

**STATEMENT OF HON'BLE MINISTER ON  
CORRUPTION IN ESTABLISHMENT OF SKILL DEVELOPMENT  
CORPORATION -ACTION ON THE CONCERNED**

**SRI BUGGANA RAJENDRANATH**

**Hon'ble Minister for Skills Development and Training Department  
Government of Andhra Pradesh**

1. In CR No.33/2015, Dated:16-02-2015, the Council of Ministers resolved, to establish six Siemens clusters each costing ₹546.84 Crores with Government contribution being limited to 10%.
2. In CR No.47/2015, Dated:04-03-2015, the Council of Ministers resolved 'for allocation of budget for establishment of Siemens centers'.
3. On 22-06-2015, the Chief Executive Officer, APSSDC submitted a letter to the Government requesting for permission to get into an agreement with Siemens and DesignTech and also for the sanction of grant as decided by the Government in order to implement Siemens project (*the copy of which is not available with APSSDC*).
4. Vide G.O.Ms.No.4, Dated:30-06-2015, Government approved the establishment of 6 skill development clusters comprising of one Centre of Excellence and 5 Technical skill development institutions under each cluster, with a cost of Rs. 546,84,18,908/- each. Siemens and Design Tech to provide 90% of this cost as grant-in-aid and the remaining 10 % will be the Government share. The Government also permitted APSSDC to enter into agreement with Siemens and DesignTech.
5. The objective of the SIEMENS Project/ scheme was to impart Hi-end technology to the trainers. SIEMENS offers training program in collaboration with various State Governments. In the negotiations, the State Government has agreed to establish SIEMENS Centers of Excellence, Technical Skill Development Institutions and Skill Development Centers in different clusters. Each Cluster comprises of one Center of Excellence, five (5) Technical Skill Development Institutions (tSDI) and Skill Development Centers. Six such clusters are to be formed at the inception at a cost of Rs.546,84,18,908/ - with Siemens and DesignTech providing a grant-in-aid of Rs.491,84,18,908/ - 90% and a Government share thereof is 10% - Rs.55 Crores.

6. Memorandum of Agreement (Tripartite Agreement) was signed by APSSDC, Siemens and DesignTech. (*The date and place of execution were not mentioned in the MOU*).

As per the Agreement,

- APSSDC/Government of AP will identify the institutes for the setup of the CoEs and tSDIs.
  - Design Tech shall act as proposer, implementer and system integrator for the overall project in active collaboration and assistance of Siemens.
  - Siemens shall act as technology partner and program advisor to Design Tech for the project implementation and operation.
  - The MoU is silent about the total project cost and the share of the partners in the project.
  - The MoU only mentions about setting up this project and payment of Rs.330,00,00,000/- to Design Tech for setting up the centers. (*Where as there is no mention about the relevant GO authorizing the sanction of funds*)
7. In G.O.Rt.No.12, Dated:11-09-2015, GoAP accorded administrative sanction for ₹270 Crores.
8. In G.O.Ms.No.8, Dated:05-10-2015, two committees were formed to monitor Siemens project and for scrutinizing and identifying the Skill Development Centers under Siemens project.
9. On 05-12-2015, an undertaking was signed by APSSDC and DesignTech. As per the agreement, 50% of the agreed amount shall be released upon execution of the agreement and the remaining 50% shall be released after evaluation of the project by the Third (independent) party.
10. On 05-12-2015, ₹185 Crore was paid to DesignTech after signing of undertaking.
11. In G.O.Ms.No.20, Dt.22-01-2016, GoAP accorded administrative sanction for ₹25 Crores.
12. On 28-01-2016, ₹100 (Rupees One Hundred only) was paid to DesignTech.
13. On 29-01-2016, ₹85 Crore was paid to DesignTech.

14. In G.O.Ms.No.37, Dt.20-02-2016, GoAP accorded administrative sanction for ₹42 Crores. On 11-03-2016, ₹67 Crore was paid to DesignTech.
15. Based on a request from Government, On 22-03-2016, Central Institute of Tool Design (CITD) submitted a valuation report on Siemens project. As per the report, which is based on desk verification of the proposal given by M/s Siemens, the proposed project cost was reported to be reasonable. (*Whereas no field verification or actual evaluation of the project components were done by CITD, as the project components were neither delivered nor installed by that date.*)
16. In G.O.Ms.No.56, Dated:21-03-2016, GoAP accorded administrative sanction for Rs. 34.25 Crores and On 31-03-2016, ₹34.25 Crore was paid to DesignTech.
17. The establishment of CoEs & tSDIs labs started from November 2016 to May 2018 (Details attached in Annexure).
18. Based on the recommendations of a cabinet committee looking into the flaws in policies, systems and utilization of funds of major projects on 14-03-2020, the Chairman, APSSDC requested to carry out a forensic audit on the accounts of APSSDC right from the inception., On 17-10-2020, work order was given to M/s. Sarath & Associates, CA for conducting of forensic audit.
19. In Lr. No.323, Dated:03-04-2021 of the MD & CEO, APSSDC, Siemens and DesignTech were requested for furnishing of the details of 100% (90% + 10%) expenditure incurred on Siemens project. In Lr. No.323, Dated:19-04-2021 of the MD & CEO, APSSDC, Siemens and DesignTech were again requested for furnishing of the details of total expenditure incurred on Siemens project. In Lr. dated:12-04-2021 of the Siemens, the MD & CEO, APSSDC was informed that the entire team of Siemens including Mr. Suman Bose had left Siemens by 2018 and Siemens is in the process of retrieving and identifying the information/documents from the available records and requested for 8 weeks' time for furnishing of information. In the letter dated 05-05-2021 of Siemens, information similar to the letter dated 12-04-2021 was furnished. In the letter dated:07-06-2021, of Siemens, information relating to establishment and implementation of Siemens centers was furnished. In the letter dated: 06-07-2021 of Siemens, it was informed that the tripartite agreement does not specifically provide for making any in-kind contribution of 90% by Siemens and DesignTech. In Lr., dated:03-02-2022 of Siemens, MD & CEO,

APSSDC was informed that Siemens does not have a scheme of sponsoring grant-in-aid and Mr. Bose was not authorized to commit on providing in-kind grant on the 90% of the total project cost.

20. Based on the facts and records available, certain irregularities were observed as follows:

- a. On 22-06-2015, the MD & Chief Executive Officer, APSSDC had submitted a letter requesting for permission to get into an agreement with Siemens and DesignTech and also for the sanction of grant as decided by the Government in order to implement Siemens project. *But, the copy of the said letter is not available in APSSDC. Hence, the details of proposals submitted by APSSDC are not available.*
- b. The date and place of execution of MOA vide page 10 of the tripartite agreement were left blank.
- c. As per para 3 of G.O.Ms.No.4, SDE & I (Skills) Dept., Dated:30-06-2015, GoAP had decided to establish Siemens centres with 90% grant in aid by Siemens and DesignTech and GoAP share being 10%. *But, the same was not incorporated in the tripartite agreement. As per para 6 (d) of tripartite agreement, an amount of ₹330 Crores plus taxes shall be payable by GoAP towards financial assistance. In the same para, sanctioned letter No., and date were left blank. Non-inclusion of cost sharing clause (90% and 10%) and not filling of sanction order (GO) letter No., and date in MOA is observed.*
- d. Utilisation Certificate for ₹371.25 Crores duly attested by the M/s. C.V. Chitale & Co., CA was given by DesignTech. *Though, the proposed project cost is ₹3,300 Crores (approx.) and sanctioned on 90% and 10% cost sharing clause. DesignTech had given UC only for ₹371.25 Crores without voucher wise particulars.*
- e. DesignTech had sent invoices for ₹371.25 Crores instead of for ₹3,300/- Crores. As verified from the invoices, it was noticed that price of the equipment supplied to 'total lab' only was given. *Item-wise prices were not given. Hence, comparison of rates with other popular brands prevailing in the market could not be done.*
- f. As per the provisions in the MoU, state level committee and local board of Governance were constituted to monitor and

review the activities of the centers and submit quarterly reports to Government and APSSDC, whereas no such reports are available on record and hence the actual utilization of the centers are not available for scrutiny.

- g.* While the information on the skill centres setup by Siemens in other states like Gujarat, Madhya Pradesh and Karnataka are available in their website; there is no information about the setting up of Skill centres in Andhra Pradesh by Siemens.
- h.* A tax investigation by the Additional Director General, GST, Intelligence, Pune in respect of claims of availing of CENVAT credit by M/s. DesignTech Systems Private Limited and M/s. Skillar Enterprises India Private Limited led to unearthing a financial scam involving crores of rupees by M/s. SIEMENS Industry Software India Private Limited and M/s. DesignTech Systems Private Limited. The funds relate to Andhra Pradesh State Skill Development Corporation, Vijayawada (shortly referred to as APSSDC).

  - i.* As per the MoA, DesignTech has to provide training software development including various sub-modules designed for high end software for advance manufacturing CAD/CAM. The MoA does not contemplate sub- contract. However, Siemens and DesignTech had sub-contracted a large part of its work to M/s. Skillar Enterprises Private Limited, New Delhi. As a matter of fact, Skillar was established after DesignTech had entered into a contract with APSSDC. It is the claim of DesignTech that Skillar has provided training software development including various sub-modules designed for high end software for advance manufacturing CAD/CAM. Skillar has directly supplied the same to the Skill Development Centers in Andhra Pradesh. DesignTech further claims that royalty and subscription were paid to Skillar since they have developed the software.
  - ii.* When tax Authorities confronted Skillar, Skillar has claimed that no technical work has been subcontracted and the training software development including various sub-modules provided are technical material and royalty and subscription have been wrongly mentioned in the invoices. Thus, the Addl.D.G.G.I., Pune concluded that both the service provider and service receiver had taken contradictory stands regarding the nature of services. An in-depth scrutiny into the records by the

A.D.G.G.I revealed that training software development including various sub-modules shown as supplied by Skillar to DesignTech were purchased by Skillar from:

M/s. Allied Computers International (Asia) Ltd., Mumbai (in short M/s. ACI).

M/s. Patrick Info Services Private Limited, M/s. I.T Smith Solutions Pvt Limited.

M/s. Inweb Info Services Private Limited all based at New Delhi.

M/s. Arihanth Traders, New Delhi.

M/s. G.A. Sales Private Limited, New Delhi.

- iii. All these companies are Shell / Defunct companies and they were issuing invoices without providing any services. The Addl. Director General, DOGSTI, Zonal Unit, Pune observed that no services were delivered by Skillar to DesignTech in their invoices depicting training software development including various sub-modules and royalty and subscription thereof. The Managing Director of DesignTech admitted before Asst. Director General that he does not have any evidence to show that services have been received from these companies.
- iv. After the financial irregularities have come to surface, directions have been given to APSSDC to conduct a Forensic Audit and to furnish a copy of the report for taking further action. Accordingly, a work order has been assigned to M/s. Sharath and Associates, Chartered Accountants, Forensic Audit Firm. The audit firm conducted an enquiry and submitted a report. The Forensic Audit is concerned with pointing out the flaws in policies, flaws in systems, flaws in utilization of funds and analysis of various spending practices and to find out irregularities, misstatements, Governance procedures, internal policies evaluation for the financial years 2014-15 to 2018-19. On 14-06-2021, Forensic Audit Report on Siemens project was submitted by M/s. Sarath & Associates, CA, Vijayawada.

21. On 31-03-2021, information secured from DGGI, Pune was forwarded by the Commissioner, APSMRI to the MD & CEO, APSSDC. In Govt. UO Note No.1437417/Skill/2021, Dt. 11-07-2021, the Revenue (CT, Excise & Registrations) Dept., and the Special Secretary, APSMRI,

Velagapudi were requested to take further action on the incident reports and Show Cause Notices issued by the DGGI, Pune Zonal unit in respect of the cases booked against the parties which are associated directly or indirectly with the APSSDC.

22. In Govt. Memo.No.1437417/Skill/2021, Dated 11-07-2021, GoAP had entrusted the Siemens case to AP CID for detailed investigation. On 08-09-2021, the Chairman, APSSDC had made a complaint to the ADG, CID, Mangalagiri. With above content & certain documents copy, the then chairman, APSSDC Sri Konduru Ajay Reddy lodged a report for taking necessary legal action against the M/s. SIEMENS and M/s. DesignTech and their bogus shell allies according to Law on 7<sup>th</sup> September 2021. A case was registered vide Cr. No.29/2021 u/s 120(B), 166, 167, 418, 420, 465, 468, 471, 409, 201, 109 r/w 34, 37 IPC and Sec. 13(2) r/w 13(1)(c) & (d) of the Prevention of Corruption Act, 1988 of CID PS, AP, Mangalagiri. APSSDC is assisting the AP CID & ED authorities by furnishing the required information, documents etc. as & when sought for.

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**HON'BLE MINISTER (SD&T) DEPARTMENT**

## OPERATIONALISATION OF SIEMENS CENTRES

Sl. No.	Centre Name	Commencement of first lab	Commencement of all labs
	<b>CoEs</b>		
1	S.V. University College of Engineering, Tirupathi	Nov-17	Feb-18
2	JNTUA college of Engineering, Anantapur	May-17	Jan-18
3	V. R. Siddhartha Engineering College, Vijayawada	Nov-16	May-17
4	JNTU College of Engineering, Kakinada	Mar-18	Mar-18
5	Andhra University, Visakhapatnam	Mar-18	May-18
6	VVIT, Nambur	Nov-16	Apr-17
	<b>tSDIs</b>		
1	Audisankara CET ,Gudur	Nov-17	May-18
2	Government Polytechnic, Nellore	Dec-17	Mar-18
3	Kuppam Engineering College, Kuppam	Jun-17	Feb-18
4	MITS, Madanapalle	Sep-17	Oct-17
5	S. V. Government Polytechnic, Tirupati	Jun-17	Jan-18
6	Siddharth IET, Puttur	Jun-17	Nov-17
7	SreeVidhya Niketan Engineering College , Tirupati	May-17	Aug-17
8	Sri City SEZ , Tada	May-17	Nov-17
9	Anantalakshmi ITS, Anantapur	Nov-17	Feb-18
10	Annamacharya Institute of Technology, Rajampet	Nov-17	Dec-17
11	G.PullareddyEngg.College, Kurnool	Nov-17	Nov-17
12	GMRP, Srisailam , Kurnool	Jul-17	May-18



13	Government Polytechnic, Anantapur	May-17	Nov-17
14	IIIT R K Valley Campus, Idupulapaya	Dec-17	Dec-17
15	RGMIT, Nandyal	Apr-17	Sep-17
16	MVGR College of Engineering , Vizianagaram	May-17	Feb-18
17	Aditya ITM ,Tekkali	Nov-17	Jan-18
18	GMR IT, Rajam	Nov-17	Jan-18
19	Government Polytechnic, Srikakulam	Nov-17	Apr-18
20	IGIAT, Visakhapatnam	May-17	May-18
21	Government Polytechnic, Vijaywada	Mar-17	Jul-17
22	DNR CET, Bhimavaram	Jun-17	Nov-17
23	Sir CR Reddy Engg College, Eluru	Jul-17	Apr-18
24	IIIT RGUKT, Nuzvidu	Jun-17	Jan-18
25	Andhra Loyola Institute of Technology, Vijayawada	Feb-17	Jul-17
26	Aditya Engineering College, Surampalem	Apr-17	Nov-17
27	GMR Polytechnic , Paderu	Dec-17	May-18
28	Godavari Institute of Engineering & Technology, Rajahmundry	May-17	Jan-18
29	GVP College of Engineering, Vishakhapatnam	May-17	Feb-18
30	Pragati Engineering College, Surampalem	Jun-17	Dec-17
31	Prakasam Engineering College, Kandukur	Jul-17	Nov-17
32	R V R & J C College of Engineering, Guntur	Jun-17	May-18
33	St. Ann's Engineering College,Chirala	Jul-17	Jul-17
34	Vignan's Foundation, Vadlamudi	Jun-17	Nov-17

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