

IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

2025:PHHC:146311



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CRM-M-49042-2025 (O&M)

Date of decision:27.10.2025

Deepak Goyal

... Petitioner

Vs.

Inspector (Anti-Evasion) CGST Commissionerate, Ludhiana ... Respondent

CORAM: HON'BLE MRS. JUSTICE MANISHA BATRA

Present: Mr. Kamaldeep Singh Sidhu, Advocate,
Mr. Naveen Bindal, Advocate and
Mr. Aman Bansal, Advocate for the petitioner.

Mr. Sourabh Goel, Sr. Standing counsel with
Ms. Deify Jindal, Advocate for the respondents.

...

Manisha Batra, J. (Oral).

Instant petition has been filed under Section 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (for short 'BNSS') making prayer for grant of regular bail to the petitioner in a complaint case titled as '**Union of India through CGST Commissionerate, Ludhiana Vs. Deepak Goyal and others**' filed by the respondent under Section 132(1)(b)(c) of the Central Goods and Service Tax Act, 2017 (for short 'CGST Act').

2. As per the allegations, during the investigation conducted by Anti-Evasion Branch, CGST Commissionerate, Ludhiana, it was found that two firms namely, M/s New Vasan Electric Company and M/s Shiv Enterprises were involved in availing and passing of Input Tax Credit (ITC)

on the strength of invoices issued by the suppliers, whose GST registrations had been cancelled suo-moto by the department, thereby rendering such ITC ineligible and fraudulent in nature. Moreso, M/s Shiv Enterprises had declared its Additional Place of Business at G.T. Road, Ludhiana which was the same address as Principal Place of Business of M/s New Vasan Electric Company. Even both the firms were found using the same mobile numbers for getting OTPs for filing GST returns. No genuine business activity was found to be carried out on the Principal Place of Business declared by M/s Shiv Enterprises, thereby indicating the possibility of a non-operational or paper entity. The overlap in declared business premises between the two entities raised serious concern about their independent functioning. It was also observed that major suppliers of both the above named firms were either found to be non-existent or untraceable during physical verification. A detailed examination of supplier chain of the major suppliers were undertaken and it was noted that in most cases, the trading chain ended abruptly with 'NIL' supplies, indicating the prices of paper or circular transactions with no actual movement of goods.

3. As per the further allegations, on 03.06.2025, search operations were conducted and it was found that both the above named firms had availed and passed on ineligible ITC to the tune of Rs.28.08 Crores without any actual movements of goods, thereby causing huge loss to the Government Exchequer. Operator of the firm namely M/s Shiv Enterprises and proprietor of M/s New Vasan Electric Company was arrested on 04.06.2025. Investigation further revealed that during the period from financial years 2019-20 to 2024-25, M/s Goel Electric company had availed

ITC to the tune of Rs.4,05,93,058.38/- from M/s New Vasan Electric Company and had availed ITC amounting to Rs.1,94,97,764.16/- from M/s Shiv Enterprises. The total ineligible ITC as availed by M/s Goel Electric Company amounted to Rs.6,00,90,822.54/-. M/s Goel Electric Company was found to be a proprietorship firm of Rakesh Goel, father of the present petitioner and it was further found that the petitioner was practically managing the affairs of the same. No substantial record such as invoices/Eway bills etc. were found to be maintained at the business premises of M/s Goel Electric Company. It was further revealed that the petitioner was managing the business operations of M/s Goel Electric Company since 1999, which was registered on his father's name and who was managing purchases and sales and handled GST related compliances. He had admitted the fact for not maintaining stock position and also the fact that some invoices received where no goods were actually delivered. It was also revealed that he had adjusted ITC based on goodless invoices received from M/s New Vasan Electric company and M/s Shiv Enterprises in violation of Section 16(2) of the CGST Act. He was arrested on 03.07.2025. He moved application for grant of bail, which was dismissed by the Court of learned Chief Judicial Magistrate, Ludhiana vide order dated 21.07.2025. The application moved by him before the Court of learned Additional Sessions Judge, Ludhiana was dismissed on 21.08.2025.

4. It is argued by learned counsel for the petitioner that he has been falsely implicated in this case. He was engaged in business of trading of electronic products and used to purchase goods from various suppliers against tax invoices and other documents and supplied goods to various

dealers and manufacturers against due tax invoices. He had been availing ITC on account of tax paid to the suppliers of his firm and had been utilizing the same to offset output tax liability of his firm. Bills against the invoices which are being questioned by the department, have been given to him. He has been arrested with a pre-determined notion. There are more than 50 other suppliers of the petitioners, who are active and are conducting their business in normal course. He is alleged to have availed fraudulent ITC of Rs.6.09 Crores. He had purchased goods bonafidely from firms M/s Shiv Enterprises and M/s New Vasan Electric Company by making through proper bank channels. The goods were accompanied by Eway bills invoices. Firm had reversed ITC amounting to Rs.47,02,971/- on 02.07.2025 and he had also deposited an amount of Rs.10 lakhs. Even on 03.07.2025 i.e. the date of his arrest, he had reversed an amount of Rs.48,50,000/-, thereby substantially reducing the alleged tax liability to an amount of less than Rs.5 Crores. The Eway bills generated by the suppliers and the impugned firm show that genuine transaction had taken place between the petitioner and those suppliers. There is no material on record to show non-movement of the goods. Investigation already stands completed. Complaint has been filed. He is in custody since long. Conclusion of trial will take considerable time. The subject offences are triable by the Magistrate. He has clean antecedents. He has permanent abode of business. The case rests upon documentary and electronic evidence and there are no chances of his tampering with the same. The maximum punishment to be awarded to him in case of his conviction is 05 years. He is ready to abide by the terms and conditions to be imposed upon him by this Court for grant of bail. With these broad submissions, it is,

urged that the petition deserves to be allowed and he deserves to be released on bail. In support of his contentions, learned counsel for the petitioner has relied upon the authorities cited as *Ratnambar Kaushik vs. Union of India*, 2022 INSC 1254, *Ashutosh Garg vs. Union of India*, 2024 (105) GST 572, *Vipin Garg alias Bindu vs. State of Haryana*, 2023(69) GSTL 3, *Yash Goyal vs. Union of India*, Criminal Appeal No. 2784 of 2024, decided on 28.06.2024, *Deepak Sharma vs. State of Punjab*, 2024 NCPHHC 104729, *Parteek Das Gupta vs. State of Haryana*, 2024 NCPHHC 46670, *Amit Bansal vs. State of Haryana*, 2024 NCPHHC 19173, *Tejpal Singh vs. Director General of G.S.T. Intelligence*, 2024(83) GSTL 247, *Sunil Mahlawat vs. Central Goods and Services Tax*, 2023(68) GSTL 31, *Shamim Akhtar vs. Directorate General of GST Intelligence*, 2023 NCPHHC 66070 and *Vineet Jain vs. Union of India*, Criminal Appeal No. 2269 of 2025, decided on 28.04.2025.

5. Reply has been filed by the respondent/State resisting the claim made by the petitioner. It has been argued by learned senior standing counsel for the respondent that the petitioner evaded tax liability of huge amount of money by creating false invoices and adjusting the amount of those invoices without any transportation of goods or sale of goods, thereby passing on fake ITC and evading payment of tax, thereby causing loss of money to the Government Exchequer. There are chances of his fleeing or tampering with the record, if extended benefit of bail. It is, thus, argued that under the given circumstances, he is not entitled to get indulgence of bail by this Court and the petition is liable to be dismissed.

6. The rival submissions made by both the parties have been heard

and carefully considered, besides going through the material placed on record.

7. Before proceeding to decide the prayer made by the petitioner for grant of bail, it would be apt to have a look at the relevant statutory provision contained in Section 132 of CGST Act, which read as under :

132. Punishment for certain offences.—

(1) Whoever commits any of the following offences, namely:-

(a) supplies any goods or services or both without issue of any invoice, in violation of the provisions of this Act or the rules made thereunder, with the intention to evade tax;

(b) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act, or the rules made thereunder leading to wrongful availment or utilisation of input tax credit or refund of tax;

(c) avails input tax credit using such invoice or bill referred to in clause (b); shall be punishable—

(i) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds five hundred lakh rupees, with imprisonment for a term which may extend to five years and with fine.

(ii) in cases where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds two hundred lakh rupees but does not exceed five hundred lakh rupees, with

imprisonment for a term which may extend to three years and with fine;

(iii) in the case of any other offence where the amount of tax evaded or the amount of input tax credit wrongly availed or utilised or the amount of refund wrongly taken exceeds one hundred lakh rupees but does not exceed two hundred lakh rupees, with imprisonment for a term which may extend to one year and with fine;

8. A bare perusal of the above mentioned provision leaves no room to doubt that the offences alleged carry minimum punishment of 06 months and a maximum punishment of 05 years of imprisonment. Further, Section 138 of the CGST Act is relevant, as per which, the offences under Section 132 of the Act are compoundable.

9. The law regarding grant of bail has been discussed in several pronouncements of Hon'ble Supreme Court. It will be apposite to refer to some of them. Reference can firstly be made to ***Dataram Singh vs. State of U.P. and another, (2018)3 SCC 22***, wherein Hon'ble Supreme Court had reiterated the law of bail as follows:

“2. A fundamental postulate of criminal jurisprudence is the presumption of innocence, meaning thereby that a person is believed to be innocent until found guilty. However, there are instances in our criminal law where a reverse onus has been placed on an accused with regard to some specific offences but that is another matter and does not detract from the fundamental postulate in respect of other offences. Yet another important facet of our criminal jurisprudence is that **the grant of bail is the general rule and putting a person in jail or in a prison or in a correction home (whichever**

expression one may wish to use) is an exception.

Unfortunately, some of these basic principles appear to have been lost sight of with the result that more and more persons are being incarcerated and for longer periods. This does not do any good to our criminal jurisprudence or to our society.

5. The historical background of the provision for bail has been elaborately and lucidly explained in a recent decision delivered in ***Nikesh Tarachand Shah v. Union of India [(2018) 11 SCC 1]*** going back to the days of the Magna Carta. In that decision, reference was made to ***Gurbaksh Singh Sibbia v. State of Punjab [(1980) 2 SCC 565]*** in which it is observed that it was held way back in ***Nagendra v. King-Emperor [AIR 1924 Cal 476]*** that bail is not to be withheld as a punishment. Reference was also made to ***Emperor v. Hutchinson [AIR 1931 All 356]*** wherein it was observed that grant of bail is the rule and refusal is the exception. The provision for bail is therefore age-old and the liberal interpretation to the provision for bail is almost a century old, going back to colonial days.”

10. It will also be proper to refer to ***Sanjay Chandra vs. CBI, (2012) 1 SCC 40***, wherein Sessions Court and the High Court had refused the requests of the persons accused of committing offences of cheating and forgery and use of forged documents, for grant of bail on the grounds that offences alleged against them were serious involving deep rooted planning, causing huge loss to the State exchequer and that there was possibility of the accused persons tampering with the evidence. The Hon’ble Supreme Court observed as under :

“The grant or refusal to grant bail lies within the discretion of the court. The grant or denial is regulated, to a large extent, by the facts and circumstances of each particular case. But at the same time, right to bail is not to be denied merely because of

the sentiments of the community against the accused. The primary purposes of bail in a criminal case are to relieve the accused of imprisonment, to relieve the State of the burden of keeping him, pending the trial, and at the same time, to keep the accused constructively in the custody of the court, whether before or after conviction, to assure that he will submit to the jurisdiction of the court and be in attendance thereon whenever his presence is required.

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46. We are conscious of the fact that the accused are charged with economic offences of huge magnitude. We are also conscious of the fact that the offences alleged, if proved, may jeopardise the economy of the country. At the same time, we cannot lose sight of the fact that the investigating agency has already completed investigation and the charge-sheet is already filed before the Special Judge, CBI, New Delhi. Therefore, their presence in the custody may not be necessary for further investigation. We are of the view that the appellants are entitled to the grant of bail pending trial on stringent conditions in order to allay the apprehension expressed by CBI.”

11. Similar observations were made by Hon’ble Supreme Court in ***P. Chidambaram vs. Directorate of Enforcement, (2020) 13 SCC 791*** and ***Satender Kumar Antil vs. Central Bureau of Investigation and another, 2022 AIR (Supreme Court) 3386.***

12. In view of the above discussion, it emerges that the position of law regarding grant of bail is that the basic jurisprudence relating to bail in economic offences remains the same in as much as the grant of bail is the rule and its refusal is the exception, so as to ensure that an accused has the opportunity to get fair trial. However, at the same time, it is not advisable to categorize all the economic offences into one group and deny bail on that

basis. While considering the question of grant of bail, the gravity of offences is an aspect, which is required to be taken into consideration. The gravity has to be gathered from the facts and circumstances having arisen in each case. One of such circumstances is also the term of sentence that is prescribed for the offence the accused is alleged to have committed. While considering the prayer for grant of bail in any offence, including economic offences, it is not a rule that bail should be denied in every case where the allegation is one of grave economic offences since there is not such bar created in the relevant enactment passed by the Legislature nor does the jurisprudence provide so. The broad parameters to be considered while deciding prayer of an accused for grant of bail can be enumerated as under :

- (i) whether there is any prima facie or reasonable ground to believe that the accused had committed the offence;
- (ii) nature and gravity of the charge;
- (iii) severity of the punishment in the event of conviction;
- (iv) danger of accused absconding or fleeing if released on bail;
- (v) character, behaviour, means, position and standing of the accused;
- (vi) likelihood of the offence being repeated;
- (vii) reasonable apprehension of the witnesses being tampered with; and
- (viii) danger, of course, of justice being thwarted by grant of bail.

13. Reference may now be made to the citations relied upon by the petitioner in support of his prayer for grant of bail. In ***Ratnambar Kaushik***'s case (supra), the High Court had dismissed an application filed by the accused for grant of regular bail in the proceedings for the offences alleged against him under Sections 132(1) read with Section 132(5) of the CGST

Act. While observing that the alleged evasion of tax by the accused was to the extent as provided under Section 132(1)(i) and the punishment provided was imprisonment which might extend to 05 years and fine, the fact that the accused had already undergone incarceration for 04 months and completion of trial was likely to take time and further that the evidence to be tendered was of documentary nature, the Hon'ble Supreme Court had passed an order for release of the accused on bail. In **Ashutosh Garg's** case (supra), the High Court of Judicature for Rajasthan at Jaipur had dismissed the prayer made by the petitioner, who was accused of creating and operating 294 fake firms and evaded tax liability of Rs.1032 crores. The Hon'ble Supreme Court allowed the Special Leave Petition filed by the accused by taking into consideration the fact that he was in custody for a period of 09 months and that the offence carried maximum punishment for 05 years of imprisonment. It was observed that it was not appropriate to keep him in custody any further.

14. Further, in **Vipin Garg alias Bindu's** case (supra), there was allegation of misuse of ITC leading to loss of State exchequer. Chargesheet had been submitted. It was observed by Hon'ble Supreme Court that though heavy loss to the exchequer was alleged to be caused by the accused and no recovery had been effected but further detention of the accused during trial was not necessary and he was extended benefit of bail. In **Yash Goyal's** case (supra), the petitioner was in custody for a period of 06 months for commission of offence punishable under Section 132 of the CGST Act. While considering that the maximum sentence which would be awarded was 05 years and that the trial was likely to take time, Hon'ble Supreme Court directed the appellant to be released on bail. Reliance can also be placed

upon a recent pronouncement of Hon'ble Supreme Court in *Vineet Jain's* case (supra), wherein a person accused of committing offence under Section 132(1) of the CGST Act was denied grant of bail. The Hon'ble Supreme Court allowed the appeal filed by the accused by taking into consideration the fact that he was in custody for a period of 07 months, chargeheet had been filed and that the offence carried maximum punishment for 05 years of imprisonment. While granting bail to the accused, the Hon'ble Supreme Court had made following observations:

“We are surprised to note that in a case like this, the appellant has been denied the benefit of bail at all levels, including the High Court and ultimately, he was forced to approach this Court. These are the cases where in normal course, before the Trial Courts, the accused should get bail unless there are some extra ordinary circumstances.”

15. Similar observations were made by the co-ordinate Benches of this Court in *Deepak Sharma's* case (supra), *Parteek Das Gupta's* case (supra), *Amit Bansal's* case (supra), *Tejpal Singh's* case (supra) and *Sunil Mahlawat's* case (supra).

16. Now adverting to the present case, as per the allegations, the petitioner is involved in the racket of fake invoicing, thereby causing loss to the govt. exchequer through fraudulent GST input tax credit claims. However, the claims are yet to be determined by the competent authority of the respondent by making proper assessment/adjudication. As such, it is only after assessment/adjudication that the liability of the petitioner with regard to exact amount of evasion of tax is to be determined under the relevant

provisions of CGST Act. A complaint has already been filed against the petitioner. He is in custody since 03.07.2025. Nothing has been shown to this Court which may justify the further detention of the petitioner in prison.

17. On consideration of the above discussed facts and circumstances and also considering that the alleged offences are punishable with maximum punishment up to 05 years and also keeping in view that in such circumstances, the further detention of the petitioner may not at all be justified since in case of this nature, the evidence to be rendered by the respondent would essentially be documentary and electronic, which will be through official witnesses, due to which, there cannot be any apprehension of tampering, intimidating or influencing the witnesses and further as it appears justified to strike a fine balance between the need for further detention of the petitioner when no custodial interrogation has been claimed at all by the department, this Court considers that the petitioner is entitled to be released on bail but subject to certain conditions.

18. As a result of above discussion, the petition moved by the petitioner is hereby allowed and he is ordered to be released on regular bail on his furnishing personal bonds with two sureties in the like amount each to the satisfaction of the Court concerned/Duty Magistrate. The concession of bail granted to the petitioner shall be further subject to following conditions:

- (a) He shall deposit his passport, if any, before the learned trial Court;
- (b) He shall cooperate in trial without seeking any unnecessary adjournments;
- (c) He shall not tamper with the prosecution evidence by intimidating or pressurizing the witnesses during trial;

(d) He shall not dispose of any of his property or of the firms/companies in which he has substantial interest and which are also under investigation;

(e) He shall not indulge in any criminal activity or in commission of any crime after being released on bail.

(f) He shall provide the details of his Aadhar Card as well as his contact numbers to the trial Court.

19. Breach of any of the above conditions shall be a ground for cancellation of bail granted to the petitioner.

20. It is made clear that the observations made herein above are only for the purpose of deciding the present petition and the same shall not be construed as an expression of opinion by this Court on the merits of the case.

27.10.2025

harjeet

**(MANISHA BATRA)
JUDGE**

Whether speaking/reasoned :

Yes/No

Whether reportable :

Yes/No