

Prohibition of Benami Property Transactions Act, 1988) involving Shri Shashi Kant Chaurasia:

Case Background

- The case was initiated by the **Deputy Commissioner of Income Tax (Benami Prohibition Unit-1, New Delhi)**.
- It concerns allegations that **Shashi Kant Chaurasia (Beneficial Owner)** routed **unaccounted money** through several **benamidar entities** (10 individuals/entities, largely linked to diamond trading) using **bogus diamond transactions**.

Core Allegation

- Authorities claim Chaurasia declared rough diamonds under **Income Declaration Scheme (IDS), 2016**, then falsely showed:
 - Processing of rough diamonds into cut-and-polished diamonds
 - Their sale through multiple entities
 - Resulting **Long-Term Capital Gains (LTCG)** of about **₹295.86 crore**, alleged to be actually disguised unaccounted money.
- Total alleged **benami property traced/provisionally attached**:
 - **₹358.95 crore** total benami property value
 - **₹120.26 crore** proceeds available for attachment
 - **₹238.68 crore** shortfall yet to be identified

Assets Attached (Schedule-I)

Properties attached included:

- Land and buildings
- Bank deposits
- Shares and securities
- Insurance policies
- Loans and advances
- Mutual funds
- Partnership investments
- Jewellery and cash

Department's Findings

Authorities concluded:

- The diamond transactions were **sham arrangements**.
- The listed entities acted as **conduits/benamidars**.
- There was **no genuine evidence** proving the existence, processing, or sale of the diamonds.
- Statements, field verification, contradictory explanations, and investigation indicated a **pre-planned scheme to convert unaccounted money into accounted money**.

Defense Arguments

Defendants argued:

- The diamonds were genuine and declared lawfully under IDS-2016.
- Sales were supported by banking channels, tax returns, GST records and books.
- No money trail showed cash moving from Chaurasia to alleged benamidars.
- The department failed to properly identify specific benami properties.
- Proceedings violated principles of natural justice.

Adjudicating Authority's View

The Adjudicating Authority largely accepted the **Initiating Officer's case**, finding:

- The transactions fit the definition of **benami transaction** under Section 2(9)(A).
- The alleged sale proceeds were **benami property**.
- Provisional attachment was justified.
- Transfers after notice would be **null and void** under Section 57.

Outcome / Order

- **Provisional Attachment Order dated 28.05.2022 was confirmed.**
- Properties were treated as **benami properties** under the PBPT Act.
- Proceedings moved toward **possible confiscation by the Central Government** under Section 27.

In Simple Terms

Authorities held that **diamond sales were a facade used to launder unaccounted money**, and the assets created from those proceeds were attached as **benami property**.

Based on the order, the practical outcome is:

- 1. Provisional Attachment Confirmed**
The Adjudicating Authority confirmed the **Provisional Attachment Order (PAO)** passed under Section 24(4). This means the assets identified in the case remain attached.
- 2. Properties Declared Benami (as per findings)**
The attached assets/proceeds linked to the alleged diamond-sale transactions were treated as **benami property** under the PBPT Act.
- 3. Transfer/Disposal Restrictions Continue**
The properties cannot be sold, transferred, or otherwise dealt with freely. Any transfer after notice can be treated as **ignored/null and void** for purposes of these proceedings.
- 4. Matter Moves Toward Confiscation Stage**
With confirmation of attachment, the case advances toward the next legal consequence under **Section 27** — possible **confiscation by the Central Government**, subject to the statutory process and any appellate remedies.
- 5. Serious Adverse Finding Against Beneficial Owner**
The order records an adverse finding that **Shashi Kant Chaurasia was the Beneficial Owner** and that the alleged structure involved benami transactions.

In short:

- **Attachment stays.**
- **Assets remain under restraint.**
- **Confiscation proceedings can follow.**
- **You would generally need relief through appeal/challenge to overturn the order.**

Probable Questions:

Here is a **detailed 15-question questionnaire** tailored to **Shashi Kant Chaurasia (R-0187)** and the alleged roles of all benamidars:

A. Scope / Gamut of the Income Tax Department Probe

- 1.** What information, intelligence inputs, or material first prompted the Income Tax Department to initiate investigation into the alleged diamond-sale transactions involving Shri Shashi Kant Chaurasia and the related entities?
- 2.** What was the full scope of the investigation carried out by the Income Tax Department, including searches, seizures, field verification, forensic review of records, bank scrutiny, statements recorded, and inter-agency coordination?
- 3.** Which books of accounts, bank accounts, income tax returns, digital records, transaction documents, and third-party entities were examined during the course of the probe?
- 4.** What role did the Special Investigation Branch (Commercial Taxes Department, Uttar Pradesh) findings and the subsequent Income Tax search proceedings play in expanding the scope of the investigation?

B. Findings of the Income Tax Department Probe

- 5.** What findings led the Department to conclude that the rough diamonds declared under IDS-2016 were either non-existent or falsely used as part of a scheme to generate bogus Long-Term Capital Gains?
- 6.** What evidence did the Department rely upon to conclude that the processing, cutting, polishing, and sale of the diamonds were not genuine commercial transactions but sham or accommodation arrangements?
- 7.** What specific findings supported the allegation that the declared LTTCG of approximately ₹295.86 crore represented disguised unaccounted money routed through alleged benamidar entities?
- 8.** What findings, if any, were recorded regarding the movement, layering, or tracing of funds through alleged benamidars and how were these findings used to invoke the PBPT Act?

C. Role of Shashi Kant Chaurasia in the Alleged Tax Fraud

- 9.** What role did the Department attribute to Shri Shashi Kant Chaurasia in designing, directing, controlling, or benefiting from the alleged scheme involving bogus diamond transactions?
- 10.** On what evidence did the Department conclude that Shri Shashi Kant Chaurasia acted as the “Beneficial Owner,” and how did it allege he provided consideration or controlled the benami structure?

11. What findings were recorded regarding Shri Shashi Kant Chaurasia's role in:

- declaration of diamonds under IDS-2016,
- generation of alleged bogus sale proceeds, and
- investment of those proceeds into attached assets?

12. What evidence did the Department rely upon to allege that Shri Shashi Kant Chaurasia knowingly converted unaccounted funds into accounted assets through the alleged benami arrangement?

D. Role of Each Alleged Benamidar Individually

13. What specific role did **Shri Yogendra Raj Uttamraj Singhvi (D-1)** allegedly play as a conduit, facilitator, operator, or accommodation entry provider, and what evidence supports that allegation?

14. What separate role did the Department attribute to each of the following alleged benamidar entities, and what evidence was relied upon against each individually:

- Bhairav Gems Pvt. Ltd. (D-2)
- Garima Exports (D-3)
- Gurudev Corporation (D-4)
- Yogi Diam (D-5)
- Khushboo Diamonds Pvt. Ltd. (D-6)
- Manmohan Exports Pvt. Ltd. (D-7)
- Chintamani Exports (D-8)
- Shrenik Diamond Pvt. Ltd. (D-9)
- Uttam Gems Pvt. Ltd. (D-10)

15. For each alleged benamidar individually, what evidence exists concerning:

- receipt or routing of alleged sale proceeds,
- commission or benefit earned,
- operational role in the alleged scheme,
- coordination with other benamidars, and
- participation in the alleged tax fraud?

Optional Additional Follow-Up Questions (if expanding)

You may also consider:

- What evidence links each benamidar to a provable money trail?
- Were any statements relied upon retracted or contradicted?
- What evidence shows each benamidar acted knowingly, rather than as ordinary counterparties?

If this is for **cross-examination, interrogatories, or witness depositions**, I can help sharpen these further.