

Government of India  
Ministry of Finance  
Department of Revenue  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 357**  
TO BE ANSWERED ON TUESDAY, 06<sup>th</sup> February, 2024  
17 Magha, 1945 (Saka)

**Fake tax credit claims in GST**

357 Shri M. Shanmugam:  
Shri Vaiko:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Ministry of Finance announced unearthing of fake input Tax Credit Claims amounting to Rs. 44,000 crore;
- (b) if so, the details thereof;
- (c) whether it reveals a systemic failure and the ability of fraudster to exploit loopholes and vulnerabilities in the GST system; and
- (d) if so, the details of effective measures taken to plug the loopholes and rectification in the system?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**  
**(SHRI PANKAJ CHAUDHARY)**

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- (a) & (b) Yes Sir. The press release issued by Ministry of Finance on 07.01.2024 (Annexure 1) brought out that 29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore were detected in a sustained drive against non-existent tax payers by GST formations across the country since May 2023. An amount of Rs. 44,015 Crore (Rs.15240 Crore (State) + Rs. 28775 Crore (Centre)) of fake ITC has been detected.
- (c) & (d) The registration process under GST offers robust checks in the form of physical verification of premises and Aadhar authentication. The said checks have enabled in early detection of fraudulent registrations and has also curbed fraudulent registrations to a great extent. Further pilot projects of biometric based Aadhar authentication at the time of registration have been launched in the States of Gujarat, Puducherry and Andhra Pradesh to further strengthen the registration process. Besides, to curtail evasion of tax the Government has taken measures such as sequential filing of GST returns, system generated intimation for reconciliation of the gap in tax liability in GSTR-1 & GSTR-3B returns and of the gap between ITC available as per GSTR-2B & ITC availed in GSTR-3B returns, use of data analytics

and risk parameters for detection of fake ITC. To curb frauds in Goods and Services Tax (GST) and increase compliance, the GST formations, under the Central Board of Indirect Taxes and Customs (CBIC) and the State/UT Governments, across the country regularly take action to detect and take action against non-existent / bogus registrations and issuance of fake invoices without any underlying supply of goods and service.

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## Ministry of Finance

**29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore detected in a sustained drive against non-existent taxpayers by GST formations across the country since May 2023; 121 arrested**

Posted On: 07 JAN 2024 6:01PM by PIB Delhi

To curb frauds in Goods and Services Tax (GST) and increase compliance, the GST formations, under the Central Board of Indirect Taxes and Customs (CBIC) and the State/UT Governments, across the country are carrying out a focused drive on the issue of non-existent / bogus registrations and issuance of fake invoices without any underlying supply of goods and services.

Since the initiation of the special drive against fake registrations in mid-May 2023, a total of 29,273 bogus firms involved in suspected Input Tax Credit (ITC) evasion of Rs. 44,015 crore have been detected. This has saved Rs. 4,646 crore of which Rs. 3,802 crore is by blocking of ITC and Rs. 844 crore is by way of recovery. So far, 121 arrests have been made in the cases.

In the quarter ending December, 2023, 4,153 bogus firms that involved suspected ITC evasion of around Rs.12,036 crore were detected. 2,358 of these bogus firms were detected by the Central GST Authorities. This has protected revenue of Rs. 1,317 crore of which Rs. 319 crore has been realised and Rs 997 crore has been protected by blocking ITC. 41 persons were arrested in these cases. 31 of these arrests were by Central GST Authorities. State wise details are annexed.

The Government has taken various measures to strengthen the GST registration process. Pilot projects of biometric based Aadhar authentication at the time of registration have been launched in the States of Gujarat, Puducherry and Andhra Pradesh.

Besides, the Government has endeavoured to curtail evasion of tax through measures such as sequential filing of GST returns, system generated intimation for reconciliation of the gap in tax liability in GSTR-1 & GSTR- 3B returns and of the gap between ITC available as per GSTR-2B & ITC availed in GSTR-3B returns, use of data analytics and risk parameters for detection of fake ITC, etc.

### **Action against bogus firms during Quarter ending in December 2023**

<b>Name of the State/UT</b>	<b>Number of bogus firms detected</b>	<b>Tax Evasion suspected (Rs Cr.)</b>	<b>ITC amount blocked / recovered (Rs Cr.)</b>	<b>Arrests Made</b>	<b>Fake firms per lakh registered firms</b>
<b>Andhra Pradesh</b>	<b>19</b>	<b>765</b>	<b>11</b>	<b>0</b>	<b>5</b>

<b>Arunachal Pradesh</b>	<b>0</b>	<b>13</b>	<b>14</b>	<b>0</b>	<b>0</b>
<b>Assam</b>	<b>19</b>	<b>116</b>	<b>67</b>	<b>0</b>	<b>8</b>
<b>Bihar</b>	<b>30</b>	<b>148</b>	<b>88</b>	<b>0</b>	<b>5</b>
<b>Chandigarh</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>6</b>
<b>Chhattisgarh</b>	<b>26</b>	<b>83</b>	<b>34</b>	<b>1</b>	<b>15</b>
<b>Dad. &amp; Ngr Haveli</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Delhi</b>	<b>483</b>	<b>3028</b>	<b>90</b>	<b>11</b>	<b>61</b>
<b>Goa</b>	<b>4</b>	<b>29</b>	<b>0</b>	<b>0</b>	<b>9</b>
<b>Gujarat</b>	<b>178</b>	<b>445</b>	<b>25</b>	<b>3</b>	<b>15</b>
<b>Haryana</b>	<b>424</b>	<b>624</b>	<b>76</b>	<b>3</b>	<b>81</b>
<b>Himachal Pradesh</b>	<b>4</b>	<b>14</b>	<b>4</b>	<b>0</b>	<b>3</b>
<b>J&amp;K</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Jharkhand</b>	<b>23</b>	<b>110</b>	<b>2</b>	<b>0</b>	<b>11</b>
<b>Karnataka</b>	<b>223</b>	<b>397</b>	<b>59</b>	<b>2</b>	<b>22</b>
<b>Kerala</b>	<b>42</b>	<b>152</b>	<b>4</b>	<b>0</b>	<b>10</b>
<b>Ladakh</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Madhya Pradesh</b>	<b>70</b>	<b>158</b>	<b>22</b>	<b>1</b>	<b>13</b>
<b>Maharashtra</b>	<b>926</b>	<b>2201</b>	<b>102</b>	<b>11</b>	<b>54</b>
<b>Manipur</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Meghalaya</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Mizoram</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Nagaland</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Odisha</b>	<b>138</b>	<b>337</b>	<b>7</b>	<b>0</b>	<b>42</b>
<b>Puducherry</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>8</b>

<b>Punjab</b>	<b>82</b>	<b>75</b>	<b>4</b>	<b>1</b>	<b>21</b>
<b>Rajasthan</b>	<b>507</b>	<b>197</b>	<b>31</b>	<b>1</b>	<b>59</b>
<b>Sikkim</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>18</b>
<b>Tamil Nadu</b>	<b>185</b>	<b>494</b>	<b>374</b>	<b>1</b>	<b>16</b>
<b>Telangana</b>	<b>117</b>	<b>536</b>	<b>235</b>	<b>1</b>	<b>23</b>
<b>Tripura</b>	<b>9</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>29</b>
<b>Uttar Pradesh</b>	<b>443</b>	<b>1645</b>	<b>44</b>	<b>5</b>	<b>24</b>
<b>Uttarakhand</b>	<b>66</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>33</b>
<b>West Bengal</b>	<b>126</b>	<b>343</b>	<b>18</b>	<b>0</b>	<b>17</b>
<b>And. &amp; Nicobar Is</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Lakshadweep</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>4153</b>	<b>12036</b>	<b>1317</b>	<b>41</b>	<b>29</b>

**NB/VM/KMN**

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