

**DR. N. C. SAXENA, COMMISSIONER AND
HARSH MANDER, SPECIAL COMMISSIONER OF THE SUPREME COURT
IN THE CASE: PUCL v. UOI & Ors. WRIT PETITION (Civil) No. 196 of 2001**

October 31st, 2012

The Registrar,
Supreme Court of India

Dear Sir,

Subject: Report of our Principal Adviser, Biraj Patnaik, with reference to SLP (Civil) No. 10654 of 2012 in the matter of Vyankateshwar Mahila Auyodhigik Sahakari Sanstha v. Purnima Upadhyay and Others listed along with Civil Writ Petition 196 of 2001 (PUCL v. UOI).

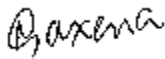
We are enclosing a report prepared by our Principal Adviser, Biraj Patnaik, in the above mentioned matter. Since the case is coming up for hearing before the Hon'ble Bench in the case CWP 196/ 2001, we would urge you to place this before the Bench immediately.

In the attached report claims large-scale irregularities in the supply of supplementary nutrition in violation of the orders of the Hon'ble Supreme Court. The report claims though it is not specifically proven that there is a nexus between politicians, bureaucrats and private contractors in the provisioning of SNP to the ICDS, leading to large-scale corruption and leakages.


With this caveat and caution, since this is a matter that involves the health, and indeed the life of millions of children in India, we bring this report to your notice.

In the larger public interest and in order to be able to indisputably establish the facts of this case, we request the Hon'ble Supreme Court to constitute an independent enquiry by a Special Investigation Team to investigate the allegations made in this report.

Sincerely Yours,



NC Saxena



Harsh Mander

BIRAJ PATNAIK
PRINCIPAL ADVISER OF THE OFFICE OF THE COMMISSIONERS TO THE SUPREME COURT
IN THE CASE: PUCL v. UOI & Ors. WRIT PETITION (Civil) No. 196 of 2001

October 31st, 2012

The Commissioners of the Supreme Court
(In the case PUCL vs.UoI CWP 196/ 2001)

Dear Sirs,

This is with reference to SLP (Civil) No. 10654 of 2012 in the matter of Vyankateshwar Mahila Auyodhigik Sahakari Sanstha v. Purnima Upadhyay and Others listed along with Civil Writ Petition 196 of 2001 (PUCL v. UOI) before the Hon'ble Supreme Court.

The core concern of the said petition is directly linked to the orders in the PUCL Case dated 7th October, 2004, 13th December, 2006 and 22nd April, 2009 of the Hon'ble Supreme Court regarding the removal of contractors for the supply of hot, cooked meals and Take home rations in ICDS. In the said orders the Hon'ble Supreme Court has directed that supply of SNP under ICDS should be done by local groups, gram panchayats, Women's self help groups and mahila mandals. We have been receiving information from different states over the last few years that this order is being violated. As we have repeatedly pointed out to the State Governments/ Government of India and the Hon'ble Supreme Court, that even in states where the contracts for supply of SNP has been given to public sector undertakings or mahila mandals, these have been further sub-contracted the production to private contractors thereby going against the spirit of the order of the Supreme Court.

In the context of the current petition, I have been closely investigating the system of supply of food in the Supplementary Nutrition Programme (SNP) in the ICDS, in Maharashtra to understand the the system and the gaps in the quality and regularity in supply, as alleged by the petitioners. This attached report is the result of some painstaking investigation done by journalists, concerned citizens, public-spirited whistle-blowers, activists and our advisers in Maharashtra. My investigation points to a close nexus between politicians, contractors and bureaucrats that has allowed for the active subversion of the letter and spirit of the Supreme Court orders. As the documentation shows, this could not have been possible without the active complicity at the highest levels of governance in Maharashtra. The issue of contractors in the supply of the supplementary nutrition in Maharashtra has not just been taken up with the Chief Minister during the course of the last meeting with him, by the Commissioner Shri.Harsh Mander, it has also been raised with him by Ms.Shantha Sinha, Chairperson of the National Commission for the Protection of Child Rights (NCPCR). NCPCR has also written to the Chief

Office of the Supreme Court Commissioner
B-68,2nd Floor Sarvodaya Enclave New Delhi 110017
Telefax: +91-11-41829631; phone: +91-11-26851335/339;
Email:sc.commissioners@gmail.com, website: www.sccommissioners

BIRAJ PATNAIK
PRINCIPAL ADVISER OF THE OFFICE OF THE COMMISSIONERS TO THE SUPREME COURT
IN THE CASE: PUCL v. UOI & Ors. WRIT PETITION (Civil) No. 196 of 2001

Minister on this issue. The letters from NCPCR and the Commissioners to the Chief Minister of Maharashtra are annexed in my report. The quality of the Take Home Rations (THR) supplied as SNP was deemed serious enough to prompt an enquiry by the Hon'ble Governor of Maharashtra, Shri. K Sankaranarayan. That this system continues shows the level of influence that private contractors have on the levers of power in the State.

The contracts to supply THR in Maharashtra have been given to three Mahila Mandals, namely, Venkateshwara Mahila Audhyogic Utpadan Sabakari Sanstha Ltd., Mahalaxmi Mahila Grhudyog & Balvikas Buddheshiya Audhyogic Sahakari Sanstha and Maharashtra Mahila Sahakari Grahudyog Sanstha Ltd. These Mahila Mandals in turn have leased the facilities for production of THR from private agro-companies. My report establishes the de-facto and de-jure ownership of the Mahila Mandals and the private agro-companies are by the same family. In each case, the Mahila Mandal has formed a sub-committee which has been given also operational control over production and finances in relation to a unit which is owned by family members of the members of the said sub-committee. The report also highlights the violations of the rules of the Co-operative Societies Act.

You will recall that our earlier documentation had exposed a similar nexus in Karnataka and it took the office of the Supreme Court Commissioners more than two years of very persistent follow-up with the State Government, at the highest levels, to get the contract of Christy Fried Grams Industry, the private contractor cancelled, despite overwhelming evidence of the irregularities. The cancellation of the contract in Karnataka would not have been made possible without the on-going Lokayukta investigations, the interventions of the State Commission for the Protection of Child Rights, the investigations by our Adviser for Karnataka, Clifton D' Rozario, and the report of the Committee on Child Malnutrition in Karnataka, appointed by the Karnataka High Court, chaired by Justice NK Patil. Despite seven years having passed since the Hon'ble Supreme Court banning contractors from the ICDS, what is worrying is that the politician-bureaucrat-contractor nexus has managed to violate the orders of this Court with impunity.

In some States like Uttar Pradesh, the supplementary nutrition has been contracted out to private companies like Great Value Foods, promoted by Gurdeep Singh ("Ponty") Chadha in complete violation of the Supreme Court orders. This continues despite an adverse report on the issue (in Gorakhpur) by the National Human Rights Commission. Similarly, a contractor based out of Noida, Continental Milkose (India) Ltd. provides the supplementary nutrition for the ICDS in Meghalaya. The contract continues despite adverse CAG reports on the provision of SNP in Meghalaya. This state of affairs prevails across many States/ UTs.

BIRAJ PATNAIK
PRINCIPAL ADVISER OF THE OFFICE OF THE COMMISSIONERS TO THE SUPREME COURT
IN THE CASE: PUCL v. UOI & Ors. WRIT PETITION (Civil) No. 196 of 2001

In deference to the fact that the matter is scheduled to come up before the Hon'ble bench on November 2nd, I have put together this report, over the course of just two weeks time that was available to us, for your consideration, taking into account only some of the documentation that has been unearthed during the course of our enquiry. I hasten to add, that this report should not be treated as a comprehensive indictment of the parties concerned, and should only be viewed as a preliminary enquiry that exposes this nexus and calls for a more detailed investigation by an independent authority under the direct supervision of the Hon'ble Bench of the Supreme Court.

According to the National Family Health Survey 3, every day close to 5,000 children die in India due to preventable causes including malnutrition. The ICDS is the only institutional mechanism of the Government to deal with issues of children under the age of six. Government of India/ States and UTs spend close to 8,000 crores every year on the provision of Supplementary Nutrition. It is unconscionable that a country with one of the highest rates of child malnutrition, globally, allows rampant corruption to undermine the ICDS and thereby the future of its children.

I request you kindly examine the annexed report and take action that you deem appropriate.

Sincerely Yours,



Biraj Patnaik
Principal Adviser

REPORT ON STATUS OF SUPPLY OF THR IN MAHARASHTRA

By Biraj Patnaik, Principal Adviser, Commissioners to the Supreme Court

1. SUPREME COURT BANS PRIVATE CONTRACTORS FOR SUPPLY OF NUTRITION AND DIRECTS USE OF VILLAGE COMMUNITIES, SELF- HELP GROUPS AND MAHILA MANDALS

Following orders of the Supreme Court, the ICDS is now a universal scheme with an anganwadi centre being present in almost every village across the country. Supplementary nutrition, mostly in the form of take home rations (THR), are provided for children in the age group of 6 months to 3 years, pregnant and lactating mothers and adolescent girls through the anganwadi centres. The system of production and distribution of the THRs differs across the country. This is a matter of importance, because it has been seen that the source and method of distribution affects the regularity and quality of the THR and the extent of corruption in the system. In general, it is felt that decentralised systems with greater community control are better.

The Supreme Court has in multiple orders in the PUCL case unambiguously stated that private contractors cannot be used for the supply for SNP under the ICDS. Excerpts from these orders are as below:

7th of October, 2004: *The contractors shall not be used for supply of nutrition in Anganwadis and preferably ICDS funds shall be spent by making use of village communities, self-help groups and Mahila Mandals for buying of grains and preparation of meals.*

13th of December, 2006: *Chief Secretaries of all State Governments/UTs are directed to submit affidavits giving details of the steps that have been taken with regard to the order of this Court of October 7th, 2004 directing that "contractors shall not be used for supply of nutrition in Anganwadis and preferably ICDS funds shall be spent by making use of village communities, self-help groups and Mahila Mandals for buying of grains and preparation of meals". Chief Secretaries of all State Governments/UTs must indicate a time-frame within which the decentralisation of the supply of SNP through local community shall be done.*

22nd of April, 2009: *It is further stated by the Ld. Additional Solicitor General that Supplementary Nutrition Food (SNP) in the form of THR shall be provided to all children in the age group of 6 months to 3 years, an additional 300 calories to severely underweight children in the age group of 3 to 6 years, pregnant women and lactating mothers as per paras 5(c), 5(d) and 5(e) of the letter dated 24th February 2009. Accordingly all Union Territories and State Governments are directed to ensure compliance with the aforementioned stipulations without fail.*

Further, all the States and Union Territories are directed to provide supplementary nutrition in the form of a morning snack and a hot cooked meal to the children in the age group of 3 to 6 years as per Para 5(d) of the guidelines contained in the letter dated 24th February 2009 preferably by 31st December 2009.

It shall however be ensured that the following directions by order dated 7th October, 2004 which was reiterated by order dated 13.6.2006 shall continue to be operative.

It can be clearly seen that the spirit of these orders is not only to keep out private contractors who have a commercial interest in the supply of nutrition for young children but also to encourage local production and distribution through the use of mahila mandals, village societies, gram panchayats etc.

Providing local food has many benefits such as allowing for local monitoring, enhancing community involvement, providing culturally acceptable food, allowing for a ‘demonstration’ effect where households can try and get more of the similar food, providing employment opportunities and so on.

Many states across the country have successfully implemented the provision of hot cooked meals and take home rations through models of involving local groups such as women’s SHGs.

However, many states are also violating these orders through a nexus between politicians, bureaucrats and contractors.

1.1 THR SUPPLY IN MAHARASHTRA IS FRAUGHT WITH IRREGULARITIES

- The contracts for supply of THR has been given to Mahila Mandals which are further sub-contracting the responsibility of production of THR to private units. This is in violation of the spirit of the Supreme Court order that production and distribution should be decentralised and private contractors kept out
- The private units that have been leased by the Mahila Mandals for production of THR are owned by family members of the members of the Mahila Mandal who have the controlling authority over all organisational and financial matters in relation to the said lease agreement.
- In spite of many complaints regarding the quality of THR, there has not been any serious investigation or suspension of contracts. Lab reports on quality submitted by the Mahila Mandals are suspicious as all three mahila mandals approach the same lab and when the quality is tested in a government lab through picking a random sample, the THR failed to meet the nutritional norms. Further, even an independent checking by investigation bureau of the newspaper, Daily News and Analysis, Mumbai through a private lab showed that the THR being supplied does not meet nutritional norms.
- Two of the units (Paras Foods and Indo Allied Protein Foods) that have been leased by the Mahila Mandals for supply of THR are already under scrutiny following an FIR (Annexure 38) and Chargesheet by the CBI on charges of corruption in supply of food for the Tribal Department.
- Many of the transactions by the Mahila Mandals through the sub-committees have been done without informing and taking consent of the Co-operative Societies Department, as required by law.
- Although the EOI was invited for each district separately, the entire responsibility has been given to only three mahila madals who are producing the THR in a total of less than ten units for the entire State, out of which one unit is based out of the State in Rajasthan.

2. THR IN MAHARASHTRA

Following the Supreme Court orders of 2004; the Government of Maharashtra attempted a system of decentralised supply through women's SHGs. To ensure that big contractors did not come in they passed a Government Resolution that no single SHG should supply more than five anganwadis. While this system was beginning to work, the Government of Maharashtra in 2009; once again introduced a new system through which it allowed backdoor entry of big private contractors with only commercial interests.

2.1 GOVERNMENT OF MAHARASHTRA'S INVITE FOR EXPRESSION OF INTEREST IN 2009; SLYLY ALLOWS ENTRY OF PRIVATE CONTRACTORS

The Expression of Interest of the Government of Maharashtra states:

*“Applications are being invited from **Mahila Mandal, Woman Institutions, Self Assistance Saving Group**. While filling the applications, applications should confirm that they are having experience for the supply of supplementary nutritious food and they are complying with the technical eligibility of the applications.”*

It further states,

“Contractor, Professionals, Middlemen, Distributors, Dealers, Non trading company, agents, are not eligible to submit the application.”

“Following things should be clearly mentioned in the application. Districts selected by the applicant, unit who will be producing for that District, production capacity of unity, names and detailed information of the responsible person looking after day to day business of the said unit and detailed information.”

2.2 DEFINING MAHILA MANDALS AND SELF HELP GROUPS

2.3

Mahila mandal is the indigenous vernacular name for voluntarily formed **community based women's groups** in India with the leadership and participation of women. They undertake development activities for their communities and are self managed. Many of the current government programs like ICDS, Total Sanitation Campaign, literacy campaigns, have formed and involved mahila mandals to increase women's participation, ownership and effective delivery of the programs.

Self Help Group (SHG) is a self-governed, peer-controlled small and informal association of the poor, usually from socio-economically homogeneous families who are organized around savings and credit activities. Funds for credit activities are coming through regular savings deposited by all of its members on a weekly or monthly basis. They may operate informally or according to a format or program. The groups usually meet locally, in members' homes or in common public spaces such as schools, Anganwadis or other centers.

Women's Self help groups in common parlance are also referred to as mahila mandals.

2.3 GUIDELINES FOR SHGS

The Government of India has a large program called Swarna Jayanti Gram Swaraj Yojana (SJSGY) which has been promoting Self Help Groups for the last two decades. The guidelines for SHGs under the SJSGY are as follows:

“SHG is group of rural poor who have volunteered to organise themselves into a group for eradication of poverty of the members. They agree to save regularly and convert their savings into a Common Fund known as the Group corpus. The members of the group agree to use this common fund and such other funds that they may receive as a group through a common management”.

“Under the SGSY, generally a self-help group may consist of 10 to 20 persons. However, in difficult areas like deserts, hills and areas with scattered and sparse population and in case of minor irrigation and disabled persons, this number may be from 5-20.” (Para 3.4)

“Generally all members of the group should belong to families below the poverty line. This will help the families of occupational groups like agricultural labourers, marginal farmers and artisans marginally above the poverty line, or who may have been excluded from the BPL list to become members of the Self Help Group. The BPL families must actively participate in the management and decision making, which should not ordinarily be entirely in the hands of APL families. Further, APL members of the Self Help Group shall not become office bearers (Group Leader, Assistant Group Leader or Treasurer) of the Group.”

Para 3.6:

“By and large, the SHG will be an informal group. However, the groups can also register themselves under the Societies Registration Act, the State cooperative Act or as a partnership firm. The SHGs can be further strengthened and stabilized by federating them at, say village or cluster of villages or block or District level depending upon the number of Self Help Groups and their spatial distribution. DRDAs may facilitate in planning of network of SHGs by federating them at appropriate level, once SHGs have reached the stage of maturity and have stabilized”.

2.4 SCALE AND SPREAD OF SHGs IN INDIA

The Self Help Group (SHG)-Bank Linkage Programme, in the past eighteen years, has become a well known tool for bankers, developmental agencies and even for corporate houses. SHGs, in many ways, have gone beyond the means of delivering the financial services as a channel and turned out to be focal point for purveying various services to the poor. The programme, over a period, has become the common vehicle in the development process, converging important development programmes. By end of March 2011, 74.62 lakh SHGs linked to different banks. Of these, over 47.8 lakh SHGs also have access to direct credit facilities from the banks. Nearly 12 lakh SHGs were extended fresh loans to the extent of Rs. 14,548 crore during 2010-11 by all FIs.

2.5 Future support for SHG's/ Women's groups/ mahila mandals as per plans of GOI

As per the newly launched National Rural Livelihood Mission (NRLM) of GOI, NRLM would promote SHGs with exclusive women membership. The idea is to reach out to all family members through women. Process of formation of SHGs which includes: organising the women into affinity based groups & developing group norms.

NRLM will ensure that states adopts saturation approach, where at least one member from each identified rural poor household, preferably a woman, is brought under the Self Help Group (SHG) network in a time bound manner. The Mission will adopt differential strategies for social inclusion and mobilisation of all identified BPL households into functionally effective and self-managed institutions, with particular focus on inclusion of vulnerable sections like scheduled castes, scheduled tribes, disabled, landless, migrant labour, isolated communities and communities living in disturbed areas.

Planning Commissions Report on Women's Agency and Child Rights for the Twelfth Five Year Plan (2012-2017) state that Systemic reforms are recommended through ICDS Restructuring, to enhance early child care and development outcomes, in a life cycle continuum, repositioning Anganwadis as "*vibrant Early Child Development (ECD) Centers*" to be ultimately owned by women in the community.

The section on Nutrition recommends that "*Enhanced nutritional impact will be achieved through revised nutrition and feeding norms; cost indexation of SNP; ensuring provision for Nutritious freshly cooked, culturally appropriate meal, (morning) snack and THR as per norms, guidelines and legislation, in harmony with Supreme Court directives and with greater involvement of women's SHGs, and piloting of community kitchens and joint kitchens with Mid-Day Meals.*"

The recommendations of the Shram Shakti Report (GOI 1985) included: "*The village mahila mandal (women's groups) should be vigorously utilised in the implementation of the poverty alleviation programmes of the Government... The Commission recognises that this is the only way to involve village women actively in the development process.*"

2.6 MAHILA SANSTHAS ARE DIFFERENT FROM MAHILA MANDALS/SHGs

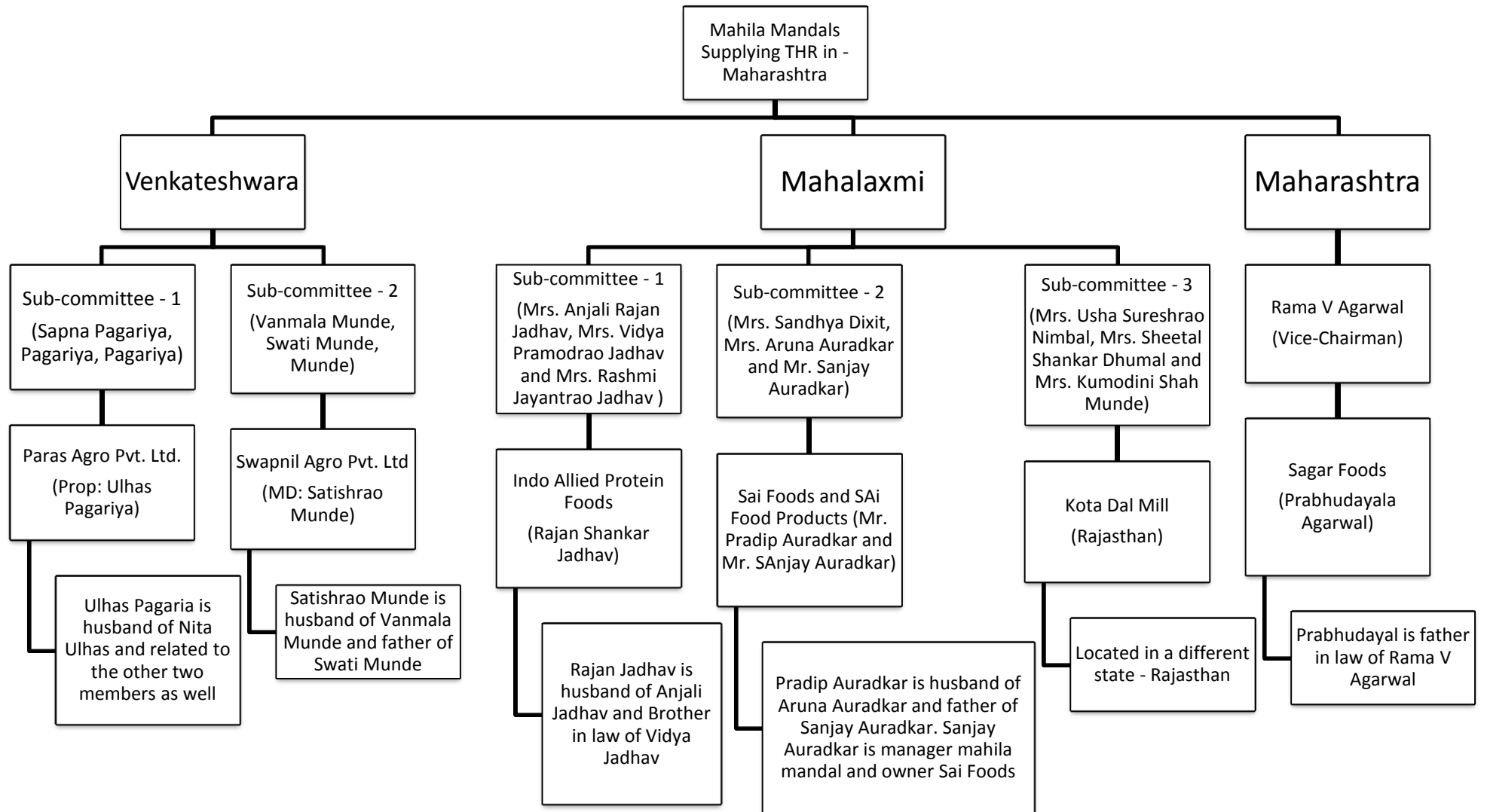
‘Mahila sansthas’/ ‘woman’s institutions’ includes not just SHGs/Mahila Mandals but any entity that has women in it, irrespective of size and turnover. By including Mahila Sansthas in the EoI the government of Maharashtra opens the door for private companies and contractors.

From all the definitions of SHG and Mahila Mandal it is clear that these are essentially groups of local women, often poor, coming together for savings and income generation purposes. The Government of Maharashtra by allowing “*Woman Institutions*” along with SHGs and Mahila Mandals, allowed backdoor entry of private contractors.

Following the Expression of Interest in 2009, the contract for supply of THR in Maharashtra was awarded to three Mahila Sansthas/Mahila Co-operatives:

- 1. Venkateshwara Mahila Audhyogic Utpadan Sabakari Sanstha Ltd., Latur**
- 2. Mahalaxmi Mahila Grhudyog & Balvikas Buddheshiya Audhyogic Sahakari Sanstha**
- 3. Maharashtra Mahila Sahakari Grahudyog Sanstha Ltd., Dhule**

None of these three Mahila Sansthas have their own production units and for the purpose of production of THR, they have leased units belonging to private companies. In almost all of these cases it is seen that the owners of the private companies are family members of the women in the Mahila Mandal holding the financial and administrative control and responsibility for the same unit. This is shown in the figure below and the following explanation.



3. MAHILA SANSTHAS AS FRONT FOR PRIVATE CONTRACTORS

3.1 VENKATESHWARA MAHILA SANSTHA NOT A MAHILA MANDAL AT ALL

Venkateshwara Mahila Audhyogic Utpadan Sabakari Sanstha Ltd., Latur (In short, “Venkateshwara Mahila Sanstha”)

While it is the Venkateshwara Mahila Sanstha that is supposed to be producing the THR; it is in fact private companies with whom they have lease agreements that are actually involved in the production. Venkateshwara Mahila Sanstha has contracted out the production of THR to two companies – Paras Foods and Swapnil Agro. Two sub-committees have been formed within the Mahila Mandal and resolutions have been passed authorising the sub-committee to undertake all financial dealings, and monitoring of the contract with private companies. The members of the sub-committee that is dealing with the Paras Foods unit are all family members of the owner of Paras Foods. Similarly, members of the sub-committee that is dealing with the Swapnil Agro are all family members of the owner of Swapnil Agro. This shows that the Mahila Sanstha is functioning as nothing but a front to these private companies. The Mahila Sanstha therefore is not a mahila mandal at all.

Further, the Government of Maharashtra and the Banks have given legitimacy to these sub-committees by signing contracts (and giving guarantees) directly with the sub-committees.

Below are the details of the sub-committees and their links with the Private Companies

3.1.1. Venkateshwara Sub-Committee – 1 signs all contracts and has full control

Family Links Exist Between Venkateshwara Sub-Committee -1 and the Owners of the Leased Company – Paras Foods

The Venkateshwara Mahila Audhyogic Utpadan Sabakari Sanstha Ltd., Latur formed a Sub-Committee (‘Sub-Committee – 1’) with Mrs. Sapna Ujwal Pagariya, Mrs. Neeta Ulhas Pagariya and Mrs. Sujata Umesh Pagariya as members for all dealings with Paras Foods, Kapsi, Dist – Nagpur (Annexure 1).

The Government of Maharashtra signed an agreement with this Sub-committee constituted by Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha for supply in Jalna District signed by Mrs. Sapna Ujwal Pagariya (Annexure 2).

This agreement between Government of Maharashtra and Sub-committee constituted by Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha states that, *“This agreement is undertaken among the Commissioner and sub-committee of Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha for its unit located at 119/G/1 Kapsi Khurd, Tal: Kamptee, District: Nagpur as proposed by the sub-committee constituted by the society. The power of delegation dated 09.08.2009 undertaken between sub-committee and Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha is part of this agreement...All issues pertaining to this lease agreement is to be borne by subcommittee so constituted”*.

Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha leased unit situated at 119/G/1 Kapsi Khurd, Tal: Kamptee, District: Nagpur from Paras Foods. The Proprietor of Paras Foods is Mr. Ulhas Parasmal Pagariya (Annexure 3).

Mr. Ulhas Parasmal Pagariya is husband of Mrs. Neeta Ulhas Pagariya who is member of the sub-committee of Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha for the purposes of this unit. The other members of this sub-committee are also related to Mr. Ulhas Parasmal Pagariya. Mrs. Sapna Ujwal Pagariya and Mrs. Sujata Umesh Pagariya are the wives of Mr. Ujwal Parasmal Pariya and Mr. Umesh Parasmal Pariya respectively; who are the brothers of Mr. Ulhas Parasmal Pagariya (Proprietor of Paras Foods). All these six members are listed in the voter list of Nagpur under the same address (Annexure 4).

The members list of the Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha gives the address of Mrs. Sapna Ujwal Pagariya; Mrs. Neeta Ulhas Pagariya and Mrs. Sujata Umesh Pagariya as Latur District (Annexure 5). Further, older list of members of the Mahila Sanstha show that none of the women who are members of the sub-committees formed for the purpose of dealing with the production of THR with the unit belonging to Paras Foods were earlier members of the Mahila Sanstha (Annexure 6). This has led to the questioning the intention of these women being included in the Mahila Sanstha just before the EoI of 2009.

Bank Guarantee for Venkateshwara Sub-Committee – 1

In a further lapse in procedure, The Oriental Bank of Commerce gave a bank guarantee to the sub-committee. For this, the sub-committee has opened a separate bank account. This has been recognised by the ICDS Department of the Government of Maharashtra (Annexure 7)

3.1.2. Venkateshwara Sub-Committee – 2 signs all contracts and has full control

Family Links Exist Between Venkateshwara Sub-Committee -2 and the Owners of the Leased Company – Swapnil Foods

The Venkateshwara Mahila Audhyogic Utpadan Sahakari Sanstha Ltd., Latur formed another Sub-Committee ('Sub-Committee – 2') with Miss. Swati Satishrao Munde, Mrs. Vanmala Satishrao Munde and Mrs. Sumanbal Satishrao Munde as members for all dealings with Swapnil Agro Pvt. Ltd, Udgir, Latur District (Annexure 1).

The Government of Maharashtra signed an agreement with this Sub-committee constituted by Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha for supply in Beed District signed by Mrs. Vanmala Satishrao Munde.

This agreement between Government of Maharashtra and Sub-committee constituted by Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha states that, *“This agreement is undertaken among the Commissioner and sub-committee of Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha for its unit located at Khasara No. 7, Mauja Dhuti, Post Dongargaon, Tal: Nagpur, District: Nagpur as proposed by the sub-committee constituted by the society. The power of delegation dated 09.08.2009 undertaken between sub-committee and Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha is part of this agreement”*.

Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha leased unit situated at Khasara No. 7, Mauja Dhuti, Post Dongargaon, Tal: Nagpur, District: Nagpur from Swapnil Foods. The Managing Director of Swapnil Foods is Mr. Satish Shesherao Munde (Annexure 8).

Mr. Satish Shesherao Munde is husband of Mrs. Vanmala Satishrao Munder and father of Miss. Swati Satishrao Munde who are both members of the sub-committee of Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha for the purposes of this unit. The other member

of this sub-committee Mrs. Sumanbai Seshrao Munde is also related to Mr. Satish Shesherao Munde.

The members list of the Venkateshwara Mahila Audyogik Utpadak Sahakari Sanstha gives the address of Miss. Swati Satishrao Munde, Mrs. Vanmala Satishrao Munde, Mrs. Sumanbal Satishrao Munde as Latur District (See Annexure 5). Further, in this case as well older list of members of the Mahila Sanstha show that none of the women who are members of the sub-committees formed for the purpose of dealing with the production of THR with the unit belonging to Swapnil Agro were earlier members of the Mahila Sanstha (Annexure 6). This has led to the questioning the intention of these women being included in the Mahila Sanstha just before the EoI of 2009.

Bank Guarantee for Venkateshwara Sub-Committee – 2

In a further lapse in procedure, The Axis Bank gave a bank guarantee to the sub-committee. For this, the sub-committee has opened a separate bank account. This has been recognised by the ICDS Department of the Government of Maharashtra. (Annexure 9).

Member of Sub-committee is also member of another Co-operative Society, which also supplies to ICDS

It is claimed that Smt. Vanmala Munde who is member of sub-committee -2 is also a member of the Samriddhi Mahila Audyogik Sahkari, Nagpur. In fact, she is the Secretary of the Samriddhi Mahila Audyogik Sahkari, which is involved in production of Hot Cooked Meals for the ICDS. Therefore, the Government of Maharashtra is also aware of this (Annexure 10). The Bye-Laws of the Mahalaxmi Mahila Mandal does not allow one person to be a member in two different Societies (Annexure 11).

3.2. MAHALAKSHMI MAHILA SANSTHA NOT A MAHILA MANDAL AT ALL

Mahalaxmi Mahila Grhudyog & Balvikas Buddheshiya Audhyogic Sahakari Sanstha (In Short “Mahalaxmi Mahila Sanstha”)

The Mahalaxmi Mahila Sanstha which is another organisation which has got the contract to supply THR also functions with a similar Modus Operandi. While it is the Mahalaxmi Mahila Sanstha that is supposed to be producing the THR; it is in fact private companies with whom they have lease agreements that are actually involved in the production. Mahalaxmi Mahila Sanstha has contracted out the production of THR to three companies and one co-operative society – Indo Allied Protein Foods Ltd, Sai Food Products, Sai Food Products Industrial Co-operative Society Ltd and Kota Dal Mill. Three sub-committees have been formed within the Mahila Mandal and resolutions have been passed authorising the sub-committee to undertake all financial dealings, and monitoring of the contract with private company. The members of the sub-committee that is dealing with the Indo Allied unit are all family members of the owner of Indo Allied. Similarly, members of the sub-committee that is dealing with the Sai Food and Sai Food Co-operative (single sub-committee) are all family members of the owner of these two units (both of the same family). The sub-committee dealing with Kota Dal Mill also has some links with the company, but they are not family members. This shows that the Mahila Sanstha is functioning as nothing but a front to these private companies. The Mahila Sanstha therefore is not a mahila mandal at all.

Further, the Government of Maharashtra and the Banks have given legitimacy to these sub-committees by signing contracts (and giving guarantees) directly with the sub-committees.

Below are the details of the sub-committees and their links with the Private Companies

3.2.1. Mahalaxmi Sub-Committee – 1 signs all contracts and has full control

Family Links Exist Between Mahalaxmi Sub-Committee -1 and the Owners of the Leased Company – Indo Allied Protein Foods Limited

The Mahalaxmi Mahila Grhaudhyog & Balvikas Buddheshiya Audhyogic Sahakari Sanstha, Nanded formed a Sub-Committee ('Sub-Committee – 1') with Mrs. Anjali Rajan Jadhav, Mrs. Vidya Pramodrao Jadhav and Mrs. Rashmi Jayantrao Jadhav as members for all dealings with Indo Allied Protein Foods, Dist - Pune (Annexure 12).

The Government of Maharashtra signed an agreement with this Sub-committee constituted by Mahalaxmi Mahila Grhaudhyog & Balvikas Buddheshiya Audhyogic Sahakari Sanstha, Nanded.

Mahalaxmi Mahila Sanstha leased unit situated at Gat No. 468, Medanakarwadi, N.H.50 Tal: Khed, District: Pune from Indo Allied Protein Foods. The Director of Indo Allied Protein Foods is Mr. Rajan Shankar Jadhav (Annexure 13).

Mr. Rajan Shankar Jadhav is husband of Mrs. Anjali Rajan Jadhav who is member of the sub-committee of Mahalaxmi Mahila Sanstha for the purposes of this unit. The other members; Mrs. Vidya Pramodrao Jadhav and Mrs. Rashmi Jayantrao Jadhav; of this sub-committee are also related to Mr. Rajan Shankar Jadhav (sisters-in-law) (Annexure 14).

The members list of the Mahalaxmi Mahila Sanstha gives the address of Mrs. Anjali Rajan Jadhav, Mrs. Vidya Pramodrao Jadhav and Mrs. Rashmi Jayantrao Jadhav as Nanded District, whereas their address is in Mumbai in another document (Annexure 15 and 16). Further, older list of members of the Mahila Sanstha show that none of the women who are members of the sub-committees formed for the purpose of dealing with the production of THR with the unit belonging to Indo Allied Protein Foods were earlier members of the Mahila Sanstha (Annexure 17). This has led to the questioning the intention of these women being included in the Mahila Sanstha just before the EoI of 2009.

3.2.2 Mahalaxmi Sub-Committee – 2 signs all contracts and has full control

Family Links Exist Between Mahalaxmi Sub-Committee -2 and the Owners of the Leased Company – Sai Food Products and Sai Food Products Industrial Co-operative Society Ltd

The Mahalaxmi Mahila Sanstha formed another Sub-Committee (‘Sub-Committee – 2’) with Mrs. Sandhya Dixit, Mrs. Aruna Auradkar and Mr. Sanjay Auradkar as members for all dealings with Sai Food Products and Sai Food Products Industrial Co-operative Society Ltd (Annexure 18).

Mahalaxmi Mahila Sanstha leased units belonging to Sai Food Products and Sai Food Products Industrial Co-operative Society Ltd. The Proprietor of Sai Food Products is Sanjay Pradiprao Auradkar (who is the Manager of Mahalxmi Mahila Sanstha) and Chairman of Sai Food Products Industrial Co-operative Society Ltd is Mr. Pradip Srinivasrao Auradkar. (Annexure 19 and 20).

Mr. Pradip Srinivasrao Auradkar is husband of Mrs. Aruna Auradkar and father of Mr. Sanjay Auradkar who are both members of the sub-committee of Mahalaxmi Mahila Sanstha for the purposes of this unit.

3.2.3 Mahalaxmi Sub-Committee – 3 signs all contracts and has full control

Links Exist Between Mahalaxmi Sub-Committee - 3 and the Owners of the Leased Company – Kota Dal Mill

The Mahalaxmi Mahila Sanstha formed another Sub-Committee (‘Sub-Committee – 3’) with Mrs. Usha Sureshrao Nimbale, Mrs. Sheetal Shankar Dhumal and Mrs. Kumodini Shah Munde as members for all dealings with Kota Dal Mill, Kota, Rajasthan (Annexure 21).

The Government of Maharashtra signed an agreement with this Sub-committee constituted by Mahalaxmi Mahila Sanstha for supply in Gondiya District signed by all three members of the sub committee (Annexure 22).

This agreement between Government of Maharashtra and Sub-committee constituted by Mahalaxmi Mahila Sanstha states that, *“This agreement is undertaken among the Commissioner and sub-committee of Mahalaxmi Mahila Grhauddyog & Balvikas*

Buddheshiya Audhyogic Sahakari Sanstha for its unit located at 6-7, Heavy Industrial Area, Kota, Rajasthan as proposed by the sub-committee constituted by the society. The power of delegation dated 28.02.2010 undertaken between responsible committee and Mahalaxmi Mahila Grhaudhyog & Balvikas Buddheshiya Audhyogic Sahakari Sanstha is part of this agreement. All issues pertaining to this lease agreement is to be borne by responsible committee so constituted”.

Mahalaxmi Mahila Sanstha leased unit situated at Kota, Rajasthan.

Further, in this case as well older list of members of the Mahalaxmi Mahila Sanstha show that none of the women who are members of the sub-committees formed for the purpose of dealing with the production of THR with the unit belonging to Kota Dal Mill were earlier members of the Mahila Sanstha (Annexure 23). This has led to the questioning the intention of these women being included in the Mahila Sanstha just before the EoI of 2009.

Bank Guarantee for Sub-Committee – 3

In a further lapse in procedure, The Union Bank gave a bank guarantee to the sub-committee. For this, the sub-committee has opened a separate bank account. This has been recognised by the ICDS Department of the Government of Maharashtra. (Annexure 24).

3.2.4 REPORT OF COMMISSIONER, CO-OPERATIVE DEPARTMENT FINDS GAPS IN FUNCTIONING OF MAHALAXMI MAHILA SANSTHA [Annexure 25]

The Interim Inspection Report states the following:

- “Work place of society is limited for Nanded City and Society’s registered address is at Hanumannagar Nanded”. [However, as seen above the Society has leased production units in Rajasthan and Pune as well].
- “Said Society has not taken permission from this office to open account in nationalised bank”
- “Society has made investment of reserved fund/Augmentation in the State Bank of Hyderabad and has taken loan on that investment. The society has not taken any permission of this office for investing reserved fund or taking loan on such investment”.

- “It can be seen from the financial letter of the year 1994 to 2010 that, Society has regularly purchased raw material in huge quantity and made production of therapeutic diet and has supplied to government machinery. However, the society has not kept stock register of the goods purchased and goods sold. Said matter is extremely serious.”
- “Society is continuously in profit since 1995 and society till date has not distributed any dividend to any of the member”
- “At the time of registration of company the number of members was 20 and part capital is 21000. In year 2010, the number of members is 18 and part capita is 21,000/-. While the transactions of society were increasing in huge amount the part capital of society remained the same even though the number of members decreased.”
- “Society has not kept records and financial letters in the prescribed form. In the same way from 01.04.2004 the Society has not provided any financial letters and other related information to this office. Said issue is extremely serious and transgression of Acts and Sections”
- “Society has taken loan from private person and Sai Foods Co-operative Society ltd. And have done transactions. For this no permission of this office was taken. Said issue is extremely serious and transgression of Acts and Sections”
- “It is prima facie seen that members of the above said society have not taken part in supplying raw material or producing fixed goods. Said issue is extremely serious”

A resolution passed by the Mahalaxmi Mahila Sanstha (Annexure 26) gives all control over the profit earned to the sub-committees. The resolution states, “As per sub-clause no. 26(7) of the Rules of the Society, the commission and expenses to be allotted on the profit earned by the unit will be decided in the general body meeting of the society. **The Committee will pay the said fixed amount to the Society**”. As seen above no member was paid any dividend, nor was there an increased in the part capital of the Mahila Sanstha, raising questions where the money earned from supply of THR is being used.

3.3 MAHARASHTRA MAHILA SANSTHA NOT A MAHILA MANDAL AT ALL

Maharashtra Mahila Sahakari Gruha Udyog Sanstha Ltd., Dhule (In short, “Maharashtra Mahila Sanstha”)

While it is the Maharashtra Mahila Sanstha that is supposed to be producing the THR; it is in fact a private company with whom they have lease agreements that are actually involved in the production. Maharashtra Mahila Sanstha has contracted out the production of THR to one company – Sagar Foods. A sub-committee has been formed within the Mahila Mandal and resolutions have been passed authorising the sub-committee to undertake all financial dealings, and monitoring of the contract with private company. The members of the sub-committee that is dealing with the Sagar Foods unit are all family members of the owner of Sagar Foods. This shows that the Mahila Sanstha is functioning as nothing but a front for this company. The Mahila Sanstha therefore is not a mahila mandal at all.

Further, the Government of Maharashtra and the Banks have given legitimacy to these sub-committees by signing contracts (and giving guarantees) directly with the sub-committees.

Below are the details of the sub-committee and their links with the Private Companies

3.3.1 Maharashtra Sub-Committee – 1 signs all contracts and has full control

Family Links Exist Between Maharashtra Sub-Committee -1 and the Owners of the Leased Company – Sagar Foods

The Maharashtra Mahila Sanstha has given individual responsibilities (‘Maharashtra Sub-Committee – 1’) to Mrs. Asha S Agarwal, Mr. Vilas Patil, Mr. Shrikant Agarwal, Ku Shraddha Agarwal, Mrs. Rama Vinod Agarwal and Mrs. Hemlata N Agarwal as for all dealings with Sagar Foods (Annexure 27).

The Government of Maharashtra signed an agreement with the Maharashtra Mahila Sanstha for supply in Jalna District signed by Mrs. Asha Agarwal (Annexure 28).

Maharashtra Mahila Sanstha leased unit situated at Gat No. 116, Parola Road, Post Balapur, Tal and Dist: Dhule. The Partners of Sagar Foods are Shri Prabhudayal Sagarmal Agarwal, Shri Tarachand Sagarmal Agarwal, Shri. Girish Prabhudayal Agarwal and Shri Atul Tarachand Agarwal (Annexure 29).

Mr. Prabhudayal Sagarmal Agarwal is father in law of Mrs. Rama V. Agarwal who is the Vice - Chairman of the Maharashtra Mahila Sanstha. All the other members who hold responsible posts (except the Manager Mr. Patil) are also related to the Agarwal family which owns the Sagar Foods.

3.4 SHAGUN MAHILA SANSTHA NOT A MAHILA MANDAL AT ALL

Shagun Mahila Udyogik Sahakari Sanstha another Mahila Sanstha that responded to the EoI but was not selected is also a front for a private company. In this case of Shagun Mahila Sanstha they had an agreement of lease with Christy Friedgram Industry, having office in Tamil Nadu. Christy Friedgram has been involved in supply of THR in Karnataka and has been indicted by the Karnataka Lokayukta for corruption.

This just goes to show that the entire system of appointing these large Mahila Sansthas is only an opening of doors for private contractors. It is only when the system is decentralised with village level groups such as SHGs and mahila mandals are involved in production, that the problem of corruption and commercial interests in supply of THR can be resolved.

4. FURTHER ISSUES SHOWING DISCREPANCIES

There are some other issues also which raise suspicions about the genuineness of the Mahila Sansthas that have been awarded the contracts for supply of THR in Maharashtra.

4.1. LAB REPORTS SUSPICIOUS

It is a strange coincidence that each time that the Mahila Sansthas were required to submit lab reports checking the quality of the THR, they all approached the same lab. The first time, while filling the EoI the report was got from AVON Food Lab in Delhi by all the three Mahila Sansthas (Annexure 30)

The second time as well, post being awarded the contract all three Mahila Sansthas sent samples to the same lab for testing. This time it was Food Hygiene and Health Laboratory, Pune (Annexure 31)

However, when a random sample was taken and sent for testing by the Department of Women and Child Development; the report showed that “the amount of proteins and calories are not present in the sufficient quantity in the THR food supplied”. (Annexure 32a)

Another lab report from Equinox Solutions, Mumbai of samples of Sheera, Upma and Sukhdi – the three varieties of THR provided also show that none of these meet the required calorie and protein norms as specified by Government of India (Annexure 32b).

4.2 SALES TAX CLEARANCE FALSE

While the EoI required that the Mahila Sansthas should have no Sales Tax dues at the time of application, records from the Sales Tax Department show that all of them had dues for the year 2008-09.

Venkateshwara Mahila Sanstha had Rs. 27.8 lakh due for 2008-09 and Rs. 23.4 lakh due for 2009-10.

Mahalaxmi Mahila Sanstha had Rs. 44.4 lakh due for 2008-09 and Rs. 40.1 lakh due for 2009-10.

Maharashtra Mahila Sanstha had Rs. 84.1 lakh due for 2008-09 and Rs. 10.3 lakh due for 2009-10.

(Annexure 33)

4.3 POOR QUALITY OF THR

There have been many reports by media and civil society groups on the poor quality of THR being supplied to children. Reports show that the THR is being sold as cattle feed. (ANNEXURE 34)

Related media stories on the quality of food served in the Anganwadi Centres testify the laxity in maintaining the quality standards for SNP, which is in direct contravention to the Hon’ble Supreme Court orders of 2006 and 2009. In 2011 around 300 members of the Maharashtra Rajya Anganwadi Karmachari Sangh, a state-wide union of anganwadi staff in Maharashtra, had protested on the low grade food items being supplied to children at the Centres. The food packets as the THR are devoid of any nutrition and fungi and termites were found in them, many a time. Despite

repeated request and written complaints, the Commissionerate of Women and Child Development has not taken any significant step to ensure the quality of food (full media report in Annexure 35).

After a series of media reports highlighting a poor state of the welfare schemes for children, Maharashtra Governor, Shri K Sankaranarayan, has ordered an enquiry, In July 2012, into the Take Home Ration (THR) scheme for pregnant women. Letters regarding the enquiry has been sent to all the three statutory development boards (SDBs). A large number of public representatives had lodged complaints with the state government and Governor that the meals provided under the schemes was not fit for eating.

The Woman and Child Welfare Department had conducted an enquiry in this regard and admitted that the quality of food was very poor. However, as the matter had also been taken up by Bombay high court, the department has refused to take action against concerned officials saying that the matter was *sub-judice* (media report attached; Annexure 36).

Zilla Parishads have also written pointing out irregularity and poor quality of THR. They have raised serious objections to such poor quality food being sent for the children of their district, to the extent that they have said that they do not want any SNP if this is the quality that they will get (Annexure 37).

5. OTHER STATES

Many irregularities of a similar nature have also been reported from other states such as Uttar Pradesh, Karnataka and Meghalaya. The details of which will be brought out in a subsequent report.

List of Annexures

Annexure	Document
1.	Venkateshwara Sub-committee Resolustion
2.	Government of Maharashtra – Venkateshwara – Pagaria Agreement
3.	Venkateshwara - Pagaria Agreement
4.	Pagaria Voter List
5.	Venkateshwara Member list
6.	Venkateshwara Old Member List
7.	Vekateshwara Oriental Bank Guarantee
8a.	Venkateshwara Swapnil Agro Agreement
8b.	Venkateshwara – GOM Agreement
9.	Venkateshwara Axis Bank Guarantee
10.	Vanmala Munde
11.	Mahalaxmi By-laws
12.	Mahalaxmi – Jadhav Subcommittee
13.	Mahalaxmi – Indo Allied Agreement
14.	Jadhav Voter list
15.	Mahalaxmi Member list
16.	Jadhav Mumbai Address
17.	Indo Allied Old member list
18.	Mahalaxmi Mahila – Auratkar sub committee
19.	Mahalaxmi Mahila – Sai Food Agreement
20.	Mahalaxmi Mahila – Sai Food Products Agreement
21.	Mahalaxmi a Mahila – Kota Dal Mill Sub Committee
22.	Government of Maharashtra – Mahalaxmi – Gondia Agreement
23.	Mahalaxmi Old Member list
24.	Mahalaxmi – UOB Bank Guarantee
25.	Cooperative Department Commissioner’s Report
26.	Mahalaxmi Profit Control Resolution
27.	Maharashtra Mahila – Aggrawal Subcommittee
28.	GOM – Maharashtra Mahila Agreement
29.	Maharashtra Mahila – Sagar Foods Agreement
29 a.	Maharashtra Mahila Old and New Members
30.	Avon Foods Lab reports
31.	FHHL Reports
32 a.	Government Lab Reports
32 b.	DNA – Equinox Lab report
33.	Sales Tax Dues
34.	Local Media Reports
35.	Fungus in food Media Report
36.	Governor’s Enquiry Media Report
37.	Pune Zilla Parishad’s Complaint
38.	FIR on Paras Food and Indo Allied
39.	NCPCR Letters