

DGGI detects Rs 514 crore GST evasion in Madhya Pradesh within 12 months

TNN | Jul 3, 2020

BHOPAL: DGGI Bhopal has detected a GST evasion of Rs 512 cr over a period of one year. This included searches at 53 places, value of goods worth Rs 5.7 crore, and attachment of six properties. Seven people are absconding, according to an official release.



In Phase-2 of Operation *Kar*k, DGGI Bhopal had conducted searches on the tax evasion syndicate with respect to its illicit activities pertaining to Cigarettes. Initially, a tax evasion estimated to be about Rs 105 Crores on Cigarettes was estimated. The investigation into the evasion of Cigarettes and Pan Masala has continued throughout the month of June, 2020. **As a result of searches conducted in the last week of June**

additional evidence suggests that the GST evasion for the period April, 19 to May, 20 on Cigarettes is Rs 270 Crore.

This amount may rise further as data related to more dummy firms who may have provided raw materials to M/s Elora Tobacco Limited is being examined. Search by officials of Central GST Intelligence was conducted on 25.06.2020 at the premises of the supplier of filters used in Cigarettes.

Investigations revealed that this unit had declared on invoices to have provided the Cigarette Filters to three dummy firms, while actually the Filters had been supplied to M/s Elora Tobacco Limited for clandestine production.

“One of the Proprietors of the dummy firm was found to be an employee of M/s Dabang Dunia Publications Private Limited. 2.1 Searches were also conducted at the unregistered warehouses where packing material of brands such as K-10, A-10, Impact, Globus, Forever, Red Rose were stored clandestinely” reads release issued by DGGI.

The suppliers of printed packing material were also searched who confirmed the clandestine supply to M/s Elora Tobacco Limited.

In the searches conducted during the second fortnight of June as many as 8 machines and huge quantities of raw materials used for Cigarette/ Cigarette Filter manufacturing and Cigarette Packing have been detected and seized since they were kept in undeclared premises for Clandestine manufacture.

Analysis of these suppliers of raw materials and packing material suppliers suggests that the quantum of GST evasion may be about Rs 270 Crore per year.

Considering the scale of tax evasion, in order to protect revenue, procedure of provisional attachment of immovable properties and bank accounts of the accused as per provisions of Section 83 of the CGST Act, 2017 was initiated.

On 29th June, 2020, 03 Immovable properties located at Indore and 09 bank accounts belonging to the accused and his associate companies involved in GST evasion from M/s Elora Tobacco were provisionally attached.

Further financial investigations in the case are being conducted. 4.0 On 27th June, 2020 five (05) persons had filed emergent and anticipatory bail applications in the Sessions Court which has been rejected.

The remand of all five arrested persons has been extended by EOW Court, Indore up to 13th July, 2020.

As many as 07 persons which includes Directors in the companies, transporters and their representatives, key associates in the GST fraud are presently absconding or not appearing under formal summons and are not co-operating with the legal proceedings. Those are large have been identified as – Nilesh Wadhwani, Shyam Kumar, Vinay Bhati, Reena Bhati, Vinod Sharma, Davendra Dwivedi and Ramesh Singh Parihar.

“Operation Karkto counter illicit sale of Pan Masala/ Tobacco/ Cigarettes which was initiated on 30th May, has till now, detected GST evasion of about Rs 512 Crore in last one year while 05 persons have been arrested in this operation” according to the release.

In order to protect the Government Revenue, 06 Immoveable Properties and 14 bank accounts have been provisionally attached. In one month period, the officials of Central GST Intelligence have conducted more than 50 (Fifty) searches under this operation.

Source: <https://timesofindia.indiatimes.com/city/bhopal/dggi-detects-rs-514-crore-gst-evasion-in-madhya-pradesh-within-12-months/articleshow/76776612.cms>