

I-T raid unearths huge bribes paid for gutkha sale in Tamil Nadu

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The Income-Tax department is awaiting a response to a letter written to the Tamil Nadu government seeking further investigation into suspected bribes of almost ₹40 crore paid to a Tamil Nadu Minister and top officials of the State.

The letter, written on August 11, 2016 by the investigation wing of the I-T department, followed a search on the premises of a leading gutkha manufacturer in Chennai. A ledger seized during the raid lists alleged payouts to senior bureaucrats and police officers apart from the Minister.

Documents available with The Hindu suggest that a partner of the gutkha manufacturer – which markets the MDM brand of the product – corroborated that the money was paid out to them. This was allegedly done over a period of one year as a quid pro quo for facilitating the sale of banned gutkha in Chennai.

In his letter sent to the Chief Secretary and the Director-General of Police, a copy of which is available with The Hindu, the Principal Director of Income Tax (Investigation) B.R. Balakrishnan states that the ledger containing payouts was seized from the residence of a woman accountant who worked for the firm.

The letter goes on to say that Madhava Rao, one of the main partners of the firm, had confirmed that these payments were made to the bureaucrats and the Minister. The Income-Tax department has so far not made any enquiries with the alleged recipients of the money. Attached with the letter were the relevant extracts from the statement of accounts which suggest that voucher payments were made to senior officials of the Chennai police, Chennai Corporation, Health Department, Food Safety Department and Central Excise among others.

In the statement recorded before Kannan Narayanan, Deputy Director of Income Tax (Investigation), Mr. Madhava Rao is stated as referring to the payouts as “incidental expenses incurred by us as we are running the business of manufacturing and sale of gutkha which is not

legally permitted in Tamil Nadu.”

Mr. Rao is stated as having explained the coded references in the ledger. For example, GE (Delhi/CE/Rao) is said to have meant “General Expenses, Central Excise officer”. The amounts paid were listed under different heads — as monthly expenses, Deepavali bonus and Christmas bonus.

Following the receipt of the Income-Tax department’s letter seeking further action, the then Director-General of Police had sent a report to the Chief Minister, according to sources in police headquarters. The documents are still pending with the government for action. However, a couple of months ago, on the basis of another letter written by the then Commissioner of Police, the Tamil Nadu government did refer the issue of illegal sale of gutkha and the possible connivance of police officers in abetting this for an investigation by the Directorate of Vigilance and Anti-Corruption.

Income-Tax department officials suspect this was done to ward off criticism that no action was being taken in the gutkha matter. Significantly, the DVAC has made little progress in the case.

Link:

<http://www.thehindu.com/news/national/tamil-nadu/i-t-raid-unearths-huge-bribes-paid-for-gutkha-sale-in-tn/article19151296.ece?homepage=true>

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