

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO. 1019
ANSWERED ON – 09.12.2025**

“GST THEFT BY SLEEPING MODULES”

1019. Shri Ashokrao Shankarrao Chavan:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken cognizance of GST theft/evasion being carried out through sleeping modules or inactive pharmaceutical firms used as fronts for fake invoicing, the details thereof;
- (b) the total number of such fake invoicing cases detected by the GST Authorities during the last three years and the current year;
- (c) the total estimated revenue loss to the exchequer due to this GST evasion during the above period; and
- (d) whether Government has taken any measures to identify, track and shut down these inactive or fraudulently operated pharma entities, the details thereof?

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

(a) to (c) : Cases of GST evasion (ITC frauds) have been detected where bogus or dummy entities were found to be used as fronts for fake invoicing. Details of such cases registered by Central tax formations during the last three Financial Years and current Financial Year are as under:

Period	No. of cases	Detection (Rs. in Cr.)
2022-23	7231	24140
2023-24	9190	36374
2024-25	15283	58772
2025-26 (upto October 2025)	24109	41664

The details of the cases of GST evasion (ITC fraud) being carried out through pharmaceutical firms detected by Central tax formations are as under:

Period	No. of cases	Detection (Rs. in Cr.)
2022-23	3	31.71
2023-24	0	0
2024-25	2	5
2025-26 (upto October 2025)	2	7.25

(d) The measures taken by the Government to prevent and tackle the cases of fake invoicing (ITC frauds) are as under:

- i. Input tax credit can only be availed in respect of such invoices or debit notes which have been furnished by the supplier in FORM GSTR-1 and details of which have been communicated to the registered person in FORM GSTR-2B.
- ii. A registered person is not allowed to furnish FORM GSTR-1, if he has not furnished return in FORM GSTR-3B for the preceding tax period.
- iii. Filing of FORM GSTR-1 is made mandatory before filing of FORM GSTR-3B for a tax period and filing of FORM GSTR-1 has been made mandatorily sequential.
- iv. Electronic invoicing system (e-invoice) has been made mandatory for all B2B transactions for businesses with turnover exceeding Rs. 5 crore.
- v. Provision of OTP based verification of PAN on mobile number at time of registration and email address linked with PAN. This will help in preventing GST registration using PAN of other persons, without their knowledge.
- vi. Provision of Risk based biometric Aadhaar authentication of registration applicants.
- vii. An applicant who has not opted for Aadhaar authentication, will also be required to visit GST Suvidha Kendra for taking of photograph and for document verification.
- viii. Physical verification requirement in high-risk cases, even when Aadhaar has been authenticated.
- ix. Details of bank account will be required to be furnished within 30 days of grant of registration or before filing of FORM GSTR-1/ IFF, whichever is earlier.
- x. System-based measures like:
 - a. suspension of the registration in respect of such registered persons who do not furnish the details of valid bank account within the time period prescribed.
 - b. suspension of registrations pertaining to registered persons who default in timely filing of returns is carried out in terms of provisions of rule 21A of the CGST Rules, 2017.
 - c. the requirement of Geo-tagging of the place of business of the applicant for the new registrations has been provided on the portal.
 - d. Automated notices under Rule 88C/88D in form of DRC-01B and DRC-01C are being issued.

- xi. Offence of fraudulent availment of ITC without invoice or bill is now cognizable and nonbailable offence.
- xii. Beneficiary, who retains benefit or at whose instance a supply has been made without the issuance of an invoice, or invoice has been issued without supply, or excess ITC has been availed/distributed, has been made liable for penalty.
- xiii. The Invoice Management System (IMS) is a functionality introduced on the GST portal in late 2024, designed to help recipient taxpayers manage incoming invoices more effectively. It allows recipients to accept, reject, or mark invoices as pending when these are saved or filed by their supplier taxpayers. With the implementation of IMS, registered recipients can now cross-verify and reconcile invoices reported by suppliers in their GSTR-1, thereby streamlining and strengthening the ITC claim process.
- xiv. Two special drives, respectively for the period 16.05.2023 to 14.08.2023 and 16.08.2024 to 30.10.2024, were launched on all India basis, both by Central as well as State tax administrations, for a concerted and coordinated action against fake registrations and fraudulent passing of ITC. The drive against non-existent/ fake registrations involved physical verification of the business premises of the taxpayers by duly constituted teams of tax officials. During this special drive non-existent GSTINs were identified and suspended/cancelled.
