Hon'ble MP (RS) for which the payment was made to Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. The work had not been done by Shri Sharda Majoor Kamdar Sahkari Mandli, Kheda. Record related to this work were not made available to Gram Panchayat.

GENERAL ADMINISTRATION DEPARTMENT

3.2 Fraudulent and irregular payment under Member of Parliament Local Area Development Scheme (MPLADS)

Injudicious awarding of works under MPLADS to an NGO without inviting tenders resulted in irregular payment of ₹ 5.93 crore including fraudulent payment of ₹ 84.53 lakh to the NGO.

Government of India (GoI) introduced (December 1993) "Member of Parliament Local Area Development Scheme (MPLADS)" with an objective to enable the Hon'ble Members of Parliament (MPs) to recommend works of developmental nature with emphasis on the creation of durable community assets based on the locally felt needs. These members are eligible for recommending works up to the annual entitlement of ₹ 5.00 crore during the financial year to the District Authority. The District Authority shall make the selection of an appropriate Implementing Agency (IA) through which a particular work would be executed. The selection of the IA is undertaken in accordance with the State Government Rules/Guidelines applicable for the purpose. The State Government instructions (November 2012) provide that the IA under the scheme shall be Government Institution as far as possible and for rural areas it shall be the Panchayati Raj Institution (PRI). In case of non-availability of their services, other IAs may be selected after following the prescribed tendering process.

During the course of test-check of records of District Planning Officer (DPO), Anand for the period 2014-17, Audit observed (June 2017) that the Hon'ble MP had recommended works to be carried out in the rural areas of the district from the funds allotted under MPLADS. On scrutiny of these works, Audit observed that -

- The Hon'ble MP had recommended 276 works with an estimated cost of ₹ 8.93 crore³⁹ for the years 2015-17. Of these, DPO awarded 232 works with an estimated cost of ₹ 5.93 crore to Shri Sharda Majoor Kamdar Co-operative Society, Kheda, a Non-Government Organisation (NGO). Audit observed that the selection of the NGO as IA was in contravention of the scheme guidelines and Government instructions, as no tender procedure was followed for its selection.
- The scheme guidelines prohibit construction of office and residential buildings belonging to Central and State Governments, their departments, Government Agencies/Organizations and Public Sector Undertakings. However, in contravention of the same, the construction of Mangrol Panchayat Ghar at a cost of ₹ 69.60 lakh had been awarded (April 2015) to the same NGO by the DPO.
- The work orders stipulated submission of completion certificate. In case of private agencies as IA, completion certificates for Government works were required to be issued by a Government officer appointed by the

39 ₹ 4.92 crore for 114 works (2014-15), ₹ 1.96 crore for 14 works (2015-16) and ₹ 2.05 crore for 148 works (2016-17)

Competent Authority. However, DPO made payment of ₹ 3.35 crore for 68 works (between October 2015 and May 2016) to the NGO based on the completion certificates signed by the Chairman of the Society and not by a responsible Government officer for the works executed for the period 2014-16.

- Completion certificates for 139 works executed during 2016-17 were signed jointly by the Chairman of the society and the Deputy Executive Engineer (DEE) of Jambughoda Irrigation division, Panchmahal district. There was nothing on record regarding appointment of DEE of Panchmahal district for issuance of completion certificates. Despite that, the DPO made the payment of ₹ 1.54 crore to the NGO for these works.
- The work orders stipulated that the IA shall submit the photographs of the works done. However, the NGO did not submit the photographs in respect of 88 works⁴⁰ (₹ 4.30 crore of 2014-17) and photographs were found repeated in 65 works (₹ 0.63 crore of 2016-17).

Audit conducted joint verification⁴¹ of 10 works and found the following-

- The NGO had submitted completion certificates (signed by the Chairman of the NGO and EE of Jambughoda Irrigation division, Panchmahal district) in respect of six⁴² works with a cost of ₹ 13.00 lakh and full payment had been made by the DPO. During joint field visit, it was observed that the NGO had not carried out any of these works (Pictures 1 to 6).



Picture 1: Incomplete crematorium at Kabir Mandir, Ankav (14.06.2017)



Picture 2: No protection wall at crematorium, Vishnoli (13.06.2017)



Picture 3: No protection wall at Saraswati School at Palaj (13.06.2017)



Picture 4: Unevelled playground for kids at Ganj Bazar, Ankav (14.06.2017)



Picture 5: Block paver not laid near Artificial Insemination Centre at Udhel (13.06.2017)



Picture 6: Block paver not laid in Sardar Vallabhbhai Patel Court, Borsad (14.06.2017)

40 2014-15 - 81 works (₹ 2.66 crore), 2015-16 - 06 works (₹ 1.58 crore) and 2016-17 - 01 work (₹ 0.06 crore)
 41 Audit team and members of the office of the DPO, Anand
 42 (i) Crematorium (₹ 1.00 lakh-2016-17) at Kabir Mandir in Ankav town, (ii) Protection wall (₹ 2.00 lakh-2016-17) at Crematorium of village Vishnoli, (iii) Protection wall (₹ 2.50 lakh-2016-17) at Saraswati High School in Palaj town, (iv) Playground for kids (₹ 1.00 lakh-2016-17) at Ganj Bazar in Ankav town, (v) Block Paver work (₹ 5.00 lakh-2016-17) near Artificial Insemination Centre at Udhel Vadola Road, and (vi) Block Paver work (₹ 1.50 lakh-2016-17) of Sardar Vallabhbhai Patel Court at Borsad town.

This indicates incorrect work by the DPO.

- Two work Samaj and ₹ 54.86 lakh wall, paver works at observed the work⁴³ (Picture Samaj crem MPLADS lakh to the



Picture 7: Construction work



Picture 8: Incomplete work

Serious lapses had either not. However, the awarded during

The DPO Anand and stated (Jambughoda) a serious financial observations

43 (i) Patel Samaj done for Samaj - ₹ 54.86 lakh and the sq. mtr., b

This indicated that the completion certificates issued by the NGO were incorrect which resulted in fraudulent payment of ₹ 13.00 lakh to the NGO by the DPO.

- Two work orders (2014-15) for construction of crematoria for Patel Samaj and Kshatriya Samaj at Mangrol at a cost of ₹ 16.67 lakh and ₹ 54.86 lakh respectively stipulated two sheds for cremation, compound wall, paver block, lawn with compound wall, bathroom and plantation works at each crematorium. However, during joint field visit, it was observed that the works had not been carried out as per their scope of work⁴³ (Pictures 7 and 8). Further, the cost of shed and platform at Patel Samaj crematorium had been donated by some donors and not met from MPLADS funds. However, the DPO had made full payment of ₹ 71.53 lakh to the NGO on fake completion certificates submitted by the NGO.



Picture 7: Construction of crematorium for Patel Samaj done by the donors (14.06.2017)



Picture 8: Incomplete construction of crematorium for Kshatriya Samaj (14.06.2017)

Serious lapses were observed in the eight jointly verified works where the NGO had either not carried out the works allotted or the works were left incomplete. However, the payment of ₹ 5.93 crore was made to the NGO for 232 works awarded during 2014-17.

The DPO Anand accepted the negligence on the part of officials of the DPO and stated (June 2017) that the NGO had submitted fake documents which was a serious financial irregularity. It was further stated that based on the Audit observations, the Collector, Anand had constituted (June 2017) a committee

43 (i) Patel Samaj – Flooring not done in bathrooms, bathrooms had no doors and windows, block paving work done for only 90.00 sq. mtr. against 284.00 sq. mtr, benches have not been installed, etc. and (ii) Kshatriya Samaj – Flooring not done in Bathrooms and Store room constructed, only one shed constructed instead of two and the same not done with concrete column, block paving work done for only 490.50 sq. mtr. against 960.62 sq. mtr., benches not installed, etc.

headed by Prant Officer – Petlad to conduct an enquiry in this regard. The report of the inquiry committee is still awaited (November 2017).

Supervisory lapses of the DPO in inspecting the works as envisaged in the MPLADS guidelines led to poor quality of works, non-completion of works and fraudulent payment. Since the tendering process, scope of work awarded and payment processes were violated, therefore audit is of the view that these works are susceptible to fraudulent and irregular payments. Audit recommends that the State Government should investigate all the works carried out by the NGO and fix responsibility on the Government officials responsible for the negligence.

The matter was reported to the Government (September 2017). Reply is awaited (February 2018).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Mukhyamantri Amrutum Yojana and Mukhyamantri Amrutum Vatsalya Yojana

3.3.1 Introduction

The State Government launched (April 2012) “Mukhyamantri Amrutum (MA) Yojana” with an objective to provide cashless quality tertiary medical treatment to people living below the poverty line (BPL). The scheme envisaged cashless treatment for 544 predefined procedures in 11 clusters⁴⁴ of catastrophic diseases throughout the State both in Government and Private empanelled hospitals. It also envisaged treatment of pre-existing diseases from the day of enrolment under the scheme. The State Government subsequently launched (August 2014) “Mukhyamantri Amrutum Vatsalya (MAV) Yojana” with the objective to extend the benefits of the scheme to all poor families with an annual income up to ₹ 1.20 lakh⁴⁵. The schemes provided coverage for meeting expenses of hospitalization and surgical procedures up to ₹ 2.00 lakh per year per family of five members⁴⁶ on a floater basis⁴⁷. The reimbursement of the claim is made directly to the empanelled hospitals by the State Nodal Cell established in June 2012 through e-payment without involvement of any insurance company. The department has used the data of BPL and non-BPL poor families of 2002-03 and has not updated the data as per Census 2011.

3.3.2 Implementing Stakeholders

State Nodal Cell (SNC) is headed by the Principal Secretary (Health and Family Welfare Department) and is responsible for the overall implementation of the scheme. At district level, the SNC is assisted by the Chief District Health Officers (CDHOs) who are responsible for the overall monitoring of the enrolment at district and taluka levels and for redressal of grievances of the beneficiaries. To facilitate the implementation of the scheme in the State, the SNC also engaged (July and October 2012) two agencies viz. M/s. (n)Code

44 (1) Burns, (2) Cardiology, (3) Cardiothoracic Surgery, (4) Cardiovascular Surgery, (5) Genitourinary Surgery
(6) Neuro Surgery, (7) Paediatric Surgeries, (8) Plastic Surgery, (9) Radiation Oncology
45 and (11) Surgical Oncology
46 Revised to ₹ 2.00 lakh