

**Government of India  
Department of Revenue  
Ministry of Finance  
Central Board of Direct Taxes**

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PRESS RELEASE

**Income Tax Department conducts searches in Bengaluru**

The Income Tax Department conducted search and seizure operation on 17.02.2021 on 09 major Trusts registered in Bengaluru & Mangaluru, which are running educational institutes including medical colleges. Searches were conducted at 56 different locations across Karnataka and Kerala.

During the course of the search and seizure operation it was found that the transparent selection process to Medical colleges through NEET has been subverted by Trustees and key persons running these Medical Colleges in collusion with agents/brokers and some students who got high ranks in NEET Examination. The first stage of malpractice is that some high ranking students in NEET examination take admission to MBBS courses through state counseling (who have no intention to join the said colleges as they have secured admissions or likely to get admission elsewhere), thereby blocking seats in the medical stream in a Medical college during Karnataka Examinations Authority (KEA) counseling process, in connivance with Agents/Middlemen/Converters (who provide service of converting the regular seats to Management seats). Subsequently, these students withdraw from the admission process thereby making the vacant seats available for the college management. Such seats are made available to the college management for filling up through the "Stray Vacancies Round" (seats remaining vacant or unfilled in a college after mop-up round). In this Round, the seats are filled by the college management by admitting less meritorious candidates (Low rank in NEET) after collecting huge sums as capitation fee/donations in cash which are illegal under the Karnataka Educational Institutions (Prohibition of Capitation Fee) Act, 1984. The capitation fee/ Donations are collected through a network of brokers/ agents employed by the key persons/Trustees of these medical colleges.

The search operation has resulted in detecting incriminating evidence regarding cash-for-seat malpractices for admission to MBBS, BDS and Post Graduate seats in the form of notebooks, hand written diaries, excel sheets containing the details of cash received from students/brokers for admission in these colleges for various years. It was also observed that the management, faculty, staff, meritorious students and brokers are working in close nexus to manipulate the online admission process. Also, there is evidence indicating that one of the medical colleges have some sort of "package

arrangement” for passing management quota students in written examination and viva voce for fixed sum ranging from Rs. 1 lakh to Rs. 2 lakh.

Further, there is evidence which prima facie suggests that the cash money accepted by manipulating the online admission process in these colleges has been diverted for non-charitable purpose by the Trustees which is clearly in violation of Sec 12AA of the Income-tax Act, 1961. Apart from this, evidence has been found regarding large number of investments made in immovable properties with huge cash component attracting provisions of section 69 of the Income-tax Act, 1961. One of the colleges has diversified into the business of timber/plywood industries where evidence regarding under invoicing has also been found.

So far, the evidence gathered indicates that Rs. 402.78 crore has been accepted as illegal capitation fees by manipulating the online admission process and the same has not been disclosed to the Income Tax Department. Searches have resulted in seizure of cash amounting to Rs. 15.09 crore. Gold Jewellery of 81 Kg (valued at Rs. 30 crore), 50 carat diamonds and 40 kg of silver articles have been found from the residential premises of the trustees and are prime facie, unexplained. Evidence of undisclosed foreign assets of Rs. 2.39 crore in Ghana has also been found apart from evidence of huge investments in 35 Luxury cars in benami names.

Further investigation is in progress.

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