

# AP SKILL DEVELOPMENT CORPORATION - SIEMENS PROJECT SCAM

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1. Crime Number : 29/2021 of C.I.D. PS, AP, Mangalagiri
2. Date of F.I.R. : 09.12.2021
3. Sections of Law : 120(B), 166, 167, 418, 420, 465, 468, 471, 477-A, 409, 201,109 r/w 34 & 37 IPC and Sec.13 (2) r/w 13(1) (c) & (d) Of Prevention of Corruption Act, 1988
4. Period of offence : January, 2015 to March,2018

## 5. Public Servants involved in the case:

1. **Sri Nara Chandrababu Naidu, former Chief Minister** of Andhra Pradesh who is a Public Representative i.e., MLA, Kuppam Assembly Constituency.
2. **Sri Kinjarapu Atchammaiddu, former Minister** for Labour & Employment, Factories, Youth & Sports, Skill Development and Entrepreneurship & Innovation Department who is a Public Representative i.e., MLA, Tekkali Assembly Constituency.  
and others.

## Synopsis:

1. **Sri. N.Chandrababu Naidu** orchestrated a conspiracy to misappropriate the funds allotted for "Skill Development " programs.
2. As a part of the conspiracy, along with the then Minister, Sri. Ghanta Srinivas Rao, **Sri. N. Chandrababu Naidu** ordered for floating a corporation named Andhra Pradesh State Skill Development Corporation (APSSDC), by-passing the Council of Ministers and deviating from the existing rules.
3. Sri. N. Chandrababu Naidu maintained complete control over APSSDC by appointing Sri Ghanta Subba Rao (from the private sector) as the MD & CEO, APSSDC and also as the "Secretary to the Govt of A.P." for the Department controlling the APSSDC.

4. With the assistance of the then **Minister, Sri. K. AtchamNaidu**, he issued orders approving the establishment of Siemens Skill Development Centers. The estimation of the project was accepted at a hyper- inflated rate of Rs 3300 crores.
5. Sri. N.Chandrababu Naidu and Sri K. AtchamNaidu created a facade of a Government Order, as if the Technology partners (Siemens +Designtech) would contribute to 90 % of this Rs 3300 Crores project, as Grant-in-aid and that the Govt. of A.P. would contribute only 10% of the cost.
6. Contrary to the above order placed in the public domain, Sri. N. Chandrababu Naidu and Sri K. AtchamNaidu simultaneously gave approval to a Memorandum of Understanding (Agreement) stating that it was the Government of A.P. which was giving a grant of Rs 371 crores to Siemens & Designtech, to set up the skill development centres. There was no obligation on the technology partners in the MoU, to contribute anything towards the project.
7. The officials related to Siemens and Designtech who were involved in the conspiracy with Sri. N.Chandrababu Naidu and Sri K.AtchamNaidu, siphoned off a large portion of the Rs 371 crores released.

Using the brand name of "Siemens" and a false propaganda of setting up a project of Rs 3300 crores, several crores of money was misappropriated from the public exchequer.

### **Further steps in the conspiracy pertaining to the Siemens Project of Centre's of Excellence for Skill Development.**

1. The officials of Siemens and Designtech gave a power-point presentation to Sri. N. Chandrababu Naidu and gave an estimation that the Siemens project could be valued at Rs.3300 crores. Designtech was only a distribution company for software.
2. Without any due verification of the credentials of the companies, their financial worth, the actual market prices of the products offered by Siemens and Designtech, Sri. N. Chandra Babu Naidu and Sri

K.AtchanNaidu got a Government order (G.O. Ms No. 4 of SDE&I Dept. Dt. 30.06.2015) issued, conveying that in the project estimated at Rs.3300 crores, the Siemens and Designtech would provide 90%as "Grant-in-aid" and the Government of A.P. would contribute 10% (Rs.371 Crores).

3. However, as a part of the conspiracy, a Memorandum of understanding (MOU) to be signed by the APSSDC and Siemens and Designtech was also approved by Sri. N. Chandra Babu Naidu and Sri K. AtchamNaidu. The wording in the M.O.U. was manipulated to reflect as if the Govt of A.P./APSSDC were providing Rs.371 crores to Siemens and Designtech towards a work order for setting up the Skill Development Centre's. The M.O.U. was deliberately silent on the valuation of the project i.e. (Rs.3300 crores) and the 90% of the contribution to the invested by Siemens and Designtech as "Grant-in- aid".

### **Advanced release of funds - Misappropriation of the funds released:**

- ❖ Contrary to the letter and spirit of the G.O.Ms.No.4, instead of releasing money proportionate to the "grant-in-aid" provided by Siemens and Designtech, Sri N. Chandra Babu Naidu instructed the officials to release all of the Rs. 371 crores in advance to M/s Designtech. The funds were released even before identifying the places where the Skill development centres had to be set up.
- ❖ The then Chief Secretary Sri. I.Y.R. Krishna Rao (IAS Rtd), Sri. P.V. Ramesh (IAS Rtd), the then Principal finance secretary and Smt. K. Sunitha (IAS), the then Special Secretary (Finance Dept) made notings in the related note-files regarding the objections to the release of funds in advance to M/s Designtech and also that the funds were being released as per the instructions of Sri. N. Chandra Babu Naidu. **(Two of the senior IAS officers also deposed to this effect under Section 164 Cr.P.C., before a Magistrate)**

- ❖ No performance guarantee or bank guarantee were sought from Siemens and Designtech, before releasing the Rs.371 Crores.
- ❖ Ultimately, investigation revealed that Siemens and Designtech did not spend even a single rupee from their resources, nor did they provide any discounts on their proprietary softwares.

### **Independent investigation by Central agencies and the Global head office of Siemens:**

- ❖ Investigation by was undertaken independently by Director General, **G.S.T., Intelligence** (DGGI), Pune, **Income Tax (Investigation)** wing, Mumbai and **the global Head office of Siemens**.
- ❖ All these enquiries revealed the Following.
  1. Sri Suman Bose, the then M.D of (SISW) acted on his own without authorization from the Global Hqrs of Siemens or its legal team.
  2. Sri. Suman Bose and Sri Vikas Khanvilkar (MD of Designtech) used a network of **Shell companies** to issue **fake invoices**, without the actual delivery of the goods and services and siphoned off the funds to the extent of **Rs. 241 crores**.
  3. There were messages regarding delivery of the funds converted to cash, through Hawala channels in Mumbai and Hyderabad.
  4. Though a "whistle blower" reported about this scam to the Anti-Corruption Bureau, Government of Andhra Pradesh in June 2018, no action was initiated. Moreover, certain important note files, pertaining to the project were removed from the secretariat.

### **Stand taken by Siemens Industrial Software India Pvt Ltd:**

- ❖ Sri. Amit Sehgal, Legal Counsel and Nodal Officer for SISW deposed under **Section 164 Cr.P.C., before a Magistrate:**
  - a. That the terms in the G.O issued for setting up the Centers of Excellence and the terms mentioned in the MOU were different. The

MOU deviated from the G.O and did not mention about the 90% contribution to be made by Siemens and Designtech. The accused, Mr. Suman Bose and his close associates did not give complete facts to the Siemens management or Siemens Legal team regarding the Agreement being made with the APSSDC.

- b. That the Siemens only offered "in-kind" grant (discount), but not "in-kind contribution" (money).
- c. That **Siemens received only Rs 58.8 crores out of the Rs 371 crores** paid to Designtech by APSSDC.
- d. That Mr.Suman Bose, the then MD was involved with shell companies for getting improper benefits. The same was concluded by the investigation done by Siemens global team.
- e. The **investigation done by the Siemens global team**\_also found messages in the electronic devices of Mr.Suman Bose regarding unquantified money being delivered by hawala method in Pune and Hyderabad. *(The above correlates with the findings of the DGGI and IT (Investigation) Dept. regarding the siphoning off of the funds through shell companies and fake invoices.)*

### **Investigation by the Enforcement Directorate:**

- ❖ While the C.I.D, A.P. is continuing its investigation to trace the **end-beneficiaries** of the misappropriated monies, the Enforcement Directorate, too, launched an investigation on the aspect of money laundering involved in the issue.
- ❖ ED has arrested 1) Soumyadri Shekhar Bose alias Suman Bose, Ex-MD of M/s Siemens Industry Software India Pvt Ltd, 2) Vikas Vinayak Khanvelkar (MD, M/s Designtech Systems Pvt Ltd) 3) Mukul Chandra Agrawal, Ex-Financial advisor, and authorized signatory of M/s Skillar Ent India Pvt Ltd and 4) Suresh Goyal, CA in a money laundering case for diversion and misutilization of funds.

- ❖ ED has **provisionally attached properties** amounting to Rs. 31.20 Crore belonging to M/s Designtech Systems Pvt Ltd (DTSPL) in a money laundering case for diversion and misutilization of funds.
- ❖ The **ED also filed the prosecution complaint against the above 4** arrested accused.