

NEWS ITEMS ON CAG /AUDIT REPORTS

1. Centre's Auditor CAG Report "Wrong", Have Written to PM: Mamata Banerjee (*ndtv.com*) Updated: February 2, 2024

West Bengal Chief Minister Mamata Banerjee on Friday labelled the Comptroller and Auditor General (CAG) report on government funds usage as "full of lies" and said she had written to Prime Minister Narendra Modi to address the concerns regarding the report's inaccuracies.

The BJP had seized upon the findings of the CAG report on Wednesday, alleging a staggering "mother of all scams" totalling approximately ₹ 2 lakh crore in the Trinamool Congress-governed state.

Dismissing the CAG report, which the BJP has used to spotlight corruption in West Bengal, Ms Banerjee asserted it as "replete with falsehoods and inaccuracies," further emphasising that she had formally communicated her concerns to Prime Minister Modi.

"I have written to the prime minister, urging him to investigate the matter. We have meticulously submitted all utilisation certificates. Therefore, it is confounding to hear claims that such documentation was not provided. It is alarming that the CAG office could make such erroneous assertions. The entire CAG report is full of lies," she said.

Ms Banerjee made these remarks during a 48-hour-long dharna, which she initiated on Friday afternoon to demand the release of the state's outstanding dues from the Centre for various social welfare schemes.

"We have provided utilisation certificates for the expenditure of central funds since we assumed power in 2011. Why should we be held accountable for actions predating our tenure, particularly during the Left rule?" Ms Banerjee questioned.

In her letter to the prime minister, Ms Banerjee criticised the CAG report for its lack of due diligence and failure to adhere to procedural norms for the submission of utilisation certificates.

"Such erroneous reports give a misleading picture and are unfortunately being used by some people for the false propaganda against the state administrative machinery," she said.

"Further, the audit report seems to be covering the period from 2002-03 to 2020-21. Though a CAG audit is conducted every year, it is not clear why this was not raised over the last 20 years," she wrote.

Appealing to Modi for his intervention in releasing the funds, Ms Banerjee asserted that the state should not be deprived of its rightful share of funds based on unfounded and erroneous premises.

The BJP, citing the CAG report, alleged that over 2.4 lakh utilisation certificates, necessary for completed projects within specified timeframes, were not submitted by the state government, involving a total amount of approximately ₹ 1.95 lakh crore.

Commenting on the BJP government's interim budget, Banerjee remarked, "It is not an interim budget but the 'final' budget of the BJP government at the Centre." "They have slashed subsidies. With food inflation at 10%, it is at its peak. There are no provisions for farmers or impoverished individuals. The masses will respond fittingly," she added.

Ms Banerjee said, "Unemployment is skyrocketing and has increased 44 per cent in India. Small-scale industries and the MSME sector are dying. The middle class and the poor are dying," she said.

Ms Banerjee said she would remain at the dharna venue for the next two days, noting her upcoming trip to New Delhi for a meeting on 'One Nation, One Election,' while also criticising the BJP's purported agenda to transition the country towards a presidential form of government.

"How can a diverse country like India adopt a one-election model when many state assemblies still have active terms? This notion is absurd. The BJP aims to steer the country toward a presidential system," she concluded.

Ms Banerjee is likely to leave for New Delhi on Monday night.

Ms Banerjee said, "For the past two years, the BJP-led Centre has unjustly withheld our MGNREGA funds. What was our fault? They come here parroting messages in Bengali ahead of elections but fail to fulfil their responsibilities. Where are the funds for the 21 lakh MGNREGA workers? Those responsible for withholding funds should be held accountable for violating the Constitution," she said.

Ms Banerjee accused the BJP-led Union government of even halting funds for the Grameen Sadak Yojana. "Nonetheless, we are dipping into our resources to construct 22,000 km of roads under the Pathashree-Rastashree scheme," she said.

Ms Banerjee accused the Union government of being prompt in sending nearly 156 central teams to Bengal, and wondered why, "Despite identifying 11 lakh beneficiaries under the Awas Yojana, their funds remain unreleased."

The latest stir is on the lines of a similar two-day sit-in led by Banerjee herself in March 2023, as well as Abhishek Banerjee's agitation in New Delhi and subsequent dharna outside Raj Bhavan in Kolkata. <https://www.ndtv.com/india-news/centres-auditor-cag-report-wrong-have-written-to-pm-mamata-banerjee-4981423>

2. CM writes to PM refuting CAG report, urges release of funds (*millenniumpost.in*) 2 Feb 2024

Kolkata: Chief Minister Mamata Banerjee wrote to Prime Minister Narendra Modi refuting the claims of the State Finance Audit Report for 2020-21 of the Comptroller & Auditor General of India (C&AG) that the state government delayed submission of the utilisation certificate of Rs 2,29,099 crore since 2002-03 to 2020-21.

On Friday, the Chief Minister wrote to PM Modi that on scrutinising the observations of the C&AG, it was found that “the concerned Departments of the State Government had submitted Utilisation Certificates on time to the respective Ministries of the Government of India in the prescribed format against the allocations/sanctions made under different schemes by Government of India”.

She highlighted that the fund sanction orders issued by various Ministries of the Government of India clearly stated that “there are no pending Utilisation Certificates of the preceding period”. “Hence, it is really shocking to note that the high office of reputed Constitutional institution like the C&AG could make such observations which are incorrect and have been made without application of due diligence and examination of the procedures for submission Of Utilisation Certificates as per Government of India guidelines,” she wrote, adding that the state can send copies of all such certificates to Prime Minister Office for his perusal.

The chief minister also reminded the PM that following their meeting on December 20, 2023, as decided, another meeting was held at the secretary level on January 23, 2024 where all the issues were discussed and resolved but the “issue relating to utilisation certificate was not even raised by officers from the Government of India in the meeting”.

Banerjee wrote: “Considering the seriousness and gravity of this matter. I would request your kind intervention and ensure that the funds legitimately due to the State Of West Bengal, are immediately released in the interest Of the poor people of the State. The State should not be deprived of its share of funds due to such unfounded and false premises.” <https://www.millenniumpost.in/bengal/tmc-continues-dharna-wants-centre-to-clear-dues-by-feb-21-550801?infinitemscroll=1>

3. Mamata Banerjee terms centre’s CAG report “erroneous”, writes to PM (*indianexpress.com*) Updated: February 5, 2024

West Bengal Chief Minister Mamata Banerjee who began her two-day Dharna in Kolkata on Friday demanding the alleged funds blocked by the Centre, in a letter to Prime Minister Narendra Modi termed the Comptroller and Auditor General (CAG) report on government funds usage as ‘erroneous’ and ‘made without application of due diligence. The CM has sought the PM’s intervention into the matter seeking the release of funds for Bengal.

Recently, Bengal BJP leaders highlighted the CAG report and targeted the state government alleging a scam of Rs 2 lakh crore.

Dismissing the CAG report, Ms Banerjee in her letter stated, “In the state Finance Audit Report for 2021 to 2022 of the Comptroller and Auditor General of India (C&AG), it has been reported that there is a delay in the submission of Utilisation Certificates of Rupees 2,29,099 crores since 2002-03 to 2020-21... However, on scrutiny of the observations of the C&AG, it is found that the concerned Department of the State Government had submitted Utilisation Certificates on time to the respective Ministries of the Government of India in the prescribed format against the allocation/ sanctions made under different schemes by the Government of India.”

It further added, “You are well aware that only on being satisfied with these Utilisation Certificates, subsequent allocations are made by the Government of India from time to time under various schemes. The sanction orders issued by various Ministries of the Government of India clearly stated that “there are no pending Utilisation Certificates of the preceding period”.

“Hence, it is really shocking to note that the high office of a reputed Constitutional institution like the C&AG could make such observations which are incorrect and have been made without applications of due diligence and examination of the procedure for submission of Utilisation Certificates as per Government of India guidelines. Submission of UCs may be verified from the concerned Ministries of the Government of India from the different schemes and, if you so wish, I can send copies of all UCs to the Prime Minister’s office for your kind perusal,” Banerjee wrote.

Highlighting the time period mentioned in the report, from 2002-03 to 2020-21, Mamata Banerjee raised her concern about why the issue was not raised in the last 20 years. “You would appreciate that such erroneous reports give a misleading picture and are unfortunately being used by some people for false propaganda against the State administrative machinery. Further, the audit report seems to be covering the period from 2002-03 to 2020-21. However, the C&AG Audit is conducted every year and it is not clear as to why this was not raised over the last almost 20 years,” the letter read.

The Bengal CM highlighted that the issue relating to UCs was not raised even during the meetings of the state and central secretaries in Delhi on December 20 last year. “You may kindly recall that during our meeting on 20th December, 2023, it was decided that the Secretary level meeting between Government of India and State Government officers will be held to sort out issues regarding payment of outstanding dues to the Government of West Bengal. Accordingly, the meeting of Secretaries in New Delhi took place on 20.01.2024 where all the issues were discussed and resolved and the issues relating to Utilisation Certificates were not even raised by officers from the Government of India in the meeting,” Banerjee wrote.

Banerjee, through her letter, appealed to PM Modi for his intervention in the matter. “Considering the seriousness and gravity of this matter, I would request your kind intervention and ensure that the funds legitimately due to the State of West Bengal, are immediately released in the interest of the poor people of the State. The State should not be deprived of its share of funds due to such unfounded and false premises,” she wrote. “I sincerely hope that the Government of India should no longer use one pretext after another to avoid and stop release of funds to the State.” The letter added. <https://indianexpress.com/article/cities/kolkata/mamata-banerjee-cag-report-erroneous-pm-9142241/>

4. Mamata Banerjee writes to PM Modi, calls central auditor's report 'erroneous' (*indiatoday.in*) Feb 03, 2024

West Bengal Chief Minister Mamata Banerjee wrote a letter to Prime Minister Narendra Modi refuting the Comptroller and Auditor General's (CAG) report on the delay in submission of Utilisation Certificates.

Calling the report "erroneous", she said that it would create a "misleading picture" and was being used by some people for "false propaganda against the state administrative machinery".

Mamata Banerjee started a two-day protest demanding the release of the state's outstanding dues from the Centre for various welfare schemes.

She said in the letter that it was reported in the State Finance Audit Report for 2020-21 of the CAG that there is a delay in the submission of Utilisation Certificates of Rs 2,29,099 crore from 2002-03 to 2020-21.

The Chief Minister said that as per her scrutiny of the observations of the CAG, it was found that the concerned departments of the state government had submitted Utilisation Certificates to the respective union ministries on time "in the prescribed format against the allocations and sanctions made under different schemes by the Government of India".

"You are well aware that only on being satisfied with these Utilisation Certificates, subsequent allocations are made by the Government of India from time to time under various schemes. The sanction orders issued by various ministries of the government of India clearly state that there are no pending Utilisation Certificates of the preceding period," she said in the letter.

Mamata Banerjee also wrote that it was "really shocking" to note that the high office of a reputed constitutional institution like the CAG could make such observations "which are incorrect" and have been made without application of due diligence and examination of the procedures for submission of Utilisation Certificates as per government of India's guidelines.

"Submission of Utilisation Certificates may be verified from the concerned Ministries of the Government of India for the different schemes and, if you so wish, I can send copies of all UCs to Prime Minister's Office for your kind perusal," she stated.

"Further, the audit report seems to be covering the period from 2002-03 to 2020-21. However, the CAG Audit is conducted every year, and it is not clear as to why this was not raised over the last almost 20 years. You may kindly recall that during our meeting on December 20, 2023, it was decided that the Secretary level meeting between Government of India and State Government officers will be held to sort out issues regarding payment of outstanding dues to the Government of West Bengal," the Chief Minister said.

She further requested the intervention of PM Modi and ensure that the funds are released legitimately. <https://www.indiatoday.in/amp/india/story/west-bengal-chief-minister-mamata-banerjee-letter-to-pm-modi-cag-report-two-day-protest-2496914-2024-02-03>

5. West Bengal: बाजार से भारी ऋण लेकर योजनाएं चला रही ममता सरकार, CAG की रिपोर्ट में खुलासा (jagran.com) 04 Feb 2024

बंगाल में ममता बनर्जी की सरकार बाजार से भारी-भरकम ऋण लेकर अपनी विभिन्न जन कल्याणकारी योजनाएं चला रही हैं। इनमें कन्याश्री, रूपश्री, स्वास्थ्य साथी समेत कई योजनाएं शामिल हैं। कैग की ताजा रिपोर्ट में इसका खुलासा हुआ है। इसमें कहा गया है कि वित्त वर्ष 2021-22 में बंगाल सरकार ने बाजार से 4,312 करोड़ रुपये का ऋण लिया था।

राज्य सरकार ने नहीं दिया कोई ब्योरा
गौर करने वाली बात यह है कि राज्य सरकार ने अपने बजट में इसका कोई ब्योरा पेश नहीं किया है। विभिन्न सरकारी संस्थाओं के माध्यम से ऋण लिया गया। स्वास्थ्य साथी के बाबत 720 करोड़, कन्याश्री के लिए 1122 करोड़ एवं रूपश्री के लिए 485 करोड़ का ऋण लिया गया। अन्य योजनाएं चलाने के लिए भी ऋण लिया गया। कैग की रिपोर्ट बंगाल सरकार के 2016-17 से 2020-21, इन पांच वित्त वर्षों में बंगाल सरकार के आय-व्यय, उस दौरान लिए गए ऋण पर आधारित है।

घाटे की दर है अधिक
इसमें आगे कहा गया है कि राज्य के सकल घरेलू उत्पाद की तुलना में उसे हो रहे घाटे की दर अधिक है। इसकी भरपाई करने के लिए राज्य सरकार को हर वर्ष बाजार से भारी ऋण लेना पड़ रहा है, जिसका एक बड़ा हिस्सा पुराने ऋण का ब्याज चुकता करने में ही चला जा रहा है। बाकी घोषित जन कल्याणकारी योजनाएं चलाने में खर्च हो रही हैं।

नहीं बच रहा ज्यादा फंड
इस कारण राज्य सरकार के हाथों में आधारभूत संरचना विकसित करने के लिए ज्यादा फंड नहीं बच पा रहा है। 2020-21 में राज्य के कुल ऋण का मात्र 17 प्रतिशत आधारभूत संरचना विकसित करने में खर्च किया गया है।

<https://www.jagran.com/west-bengal/kolkata-mamata-banerjee-government-is-running-schemes-by-taking-huge-loans-from-market-revealed-in-cag-report-23645493.html>

6. बंगाल में CAG रिपोर्ट पर घमासान, ममता ने पीएम मोदी को लिखा पत्र, धांधली का आरोप किया खारिज (tv9hindi.com) Feb 02, 2024

पश्चिम बंगाल में कैग रिपोर्ट पर घमासान मचा हुआ है। तृणमूल सांसद सुदीप बनर्जी ने हाल ही में प्रधानमंत्री नरेंद्र मोदी से बंगाल पर बकाया कर्ज के बारे में पूछा था। जवाब में प्रधानमंत्री ने उनसे सीएजी रिपोर्ट पढ़ने को कहा था। और फिर बंगाल बीजेपी अध्यक्ष सुकांत मजूमदार ने कैग रिपोर्ट का विषय उठाया। सुकांत का दावा है कि राज्य ने करीब 2 लाख करोड़ रुपये का हिसाब नहीं दिया है। वहीं, राजनीतिक गलियारों में जबरदस्त हंगामा मचा हुआ है। इस विवाद के बीच बंगाल की मुख्यमंत्री ममता बनर्जी ने प्रधानमंत्री को 'कड़ा' पत्र भेजा है।

सीएजी रिपोर्ट को लेकर उठे विवाद के संदर्भ में ममता बनर्जी ने कहा, "कहा जा रहा है कि अनियमितता हुई है। कोई अनियमितता नहीं हुई है। मैंने प्रधानमंत्री को कड़ा पत्र लिखा है। मैंने यहीं बैठे-बैठे हस्ताक्षर कर दिये। कैग को जो नहीं पता, वो लिख दिया। 2003 से कह रहे हैं। अरे 2003 में हम कुछ थे! 2011 के बाद जब हम आएंगे तो कार्यभार संभालेंगे। हालांकि, मान लीजिए कि प्रत्येक उपयोगिता प्रमाणपत्र खत्म हो गया है। सरासर झूठ। सत्य कभी दबाया नहीं जा सकता।

बकाये की मांग को लेकर धरने पर बैठीं ममता उनकी सरकार हिसाब मांग रही है कि 2003 में राज्य में क्या-क्या अनियमितताएं हुईं. शुक्रवार को रेड रोड धरना मंच से ममता ने सीएजी रिपोर्ट की आलोचना की. ममता ने शुक्रवार को इस रिपोर्ट की निंदा की. उन्होंने कहा कि उस रिपोर्ट में केंद्र ने राज्य से उस अवधि का हिसाब मांगा है जब तृणमूल 'बच्ची' थी.

ममता ने कहा, "वे मुझसे 2003 की रिपोर्ट मांग रहे हैं. तृणमूल तो 'बेबी थी'! टीम केवल पांच साल पुरानी है. उस समय क्या हुआ, मैं उसका हिसाब दूंगी? क्या मैं उसकी जिम्मेदारी लूंगी? वे अभिषेक से ऐसा हिसाब मांग रहे हैं, जबकि उनका जन्म ही नहीं हुआ था." ममता ने यह भी कहा कि केंद्र से व्यय खाता या उपयोगिता प्रमाण पत्र (यूसी) केंद्र को भेज दिया गया है.

कैग रिपोर्ट में धांधली के आरोप को किया खारिज उन्होंने कहा, "हमने सारा हिसाब दे दिया है. जमीनी स्तर का चोर? तो क्या हो तुम? केंद्र सभी विभागों में 30 फीसदी कमीशन लेता है. मैंने प्रधानमंत्री को कड़ा पत्र लिखा है. केंद्र की वादाखिलाफी के खिलाफ और बकाया वसूली को लेकर ममता बनर्जी शुक्रवार से रेड रोड पर 48 घंटे से धरने पर बैठी हैं. उनका विरोध शनिवार तक जारी रहेगा. उसके बाद कार्यक्रम का संचालन तृणमूल के अन्य लोगों द्वारा किया जायेगा. इससे पहले भी कैग रिपोर्ट पर ममता बनर्जी ने असंतोष जताया था.

ममता इस सप्ताह नादिया के कृष्णानगर गईं और रिपोर्ट की विश्वसनीयता पर सवाल उठाया. उन्होंने कहा, "कैग रिपोर्ट का लोकसभा में ऑडिट होता है. विधानसभा कमेटी ने सीएजी रिपोर्ट पर विचार किया. लोक लेखा समिति (पीएसी) प्रत्येक रिपोर्ट को देखती है. जो पीएसी के सदस्य हैं उनसे पूछो कि गरीबों के पैसे से कितने लाख करोड़ रुपये की संपत्ति बनाई है. पहले इसका उत्तर दो."

<https://www.tv9hindi.com/state/west-bengal/cag-report-bengal-mamata-wrote-a-letter-to-pm-modi-rejected-the-allegation-corruption-2401002.html>

7. Railways spent Rs 98.10 to earn Rs 100 in 2022-23: Ashwini Vaishnaw (economictimes.indiatimes.com) February 03, 2024

Post Covid-19, Railways achieved the highest ever total revenue of 2,40,177 cr in 2022-23 with operating ratio of 98.10 per cent, Rajya Sabha was told. Railways Minister Ashwini Vaishnaw informed the house on Thursday that the railways spent Rs 98.10 to earn Rs 100 in 2022-23.

Vaishnaw's answer came in response to a question raised by Jawhar Sircar, Rajya Sabha MP from the All India Trinamool Congress party, who asked, "Whether the Comptroller and Auditor General (CAG) of India has declared that finances of the Indian Railways have slipped into 'concern zone' in 2021- 22."

Sircar asked the minister to provide a year-wise operating ratio of Railways over the last five years and whether Railways spent Rs 107 to earn Rs 100 in 2021-22.

"Whether it is a fact that if accounting adjustments like considering advances for next financial year as receipts are ignored, the ratio has stayed above 100 per cent since 2018-19," the Rajya Sabha MP also asked.

In response, Vaishnav stated that CAG in its report 13 of 2023 examined railways finances to the end of March 2022 and submitted its recommendations.

"Railway operations continued to be adversely impacted by the disruption induced by Covid-19 in 2021-22 also. Despite this Railways' achieved total receipts of 1,91,367 cr. against 1,40,783 cr. in 2020-21 i.e. incremental revenues of 50,584 cr," he said.

"Post Covid-19 period, Railways achieved the highest ever total revenue of 2,40,177 cr. in 2022-23 with operating ratio (OR) of 98.10%. The receipts including advances etc. are accounted for as per laid down policy," the minister added.

The five-year data, provided by the minister, shows that the Railways spent Rs 97.30 in 2018-19, Rs 98.36 in 2019-2020, and Rs 97.45 in 2020-2021 to earn Rs 100.

<https://economictimes.indiatimes.com/industry/transportation/railways/railways-spent-rs-98-10-to-earn-rs-100-in-2022-23-ashwini-vaishnav/articleshow/107368482.cms?from=mdr>

STATES NEWS ITEMS

8. Govt. forms panel to probe work carried out by KEONICS from 2018-19 to 2022-23 (*thehindu.com*) February 03, 2024

The State government has constituted an inquiry committee led by retired IAS officer S.D. Meena to probe observations made by the Principal Accountant General in the Compliance Audit of Karnataka State Electronics Development Corporation Ltd. (KEONICS) for the period 2018-19 to 2022-23.

According to the order, the panel includes one financial expert (retd. SAAD official) and one technical expert to assist the committee to audit.

"The Principal Accountant General audit team has submitted 45 audit enquiries on the transactions and procurements of goods by KEONICS for the above mentioned period. The proposal from Managing Director, KEONICS, has been examined. From the major findings of the Principal Accountant General audit team, it is evident that there has been lacunae and gaps like the technical specifications in the products haven't been clearly brought out; the third-party inspection do not have due certifications of the persons who have inspected the goods; the delivery challans do not have the seal/date or seal of recipient organisation; the process of empanelment and selection of vendors for the supply of goods to various departments and organisations are not in conformity with the standard tender document prescribed by the Finance Department," the order said.

<https://www.thehindu.com/news/national/karnataka/govt-forms-panel-to-probe-work-carried-out-by-keonics-from-2018-19-to-2022-23/article67808948.ece>

9. Skeletons in the closet? Double billing scandal unearthed in Bengaluru Covid Care Centre contracts (*deccanherald.com*) 05 Feb 2024

Bengaluru: In what could be just the tip of the iceberg, two different departments of the Bruhat Bengaluru Mahanagara Palike (BBMP) cleared two separate bills worth over Rs

1.5 crore for a similar work executed at the same time, same place and by the same agency.

The double billing, hidden for two years, emerged when auditors scrutinised the BBMP's accounts for 2021-22.

The work was with regard to setting up a Covid Care Centre in the Koramangala Indoor Stadium, where the civic body engaged private firm Raja Enterprises to supply beds among other necessary items for the patients.

Records show that the BBMP's health officer (South Zone) approved Rs 1.50 crore to Raja Enterprises for services rendered between March and July 2021.

Simultaneously, the BBMP's Projects (Central) South Zone sanctioned an additional Rs 1.51 crore to the same agency in five instalments for the same services provided between March and August 2021.

The BBMP health officer also cleared an additional Rs 55.57 lakh for similar work between June 2020 and December 2020, during the first Covid wave.

In all, the firm received Rs 3.57 crore, with auditors specifically objecting to the Rs 1.51 crore released by the BBMP's projects cell.

Notably, the then zonal commissioner had approved the health officer's proposal for a Covid Care Centre, but the BBMP's projects cell did not get the approval.

Significant irregularities by officials included failure to solicit quotations from multiple agencies before selecting Raja Enterprises, failure to seek government approval to exempt floating of tenders under the Karnataka Transparency in Public Procurement Act, lack of records on the way the beds were reused, and absence of tax invoices in the bills submitted by the agency.

Tulasi Maddineni, Former Zonal Commissioner (South) and Special Commissioner (Finance), claims she was not aware of the latest developments, while Mahantesh Kumar, Executive Engineer of the BBMP's South Zone, expressed ignorance regarding the work.

Sandeep Anirudhan, co-founder of Citizens' Agenda for Bengaluru, predicts more double billing cases would tumble from the BBMP's closet if the Comptroller and Auditor General of India (CAG) audits the BBMP accounts.

"Since the BBMP has one of the largest budgets in India, we demanded that its account be audited by the CAG," he said.

Double trouble

Health Officer (South Zone) releases Rs 1.50 crore under the purchase and hire charges of the Covid Care Centre at Koramangala Indoor Stadium for the period between March 15 and July 15, 2021.

Executive Engineer (Projects), South Zone, also releases Rs 1.51 crore in five instalments for purchase and hire charges of the Covid set up at the stadium for the period between March 15 and August 14, 2021. <https://www.deccanherald.com/india/karnataka/bengaluru/skeletons-in-the-closet-double-billing-scandal-unearthed-in-covid-care-centre-contracts-2879469>

SELECTED NEWS ITEMS/ARTICLES FOR READING

10. DGGI's crackdown: ₹18,000 crore worth of GST evasion exposed, 1,700 fake ITC cases unearthed (*thehindubusinessline.com*) February 03, 2024

Finance Ministry on Saturday reported that around ₹18,000 crore worth of GST evasion was detected during the April-December period of the current fiscal.

“1,700 fake ITC cases involving ₹18,000 crore have been detected and 98 fraudsters/masterminds have been apprehended by the Directorate General of GST Intelligence (DGGI),” the statement said. Fake invoice means no real supply of goods or services but invoice issuance, used fraudulently to avail input tax credit (ITC). Unscrupulous elements misuse the identity of other persons to obtain fake/ bogus registration under GST to defraud the Government. Such fake/non-genuine registrations are used to fraudulently pass on input tax credits to unscrupulous recipients by issuing invoices without any underlying supply of goods or services or both. Fake registrations and issuing bogus invoices for passing off fake ITC have become a serious problem, as fraudulent people engage in dubious and complex transactions, causing revenue loss to the Government.

According to the Finance Ministry statement, in the current financial year, DGGI has emphasised identifying and apprehending the masterminds of fake ITC and disrupting syndicates, operating across the country. DGGI has unravelled cases using data analysis aided by advanced technical tools, which led to the arrest of tax evaders. These tax syndicates often use gullible persons and entice them with job/commission/bank loans, etc., to extract their Know Your Customers (KYC) documents, which were then used for the creation of fake / shell firms/companies without their knowledge and consent. In some cases, the KYC method was used with the knowledge of the concerned person by paying them small pecuniary benefits.

DGGI has not listed some of the cases. On basis of data analytics using E-way bill portal it was revealed that S.D. Traders, Delhi, was a newly registered firm with NIL inward supplies at the root level, yet it generated many E-way bills. Based on the investigation, 38 non-existent firms in the Delhi and Haryana areas were initially revealed. On analysis of the IP Address, premises at Sirsa, which were being used for filling out GST Returns, were identified. The search was conducted, and it was found that a well-organised racket of fake/bogus firms was being operated from the said premises. Certain documentary evidence, 2 Laptops, 7 mobile phones, and various SIM cards were seized, and Manoj Kumar, one of the key operators of the racket of fake firms, was arrested from Sirsa by the DGGI. The statement said that the analysis of outward supplies data indicates a potential evasion of ₹1,100 crores of fraudulent ITC.

Earlier this month, the Ministry said that over 29,000 fake firms were identified and over 44000 crores of GST tax evasion detected in a nationwide drive over 7 ½ months as a result of a special drive to identify non-existent/bogus registrations and issue fake invoices without any underlying supply of goods and services. The drive started in mid-May last year. A total of 29,273 bogus firms involved in suspected ITC evasion of ₹44,015 crore have been detected. This has saved ₹4,646 crore, of which ₹3,802 crore is by blocking of ITC and ₹844 crore is by way of recovery. So far, 121 arrests have been made in the cases, the Ministry said. <https://www.thehindubusinessline.com/economy/dggis-crackdown-18000-crore-worth-of-gst-evasion-exposed-1700-fake-itc-cases-unearthed/article67808674.ece>

11. A Single Hold-all Measure like GDP is a Camouflaging Device (*newslick.in*) 03 Feb 2024

There are well-known problems associated with the concept of gross domestic product (GDP) as well as with its measurement. The inclusion of the service sector within GDP is something that Adam Smith would have objected to on the conceptual grounds that those employed in this sector constituted “unproductive workers”. Certainly, in the former Soviet Union and East European socialist countries, it was not the GDP but the gross material product, excluding the service sector, that was considered the relevant measure.

Even if the service sector is included in GDP, there is a conceptual problem associated with measuring its output, since what constitutes the rendering of a service is difficult to distinguish from what constitutes mere transfer payment. After all, one may derive satisfaction from making a transfer payment exactly as one derives satisfaction from the performance of a musician; how then can we include the one and not the other within the ambit of GDP?

But, in addition to these conceptual problems, there are also problems associated with the measurement of GDP, problems that arise inter alia because of the vast petty production sector, for which we do not have reliable, regular and timely data. In India, for instance, several economists have suggested, though for different reasons, that the measurement of the growth rate of GDP is an over-estimate.

It is also obvious that GDP is no index of national well-being; the most salient reason for this is that the distribution of GDP can be extremely unequal. But the operation of imperialism creates a particular type of dichotomy within a Third World country that makes GDP utterly inapposite for measuring economic progress. Indeed, the GDP serves to camouflage this dichotomy that even has a tendency to grow over time.

Imperialism has two distinct effects on a contemporary Third World economy. Because such an economy is typically located in the tropics, industrial countries require from it a range of agricultural products (quite apart from minerals) that only the tropical land-mass is capable of producing, or producing during the period when the cold temperate regions of the world, which constitute the home base of capitalism, are frozen over.

Thus, other than wheat and corn, imperialism requires a whole range of primary commodities from the Third World, that it can itself either not produce at all in any season, or that it can produce only in its warm season but not in its winter. These have

to be imported. But the extent of the tropical land-mass is limited, and since “land-augmenting” practices, such as irrigation, and other technical changes that raise land productivity, typically require an activist State, and capitalism is opposed to all kinds of State activism that supports and promotes not itself but peasant agriculture, such “land-augmentation” is not forthcoming to an adequate degree.

The required supplies of tropical products for metropolitan needs are forced out for exports to the metropolis by reducing their domestic absorption within the Third World. Imperialism, therefore, necessarily imposes an income compression, entailing a demand compression, on the Third World.

One of the main functions of the neoliberal regime is to open up the Third World to the unrestricted exports of such commodities, and, to attain this, to impose demand compression as a matter of routine. Such opening up requires that the peasants’ choice of which crops to grow must be influenced not by considerations of national food self-sufficiency or of local needs, but exclusively by the “market”, which means the pull of the purchasing power of the metropolis.

To ensure this, in Southern countries, all government price support for foodgrains in particular, and stocking of food crops for sustaining the public distribution system must go, and the domestic prices must become aligned to international prices through the removal of all quantitative trade restrictions and the imposition of zero or minimal tariffs. This is exactly what the World Trade Organisation seeks to ensure. At the same time very high direct cash subsidies to their own agricultural producers of foodgrains and cotton continue to be given by industrial countries, labelling these as ‘non-trade - distorting’.

If there is insufficient supply of crops that the metropolis wants to import, then inflation ensues, to counter which demand compression measures are imposed as a matter of routine which necessarily restrict domestic demand, and lead to greater supply for the metropolis. The overall effect of the neoliberal regime through all these mechanisms is to reduce the net per capita foodgrain availability in the Third World, and to make the land grow crops instead that are demanded by the metropolis. This is exactly what we observe.

There is a second impact of imperialism on Third World countries. This arises from the fact that colonial deindustrialisation had left these countries with massive labour reserves which kept the real wages tied to a bare subsistence level, even as the real wages within the metropolis kept increasing more or less in tandem with labour productivity.

Because of this widening gap between the wages of the two regions, multinational corporations from the metropolis are now willing to locate plants within the Third World for meeting not the local market but the world market. This relocation of activities from the metropolis to the Third World, especially of “lower-end” or less skill-intensive activities, is not on a scale to absorb the labour reserves, so that the lower real wages continue, exacerbated by the income compression mentioned earlier. But it does become a source of urban growth, including what in the context of the Third World constitutes middle-income employment.

These two effects of imperialism create between them a dualistic structure within the Third World. Colonialism which had created within the Third World “enclaves” where foreign capital operated, had given rise to such a dualistic structure anyway. The post-colonial Third World state that had emerged on the basis of an anti-colonial struggle had been committed to overcoming this dualism. But, the replacement of the dirigiste regime by neoliberalism has re-created this tendency toward dualism within the Third World, with the gap between the two sides widening over time.

To be sure, the gap between the workers in the growing “modern” segment of the Third World and their counterparts in the stagnant or declining segment, such as peasant agriculture and petty production, does not increase. Both sets of workers are victims as much of the massive and growing labour reserves that keep down the real wage rate, as of the demand compression imposed in order to squeeze out the requirements of the metropolis from the tropical land-mass without generating significant inflation.

But the gap between the local big bourgeoisie and upper middle-income professionals engaged in the “modern” segment on the one hand, and the working people engaged in both the modern and the traditional segments, distinctly increases. And this has also a spatial dimension, which expresses itself most clearly in a rural-urban dichotomy.

This growing rural-urban dichotomy is clearly visible in Indian official data themselves. If we take the magnitude of nutritional poverty, defined as access to less than 2,100 calories per person per day in urban India and less than 2,200 calories in rural India, then the proportion of urban population below this norm increased from 57% in 1993-94 to about 60% in 2017-18. In rural India, by contrast, this proportion increased from 58% to more than 80% over the same period. (The National Sample Survey data from which these calculations are made by Utsa Patnaik in a forthcoming book and have since been withdrawn by the Government of India because of what they show). In fact, under the National Democratic Alliance government, which has pursued an aggressive, unashamed neoliberal policy, this dichotomy has greatly widened.

In the face of such a stark and accentuating dichotomy between two segments of the economy, the use of a single hold-all measure like the GDP serves as a camouflaging device. It is not just that growing income inequality makes the GDP an inappropriate measure for economic well-being, a proposition that is readily accepted; but this growing inequality has a spatial dimension, recreating a dualistic economic structure, under the ascendancy of neoliberalism which represents a re-assertion of imperialism. The use of the GDP, therefore, serves to hide this growing structural dichotomy that imperialism introduces. It serves, in short, to camouflage the operation of imperialism.

But that is not all. All preliminary estimates of GDP in India are made on the basis of data for the large-scale sector and the growth rate of the large-scale sector is attributed in many instances to the small-scale sector as a “provisional” step. But this implies assuming that the languishing sector is growing as rapidly as its counterpart, which is a travesty of the truth. <https://www.newsclick.in/single-hold-all-measure-gdp-camouflaging-device>

12. 'Big Data, AI aiding higher tax collection' (fortuneindia.com) Feb 5, 2024

Sanjay Kumar Agarwal, chairman, Central Board of Indirect Taxes and Customs (CBIC), tells Fortune India what is driving the buoyancy in GST (goods and services tax) revenues. Edited excerpts.

What explains the cut in revised estimates (RE) in customs and excise revenues for FY24 in the Interim Budget?

As far as excise duties are concerned, these are levied on very few items, mainly fuels and crude oil, and may be on tobacco, but the collection is mostly from petroleum products. In May 2022, the duty rate was reduced by ₹8 per litre on petrol, and by ₹6 per litre of diesel. Initially, the collection is less because the rate was cut drastically. Next year, the impact may not be there.

Apart from that, there is special additional excise duty, or windfall tax. It was reduced by 56% last year. That again is dependent on global oil prices, and domestic petrol and diesel rates. Accordingly, the windfall tax rate is calibrated. This year, maybe because of those conditions, it was calibrated at a lower rate. So there is less collection on that count. That has led to a negative (-6%) growth in the Union excise duty collection, but in the next financial year, we are expecting a growth of 5%.

On the customs duty front, the merchandise import in India has come down from \$548 billion last year to \$505 billion in value terms in the first nine months, as per the Department of Commerce. Due to a drastic reduction in commodity prices in the international market maybe the quantity has not come down to that extent and could even remain the same, but in value terms there is a contraction of 8%. So, while India may have benefitted from lower commodity prices, it has impacted customs duty collection, which has grown 2% in the current year. We have taken into account the duty collection on the customs side while fixing the target for the next fiscal.

When we are talking about nominal GDP growth of 10.5%, would you also agree that despite the buoyancy in GST collection, this projection is conservative?

On the GST side, the collection is linked with nominal GDP growth. Last year, the GDP growth which was mentioned during the budget was also 10%. Normally, we are noticing a tax buoyancy of 1.1. So that makes it a growth of around 11%. This year we are growing at 10.7%. But in the last quarter, there has been some additional growth of 5-6% in GST revenue. Currently, around 73% of the budget estimate has been collected, but in the last quarter, the collection has to be 28%. That 28% will be met by this 5 or 6% growth, which we have historically noticed in the GST collection. That gives us the confidence that we will achieve the BE (budget estimate) for the current financial year. The estimated nominal GDP growth is 10.5%, so if you apply the tax buoyancy of 1.1, it works out to be 11.6. BE has been fixed for the next financial year at 11.7, and it is quite realistic. It's neither on the higher side nor on the lower side. It is at par. Tax buoyancy projections are made after taking measures to encourage voluntary compliance and by using data analytics to ensure wherever there is evasion or avoidance of tax, we can ask taxpayers to pay up. That is the reason we are noticing a tax buoyancy of more than one. We expect this trend to continue.

You have mentioned the use of Big Data and AI for enhancing tax collections. Can you give us some sense of how and to what extent, and what different data sets have been synced for this purpose?

We are receiving data from returns paid by taxpayers for GST. They are filing their returns on the income tax side, making deductions on TDS. All such data is collated. Other than that we are getting RFID data about the movement of goods. All this data is used when we do network analysis. We use data analytics to see whether there is a missing link or a missing supply so that it gives an indication of fake entities. Then we catch them.

Any estimate of cases being unearthed?

We are working very hard to identify entities that may be indulging in these activities and are booking cases against them. We are concentrating on busting syndicates. There is a concerted drive going against them and that is giving good results.

The Finance Minister has said the coming years will be that of big reforms. What are the big-ticket reforms one can expect on the indirect tax front?

On GST rate rationalisation, a GoM (group of ministers) has been constituted by the GST Council. Maybe after the elections, they will submit the report. That will be a big thing for rationalisation on the GST front, which will bring in a lot more simplicity. But that reform will come from the GST Council. On the excise front, the duty is on very few commodities. On petrol or diesel, if the Centre raises the duty by ₹2 per litre, it will be immediately felt by consumers. If it is reduced, again, it will be known to consumers. So there is not much scope for change, but that decision can be taken at any point in time. On the customs side, duties are calibrated as per the needs of the country. Customs is not a revenue-raising measure. It is to control the availability of commodities to ensure the industry is not impacted if there is a surge in imports. If there is a shortage of commodities, custom duties will be lowered irrespective of whether it will result in lower duty collection.

One of the things the FM mentioned is self reliance in oilseeds and considering that it's a very large outgo of forex, has there been any discussion on the roadmap around which this will be done, in terms of even moderating it with tax initiatives?

On edible oil, if there is a shortage, and we have to keep prices in check, duty rates will have to be lowered. Bringing self-sufficiency means you have to increase agriculture production. The agriculture ministry will have to look into it.

On GST, the numbers are rising, but there are two kinds of discourse around it. One, in the economy, a lot of consumption is happening, and second, the base is the same or maybe slightly better, and just because of compliance measures the numbers are very good. What is your take?

It is both. If there is spending on infrastructure development, the consumption of steel and cement, it will lead to growth in GST revenue. But if it (the growth) is more than nominal GDP, it will be led by better compliance.

The Interim Budget has waived off legacy direct tax demands below ₹25,000. GST may be a new regime, but do you think such an amnesty could reduce litigations or tax demands?

In income tax, the tax base is very large, about 8 crore. But in legacy loss on indirect taxes, like in central excise, the taxpayer base was just 60,000. On service tax it may be something like 20-25 lakh. So there is no comparison. And this is indirect tax and that is direct tax where the demand raised may be just ₹100, or ₹1,000. If you add for different years, it may be, say ₹25,000. In many cases it might have been paid also. They are doing automation and they wanted to clean up their books, that's why they are taking it out of their books. But that may not have been the scenario if the taxpayer base was small. In case of GST, the taxpayer base is very large, around 1.4 crore.

What are the precautions the government is taking while making a demand on the taxpayer to ensure there is no harassment per se?

I communicate with field officers through my weekly letter. I have pointed out that whenever a tax demand is to be raised, first we need to send an intimation. Whatever representation is received from the taxpayer should be looked into before a demand is raised. So they should work well in advance, take into consideration the representations and then only issue the demand. And even if a demand is issued at the last minute, it is to be adjudicated in the next three months.

How much of human intervention has been removed?

We decided to switch over to GSTN's back office after I took charge, so that the entire tax administration, whether it is central or state, will use the same back office and things can be rolled out faster. All communications from the tax department will be through the common portal, GSTN. Replies will come to officers through that and in the dashboard of offices. We are working to ensure all our communications take place digitally.

Is there any reconsideration of GST on online games?

The growth is so much. I am not sure whether I have the complete figures, but it was something like ₹220 crore per month on an average before the amendments came into effect, and after that it has shot up to ₹1,200 crore per month. So why should there be any rethink if everyone is happy unless we have a lot of sympathy with what's going on in online platforms, whether their prize money has come down slightly? They may be the only losers, may be a little bit, but not the online gaming firms, nor the revenue department. And this revenue collection is going for better causes or welfare schemes if they earn a little less in gambling. <https://www.fortuneindia.com/long-reads/big-data-ai-aiding-higher-tax-collection/115667>

13. Fiscal consolidation, a positive surprise
(*thehindubusinessline.com*) February 02, 2024

In a positive surprise, the government pegged its fiscal deficit at 5.8 per cent of GDP and 5.1 per cent of GDP, respectively, in the Revised Estimates (RE) for FY24 and the Interim Budget Estimates (BE) for FY25, lower than ICRA's expectation of 6 per cent

and 5.3 per cent, respectively. Moreover, capital expenditure for both these years is higher than what we thought the fiscal math would support. With this, the quality of the fiscal deficit is set to continue to improve further, with the entire decline of 70 basis points (bps) over the lower-than-expected print of 5.8 per cent for FY24 stemming from a cut in the revenue deficit.

In our view, the fiscal math is underpinned by realistic growth assumptions for taxes and a muted increase in revenue expenditure, although we have some concerns around the budgeted numbers for non-tax revenues. While the government has indicated a 6.4 per cent growth in non-tax revenues in FY25, over a large overshooting to the tune of ₹750 billion in FY24 RE, we remain sceptical on this front. It has pegged the receipts on account of dividend/surplus of RBI, nationalised banks and financial institutions at ₹1 trillion, in line with the FY24 RE. We expect the actual collections on this account to be lower in FY25. Besides, the budgeted amount from other communication services, at ₹1.2 trillion, seems somewhat optimistic.

Even though the government has assumed slightly higher nominal GDP growth of 10.5 per cent as against our projection of 9.5 per cent, the budgeted growth of 11.5 per cent in gross tax revenues (GTR) is largely in line with our estimates. Notably, the Budget pegs the GTR at 11.7 per cent of GDP in FY25 as against 11.6 per cent in FY24, which is the highest level since FY08.

On the expenditure front, the growth in revenue expenditure has been limited to 3.2 per cent in FY25, in line with the low single digit growth seen in each of the last two years, aided by a mild dip in the subsidy burden, albeit on a higher-than-budgeted turnout in FY24. The government's non-interest non-subsidy revenue expenditure is budgeted to rise by a meagre 0.6 per cent in FY25 after growing by 3.9 per cent in FY24. The government has pencilled in an amount of ₹860 billion for the National Rural Employment Guarantee Scheme in FY25, in line with the revised amount for FY24. This is largely in line with our estimate of ₹800-1,000 billion.

Capex hikes

The government's large capex hikes had dominated headlines in each of the last three Budgets in the post-Covid period. On an enlarged base, the budgeted hike in FY25 is healthy at 16.9 per cent, with the gross capex pegged at ₹11.1 trillion as against the RE of ₹9.5 trillion for FY24. Interestingly, this increase is largely led by a fresh allocation of ₹705 billion for new schemes by the Finance Ministry, without any further description for the same. Moreover, the budgeted amount for the special assistance to the States for capex has been pegged at ₹1.3 trillion in FY25, 23.2 per cent higher than the revised amount of ₹1.1 trillion for FY24. This would continue to lend support to States' capex in the next fiscal.

The on-Budget capex on roads and railways has been hiked by just 2-5 per cent in FY25, while still accounting for 47.1 per cent of the total capex. Notwithstanding the modest increase, the size of the spending remains quite large and is likely to augment activity in projects that are under implementation and aid in project completions in these segments.

In contrast to the robust increase in the budgeted capex, the growth in the CPSE's Internal and Extra Budgetary Resources (IEBR) is modest at 5.2 per cent in FY25,

although this is the first instance of an increase in the last five years. Adding this to the government's gross capex, the total capex of the Centre and the CPSEs (IEBR) is expected to rise by a 13.9 per cent to ₹14.5 trillion in FY25. This amounts to 4.4 per cent of GDP against 4.3 per cent in FY24 RE and would play an important role in supporting construction activity and investment demand during the next fiscal.

We are enthused by the reiteration of the medium-term target of bringing the fiscal deficit below 4.5 per cent of GDP. However, with the on-Budget capex amounting to 3.4 per cent of GDP, further fiscal consolidation beyond FY25 would progressively become more challenging. <https://www.thehindubusinessline.com/opinion/fiscal-consolidation-a-positive-surprise/article67804645.ece>

14. Govt to spend ₹1.3lakh cr to build 14 e-ways covering 2k km (*timesofindia.indiatimes.com*) February 04, 2024

New Delhi: The road transport and highways ministry will construct 14 new expressways and high-speed corridors totalling 2,279 km with an investment of Rs 1.3 lakh crore. These projects will be spread across states including Uttar Pradesh, Maharashtra, West Bengal, Assam, Odisha, Kerala, Gujarat, Raipur, Bihar, Rajasthan, Madhya Pradesh, Assam and Jharkhand.

Sources said the ministry has sent the proposal for seven projects with estimated cost of around Rs 70,000 crore to other ministries for their feed back.

Since each of these projects entails more than Rs 1,000 crore investment and will be developed under the public private participation (PPP), these need to get approval from a panel before these are placed before the Cabinet for getting the go ahead.

TOI has learnt that the development of Surat-NasikAhmednagar-Solapur will be the longest stretch covering 599 km. Some of the other stretches include KharagpurSiliguri in West Bengal, Sanchor-Mehsana-Ahmedabad stretch passing through Rajasthan and Gujarat, Kanpur Bypass in UP, Kozhikode-Malappuram-Palakkad in Kerala, Raipur-Ranchi and Jorhaat-Badarpur corridor in Assam. The second longest stretch in the list is 346 km Coastal Road in Odisha, which has been in the planning for a long time.

The National Highways Authority of India (NHAI) has invited bids for some of the finalised stretches including a greenfield six-lane expressway connecting Agra with Gwalior.

Sources said the stretches have been finalised keeping in mind faster and seamless movement of heavy vehicles transporting goods, which will help reduce the transit time and logistics cost. <https://timesofindia.indiatimes.com/city/delhi/government-to-invest-13-lakh-crore-in-building-14-expressways-covering-2279-km/articleshow/107411439.cms>

15. ACB: Mohalla Clinics gave free tests to 65,000 ‘ghost patients’
(*thehindu.com*) February 04, 2024

The Delhi government’s Mohalla Clinics prescribed pathology tests for nearly 65,000 “ghost patients” from February to December last year, officials of the Anti-Corruption Branch (ACB) said on Saturday. The tests were conducted by two private labs.

According to an official, a preliminary inquiry by the ACB found that the two labs received ₹4.63 crore from the Delhi government for conducting medical tests during these 11 months, of which nearly 65,000 were allegedly fake.

The probe was initiated following a complaint by Special Secretary (Vigilance) Y.V.V.J. Rajasekhara on January 10.

Sources in the Delhi government said that any wrongdoing in the functioning of Mohalla Clinics will not be tolerated, and strong action will be taken against the guilty.

Last month, Lieutenant-Governor V.K. Saxena had recommended a Central Bureau of Investigation (CBI) probe into alleged irregularities in prescribing medical tests to ghost, or non-existent, patients at Mohalla Clinics.

The Mohalla Clinic is a pet project of the ruling Aam Aadmi Party (AAP), with over 500 of these located in the city where patients can avail of nearly 450 medical tests for free.

These tests cost between ₹100 and ₹300 and are done by private pathology labs, which are reimbursed by the AAP government.

An official said that according to the ACB probe report, after mobile numbers of patients registered with the two labs were verified at random, nearly 63% of the numbers were found to be either invalid or to belong to people who had never visited a Mohalla Clinic.

Invalid contact details

As per the report, analysis of one of the laboratory’s data showed that 12,457 tests were conducted where the patient’s mobile number was not entered; 25,732 tests where the mobile number was ‘zero’; 913 tests with fake mobile numbers; and 2,467 tests with mobile numbers that were repeated over 80 times for different patients.

“It also emerged that the Lab Management Information System (LMIS), containing the name and mobile number of the patients, was also developed, operated, and conveniently manipulated by the two private labs,” the official said.

“Two private vendors were found to have full access and control over data and the system’s software, which is why the possibility of manipulation of data could not be ruled out,” the official added. <https://www.thehindu.com/news/cities/Delhi/acb-mohalla-clinics-gave-free-tests-to-65000-ghost-patients/article67808981.ece>

16. ‘Massive fraud to cause loss to govt’: ACB probe into fake tests at Delhi’s mohalla clinics (*indianexpress.com*) February 4, 2024

The Anti-Corruption Branch (ACB), in its preliminary inquiry into the mohalla clinic fake medical test case, has said that data provided by diagnostic labs indicates “a massive fraud and manipulation of records” with an intention to create a “huge loss of over crores of rupees” to the government exchequer.

According to the report, data of patients appeared to be “fictitious” and there was a “possibility of connivance” by doctors and officials attached to the outsourcing diagnostic lab, which could not be ruled out. The report also said the Lab Information Management System (LIMS) software was designed and developed by the outsourcing lab vendors, and that they have full control and access over the complete data and system software.

“Hence, the possibility of data manipulation by the outsourcing lab vendors could not be ruled out,” it said.

The inquiry had received data from two labs that were providing services to the mohalla clinics, showing that 22 lakh tests were conducted during the review period and over 65,000 tests were “fake” or “manipulated”. The cost of conducting each test varied between Rs 100 and Rs 300.

The report has mentioned that the “exact figure would be calculated” only after a thorough investigation.

On this, Delhi government sources said “the state government will not tolerate any kind of wrongdoing in the functioning of mohalla clinics or other departments. Strict action will be taken against the guilty.”

The ACB, in its inquiry, sought details from a senior officer in the know of the developments, where she explained the test procedure. If a patient wants to undergo a lab or diagnostic test from AAMC, the person is required to visit the nearby mohalla clinic and get registered in the Smart Clinic Application (SCA) at the facility. The test(s) is/are recommended by the treating doctor at the clinic. After the test(s) is/are conducted, the details are made available on the LIMS.

The patient’s name and cellphone number are compulsory parameters for registration on the LIMS as a test report has to be sent on the registered cellphone number of the patient as well.

The ACB analysed data of the outsourcing diagnostics between February and November 2023. The data showed many tests were recommended for “zero” digit cellphone numbers as well as blank and fake mobile numbers starting with 1, 2, 3, 4, 5; and a total loss — just related to these fake mobile number entries — to the government exchequer was at Rs 72,63,952. It also showed that many cellphone numbers were used repeatedly for different patients.

During the inquiry, the ACB also said that most of the patients registered on the system had never actually visited mohalla clinics, and that they never took tests mentioned on their cellphone numbers.

The report concluded the sole intent appeared to be “generation of invoices against work that was not performed”, and there was a “serious lapse or misconduct by the district nodal officer, cluster in-charge and project director, who failed to supervise and monitor the test procedure properly.
<https://indianexpress.com/article/cities/delhi/massive-fraud-govt-acb-probe-fake-tests-delhi-mohalla-clinics-9142771/>