

Commissionerate of CT & GST , Odisha (Cuttack)

Press Release

GST State Enforcement Wing set a new record of unearthing fake invoicing worth Rs.1727.91 Crores and arresting five masterminds.

In the continuing initiative to counter the menace of fake billing operations, the officers of State GST Enforcement Wing, on the basis of clue from the previous search and inspection followed by intelligence developed through extensive data analytics have unearthed a network of 24 fictitious firms generating fake invoices without supply of goods and passing fake Input Tax Credit (ITC) to multiple beneficiaries.

Today on dt.06.07.2022, 12 teams consisting of 48 officers of State GST Enforcement Wing (assisted by 35 Police officials) have nabbed 5 masterminds i.e Sri Dhanwan Shaw, Sri Ram Bharose Shaw, Sri Manoj Kumar Pandey, the present and Ex. Directors of Rourkela based three companies i.e M/s. Swastik Ingot Pvt Ltd, M/s. Sunayana Metal Industries Limited and M/s. Sai Ram Ingot Pvt Ltd, along with Sri Subash Kandulana, proprietor of M/s. Subash Traders, At-Pamra, P.S- Badgaon, Dist- Sundargarh and their associates Sri Niku Singh alias Chhatar Singh of Basanti Colony, Rourkela for their involvement in availing and passing of bogus ITC worth **Rs.311.03 Crores** on the strength of fake invoices to the tune of **Rs.1727.91 Crores** and for commission of cognizable and non-bailable offence u/s 132 (1) (b) (c) & (l) of OGST / CGST Act, 2017 read with section 132(5) of the said Act.

The above masterminds in addition to their own companies have created and operated 23 other fictitious / non-existent business entities in the district of Sundargarh for making bogus transactions in their name and to avail and pass on bogus ITC without physical receipt and supply of goods and have defrauded the State exchequer.

Following types of frauds have been unearthed during investigation :-

- In 2019-20 simultaneous raids and inspections were conducted to the place of business of 49 suspected non-existent business entities and it is found that 47 out of 49 business establishments were non-existent and fictitious. But, as proceedings have already been initiated by CGST Authority in 23 cases, the investigation in the remaining 26 cases are done by the State Enforcement Wings.
- Investigation reveals that the accused arrested today are the masterminds in creation and operation of 24 bogus firms.
- For creation and operation of the fake firms, the masterminds have obtained identity documents like PAN, Aadhar, Bank Passbook etc. of innocent people like primary school teacher, LIC agent, Crane operator, daily-wage earner, farmer, street vendor, agent of vehicle registration and house-wives under the plea of providing them regular monthly income ranging from Rs.5000/- to Rs.40,000/- per month and misutilised the said

documents for the purpose of obtaining GST registration and running fake business in their name.

- The masterminds have also opened bank accounts in different banks like ICICI bank, Union Bank of India, Andhra Bank, Urban Co-operative bank, HDFC bank, Bandhan bank and Axis bank in the name of the said innocent person and operated the same by obtaining the signed cheque book, signed RTGS form, ATMs and password from the account holder.
- Goods weighing in Tons are shown to have transported through two-wheeler, cars, three-wheelers, scooter, moped in many occasions as verified from the waybills generated in the name of fake firms.
- Investigation further reveals that goods are manufactured / purchased out of account by the two existing firms i.e M/s. Swastik Ingot Pvt Ltd and M/s. Sunayana Metal Industries Limited without payment of tax and to regularize the illegal transaction, purchase and sale invoices in the name of fictitious firms have been raised and tax evaded.
- During the process of investigation, transactions in regard to 49 bank accounts opened and operated in different names have been examined in detail and approximately 173 persons have been interrogated to substantiate the charges and unearth the circular trading.
- Investigation reveals that the firm i.e M/s. Swastik Ingot Pvt Ltd have shown excess payment of Rs.11.88 Crores in comparison to the purchase value of goods (payment Rs.68.61 Crore against purchase value of goods worth Rs.56.73 Crore). Crores of transactions have been shown from the firms having NIL purchases.
- When these frauds came to the light, the masterminds in order to escape from the clutches of law, filed writ petition before the Hon'ble High Court of Orissa to restrain the State Enforcement Authority to make further investigation under the plea that parallel proceedings have been initiated by the CGST Authority. But as the subject matter of investigation initiated by the State Enforcement Authority was different, the Hon'ble High Court on dt.13.02.2020 was pleased to reject their plea and directed to co-operate in the investigation.
- But instead of co-operating in the investigation, the accused filed petitions before the Hon'ble High Court for interim protection and they were under interim protection from 08.05.2020 to 21.04.2022. The present arrest has been materialized after vacation of interim protection granted to them by the Hon'ble High Court on dt.22.04.2022.
- The mastermind i.e Sri Dhanwan Shaw is also running a school in the name of "Sai Valley World School" and a crusher unit in addition to the above mentioned firm.
- All the accused have been produced before the Court of law and they are remanded to Jail custody.

It is pertinent to mention here that the State Enforcement Wings till date has made 28 nos of arrest involved in generation of fake invoices worth **Rs.9196.26 Crores** and availing and passing of bogus ITC worth **Rs.1739.84 Crores**.
