

SEBI busts billion-dollar ‘tax evasion shops’

After banning more than 900 entities, SEBI has referred these cases to the Income Tax Department.

Suspecting tax evasion of at least Rs 5,000-6,000 crore, regulator SEBI has clamped down on a large number of organised syndicates who had set up ‘shops’ to convert black money into legitimate-looking funds through the stock market platform.

While more than 900 entities have been banned from capital markets by the Securities and Exchange Board of India (SEBI), it has also referred these cases to the Income Tax Department for further investigations.

“We have banned more than 900 entities and my guess is that the tax avoidance that has happened in these cases is more than Rs 5000-6,000 crore,” SEBI Chairman U.K. Sinha said.

“We have given all the details to the CBDT (Central Board of Direct Taxes) and we have told them that they should probe them,” Mr. Sinha told PTI in an interview.

Talking about the menace of money laundering and other market-related manipulations, Mr. Sinha said the regulator is trying to curb such cases one-by-one very successfully.

“As far as markets are concerned, one by one we are trying to curb the manipulation very successfully — be it IPO markets, GDR markets or secondary markets. But I must also say that this is an ongoing battle and I cannot say that we have controlled everything,” he said.

Giving a “complete picture” on this menace, the SEBI chief said, “In any country or in any market, there are always people who are trying to find loopholes and take advantage.

“These are the people who have criminal intent. They are not here to help in the growth of the country. They work with a desire to corner money with criminal intentions.”

Giving example of the IPO market, Mr. Sinha said SEBI found “some people had virtually set up shops” there.

“If you want to raise Rs 200 crore, come to me, I will provide you the buyers, I will provide you the platform and I will provide you with a mechanism on how to go for the listing. They were manipulating the market after listing,” Mr. Sinha said, while adding that SEBI was able to crack this.

(The Hindu)