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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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Decided on :05.03.2026

King Raj

. . . Petitioner(s)

Versus

Director General of GST Intelligence Chandigarh and another

. . . Respondent(s)

CORAM: HON'BLE MR. JUSTICE SANJAY VASHISTH

Present: Mr. Sandeep Goyal, Sr. Advocate with
Mr. Rishab Singla, Advocate for the petitioner.

Mr. Saurabh Goel, Sr. Standing Counsel
for respondent CBIC.

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SANJAY VASHISTH, J. (Oral)

1. Present petition has been filed under Section 483 of BNSS, seeking regular bail in file No. DGGI/INV/GST/2552/2025-Gr A O/O ADG-DGCI-ZU-CHANDI of Directorate General of GST Intelligence for the offence under Section 132(1) (b) and 132(1) (c) and 132(5) of the Central GST Act, 2017 read with Section 20(xv) of the Integrated GST Act, 2017.

2. Learned Senior counsel for the petitioner submits that petitioner has been falsely implicated in the present case and has no direct role in the alleged fraudulent activities of M/s KH Traders.

Learned Senior counsel further submits that the said firm was actually owned and operated by one Abhishek Sharma, whereas petitioner was merely working as an employee in the firm and was drawing a monthly salary of Rs. 25,000/-. Petitioner had no control over



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the business affairs of the firm and had no knowledge of the alleged fraudulent availment or passing of input tax credit.

Learned Senior counsel also submits that nothing incriminating has been recovered from the personal search of the petitioner and no material has been brought on record to demonstrate his active involvement in the alleged offence. Petitioner is in custody since 03.11.2025 and the case is primarily based on documentary evidence which is already in the possession of the department. Therefore, further detention of the petitioner would serve no useful purpose.

Learned Senior counsel further argues that the alleged offences carry a maximum punishment of five years and the trial is likely to take considerable time to conclude.

Learned Senior counsel has placed reliance upon the judgment of the Hon'ble Supreme Court in '*Vineet Jain vs. Union of India*' as well as the orders dated 02.02.2026 passed by this Court in CRM-M-53422-2025 titled '*Jashanpal Singh vs. Union of India*' and CRM-M-62114-2025 titled '*Preet Pal Garg vs. Union of India*', wherein bail was granted in similar circumstances.

On the basis of the aforesaid submissions, learned counsel prays that the petitioner may be granted the concession of regular bail.

3. On the other hand, learned counsel for the respondent submits that the investigation conducted by the department clearly

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establishes the involvement of the petitioner in the fraudulent availment of input tax credit.

4. In support of the allegations, Mr. Saurabh Goel, learned counsel for the respondent, submits that the proprietor, Sh. King Raj, had declared only a single bank account, maintained with Yes Bank, Mandi Gobindgarh Branch, in the GST registration of M/s KH Traders, and the said account is the only bank account furnished by the taxpayer for GST compliance purposes. Upon scrutiny of the bank statements of the said account, it has been observed that the taxpayer has not made any payments commensurate with, or equivalent to, the value of the invoices purportedly issued by the suppliers. This, according to learned counsel, indicates that the transactions reflected in the invoices were not supported by actual financial dealings.

5. Learned counsel thus submits that the material collected during the course of investigation prima facie shows that fraudulent input tax credit of the amount of Rs.27.35 Crores was availed without any genuine underlying supply of goods, thereby causing substantial loss to the government exchequer, and therefore the petitioner does not deserve the concession of bail at this stage.

6. I have heard learned counsel for the parties and perused the paper book along with the documents appended thereto.

7. As per the case of the complainant, petitioner has fraudulently availed input tax credit amounting to approximately Rs.



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27.35 crores against a taxable value of about Rs. 152 crores for the period from April 2023 to March 2025, without any actual inward supply of goods.

However, there is no denial of the fact that, for recovery of the said amount, the GST Act provides for specific statutory proceedings against the accused, apart from the initiation of criminal proceedings in the present case.

8. In **Vineet Jain's case** (*supra*), Hon'ble Apex Court took it seriously that once offense is triable by the Court of Magistrate and awardable sentence is also limited and the allegations are based upon the documentary evidences, it becomes a matter of right to question that despite the accused being inside jail for 07 months, why the bail could not be granted to the accused, until the allegations are proved

Similarly, in **Manish Kumar's case** (*supra*), wherein, there was an allegation of creating of 27 fake firms by the accused, yet by considering the submissions of the GST Department that investigation is still pending, concession of bail was extended to the accused. Brother Judge of this Court (Harpreet Singh Brar, J.), noticed that, *'Much to the concern of this Court, the empirical data makes it abundantly clear that securing a conviction and concluding the trial is not a matter of priority for the respondent as all its energy is devoted towards curtailing liberty of the prospective accused.'*

Even the view taken by the Hon'ble Apex Court in **Radhika**

Aggarwal v. Union of India and others, 2025 SCC OnLine SC 449,



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was also followed by noticing that, *'normally it would be mandatory to conclude assessment proceedings under Section 73, 74 of the CGST Act before initiating criminal prosecution under Section 132 of the CGST Act. However, in exceptional circumstances, the same can be circumscribed after providing detailed reasons for the same.'*

In **Sarthak Jain's case** (*supra*) also, though allegation of evading of tax was there, but accused in the said case had remained inside jail for the considerable period and the offences being triable by the Court of Magistrate, was extended the concession of bail.

Moreover, personal liberty of the petitioner cannot be curtailed for an indefinite period in view of Radhika Aggarwa's case (*supra*).

9. Considering the fact that the petitioner is in custody since 03.11.2025 and the investigation in the present case is primarily based on documentary evidence which is already in the possession of the department, this Court is of the view that further custodial interrogation of the petitioner would not serve any meaningful purpose. The trial is likely to take considerable time to conclude, particularly in view of the voluminous documentary evidence involved. Without expressing any opinion on the merits of the case and taking into consideration the period of custody already undergone by the petitioner, this Court finds it a fit case for grant of regular bail. Petitioner is ordered to be released on bail, subject to his furnishing bail/surety bonds to the satisfaction of the

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learned trial Court/ Chief Judicial Magistrate/Illaq Magistrate/ Duty Magistrate concerned, if not required in any other case.

10. Any of the discussion done and recorded hereabove, shall not be construed as an expression of opinion on the facts of the case. Therefore, trial Court is expected to decide the case by taking an independent view, on the basis of evidence available on record, as expeditiously as possible in accordance with law.

11. Petition stands disposed of.

(SANJAY VASHISTH)
JUDGE

05.03.2026***Rashmi***

Whether speaking/reasoned: Yes/No
Whether Reportable: Yes/No