2026:CGHC:32670

CGHC010239802026 2026:CGHC:32670

NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

MCRC No. 5936 of 2026

1 - Chandan Gupta S/o Shri Naresh Gupta Aged About 31 Years R/o Bhatagaon, Raipur, District- Raipur (C.G.)

... Applicant(s)

versus

1 - Directorate General of Goods And Service Tax Intelligence / DGGI Regional Unit, Raipur, Through Ajit Kumar Singh Senior Intelligence Officer, D G G I Zonal Unit, Raipur, District- Raipur (C.G.)

... Respondent(s)

For Applicant(s)	:	Shri Manoj Paranjpe, Sr. Advocate with Shri Arpan Verma, Advocate
For Respondent(s)	:	Shri Maneesh Sharma, Advocate

Hon'ble Mr. Ramesh Sinha, Chief Justice

Order on Board

29.07.2026

1. This is the **first bail application** filed under Section 483 of the Bharatiya Nagarik Suraksha Sanhita, 2023, seeking grant of

regular bail to the applicant, who is in judicial custody in connection with Crime No. AD220126006503S registered at Police Station- General of Goods and Service Tax Intelligence/DGGI, Regional Unit, Raipur for the offences punishable under Sections 7, 16(1), 16(2), 20, 29(2)(E), 31, 37, 38, 39, 41, 67(1), 69, 70, 122(1)(ii), 122(1)(vi), 122(1)(xvii), 122(1A), 132(1)(i), 132(1)(i)(B), 132(1)(C), 132(1)(F), 132(5), 132(6), 135, 135(B), 137 and 155 of the Central Goods and Service Tax, 2017.

2. As per the prosecution story, during a departmental investigation into an alleged Input Tax Credit (ITC) fraud relating to M/s Srishti Construction, Devpuri, Raipur, the applicant was found to be the mastermind of the fraud. It is alleged that the firm availed fake ITC of approximately ₹17.18 crore and passed on fake ITC of about ₹10.82 crore to various entities in different States by issuing fake invoices without any actual supply of goods, thereby causing substantial loss to the Government exchequer. During inspection, no such firm was found to be operating at the given address. It is further alleged that the applicant issued fake invoices to various customers, received ₹58,50,000/- from the bank account of M/s Srishti Construction in lieu thereof, and fraudulently used the documents of one Hitesh Dhruv to open a Bandhan Bank account through which transactions amounting to ₹17,96,16,038.38 were routed. On the basis of the aforesaid allegations, the present crime was registered against the applicant.

3. Shri Manoj Paranjpe, learned Senior Counsel appearing for the applicant, submits that the applicant is innocent and has been falsely implicated in the present case. It is contended that the essential ingredients of the offence punishable under Section 132(1)(c) of the Central Goods and Services Tax Act, 2017 are not made out against the applicant. It is further submitted that the applicant had no role in the generation of fake invoices, neither owned nor controlled the alleged firms, and was not directly involved in availing or passing on Input Tax Credit.

Learned Senior Counsel further submits that the allegations against the applicant are sought to be established primarily on the basis of statements recorded during the course of investigation and certain banking transactions. It is contended that whether such material is sufficient to establish the applicant's conscious involvement, criminal intent, beneficial ownership, or effective operation and control of the alleged entities are matters requiring detailed appreciation of evidence during trial and cannot be conclusively determined at the stage of consideration of bail. It is further submitted that the Department has failed to produce any unimpeachable documentary evidence establishing that the applicant was the proprietor, owner, or person exercising effective control over the alleged entities. Mere allegations describing the applicant as the "mastermind" or a facilitator, unsupported by independent documentary evidence, are insufficient to justify prolonged pre-trial incarceration. It is also submitted that all relevant records, invoices, electronic data, GST returns, banking documents, and other digital evidence have already been seized by the Department and are in its custody. Consequently, there is no possibility of the applicant tampering with the documentary evidence relied upon by the prosecution.

Learned Senior Counsel further places reliance upon the order passed by the this Court in ***Santosh Wadhwani v. DGGI*** **(MCRC No. 2070 of 2026)**, decided on **10.04.2026**, wherein regular bail was granted in a similar case under Section 132 of the CGST Act after observing that the prosecution case was primarily based on documentary evidence, the investigation had substantially progressed, and no further custodial interrogation was required. It is submitted that the case of the present applicant stands on an equal or better footing and, therefore, deserves similar treatment on the principle of parity.

Learned Senior Counsel further submits that the investigation has been completed and the final complaint has already been filed. It is submitted that the entire prosecution case is based on documentary evidence and that all relevant documents and electronic records are already in the custody of the Department. No further recovery is required to be effected from the applicant. It is further submitted that the applicant has been in judicial custody since 22.01.2026, the trial is likely to take considerable time to conclude, and there is no likelihood of the applicant tampering with the prosecution evidence or absconding.

It is also submitted that, except for one criminal antecedent, the applicant has no other criminal history. On these grounds, it is prayed that the applicant be enlarged on bail.

4. Per contra, learned counsel appearing for the respondent opposes the bail application and submits that the fraudulent availment of ITC amounting to ₹17,18,23,354/- and the passing on of fake ITC amounting to ₹10,62,66,870/- across multiple States constitute a grave economic offence affecting the integrity of the GST regime and causing substantial loss to the public exchequer. It is contended that the applicant's continued custody is necessary to safeguard public revenue, facilitate the apprehension of the absconding accused, prevent tampering with digital and electronic evidence and ensure a fair and effective prosecution.

Learned counsel further submits that there is a substantial likelihood that, if released on bail, the applicant may influence prosecution witnesses, tamper with the evidence, or prejudice the further investigation into the larger conspiracy relating to the fraudulent availment and passing on of Input Tax Credit, involving substantial Government revenue. It is, therefore, submitted that the grant of bail at this stage would adversely affect the fair and effective completion of the investigation.

It is further submitted that the principal accused has already been arrested and the complaint has been filed. However, the investigation with regard to the larger conspiracy is still in progress. Considering the nature and gravity of the offence, the magnitude of the alleged fraud and the role attributed to the applicant, it is submitted that no case for grant of bail is made out. Accordingly, it is prayed that the present bail application be rejected.

5. I have heard learned counsel appearing for the parties and perused the material available on record.

6. Taking into consideration the nature and gravity of the allegations, the fact that the investigation has been completed and the final complaint has already been filed, the fact that the entire case is based on documentary and electronic evidence already in the custody of the Department, the period of custody of the applicant since 22.01.2026 and the likelihood of the trial taking considerable time to conclude, this Court is of the opinion that further custodial detention of the applicant is not warranted at this stage. Considering the overall facts and circumstances of the case and without expressing any opinion on the merits of the matter, this Court is inclined to allow the present bail application.

7. If the applicant- **Chandan Gupta** furnishes a personal bond in the sum of Rs.1,00,000/- with one solvent surety to the satisfaction of the concerned Court, he be released on bail involved in Crime No. AD220126006503S registered at Police Station- General of Goods and Service Tax Intelligence/DGGI, Regional Unit, Raipur for the offences punishable under Sections 7, 16(1), 16(2), 20, 29(2)(E), 31, 37, 38, 39, 41, 67(1), 69, 70, 122(1)(ii), 122(1)(vi), 122(1)(xvii), 122(1A), 132(1)(i), 132(1)(i)(B), 132(1)(C), 132(1)(F), 132(5), 132(6), 135, 135(B), 137 and 155 of the Central Goods and Service Tax, 2017. Order shall be in force till disposal of the case.

Sd/-
(Ramesh Sinha)
Chief Justice

Ruchi