

PRESS RELEASE

Odisha State GST Enforcement Authorities busted a racket involved in fake invoicing of Rs.712 Crores ; Kingpin arrested

Today, i.e., on 17.08.2020, the State GST Enforcement Squad arrested the kingpin of a GST racket involved in generation of fake invoices worth Rs.712 Crore and passing of bogus input tax credit (ITC) of Rs.129 Crores over multiple transactions routed through different chains. The mastermind Sri Kashmira Kumar Agrawal, Director of M/s. Madhumita Steels Industries Private Limited, GSTIN-21AAMCM1052H1ZU has been arrested from Sambalpur as per the direction of Shri S. K Lohani, Commissioner (CT & GST), Odisha by virtue of the power of arrest vested with the Commissioner U/s 69 of OGST Act, 2017 for commission of cognizable and non-bailable offence u/s 132(1)(a) and (b) read with Section 132(4) of OGST Act. It is worthwhile to mention here that Sri Agarwal had been under the scanner of State GST Enforcement Squad since long. However, he used to change his address frequently from Rourkela to Haryana, Tata and Sambalpur. At last, after rigorous exercise by the Enforcement Squad, Sri Agarwal was nabbed at Sambalpur. Some of the accused involved in the racket have been arrested earlier.

Consequent upon tracking of a chain of fraudulent transaction followed by scrutiny of suspected e-waybill transactions and collection of intelligence, physical inspections were carried out simultaneously at 14 business establishments. These were however found to be non-existent and fictitious.

During interrogation, proprietors of these fake firms admitted that they were neither doing any business nor effecting any purchases/sales in the name of their firms and the transactions reflected in their returns were only paper transactions without any actual receipt and supply of goods. All of them also categorically admitted that they had neither deposited nor withdrawn any amount from the bank account opened in the name of their firm. The banking transactions in the name of the firms had been undertaken by the mastermind by mis-utilizing the signed cheque book and RTGS forms taken from the innocent persons in whose name registration had been taken fraudulently and in some cases by forging their signature.

The bank officials were also interrogated regarding the fraudulent opening of current bank accounts in the name of the above fictitious firms and routing of huge cash transactions.

The house owners of the rented principal place of business of all the fictitious business entities were confronted. On such interrogation, all the rent agreements were found to be forged. Surprisingly, house owners were completely ignorant regarding the rent agreements signed during the year 2018. In many cases, banks accounts had been opened and operated by forging the signature of the account holders.

Investigation reveals that the mastermind, hired middlemen to collect credentials such as PAN card, Adhar Card, Photograph etc. from persons of no means (house wives, drivers, plumber etc.) of Sundargarh and Sambalpur District on the pretext of giving them gainful employment / handsome amount of money in every months but mis-utilised the documents to fulfill his own vested interest and defrauded the government revenue.

It is also revealed from investigation that the accused has transferred huge amount of money to different firms without having any business transactions with them. In the case of one firm, he has shown to have purchased goods worth Rs.13 Crore but has transferred Rs.38 Crore to the said firm through its bank account raising suspicion regarding his involvement in money laundering.

In many cases, tons of goods have been shown to have been dispatched different States through scooters, motor cycles, tractors and cars which is not possible. During inspection to his house / place of business, incriminating documents such as rubber stamps, bank account, passbook, pre-signed cheque leafs, ATM cards, etc. of different fictitious firms had been unearthed and seized by the Investigation Officer. An amount of Rs.2.12 Crores lying in different banks in the name of business entities operated by Sri Agarwal have been attached by the Investigating officer.

It is revealed from investigation that Sri Agarwal has fraudulently availed bogus ITC of Rs.113.81 Crores and passed on bogus input tax credit worth Rs.129.09 Crores in the name of the 14 fictitious firms created and operated by him on the strength of fake invoices. The offences committed by him are cognizable and non-bailable offence covered U/s 132(1)(c), 132(1) (b), 132(1)(l) of Odisha GST Act, 2017 and are punishable under Section 132(1)(i) of the said Act.

The Commissionerate is taking steps to recover the bogus ITC availed by recipients of Odisha with interest and penalty. In respect of recipients of bogus ITC of other states, respective Commissioners shall be moved to take steps to recover the said amount with interest and penalty along with other statutory actions prescribed under GST Act.