

ED launches probe against BMC officials, contractors in multi-crore Mithi River desilting scam

Earlier this month, the SIT under the Mumbai police's Economic Offences Wing booked 13 people, including five private contractors and three BMC officials, for causing wrongful loss to the civic body worth more than Rs 65.54 crore in the alleged scam.

The Enforcement Directorate (ED) in Mumbai has initiated a money laundering probe against officials of the Brihanmumbai Municipal Corporation (BMC) and contractors, among others, for their alleged role in financial irregularities linked to the civic body's Mithi River desilting scam.

Highly placed sources confirmed the development and said that the central agency has begun a parallel inquiry. The agency, however, is yet to register an official case but it may soon do so based on the predicate offence registered by the Mumbai police, the sources added.

Once ED registers a case, it will summon accused BMC officials, contractors, and others for questioning by the agency, sources said.

The ED's parallel money laundering probe in the alleged Mithi River desilting scam is based on the First Information Report (FIR) filed by the Special Investigation Team (SIT) under the Mumbai police's Economic Offences Wing (EOW).

Earlier this month, the SIT booked 13 people, including five private contractors, three BMC officials, three middlemen, and two private company officials, for causing wrongful loss to the civic body worth more than Rs 65.54 crore in the alleged scam. Desilting work contracts worth nearly Rs 1,100 crore are under the scanner.

Mithi River is an 18.64-km long seasonal river having both residential slum pockets and industrial patches alongside, and plays the role of a natural stormwater drainage channel for Mumbai, carrying excess water during the monsoon. But, over the years, it has been used by local residents to dump garbage, sewage, and industrial waste, polluting it to a significant level. After the 2005 Mumbai flooding, the authorities realised the issues with the Mithi River, and the government put in efforts to clean the sludge from the riverbed to ensure uninterrupted water flow. It has been alleged that massive corruption occurred in the desilting work sanctioned and carried out by the BMC.

EOW SIT officials conducted preliminary inquiries for months and came across various financial irregularities pertaining to contracts for desilting the river between 2021-22 and 2022-23. These irregularities were related to the transportation of sludge and its dumping on the ground. EOW found that the contractors submitted nine fake Memorandums of Understanding (MoU).

The Mumbai police named BMC assistant engineer Prashant Ramugade; deputy chief engineers Ganesh Bendre and Prashant Tayshette; Deepak Mohan, Kishore Menon, Jay Joshi, Ketan Kadam and Bhupendra Purohit, the directors of Acute Designing, Kailash Construction Company, NA Construction, Nikhil Construction, and JRS Infrastructure, respectively, as the accused.

Bilal Shaikh, Inspector, EOW SIT, is the complainant in the case. EOW officials said more First Information Reports (FIR) are likely to be registered in the future. Sources said the EOW will issue notices to the accused for questioning soon.

Sources said ED officials are closely scrutinising the financial dealings and transactions related to the desilting work contracts.

Mithi River desilting scam

As per the Mumbai police FIR, initially filed with the Azad Maidan police, the accused BMC officers allegedly misused their positions for wrongful financial gains. The FIR further alleges that they conspired to defraud the BMC financially by including terms and conditions as mentioned in the contract agreement regarding the silt pusher machine and the multipurpose amphibious pontoon machine. They allegedly colluded with Mohan Menon of Matprop Company, Joshi of Virgo Specialties, Ketan Kadam and other partners and directors of Vodar India LLP, and contractor Bhupendra Purohit, among others.

“The accused BMC officer of the Storm Water Drains (SWD) division of the Municipal Corporation, without verifying the authenticity of the dumping sites mentioned in the false and fabricated MOU submitted by the directors of the contractor companies Acute Designs, Kailash Construction Company, N A Construction, Nikhil Construction Company, JRS Infrastructure and others, provided and helped contractors take disadvantage,” the EOW officer stated in the FIR.

Also, the FIR added that officials of the SWD division caused financial loss to the BMC by approving bills based on fake documents related to the weighbridge and log sheets.

The EOW's FIR also mentioned that the accused Deepak Mohan and Ketan Kadam of Matprop, told the contractors that Jay Joshi is the owner of Virgo Specialties and Kadam is looking after the work of Vodar India LLP. They allegedly told the contractors that the Matprop firm will ink the MoU, but the machinery rental agreement will be with Virgo Specialties Pvt Ltd and Vodar India LLP, and the two-year rental of the machinery will cost Rs 8 crore.

After the negotiations, it was decided to pay a rental of up to Rs 4 crore for two years. This is how Matprop, in collusion with the BMC SWD division officials, forced the contractors to go to these two companies without the MoU and got more financial benefits from the contractors, EOW officials stated in the FIR.

What the EOW has found so far

The SIT under EOW has already arrested two middlemen – Ketan Kadam and Jay Joshi – in the case. Joshi is the owner of Virgo Specialties Pvt Ltd, and Kadam is from Vodar India LLP. EOW officials seized electronic devices from Kadam and copies of posting orders of officials in the BMC's Storm Water Drains (SWD) department.

The police have also received notes of entries of money received from the contractors of the Mithi River desilting work. Investigators suspect that these are entries of the commissions. SIT officials have also found raw draft copies of BMC tenders from the seized devices.

According to the EOW, Kadam was a hotelier before 2019 and he had no experience in desilting work. However, since 2020, he has been involved in inking deals involving Matprop Company with various contractors for the disputed silt pusher machine and multipurpose amphibious pontoon machine and in making rental agreements for the said machinery on behalf of Virgo Specialties Pvt Ltd and Vodar India LLP, even though they are not related, making the contractors pay his own salaries and forcing them to accept the rental by demanding more than the cost of the machine.

Although Kadam is not a partner or director in Virgo Specialties or Vodar India, he has signed the rental agreement as an authorised person and has kept the information about why he signed such agreements hidden.

The EOW also found some records in coded language in the seized electronic device.