

Future Group top executive arrested over unpaid duties

REUTERS

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Investigative authorities arrested a top executive at the retail conglomerate Future Group, one of the largest retailers in the country, on customs fraud charges involving more than \$2 million of unpaid customs duties on garment imports, a government statement said on Saturday.

The Directorate of Revenue Intelligence, part of the finance ministry, arrested Dinesh Maheshwari, executive director and chief financial officer of Future Enterprises, for flouting import rules that allow duty-free shipments of certain items under a free trade pact with Bangladesh. It didn't say where he was detained.

Future Group did not respond to a Reuters e-mail and phone calls seeking comment.

The imports were being supplied from other countries but being directed through Bangladesh and passed off as being of Bangladeshi origin after minimal processing, the finance ministry statement said.

Future Enterprises is an infrastructure arm of a diversified retail business founded by billionaire Kishore Biyani. The group runs a series of retail chains in the country, including many local and international apparel brands, the fashion stores FBB, Big Bazaar supermarket stores and premium lifestyle food superstore Foodhall.

"Specific intelligence was received by Directorate of Revenue Intelligence that M/s. Future Enterprises Ltd. was importing readymade garments from Bangladesh through Petrapole LCS without payment of Basic Customs Duty," the statement said.

Future Group exec arrested over unpaid duties

Low wages have helped Bangladesh build the world's second-largest garment industry, behind China, with some 4,000 factories employing about 4 million workers.

Kolkata: DRI arrests retail major CFO for 'duty evasion'

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KOLKATA: The department of revenue intelligence (DRI) on Friday night arrested Future Enterprises chief financial officer Dinesh Maheswari for Rs 15 crore duty evasion. The CFO was reportedly arrested after he appeared for questioning at the agency's Kolkata office.

There was no official response from the company despite several attempts by TOI. In a press communique, the DRI on Saturday said the firm — which imported readymade garments from Bangladesh via the Petrapole checkpoint — came under its lens after the agency suspected the company was evading basic customs duty. DRI alleged that the company was availing of SAARC Preferential Trading Arrangement (Safta)

benefit of customs duty exemption but did not meet the criteria for the same.

Under Safta, a company can avail duty-free import if there is a minimum 40% value addition to the product at the country of origin. The DRI stated that the value of the garments 'as ostensibly manufactured in Bangladesh, was shown to be much less than the actual value of the goods. Thus, a higher value addition was shown to have taken place in Bangladesh in order to meet the requirement under Safta'.

DRI also claimed that the garments were primarily supplied by companies in countries like Singapore and Dubai. But these were finally delivered from Bangladesh after 'minimal processing'. Between June, 2017 and January 2018, the company

allegedly imported 83 consignments worth Rs 35.91 crore and the customs liability for the same was Rs 14.58 crore. Maheswari was sent to two days' judicial custody.

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"Specific intelligence was received by Directorate of Revenue Intelligence that M/s. Future Enterprises Ltd. was importing readymade garments from Bangladesh through Petrapole LCS without payment of Basic Customs Duty," the statement said.

Petrapole LCS is a land customs station on the Indian side of the border with Bangladesh.

"Investigations further reveal that the garments were supplied by third country suppliers based in Dubai and Singapore, but were delivered from Bangladesh after some minimal processing, not enough as per the norms for the product to be called as of Bangladeshi origin."

The government said cases of abuse of the free trade pact "directly affect the 'Make in India' campaign of the country and distort the level playing field for genuine Indian manufacturers." For several years, Indian Prime Minister Narendra Modi has been pushing his flagship "Make in India" programme to boost local manufacturing and provide jobs to millions of youth entering the workforce every year.

Low wages have helped Bangladesh build the world's second-largest garment industry, behind China, with some 4,000 factories employing about 4 million workers.

Bangladesh is among the world's largest exporters of apparel sold by Western companies like H&M and Walmart.

It wasn't immediately clear whether Maheshwari remained in custody.