

ANTI-CORRUPTION BRANCH, DELHI

5TH FLOOR, VIKAS BHAWAN-II, UPPER BELA ROAD, CIVIL LINES, DELHI-110054.

PRESS RELEASE

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- **Anti-Corruption Branch, Delhi unearthed a huge scam of fraudulent GST refunds in the Trade & Taxes department of Delhi Govt.**
- **In the first phase, 01 GSTO, 03 Advocates running fake firms, 02 transporters and 01 proprietor of fake firms arrested.**
- **Fraudulent GST refunds worth Rs. 54 crores approx. were granted to fake firms.**
- **Fake/forged invoices amounting to Rs. 718 crores approx. surfaced.**
- **Around 500 non-existent firms were doing business activities including export of medicines/medical items on papers only just to claim bogus GST refunds.**
- **Glaring procedural lapses and malpractices observed on the part of GSTO caused huge loss to the Govt. exchequer.**

Introduction:

ACB, GNCTD has arrested 01 GSTO, 03 advocates running fake firms, 02 transporters and 01 proprietor of fake firms involved in the GST scam in the first phase of the investigation. The GSTO, while conspiring criminally with the owners of these 96 bogus firms, had sanctioned Rs. 35.51 crores in 2021-22 by approving 404 refunds whereas the previous year refund to these firms was only Rs. 7 lakhs. Fraudulent GST refunds totaling Rs. 54 crores have been surfaced so far. These refunds were sanctioned by the GSTO within 2-3 days of the filing of refund applications clearly establishing her ulterior motive.

Brief Facts:

The GSTO was performing his duties in Ward No. 6 till July 2021. On her transfer from to Ward No. 22 on 26.07.2021, suddenly 53 applied for migration from Ward No. 6 to Ward No. 22 and the requests were approved in a very short span of time by the GSTO.

Suspecting a foul play, the Vigilance/GST Department sent special teams of GSTIs on 23.09.2021 for physical verification of these firms at their place of business. All these firms were found to be non-existent and non-functional during verification. Accordingly, on 05.10.2021, a preliminary inquiry into the matter was ordered under Sh. Vivek Aggarwal, Addl. Commissioner (Trade & Taxes), GNCTD.

Based upon the outcome of the inquiry, on 06.12.2021, the matter was referred to ACB for detailed investigation and unearthing the whole scam. Accordingly, case FIR No. 5/2023 dated 28.04.2023 U/s 7 POC Act r/w 420/467/468/469/471/34/120B IPC was registered at PS ACB, Delhi on receipt of Previous approval u/s 17A of POC Act for investigation in the instant matter.

Investigation and Arrest:

During the course of investigation, following glaring procedural lapses and evident malpractices with the sole motive of causing loss to the Govt. exchequer have been found:

- i. Fraudulent GST refunds were approved by the GSTO without verification of Input Tax Credit which is a crucial instrument in the identification of fake/bogus refund and is a direct loss to the Govt. exchequer.
- ii. Input Tax Credit has been taken against fake invoices amounting Rs. 718 crores approx. i.e. fake firms did bogus purchasing of this amount. It also indicates that the running of the business has been shown only on documents.

- iii. In case of 41 firms/dealers, 1st & 2nd stage supplying dealers were found missing.
- iv. In case of 15 firms/dealers, there was neither Aadhar authentication at the time of registration nor the physical verification of the firm.
- v. Out of 48 firms/dealers granted approval for migration to Ward No. 22, the GST refunds of Rs. 12.31 crores were sanctioned while the GSTO was under the order of transfer. Requisite NOCs from the property owners in respect of these 48 firms/dealers were also found to be prepared on 26 & 27.07.2021.
- vi. 5 Firms were found registered under the same PAN/e-mail ID/mobile number and it was used for multiple GSTIN registrations.
- vii. Time-barred refund applications were sanctioned by the GSTO. The bogus firms had received fraudulent GST refunds totaling Rs. 54.5 crores w.e.f. 01.07.2017 to 26.08.2021, sanctioned by the GSTO.
- viii. Forged/bogus e-way bills for carrying items and Goods receipts were used in refund applications. The transporters had been receiving payments for providing these documents and against no services at all.
- ix. Scrutiny of the bank account revealed that the GST refund amount was rotated through different accounts and finally destined to actual beneficiaries i.e. accused advocates and their family members.
- x. 23 firms out of 96 fake firms are being run by the same group of offenders i.e. accused advocates using common email IDs and mobile numbers. These 23 fake firms created bogus invoices of Rs. 176.67 crore approx. and got Rs. 5.81 crores GST refund between 02.01.2020 to 23.09.2021.
- xi. 07 out of these 23 firms were also found involved in the business of export of medicines and medical items/devices amounting Rs. 30 crores. Scrutiny of the shipping bills presented by these 7 firms to ADC/Drug Controller, IGI Cargo, Delhi revealed that the fake firms had furnished forged purchase bills during the export process.
- xii. Around 1,000 bank accounts emerged during the screening of 127 bank accounts, directly related to fake firms, their family members and employees. At the end of the money trail, the accused advocates were found to be beneficiary of fraudulent refunds.

Based on the investigation conducted so far and the evidence on record, the following persons were arrested in the case:

Sl. No.	Name of arrested accused persons	Remarks
1.	Smt. Babita Sharma	The GSTO who sanctioned bogus GST refunds
2.	Raj Singh Saini	Advocate and beneficiary of bogus GST refunds
3.	Narender Kumar Saini	Advocate and beneficiary of bogus GST refunds
4.	Mukesh Saini	Advocate and beneficiary of bogus GST refunds
5.	Manoj Goyal	Proprietor of fake firms and beneficiary of bogus GST refunds
6.	Surjeet Singh	Transporter who provided fake e-way bills and forged goods receipts in lieu of payments from the beneficiaries
7.	Lalit Kumar	Transporter who provided fake e-way bills and forged goods receipts in lieu of payments from the beneficiaries

The investigation to unearth the role and culpability of other GST officials, proprietors and transporters is under progress.

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