January 8, 2009

Cobbler scam

Sohin Daya, son of a former Sheriff of Mumbai, was the main accused in the multi-crore shoes scam. Daya of Dawood Shoes, Rafique Tejani of Metro Shoes, and Kishore Signapurkar of Milano Shoes were arrested for creating several leather co-operative societies which did not exist.

They availed loans of crores of rupees on behalf of these fictitious societies. The scam was exposed in 1995. The accused created a fictitious cooperative society of cobblers to take advantage of government loans through various schemes.

Officials of the Maharashtra State Finance Corporation, Citibank, Bank of Oman, Dena Bank, Development Credit Bank, Saraswat Co-operative Bank, and Bank of Bahrain and Kuwait were also charge sheeted

Daya among 28 chargesheeted: Cobbler scam

/ BSCAL July 17,1997

The Mumbai police filed its first phase of chargesheets against 28 accused in the additional metropolitan magistrate S N Chimade yesterday. Those charge-sheeted include former Mumbai sheriff and Dawood Shoes owner Sadruddin Daya, his son Shahuheen Daya and V N Dalal of Dena Bank.
The Mumbai police also arrested 12 more accused for their involvement in the scam yesterday. The arrested include T A Kha, Manohar Surve and Siddiqui of BMC, B B Trivedi and D Sabhawala of Bank of Oman, M G Ramakrishnan of Bank of Bahrian and Kuwait, P K Suktankar, D G Raikar, D N Kamat and P P Deskumkh of Saraswat Co-Operative Bank, J P Shah of Bank of Baroda and Siddarth Sherali of Shamrao Vithal Co-operative Bank. They were later released by the court on a bail of Rs 500. The police have included these twelve people also in their chargesheet.

The case registered by the police on September 10 alleged that most of the shoe shops have been duping the state government by forming societies with their own people heaing them and availing of various facilities granted by the government to these societies. The government had allowed invididual cobblers to form co-operative societies which would supply raw materials and provide assistance to compete with the organised sector.
These societies were exempted from paying sales taxand octroi, and also entitled to

bank loans at the rte of 12% against the market rate of 18%. The police had alleged that the money availed from bank were diverted by the shoe shops for their personal gains.
The First Information Report had mentioned, among others, Metro Shoes owneer Rafique Tejani, Sadruddin Daya of Dawood Shoes, Maruqh Kherawala, chairman of some of the co-operative societies formed by the cobblers and Kishore Signapurkar of Milano Shoes to be invloved in the scam.
The police, in the chargesheet, hae also mentioned the name of Shahuheen Daya as wanted as he is absconding and is reported to be in the UK.
Dawood Shoes was the major beneficiary by availing loans amounting to Rs 29 crore, the police said. "There were 3300 bogus cobblers created by Dawood Shoes to avail of the facilities," the police said.
The police said that they will be filing chargesheets against others also in due course. According to them, the next one will be against the owners of Metro Shoes.

Actually what really happened in this Great Cobbler Scam was that various businessman & politicians had siphoned around $600 million US dollars from a scheme that was floated by the Government of India meant to benefit the poor cobblers of Mumbai. Instead it went into the pockets of wealthy elite peoples who used this money to built luxury homes for themselves and also brought luxury cars, boats, arts...etc.
The money of the scheme was meant to provide low interest loans and tax concessions to the Mumbai's poorest - cobblers who work 16-hours a day for less than $2. Not a single penny reached these cobblers.
The modus operandi of the mastermind was to float a cooperative society of cobblers to avail of soft government loans through various schemes. Several bogus societies of cobblers were formed only for the purpose of availing these soft government loans.
The people involved in this racket were Saddrudin Daya, former sheriff of Mumbai and owner of Dawood Shoes, Rafique Tejani, owner of Metro Shoes, Kishore Signapurkar, proprietor of Milano Shoes, and Abu Asim Azmi, president of Samajwadi Party's Mumbai unit and partner in Citywalk Shoes,
Beside them various officials of banks and financial institutions were also involved in this multi million dollars Cobbler Scam.
The Banks whose officials were involved in this scam are : Maharashtra State Finance Corporation, Citibank, Bank of Oman, Dena Bank, Development Credit Bank, Saraswat Co-operative Bank, and Bank of Bahrain and Kuwait.
This scam cost the Government of India around $600 million US dollars.
This was one of the worst scam in India that cheated the poorest people of the society and benefited a lot of rich and elite people. This is one of the cause that proverty in India is difficult to eliminate.

What treatment was given at the End……Who all were affected by the scam.

- Based on their complaints, of BMC the police started investigations. The Banks whose officials were involved in this scam are : Maharashtra State Finance Corporation, Citibank, Bank of Oman, Dena Bank, Development Credit Bank, Saraswat Co-operative Bank, and Bank of Bahrain and Kuwait were charge sheeted.
- Officials of Bank of Baroda, Saraswati Co-operative Bank and the Bombay Mercentile Co-operative Bank are also facing charges for fraudulent manipulation of government funds.
- After the inquiry, Dawood, Metro, Milano, Citywalk and a host of other shoe shops were sealed. They opened only after a long battle.
- At present, the shoe scam is in a queue of cases waiting tobe taken up by the court of the 19th additional chief metropolitan magistrate. All the accused are out on bail.
- Files on the multiple cases of the shoe scam, are gathering dust on court shelves.
- The case is still waiting for a trial .
- The Economic Offences Wing (EOW) of Mumbai police filed seven charge-sheets against 28 accused in the Rs 1,600-crore cobbler scam at the 37th metropolitan court.
- Apart from Sadruddin Daya, the prime accused in the scamand former sheriff of Mumbai, his wife Shauheen

, two international banks and five co-operative banks have also been charge-sheeted under various sections of the Indian Penal Code (IPC). The charge-sheets were filed before the additional chief metropolitan magistrate, Sharad N Chimade

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Surprisingly, Rafique Tejani of Metro Shoes, Kishore Signapurkar of Milano Shoes and Abu Asim Azmi of Citywalk Shoes have not been charge-sheeted. EOW officials said
therole of the three companies in the scam was still bein g investigated
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Others who have been charge-sheeted are: Anwar Merchant, Salim Merchant, Abdul Memon, Bashir Inamdar, M ZKerawala, V V Chandy, Arshad Wahedna, B B Trivedi, R Krishnan, D K Sabawala, S Yogeshwaran and R V Bhatt, M GRamakrishnan, V P Khurana, S N Gokhale, T A Khan, ManoharSurve, Siddique, P K Sukhtankar, D J Raikar, N J Ghotage, D NKamath, P P Deshmukh, V N Dalal, J P Shah and SiddharthShirali.
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Special public prosecutor P R Namjoshi told the court that the EOW is preparing 26 sets of the charge-sheets to be given to the accused. He requested the magistrate to grant prosecution six weeks' time to furnish the same. His request was granted.
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The sections of IPC included in the charge-sheets cover criminal conspiracy, forgery, preparing and using duplicatedocuments for financial benefits, criminal breach of trust,cheating, jumping bail limits, fraudulently setting up fake co-operative societies and making money.

People who are affected by the scam
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The poor Cobblers of Mumbai are the one who are majorly affected by the Scam as they were not benefited by a single rupee of the Scheme which was meant only for them.
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Government of India was also affected by the Scam as the scam cost the Government around 1200 crores Indian rupees.
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The Banks whose officials were involved in the scam like Maharashtra State Finance Corporation, Citibank, Bank of Oman, Dena Bank, Development Credit Bank, Saraswat Co-operative Bank, and Bank of Bahrain and Kuwait, Spoiled their reputation.
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Politicians, bureaucrats and top shoe manufacturers in Maharashtra were also affected as the Shoes manufacturers have to shut their shoe outlets and their business was lost.

Legal Details of the Scam:

EOW, UNIT-III

1. POLICE STATION/UNIT : E.O.W. UNIT-III2. C.R.NO. : 95/19963. SECTIONS : 120(B) r/w 465,467,468,471,419,420,403 IPC4. DATE OF OFFENCE : FIR registered on 29/10/20055. COMPLAINANT : State of Maharashtra (on the basis of report from DivisionalJoint registrar co-op. Society, Mumbai)6. NAME OF I.O. : P.I. D.P.Zende7. ACCUSED ARRESTED : 1) Sadruddin Daya of Dawood Shoe Pvt. Ltd.2) Rafique Malik of Metro Shoes Pvt. Ltd.3) Rafiq Tejani M. D. Metro Shoes Pvt. Ltd.4) Kishore Signapurkar of Milano Shoes Pvt. Ltd. and others.8. BRIEF FACTS OF THE CASE On 10/09/1996 Economic Offences Wing, CB,C.I.D, Mumbai had registered an offencevide CR. No. 95/96, U/s.120(b) r/w 465,467,468,471,419,420,403 IPC on the basis of report from Divisional Joint Registrar, Co-Operative Societies, Mumbai Division, NaviMumbai, against 1) Sadruddin Daya of Dawood Shoes Pvt. Ltd. 2) Rafique Malik of Metro Shoes Pvt. Ltd. 3) Rafiq Tejani M.D. Metro Shoes Pvt. Ltd. 4) Kishore Signapurkar of Milano Shoes Pvt. Ltd. and others.9. COURT RESULT :On completion of the investigation in the said case total 25 charge sheets had been submitted in 6 groups against 83 accused persons.

Politicians implicated in the Rs 1,000-crore cobbler scam

THE boot may well be on the other foot now. While it was former sheriff Sadruddin Daya of Dawood shoes, Rafique Tejani of Metro Shoes and Kishore Signapurkar of Milano Shoes who were held as the prime accused in the Rs 1,000-crore cobbler scam, fresh investigations have revealed the full-fledged compliance of Maharashtra politicians in the fraud. Leaders from all three prominent parties the Congress, the BJP and the Shiv Sena appear to have been involved in the diabolical siphoning of public funds under the garb of setting up cooperative societies for poor cobblers. Meanwhile, allegations are flying thick and fast. Among the political links being investigated is that of former Maharashtra chief minister, Sharad Pawar. Though there is no direct evidence implicating the Congress leader, investigations have revealed Tejani to be a director of the Rs500-crore Dynamix Dairy Products Pvt Ltd in which Pawar is believed to have a stake through the holdings of family members. According to sources, the sole milk supplier to Dynamix, the Baramati Milk Cooperative, is controlled by Pawar. Sources hint that a good amount of the money from the shoe scam may have been diverted to Dynamix. However, the Pawar link still remains tenuous. What is not tenuous, however, is that it was during Pawar's regime that Congressmen had a field day. It was at this time that Sushil Kumar Shinde, chief of the Maharashtra Pradesh Congress Committee (MPCC), floated the Chakrayu society which flouted every rule in the book. It dealt in machine-made goods against the mandatory rule of handcrafted leatherwear. So while the project report guaranteed employment to 2,000 cobblers, only about 50 were actually employed. Further, the rules say that 10 per cent of the total funds should be contributed by members of the society; 60 per cent should come from financial institutions and the state government should loan the remaining 30 per cent. However, according to the Accountant General's report, member contribution to the Rs 133-lakh Chakrayu project was just Rs 4.75 lakh. Of this, Rs 4.25 lakh was contributed by 200 members who were shown as "people of repute". Investigations revealthat they included Kripashankar, vice-president, MPCC and Ramdas Phutane, a Congress MLC, among others. With the cobblers being too poor to contribute even the token Rs 100 to join cooperatives, it is usually the Mahatma Phule Vikas Mahamandal which pays their membership fee. However, inthe case of Chakrayu, the Mahamandal refused to give the funds. In 1992, Shinde, then state finance minister, got the government to sanction Rs 44.5 lakh for the society in three instalments.In a further flouting of rules, Shinde got the Maharashtra State Finance Corporation to sanction Rs 60 lakh.

Once Chakrayu was formed, the cobblers' interests were given a back seat, say sources. Normally, every member of a cooperative society has equal voting rights, but Chakrayu modified the rule only members with a contribution of Rs 1,000 or more were entitled to vote. This virtually alienated the cobbler members of the society. The Congress involvement has given enough ammunition to the BJP and the Shiv Sena against the previous regime, although both parties cannot deny the involvement of some of their own members. For the moment, however, it is Pawar and his party men who are being accused of turning a blind eye to the looting of public money. Points out Kirit Somaiya, MLA and Mumbai city president of the BJP: "The previous government cannot be absolved of the responsibility of letting such activity flourish for over 10 years." Nor does that absolve the Shiv Sena-BJPgovernment. The present deputy chief minister, Gopinath Munde, who held the finance portfolio for about three months and presented the '96-'97 budget, is also under the cloud of suspicion. Mrs Maharuk Keravala, a friend of Tejani's wife and a prime suspect in the scam, has alleged that she, along with BJP MLA Sadashiv Lokh-ande and others, approached Munde to help them out.Munde obliged by raising the sales tax exemption limit to Rs 50 lakh and doing away with the need for societies to get a certifi-cation from the Khadi Village Industries Commission (KVIC).The KVIC had laid down in 1987 that only societies located in villages were entitled to benefits from it. By doing away with the need for certification, Munde made it possible for cooperatives located in Mumbai to enjoy the bene-fits of KVIC subsidies. As investigations continue, lesser known politicians are also being pulled into the net. Money to prime accused Sadruddin Daya was sanctioned by the chairman of Saraswat Cooperative Bank,Suresh Prabhu, who is now a Shiv Sena MP. Bomb blast accused Abu Azmi of the Samajwadi Party has also been found to have links with the scam-sters. The Economic Offence Wing has identified Shiv Sena legislator Baburao Mane among those who may have been aware of the scam. The BJP claims it is looking into the involvement of its members. The Sena has not been as categoric. But with the interrogation of the accused revealing names of leading lights in the political firmament, the cobbler scam is likely to have a fallout whose repercussions will be felt by all parties, be it the Congress, the BJP or the Shiv Sena