

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 686**

To be answered on Monday, July 24, 2023/Sravana 2, 1945 (Saka)

“FRAUDULENT CASES OF GST REGISTRATION”

686. SHRI DHAIRYASHEEL SAMBHAJIRAO MANE:

SHRI SHRIRANG APPA BARNE:

SHRI BIDYUT BARAN MAHATO:

SHRI SANJAY SADASHIVRAO MANDLIK:

SHRI SUDHEER GUPTA:

SHRI PRATAPRAO JADHAV:

Will the Minister of FINANCE be pleased to state:

- (a) whether fraudulent cases of GST registration by misusing PAN and Aadhaar details of other people to claim Input Tax Credit (ITC) has come to the notice of the Government and if so, the details thereof, State-wise;
- (b) whether Central Board of Indirect Taxes and Customs (CBIC) is planning to implement biometric authentication and geo-tagging of risky entities under GST in the country;
- (c) if so, the details thereof and progress made in this regard;
- (d) the time by which it is likely to be implemented;
- (e) the total number of bogus entities identified by the Government during the CBIC’s ongoing drive against fake registration across the country during the current year; and
- (f) the details of other measures taken/being taken by the CBIC to verify the identities of individual’s connected to the businesses suspected of fraudulent activity and who are claiming fake Input Tax Credit?

ANSWER

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

- (a) Yes Sir. The details of cases booked by Central GST administration during the period from 01.07.2017 to 30.06.2023 are as under:

State/UT	No. of fraudulent cases of GST registration by mis-using PAN/AADHAAR details of other people to claim ITC	Detection (Rs. in Crore)	Recovery/ Realization (Rs. in Crore)	Arrests made in such cases
Andhra Pradesh	91	47.23	5.53	3
Assam	80	383.03	25.39	3

Bihar	65	454.91	0	0
Chandigarh	3	10.64	0	2
Chhattisgarh	36	491.64	0	7
Delhi	713	4326.39	159.01	43
Goa	1	0.04	0	0
Gujarat	570	2902.5	102.78	45
Haryana	265	230.82	1.92	5
Himachal Pradesh	2	0.92	0.92	0
Jammu & Kashmir	2	0.14	0	0
Jharkhand	177	1466.67	21.45	3
Karnataka	52	137.45	0.66	1
Kerala	135	162.03	0	0
Madhya Pradesh	62	141.49	8.76	3
Maharashtra	765	3889.73	171.32	23
Nagaland	8	16.78	0	0
Odisha	290	1389.93	15.97	1
Punjab	160	515.83	32.59	10
Rajasthan	410	4266.17	167.25	63
Tamil Nadu	632	1877.24	44.02	41
Telangana	137	267.18	17.43	12
Tripura	12	51.78	0	0
Uttar Pradesh	193	2324.62	12.11	53
Uttarakhand	2	31.82	0	0
West Bengal	207	2039.18	135.47	13
Total	5070	27426.16	922.58	331

(b), (c) and (d): Based on the recommendations of GST Council, sub-rule (4A) has been inserted in rule 8 of CGST Rules, 2017 to provide for risk based biometric-based Aadhaar authentication of registration applicants and project is being undertaken on a trial basis in three States/UTs.

Further, Goods and Services Network (GSTN) has made active the functionality of geocoding the address of the principal place of business of the registrants.

(e) :

Tax Administration	No. of bogus entities identified (from 16.05.2023 to 09.07.2023)	Detection (Rs. In Crore)	Recovery/ Realization (Rs. In Crore)	Arrests made
Centre (CBIC)	9369	10902	45	7

(f) Details of the measures taken by the Government to verify the identity of individual's connected to businesses suspected of fraudulent activity are as under:

1. Amendment in rule 8 of CGST Rules, 2017 to provide for One time Password (OTP) based verification of Permanent Account Number (PAN) on the mobile and email address linked with PAN. Further, insertion of sub-rule (4A) in the said rule 8 to provide for risk based, biometric-based Aadhaar authentication of registration applicants;
2. Amendment in rule 9 of CGST Rules, 2017 to provide for physical verification in high risk cases, even when Aadhaar has been authenticated;
3. Using robust data analytics and artificial intelligence to identify and track risky taxpayers and detect tax evasion;
4. Carrying out special all India drive to weed out fake registrations from 16.05.2023 to 15.07.2023;
5. Sharing of data with partner law enforcement agencies for more targeted interventions; and
6. Amendment in rule 10 A of CGST Rules, 2017 to provide for requirement of bank account furnished as a part of registration process to be in the name of the registered person and obtained on PAN of the registered person and also linked with Aadhaar in case of proprietorship firm. Also, the GST Council in its 50th meeting has recommended further amendment in rule 10A to provide that the details of bank account will be required to be furnished within 30 days of grant of registration or before filing of GSTR-1, whichever is earlier.
