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APHC010158432024



**IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI**

Bench Sr.No:-
SL.1
[3584]

WP(PIL) NO: 82 of 2024

Villuri Venkata Ramana Murthy

...Petitioner

Vs.

The State Of Andhra Pradesh and Others

...Respondent(s)

Advocate for Petitioner:

MR.V V N NARAYANA RAO

Advocate(s) for Respondent(s):

GP FOR MEDICAL, HEALTH
AND FAMILY WELFARE FOR
R.1 & R.2);

GENERAL ADMINISTRATION
FOR R.4;

MR.SRICHARAN TELAPROLU,
FOR R.5 & R.6

MR.SINGAMSETTY V.M.
SANKAR FOR R.7.

**CORAM : THE CHIEF JUSTICE LISA GILL
SRI JUSTICE CHALLA GUNARANJAN**

DATE : 15th July, 2026

ORDER: (per Hon'ble Sri Justice Challa Gunaranjan)

The present writ petition is filed in public interest challenging
G.O.Rt.No.1645, General Administration (SC.D) Department, dated
04.10.2021, issued by 4th respondent, whereby the enquiry initiated

against respondents 6 and 7 on the allegations of irregularities and misappropriation of funds came to be dropped.

2. The brief facts leading to filing of this writ petition are as follows:

(a) Government of Andhra Pradesh intended to create Medical Devices Technology Manufacturing Park at Visakhapatnam in order to encourage setting up of manufacturing facilities relating to medical devices. In furtherance to the same, the Government had issued G.O.Ms.No.10, Health, Medical & Family Welfare (H.2) Department, dated 20.01.2016, proposing to establish a special purpose vehicle for execution of the project and has also nominated the Executive Committee. Consequently, 5th respondent came to be incorporated as special purpose vehicle and respondent Nos.6 and 7 came to be appointed as founder directors besides other persons, who eventually have been appointed as Managing Director and C.E.O. and Chairman of 5th respondent respectively. In the process of implementation of project, the Government had acquired various extents of land by paying appropriate compensation from land losers, and in turn, handed over the same to 5th respondent. Further, infrastructure also came to be created by spending substantial amounts.

(b) Petitioner claims that various irregularities were committed and funds under the control of 5th respondent came to be

misappropriated, while respondent Nos.6 and 7 were in the helm of affairs. Basing on complaint by one of public spirited person, 1st respondent got initial enquiry done through 3rd respondent. The 3rd respondent stated to have submitted interim report, dated 12.09.2019, holding that, *prima-facie*, there were certain large-scale financial and procedural irregularities and a detailed report would be submitted upon completion of entire enquiry. On completion of enquiry, the Regional Vigilance and Enforcement Officer, Visakhapatnam, stated to have submitted final report, dated 05.07.2021, with various observations and recommendations.

(c) Having regard to the aforesaid report, 4th respondent has called for explanation from 7th respondent, who in turn, stated to have submitted detailed response denying the allegations. Considering the said response, eventually the 4th respondent has decided to drop further proceedings vide impugned G.O.Rt.No.1645, dated 04.10.2021. Assailing the said action, the present writ petition is filed.

3. Both official respondents and as well as unofficial respondents have filed their respective counter-affidavits opposing the writ petition.

4. In the counter-affidavit of official respondents, it has been stated that with regard to the allegations, which are subject matter of

interim and final inquiry reports, dated 12.09.2019 and 05.07.2021, respectively, already, there was a detailed enquiry conducted into the very same allegations, in pursuance to complaint, dated 14.11.2017, filed by one Indukuri Venkata Rama Raju. That the enquiries, which were undertaken by both Director General, Vigilance and Enforcement, and as well as Director General, Anti-Corruption Bureau, have opined that the allegations to be unfounded, therefore, Government had then itself decided to drop further proceedings. In that view of the matter, there cannot be a third enquiry on the very same set of allegations. Therefore, the Government had rightly decided to drop the third enquiry proceedings.

5. Heard Mr.V.V.N. Narayana Rao, learned counsel for the petitioner; learned Government Pleader for Medical, Health and Family Welfare, for respondents 1 and 2; learned Government Pleader for General Administration for 4th respondent; Mr. Sricharana Telaprolu, learned counsel for respondents 5 and 6; and Mr.Singamsetty V.M. Sankar, learned counsel for 7th respondent.

6. Learned counsel for the petitioner contended that when the vigilance report, dated 05.07.2021, has pointed out glaring financial and procedural irregularities attributable to respondent Nos.6 and 7

in the process of establishing Andhra Pradesh MedTech Park at Visakhapatnam, without conducting proper inquiry and examining the relevant persons, the 4th respondent could not have mechanically passed impugned order, dropping the proceedings in a summary manner. Therefore, the procedure adopted is completely vitiated.

7. Opposing the writ petition, learned counsels, appearing for both official and unofficial respondents, contended that as against the very same set of allegations of financial and procedural irregularities, subject matter of present enquiry, earlier two enquiries were conducted - one by Director General, Vigilance and Enforcement and other by Director General, Anti-Corruption Bureau. The Director General, Vigilance and Enforcement, submitted report holding that the allegations were unfounded, and therefore, Government had issued G.O.Rt.No.308, Health, Medical & Family Welfare (H) Department, dated 23.07.2018, dropping the enquiry proceedings. Likewise, Director General, ACB, has submitted report holding that allegations to be unsubstantiated and even the said findings have been concurred with by Andhra Pradesh Vigilance Commission, in view of the same, Government, vide G.O.Rt.No.187, dated 17.05.2018, dropped further enquiry proceedings. In the absence of any fresh material or new set of facts, there is a clear bar under

Andhra Pradesh Government Business Rules to conduct a third enquiry, therefore, sought to justify the impugned proceedings.

8. We have gone through the material on record and considered the submissions made by respective counsels.

9. Based on the initial complaint, dated 14.11.2017, stated to have been made by one Indukuri Venkata Rama Raju, which pointed out various financial and procedural irregularities, an inquiry came to be conducted by Director General, ACB. The allegations on which the enquiry proceeded are that,:

(a) Construction of Andhra Pradesh MedTech Park at Visakhapatnam,

the AOs colluded with M/s.Lanco Infra Tech Company and approved the tenders for construction of Andhra Pradesh Meditech Park at Visakhapatnam though they quoted abnormal rates as against the DPR rates and though the company was declared as defaulter by Banking Tribunal. Further, the AO's approved the tenders without approval of board members as per procedure and thereby caused loss of Rs.1790.01 Cr. To the Govt. and gain to them;

(b) Sanction of urban primary health centres in the State (Mukya Mantri Arogya Kendralu),

the AO's with a malafide intention of siphoning funds introduced new concept of e-UPHC (electronic urban primary health centres) instead of UPHC (urban primary health centres) increased the maintenance cost from Rs.1.2 lakhs to Rs.3.54 lakhs per each UPHC per month and contract was awarded to M/s.Apollo and Evaidya by calling tenders @ Rs.4.02lakhs an average per e-

UPHC per month though they are not technically qualified in physical inspections and thereby excess amount of Rs.222.17 Cr. was paid to the agencies and thereby causing loss to the Govt.

(c) Establishment and maintenance of Andhra Pradesh free diagnostic services,

the AO's colluded with M/s.Medal Health Care Pvt. Limited and disqualified the lower bidder, i.e, NRI Academy and tender was deliberately awarded for establishment and maintenance of free diagnostic service centres under National Health Mission Scheme though they quoted Rs.253 per sample which is Rs.90 higher than the price quoted by NRI Academy of Science of Rs.145 per sample and thereby misappropriated Rs.129.50 cr. Of Govt. funds. Further, Medal Health Care submitted bills by inflating the number of samples tested and got payments to those bills without verification with the active support of AO's and thereby caused loss to the Govt. Exchequer.

(d) Mobile Medical Units (104),

the AO's colluded with M/s.Perimala Swastya Management Research Institute, which is a defaulter organization of State Government but contract was awarded to them @ Rs.2.44lakh per month, though the Govt. rate for operating these MMU (Mobile Medical Unit) was @ 0.9lakh per month and thereby causing loss for 277 MMUs Rs.93.73cr. value of which is loss to the Govt.

(e) Purchase of advanced life support ambulances (108 services),

the AO's colluded with each other for personal gains, called for tenders for purchase of 278 Ambulances and contract awarded to TATA Motors for Rs.12.6lakhs. Later, they cancelled purchase orders for 76 Ambulances and allotted orders to M/s.Instrtomed India Limited, Delhi for Rs.9.25lakhs i.e., 6.9lakhs extra for each Ambulance and thereby caused loss to a tune of Rs.6.17 crores to the Govt."

The said Authority, after examining both oral and documentary evidence, has concluded that the allegations referred to above were held to be unsubstantiated, and therefore, recommended to drop further proceedings in that regard. The same was placed before the Andhra Pradesh Vigilance Commissioner, who has concurred with the findings in the report. Thereafter, the Government had issued G.O.Rt.No.187, dated 17.05.2018, deciding to drop further action.

10. Parallely, in pursuance to the initial complaint, dated 14.11.2017, of Indukuri Venkata Rama Raju, the matter was also referred to Regional Vigilance and Enforcement Officer, Visakhapatnam, at the instance of Director General, Vigilance and Enforcement, in order to enquire into the allegations levelled. After thorough enquiry, the Regional Vigilance and Enforcement Officer, Visakhapatnam, submitted report, dated 18.12.2017, with findings that the allegations were unsubstantiated, and therefore, recommended for closure of proceedings. In furtherance thereto, the matter was placed before the Government, who by G.O.Rt.No.308, dated 23.07.2018, decided to drop further enquiry.

11. Be that as it may, yet again another enquiry came to be initiated, which was in pursuance to a complaint, dated 12.04.2019,

of one Dr. M.Shankar Rao. The 4th respondent issued Memo, dated 02.05.2019, entrusting the matter yet again to 3rd respondent Director General, Vigilance and Enforcement, for detailed enquiry. The 3rd respondent has yet again conducted enquiry with reference to the allegations pointed out in the complaints, dated 14.11.2017 and as well as 12.04.2019, and eventually made following recommendations:

“RECOMMENDATIONS:

1. The AMTZ has not followed the existing Government Orders/Guidelines and allotted the project civil works for an amount of Rs.356.64 Crores to M/s.Power Mech-BSCPL Consortium (the actual working cost is only Rs.170.00 Crores) i.e., at an abnormally excess of 110%, thus causing a minimum financial loss of Rs.186.64 Crores to the Government Exchequer.
2. An amount of Rs.1.75 Crores made as advance payment towards preparation of Environmental Impact Assessment (EIA) and preparation of Master Plan & Investigating Studies without concluding the Agreement for the main contract work is to be recovered from M/s.Lanco Infra Tech Limited.
3. An excess of Rs.1,97,61,086/- was paid to different firms in violation of tender procedures in procurement of machinery causing loss to the Govt. Exchequer as detailed above.
4. An amount of Rs.42.00 Lakhs is to be recovered from Sri Karanamreddy Narasinga Rao and his wife Smt.Jyothi and his friend Chukkala Ramu Naidu as detailed above.
5. An amount of Rs.22,37,120/- is to be recovered from M/s.Renalyx Health System Pvt. Ltd. on account of refund of non-refundable amount after de-registration by AMTZ.

6. Review the lease rentals entered between the AMTZ and the manufacturers in accordance with the existing procedure of lease rentals adopted by APIIC, VSEZ and G.O.Ms.No.571, Revenue Department, dt.14.09.2012 to avoid the revenue loss to the Government Exchequer.
7. Procurement cost of Imported Equipment needs to be evaluated by constituting a team of experts from the relevant field to ascertain the genuinity of pricing.
8. A detailed enquiry by Revenue Department may be conducted into the entire process of identifying the encroachers and the extent of area identified under encroachments. Further, compensation paid to the encroachers also needs to be examined.
9. Action as deemed fit may be taken against all those, who are responsible for all the above-mentioned lapses.”

12. Based on the said report, 4th respondent issued Memo., dated 07.09.2021, calling upon the 7th respondent to submit explanation. A detailed explanation came to be submitted in response on 08.09.2021.

13. The Government-4th respondent had examined the material available on record, explanation of 7th respondent with regard to the inconsistencies and shortfalls as recommended in the inquiry report, and ultimately, has opined as follows.

“4. The MoS has further submitted that the work of AMTZ phase-1 was undertaken in a mammoth manner and construction of 14 lakh square feet was completed in 342 days (3rd Jan to 12th Dec. 2018). On December 13, 2018, WHO Global Forum on

Medical Devices was held in AMTZ wherein more than 1200 delegates from 92 countries have participated. This was the first time United Nations Meeting on Medical Devices was held outside of Geneva, the headquarters of WHO. That, the AMTZ is now recognized by WHO as World's First Medical Equipment Zone and NITI Aayog has requested for development of 4 more such zones in the country. No tender of AMTZ, or any of its centres for any construction, technical, consultancy, Instrumentation or supplies have been ever contested in court by any bidders, competitor, or supplier. Several National and International Centres / Secretariats are located in AMTZ. It has Scientific Industrial Laboratories & Centres for Electro-magnetism, lasers, 3-D printing, MRI coils, CT machine tubes: electrical safety; Biomaterial Centre; Material Characterization laboratory; Electromagnetic Interference Centre; Electromagnetic Compatibility Centre; Dialyser Fiber Extrusion Centre; Medical laser lab; Fab Lab; Mechatronics Lab; Radioisotope Tc99 and 131 generator centre; Gamma Irradiation Facility with Cobalt-60 and all Scientific Facilities required for medical devices manufacturing. That, AP Med Tech Zone (AMTZ) is the first and the only unique and successful medical equipment manufacturing zone model for manufacture of medical equipment in India. It was conceived, implemented by and operationalised by Dr. Jitendar Sharma, MD&CEO, AMTZ and all decisions implemented were taken by the Board of Directors of AMTZ. The works done were as per norms and were given to the lowest bidder by calling tender. Payments were made as per rules while the contract value as per DPR is Rs. 367.20 crores, the contract value as per bid is Rs. 357.52 crores. There are no court cases on any of the tenders by any bidder. This park is appreciated nationally at all forums and is the first of its kind in South East Asia. There are no adverse remarks in any of the CAG audits which are conducted regularly for this organization.

5. The MoS, while denying all allegations on the affairs of AP Med Tech Zone, requested to close the case against her and also Dr.Jitendar Sharma, MD&CEO, AMTZ based on above facts.

6. After careful examination of the matter, it is observed that the Department published tender notification in the Departmental website, besides publishing in Hindu Newspaper, the genuineness of the documents submitted by KPMG were verified, the officials of Government of India are part of Board which took all decisions/ratifications. The estimates and quality of equipment was scrutinized by the Technical Committee who are deputed from national premier institutes like IIT, BARC, BRIT, ISOMED etc. and no competitor / supplier have ever been contested the process. In respect of allegation on entrusting to LANCO, the Director General, ACB in his report dated 10.04.2018 held that the allegation is not proved and the government accepted the report and issued orders dropping further action in G.O. Rt. No.146, HM & FW Dept., dated 23.04.2018. Taking the said facts into consideration, Government have decided to drop further action in the matter. Accordingly, Government hereby drop further action in the matter.”

14. The 4th respondent, upon application of mind, has given exhaustive reasons on each of the allegations as to why it had to ultimately drop the ongoing inquiry. At this stage, we may point out that learned counsel for the petitioner, except for contending that the enquiry has been concluded summarily without examining the necessary witnesses, did not really point out any specific instance or allegation, which has not been properly dealt with nor that the Government failed to take into consideration relevant material, which otherwise would have had bearing on the ultimate decision. The

allegations enquired into at first instance by 3rd respondent and the Director General, ACB, and the one subject matter of present inquiry though are not one and the same, but, are overlapping to some extent. At any rate, the 4th respondent had taken a holistic view of the contents of enquiry report vis-a-vis the explanation offered by unofficial respondents and on appreciation of material on record, has come to final conclusion to drop further proceedings. The procedure so adopted cannot be found fault with and when there is no incriminating material or proper evidence to substantiate the allegations, the Government decided to drop further enquiry, which we do not find fault with.

15. We, therefore, see no merit in the writ petition, and accordingly, the same stands dismissed. No order as to costs.

As a sequel, miscellaneous petitions pending consideration, if any, in this petition shall stand closed.

LISA GILL, CJ

CHALLA GUNARANJAN, J.

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