

## **GST intelligence officials detects Rs 225 crore tax evasion, busts illicit pan masala manufacturers**

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BHOPAL: Tax evasion of Rs 225 crore has been detected by Central GST intelligence officers after they busted illegal pan masala manufacturing units in Indore and arrested three persons for their involvement in the huge racket.



The officers of Directorate General of GST Intelligence (DGGI) and the Directorate of Revenue Intelligence (DRI) conducted joint raids at 16 suspected illicit and undeclared warehouses and residential locations in Indore and Ujjain between Tuesday and Friday, an official statement issued on Saturday said.

“Based on preliminary investigations by DGGI, it has been estimated that the accused persons and their associates have evaded GST of around Rs 225 crore on the goods sold illicitly during the period July, 2019 till March, 2020,” it said.

The total duty implication in this fraud is estimated to be around Rs 400 crore, the statement issued by the DGGI said.

“During the emergent months (April & May, 2020) of pandemic lockdown also, these persons are believed to have resorted to large scale illicit sale and supply of pan masala/ tobacco,” it said, adding that further investigation in the matter was continuing.

The statement said that organisers and masterminds made an unsuccessful attempt of disrupting the enforcement officials by engaging a mob of about 20-30 people during the search at one of the residential and later at a factory premises on Thursday and Friday.

“However, both these attempts to disrupt government function were effectively thwarted by the DGGI enforcement officers with timely and professional assistance by Madhya Pradesh Police, who were always the part of the search operations throughout,” the statement said.

In view of the serious offences committed, three accused persons were arrested on Friday, it said.

The DGGI investigations indicate that the masterminds of this fraud had set-up eight companies in the real estate, hospitality and media sectors to launder illicit wealth generated from these businesses.

The accused persons are believed to have used more than 70 cargo trucks for orchestrating this GST fraud for the last many years.

“The cargo trucks were found to be bearing display of ‘On Press Duty’ for ferrying the illicit consignments of pan masala/ tobacco and their raw materials within Madhya Pradesh and to neighbouring states. The drivers were found to be carrying identity cards of a local Indore newspaper,” the statement said.

The DGGI had recently detected an annual GST evasion of Rs 18.77 crore and made seizure of illicit goods and cash worth Rs 2.92 crore. This had led to the arrest of one Pakistani national residing in Indore.

In the latest operation named 'Kark', three independent groups found to be involved in large scale clandestine manufacture, undeclared supply and illicit sale of pan masala/ tobacco without payment of GST have been covered by the enforcement agencies.

The operation was named 'Kark' -- considering the high Goods and Services Tax (Kar in Hindi) loss and the reported adverse effects of consuming illicit tobacco not subject to food and safety standards leading to high prevalence of oral cancer (Kark) in India, the statement said.

During the search operation which was also conducted in Jabalpur and Bhopal in addition to Indore and Ujjain, unaccounted finished goods (branded pan masala and tobacco) and primary raw material such as betel nuts, raw tobacco, essence and packing material, have been seized in large quantities from undeclared premises, said the statement issued by the Additional Director General, DGGI, Bhopal.

The officers who conducted raids in Indore and Ujjain, which are the state's worst coronavirus-affected areas, followed necessary social distancing protocol and wore gloves, masks and other protective equipment, the agency said.

“To avoid detection, the masterminds and organizers of this fraud had floated the partnership/ proprietorship/HUF firms engaged in manufacturing and trading of pan masala and tobacco owned on paper by three dummy persons. These three dummy persons had actively colluded and knowingly participated in the GST fraud,” it said.

Certain masterminds of the fraud and financial beneficiaries have not joined the investigations, the DGGI said.

“They have been summoned by the central GST intelligence department for tendering statements under the provisions of Central GST Act, 2017,” the probe agency said.

The sale and distribution of pan masala and chewing tobacco had been completely banned across India due to the pandemic-induced lockdown from March 25 considering its risk in spreading COVID-19 infection.

“This detection and evidence collected by DGGI indicates that some unscrupulous manufacturers, dealers may have, unfortunately, taken undue benefit of this emergent situation. The market information suggests that these banned goods were being sold and consumed in some places within Madhya Pradesh and Maharashtra during the lockdown period, at 4-5 times their usual market rates,” the statement said.

**Source:** <https://timesofindia.indiatimes.com/business/india-business/gst-intelligence-officials-detects-rs-225-crore-tax-evasion-busts-illicit-pan-masala-manufacturers/articleshow/76357014.cms>