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CA Satish Agarwal
9/14, (First Floor),
East Patel Nagar,
New Delhi - 110008
*Phone: Office +**911141412139***
*Mobile +**919811081957***
*Official Mail address: **satishagarwal307@yahoo.com***
*Website: **www.femainindia.com***

DARSHAN MALA SERIES (DMS)

35 Frequently Asked Questions (FAQs) on the Directorate of Revenue Intelligence (DRI) ➔ ED nexus for investigations and Adjudications across the India

The ***Darshan Mala Series (DMS)*** *presents weekly research and updates based on information available in the public domain.*

This edition, comprising ***35 Frequently Asked Questions (FAQs)****, examines the* ***Directorate of Revenue Intelligence (DRI) ➔ ED nexus for investigations and Adjudications across the India****, including the respective roles, jurisdiction, investigative processes, and areas of interaction between the two agencies.*

The Series covers matters reported in the public domain concerning ***Special Courts****, proceedings before such Courts, and proceedings relating to adjudication and other judicial or quasi-judicial processes concerning enforcement, investigation, attachment, prosecution, and related matters.*

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35 FAQs on DRI ➔ ED nexus for investigations and Adjudications across the India

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35 FAQs on DRI ➔ ED nexus for investigations and Adjudications across the India

(Source of information's used in preparation of weekly updates are taken from public domain)

1. What is DRI ➔ ED nexus for investigations and Adjudications across India?

(i) *The DRI–ED nexus **refers to** the **legal** and **evidentiary relationship between** investigations conducted by the Directorate of Revenue Intelligence (**DRI**) **under** the **Customs** Act, 1962 **and** proceedings initiated by the Enforcement Directorate (**ED**) **under** the Prevention of Money Laundering Act (**PMLA**) 2002.*

(ii) *There can be a very **significant nexus between DRI** investigations/ adjudication **under** the **Customs** Act, 1962 **and ED** investigations **under** the **PMLA 2002**/ FEMA 1999 **when** the **Customs offence generates** or involves identifiable Proceeds of Crime (**PoC**).*

(iii) *However, the **2 proceedings** are **legally distinct and** one does **not** "automatically" replace or **determine the other**.*

(iv) ***In simple terms**:*

- *The **DRI investigates** the **customs**/economic **offence** and **ED investigates** the **laundering of proceeds** generated **from** that **offence when** the Customs Act, 1962 offence **qualifies** as a scheduled **offence under** the **PMLA**, 2002.*

2. What is basic structure for DRI ➔ ED Nexus?

S.No	DRI under the Customs Act, 1962	ED under the PMLA, 2002
(i)	***To investigates** customs **offences under** the **Customs** Act, 1962*	***To investigates** money **laundering under** the **PMLA**, 2002*
(ii)	***To investigates** the **smuggling**, misdeclaration, false declaration, **duty evasion**, prohibited goods **under** the **Customs** Act, 1962*	***To investigates** the Proceeds of Crime (**PoC**) **and laundering** activities **under** the **PMLA**, 2002*

S.No	DRI under the Customs Act, 1962	ED under the PMLA, 2002
(iii)	**To issues summons under** Section **108** of **Customs** Act, 1962	**To issues summons under** Section **50** of **PMLA**, 2002
(iv)	**To seizes goods**/documents **under** the **Customs** Act, 1962	**To searches**, seizes **and attaches** property **under** the **PMLA**, 2002
(v)	**To issues** Show Cause Notice (**SCN**) **and adjudication** order **under** the **Customs** Act, 1962	**To provisionally attach** followed by adjudication **under** the **PMLA**, 2002
(vi)	**To criminally prosecute under** the Sec. **132**, **135** or etc. of **Customs** Act, 1962	**To prosecute** for offence **under** Section **3 PMLA**, 2002

3. Whether a offence investigated by DRI constitute a "Scheduled Offence"?

No

(i) *Every **Customs** Act **violation** is **not** "automatically" **constituting** a scheduled **offence under** the **PMLA**, 2002.*

(ii) *The **Supreme Court** in Pavana Dibbur v. Directorate of Enforcement (2023) specifically **discussed** the **Customs** Act provisions **appearing in PMLA Schedule**.*

(iii) *The supreme court **held that** section **132** of the Customs Act, 1962 **can operate as a** scheduled **offence subject to** the **statutory** requirements and **monetary threshold** applicable **under** the **Schedule** of PMLA, 2002.*

4. What is flow chart for DRI ➔ ED nexus?

***DRI Intelligence** under the Customs Act, 1962*

🡻

***Customs Investigation** under the Customs Act, 1962*

🡻

***Scheduled Offence** under the PMLA, 2002*

🡻

*Proceeds of Crime (**PoC**) under the PMLA, 2002*

🡻

***ED's ECIR** under the PMLA, 2002*

🡻

***PMLA Investigation** under the PMLA, 2002*

5. How the DRI➔ED nexus works for the investigations?

● Stage 1: DRI Investigation ●

(i) ***DRI is permitted to investigate allegations for***:

- (a) *Smuggling*
- (b) *False declaration*
- (c) *Misdeclaration of value or description*
- (d) *Fraudulent import or export*
- (e) *Evasion of customs duty*
- (f) *Illegal importation of prohibited or restricted goods*
- (g) *Use of forged or false documents*

(ii) ***DRI is permitted to collects evidences through***:

- (a) *Search and seizure*
- (b) *Summons*
- (c) *Statements under Section 108 of the Customs Act, 1962*
- (d) *Examination of import or export documents*
- (e) *Digital evidence*
- (f) *Bank records*
- (g) *Overseas trade and financial transactions*

● Stage 2: Sharing of Information with the ED ●

(iii) *The* ***DRI*** *is required* ***to share*** *the* ***information's*** *obtained during the investigations* ***suggesting***

- (a) *A* ***scheduled offence*** *under PMLA, 2002*
- (b) ***Generation of*** *Proceeds of Crime (****PoC****) under PMLA, 2002*

(iv) *The* ***DRI's information*** *and material* ***will form*** *the* ***basis for ED to*** *independently* ***initiate proceedings*** *under PMLA, 2002.*

(v) ***Therefore****, the "same"* ***transaction can*** *allow* ***parallel proceedings****.*

6. What is a best example for DRI➔ED nexus works against investigations?

*(i) **When** the **DRI alleges** "fraudulent" **import** through false declarations resulting in **criminal** customs **offences**.*

*(ii) **When** the **alleged** "criminal" **activity generates** property or financial benefits qualifying as Proceeds of Crime (**PoC**), the **ED** is permitted **to examine** whether those **proceeds** were subsequently **concealed**, possessed, **acquired**, used, transferred or **projected as untainted** property.*

*(iii) The **DRI and ED** are permitted **to rely** up**on** "overlapping" **evidence**, **but** they **exercise** powers **under** "different" **statutes**.*

7. Whether the ED can rely on the DRI evidences?

Yes

*(i) The **ED** is permitted **to rely** up**on** DRI's **information** and **documents**:*

- *(a) DRI's **search records***
- *(b) DRI's **seizure memos***
- *(c) DRI's **recorded statements***
- *(d) DRI's **panchnamas***
- *(e) DRI's **customs documents***
- *(f) DRI's **collected bank records***
- *(g) DRI's **collected digital evidence***
- *(h) DRI's **complaints** or prosecution **proceedings** initiated **under** the **Customs** Act, 1962*

*(ii) **However**, the **ED** is required **to** "independently" **satisfy** the **requirements** of PMLA, 2002.*

8. Whether the DRI's evidences are "automatically" money launderings?

No

*(i) The **ED** is required **to establish** the statutory **ingredients** under PMLA, 2002:*

- *(a) **Committed** a scheduled **offence***
- *(b) **Existence of** "criminal" **activity** relating to that **scheduled offence***

(c) ***Generation of** Proceeds of Crime (PoC)*

(d) *A **process** or activity **connected with** those **proceeds** under **Section 3** PMLA, 2002*

(ii) *The **Supreme Court's principles** in Vijay Madanlal Choudhary **emphasize** the foundational **relationship between** the scheduled **offence and** Proceeds of Crime (**PoC**).*

9. What is the DRI and ED investigations?

Alleged fraudulent importation

🡣

False declaration / offence under the Customs Act, 1962

🡣

Scheduled offence requirements satisfied under the PMLA, 2002

🡣

Illegal gain/property generated

🡣

Proceeds of Crime (PoC) alleged

🡣

ED registers ECIR

🡣

PMLA investigation

10. Whether DRI and ED are permitted to conduct parallel investigations?

Yes

(i) *The **DRI and ED** are permitted **to continue** the **proceedings** "simultaneously" **because** they **deal with** different statutory consequences.*

(ii) ***The DRI's question***

- ***Was** there a **violation of** the **Customs** Act, 1962?*

(iii) ***The ED's question***

- ***Were*** *Proceed of Crime (**PoC**)* ***generated from scheduled*** *"criminal"* ***activity*** *subsequently* ***involved in*** *money* ***laundering****?*

(iv) ***In simple terms***

(a) *The **DRI investigation** does **not** "necessarily" **bar ED investigation**.*

(b) *The **ED investigation** does **not** "replace" **DRI adjudication**.*

(c) *The **DRI and ED** are permitted **to examine** "common" **documents** and **transactions**.*

(v) ***Conclusion***

- *However, **ED** "cannot" **treat** every **customs irregularity as** money **laundering** "without" **establishing** the **statutory** PMLA **foundation**.*

11. What is DRI ➔ ED nexus for adjudications?

● ***The DRI / Customs Adjudications*** ●

(i) ***The Customs' adjudication is required to determine****:*

(a) *Whether **goods** are **liable to confiscation**?*

(b) *Whether customs **duty** is **payable**?*

(c) *Whether **misdeclaration** occurred?*

(d) *Whether **penalties** should be **imposed**?*

(e) *Whether **goods**, conveyances or currency are **liable to confiscation**?*

(ii) ***Flow chart for Customs' adjudications****:*

Investigation

↓

*Show Cause Notice (**SCN**)*

↓

Reply

↓

Personal Hearing

↓

Order-in-Original

↓

Appeal

(iii) ***The flow chart for DRI's adjudications***:

Commissioner (Appeals)

↓

CESTAT

↓

High Court

↓

Supreme Court

● *The ED / PMLA's Adjudications* ●

(iv) *The PMLA Adjudicating* ***Authority*** *is required* ***to examine*** *the matters concerning* ***attachment and*** *Proceeds of Crime (****PoC****)* ***under*** *the statutory framework of* ***PMLA****, 2002.*

(v) ***Flow chart for ED/PMLA's adjudications***:

ECIR

↓

Investigation

↓

Search/Seizure

↓

Provisional Attachment

↓

Complaint before Adjudicating Authority

↓

Confirmation/Release

↓

Appeal to Appellate Tribunal

↓

High Court

↓

Supreme Court

(vi) **Conclusion**:

- The customs **adjudication** is required **to determines customs consequences**, where the PMLA **adjudication** is required **to determines** whether **property** is **involved in** money **laundering or** Proceeds of Crime (**PoC**).

12. What are consequences for DRI and ED using the "same" evidences?

(i) **This is legally permissible in principle**.

S.No	Evidence	DRI Use	ED Use
(a)	Import documents	Misdeclaration	Source of alleged criminal activity
(b)	Bank statements	Financial trail	Tracing proceeds of crime
(c)	Section 108 statements	Customs violation	Supporting evidence
(d)	Digital devices	Customs fraud	Money trail / layering
(e)	Overseas transactions	Import/export violation	Cross-border laundering investigation

(ii) **However**, the "same" **evidence** is required **to satisfy** the **requirements of** the respective **statute**.

(iii) **Conclusion**

(a) The "same" **evidence** is **not** "automatically" **common guilt** or automatic **liability**.

(b) The **DRI and ED** are required **to** independently **establish** the **ingredients** required **under** its own **statue**.

13. What are consequences on ED's proceedings against DRI's case failure?

(i) The **Supreme Court's judgement** in Vijay Madanlal Choudhary, the **offence of** money **laundering** is fundamentally **connected with** "criminal" **activity** relating **to** a scheduled **offence and** the resulting Proceeds of Crime (**PoC**).

(ii) **Therefore**, when the **predicate**/scheduled **offence disappears** through a final judicial outcome, the **PMLA proceedings based** "exclusively" up**on** that predicate **offence** may "not" **survive**.

(iii) ***However, every situation depends upon:***

(a) *Whether "another" scheduled **offence exists**?*

(b) *Whether **ED** has **identified** "independent" Proceeds of Crime (**PoC**)?*

(c) *Whether the **DRI proceedings** are merely adjudicatory or **involve** "criminal" **prosecution**?*

(d) *Whether the **predicate case** has been finally **quashed**/acquitted **or** is merely **pending**?*

(e) *Whether **there** are "multiple" **predicates**?*

(iv) *A recent **Delhi High Court decision**, Kanchana Rai v. Directorate of Enforcement (18 August 2026), **reiterated** the importance of a **valid predicate** foundation and held that the **ED could "**not" **continue** the particular **ECIR** "after" its foundational predicate **offence** had **ceased**, while also **rejecting** an attempt **to revive** the "same" **ECIR** through an unsustainable addendum **involving** an **unrelated** "earlier" **FIR**.*

14. Whether ED can proceed "before" final DRI adjudication?

Yes

(i) *The **ED** does **not** "necessarily" have **to wait for** the **completion of** customs **adjudication**, **when** a legally **valid** scheduled **offence exists and** the statutory **conditions** for PMLA are **satisfied**, the **ED** may **investigate** independently.*

(ii) *Therefore, **pending** DRI **adjudication** does **not** "automatically" **prevent** ED **investigation.***

(iii) ***Conclusion***

- ***However**, the **ultimate findings** in the predicate proceedings can become highly **significant for** the sustainability of **PMLA proceedings**.*

15. What is Civil/Revenue Liability vs Criminal Scheduled Offence?

(i) *The **customs duty demand** under the Customs Act, 1962 is **not** "automatically" **money laundering** under the PMLA, 2002.*

(ii) *The **ED** is permitted **to proceed when** there should **be** "criminal" **schedule offence** under the PMLA, 2002.*

(iii) *Therefore, the **ED** is permitted **to proceed when** there should **be "**more than" **routine** or technical **custom dispute** under the PMLA, 2002*

(iv) ***The ED is required to satisfy 4 conditions to proceed under PMLA, 2002 like**:*

(a) *There should **be existed** a scheduled **offence** under Section **2(1)(y)** of PMLA, 2002.*

(b) *There should **be existed** a "criminal" **activity** relating **to** the schedule **offence** under section **2(1)(y)** of PMLA, 2002*

(c) *There should **be existed** a Proceeds of Crime (**PoC**) under Section **2(1)(u)** of PMLA, 2002.*

(d) *There should **be existed** a process or **activity** described in Section **3** of PMLA, 2002.*

(v) ***There should be a contravention / violation under Customs Act, 1962 like**:*

(a) *Under-valuation*

(b) *Over-valuation*

(c) *Misclassification*

(d) *Wrongful exemption claims*

(e) *Import or export fraud*

16. What is DRI➔ED nexus for practical investigation model?

(i) ***DRI ➔ ED nexus for practical investigation model across India***

Information / Intelligence

⬇

DRI Investigation

⬇

Search / Seizure / Statements / Financial Documents

⬇

Identification of Customs Offence

⬇

Does it qualify as a Scheduled Offence under the PMLA, 2002?

If YES

Financial Trail / Illegal Gain / Property

↓

Information shared / independently available to ED

↓

ED registers ECIR

↓

PMLA Investigation

↓

Attachment of Alleged Proceeds of Crime

↓

Parallel Proceedings

(ii) ***In simple terms****:*

S.No	**The Customs Act, 1962**	**The PMLA, 2002**
(a)	*Show Cause Notice (**SCN**)*	*Enforcement Case Information Report (**ECIR**)*
(b)	*Customs Adjudication*	*Attachment Proceedings*
(c)	*Confiscation*	*Confirmation of Attachment*
(d)	*Penalty*	*Prosecution Complaint*
(e)	*Criminal Complaint under Customs Act*	*Prosecution Complaint under PMLA*

17. What are the key legal issues involved in DRI and ED cases?

● The major litigation issues ●

(i) *Whether the **DRI offence** is actually a **scheduled offence**?*

(ii) *Whether the required **monetary threshold** is **satisfied**?*

(iii) *Whether there are **genuine** Proceeds of Crime (**PoC**)?*

(iv) *Whether **ED can rely** up**on** DRI **evidence** "without" independent **investigation**?*

(v) *Whether **DRI statements** are legally **admissible** and reliable **in PMLA proceedings**?*

(vi) *Whether **customs** adjudication **findings bind ED**?*

(vii) *What happens when the **predicate case fails**?*

(viii) *Whether the "same" **property** can be **confiscated** under the **Customs** Act, 1962 and **attachment** under the **PMLA**, 2002?*

(ix) *Whether **parallel adjudication results in duplication** or double jeopardy?*

(x) *Whether a purely "technical" customs **violation can trigger PMLA**, 2002?*

18. What are double prosecutions and punishments?

*(i) The **DRI and ED proceedings** are **not** "automatically" **barred when** they arise **from** the "same" **transaction** like:*

*(a) The **Customs proceedings** address violations of **customs law***

*(b) The **PMLA** addresses money **laundering***

*(c) The statutory **ingredients** are **different***

*(ii) Therefore, **simultaneous proceedings** may be legally **sustainable**.*

*(iii) However, the **DRI and ED** can "not" simply **duplicate allegations** "without" independently **satisfying** the **ingredients of** their respective **statutes**.*

19. What is DRI ➔ ED nexus in 1 sentence?

- *The **DRI establishes** or **investigates** the underlying customs crime, **while ED follows** the **money trail**, but **ED can act** only **where** the **customs offence** provides a **legally sustainable** PMLA **foundation** and identifiable Proceeds of Crime (**PoC**) are **involved**.*

20. What is the conclusion for DRI ➔ ED nexus?

*(i) The DRI–ED nexus is a **predicate offence**–Proceeds of Crime (**PoC**) **relationship**, "not" merely an **inter-agency** information-**sharing arrangement**.*

*(ii) **Flow chart for conclusion against DRI ➔ ED nexus***

*The DRI **investigates** the **source crime***

➔ ↓

*The ED **investigates** the Proceed of Crime (**PoC**) **and** money **laundering***

↓

*The DRI and ED may **use overlapping evidence***

↓

*The DRI and ED may **conduct parallel proceedings***

↓

*The ED proceedings ultimately require an **independently** "sustainable" **scheduled offence** and Proceed of Crime (**PoC**) **nexus**.*

(iii) *This framework is particularly* ***important for complex cases*** *involving* ***smuggling****, gold imports,* ***trade-based*** *money* ***laundering****, over/under-invoicing,* ***fraudulent imports*** *and exports,* ***cross-border transactions*** *and* ***customs frauds****.*

(iv) *Recent* ***judicial developments*** *continue* ***to emphasize that*** *the* ***ED's*** *jurisdiction* ***can*** *"not"* ***rest on*** *a purely* ***notional*** *or extinguished* ***predicate foundation****.*

● *The High Courts and Supreme Court Judgments against the DRI ➔ ED Nexus* ●

21. What are High Court and Supreme Court Judgments against the DRI ➔ ED Nexus?

- *There is **no single Supreme Court judgment** using the exact expression "DRI–ED nexus." **However**, **several** Supreme Court and High Court **judgments establish** important **legal limitations** where:*

*(i) The **DRI**/Customs **investigates** an **alleged** Customs Act **offence***

*(ii) The **ED** subsequently **initiates** PMLA **proceedings on** substantially the "same" **allegations** or evidence*

*(iii) The **ED seeks attachment**/adjudication "without" independently **establishing** Proceeds of Crime (**PoC**) **and** a **valid** scheduled **offence nexus**.*

22. What is Supreme Court judgement on Pradeep Kumar v. ED (2025)?

*(i) The Supreme Court **held that when nothing linked** the **assets to** the predicate/scheduled **offence**, the basic **requirement of** Proceeds of Crime (**PoC**) was "not" **established**.*

*(ii) The Supreme Court **held that unaccounted** or unexplained **money** does **not** "automatically" **constitute** Proceeds of Crime (**PoC**) **under** the **PMLA**, 2002.*

*(iii) The Supreme Court **held that** customs **duty demand** does **not** "automatically" Proceeds of Crime (**PoC**).*

*The Supreme Court **held that there** must **be evidence** showing **that** the **property** was actually **derived** or obtained **from** "criminal" **activity** relating **to** a scheduled **offence under** the **PMLA**, 2002.*

23. What is Supreme Court judgement on Pavana Dibbur v. ED (2023)?

*(i) The Supreme Court **held that property can be treated as** Proceeds of Crime (**PoC**) **when it** is **derived** or obtained **from** "criminal" **activity** relating **to** a scheduled **offence under** the **PMLA**, 2002.*

*(ii) The Supreme court **held that** mere **possession of property** or an allegation of illegality is "not" **sufficient** relating **to** a scheduled **offence under PMLA**, 2002.*

*(iii) The Supreme court **held that** there must **be** a demonstrable **nexus between** the scheduled **offence and** the particular **property attached by** the **ED***

*(iv) The Supreme court **held that when** the **ED** merely **reproduces** the **DRI** Show Cause Notice (**SCN**), seizure memo, investigation report or **allegations** "without" independently **identifying** Proceeds of Crime (**PoC**), the **attachment can be challenged** for lack of statutory nexus.*

24. What is Supreme Court judgement on Vijay Madanlal v. Union of India (2022)?

*(i) The Supreme Court **held that** PMLA **proceedings can** "not" **proceed** merely **on** an **assumption that a** scheduled **offence** has been **committed**.*

*(ii) The Supreme Court **held that** the essential **requirements** should **be satisfied** like:*

*(a) **A** "criminal" **activity** relating **to** a scheduled **offence***

*(b) **A property derived** or obtained **from** such "criminal" **activity***

*(c) A direct **connection between** the alleged **property and** scheduled **offence**.*

*(iii) The Supreme Court specifically **clarified that** "not" every **property connected with a** "criminal" **investigation becomes** Proceeds of Crime (**PoC**).*

*(iv) The Supreme court held that PMLA proceedings **can proceed when DRI alleges**:*

(a) Customs duty evasion

(b) Misdeclaration

(c) Undervaluation

(d) Overvaluation

(e) Wrongful import/export

*(v) The **ED** can**not** "automatically" **treat** the entire (**100%**) alleged **Customs violation** or the entire (**100%**) **transaction value as** Proceeds of Crime (**PoC**).*

*(vi) The **ED** is required **to** independently **demonstrate**:*

Scheduled Offence

↓

Criminal Activity

↓

Property Derived/Obtained

↓

*Proceeds of Crime (**PoC**)*

↓

Money Laundering

25. What is Delhi High Court judgement on Kanchana Rai v. ED (2026)?

*(i) The Delhi High Court **held that ED could** "not" **continue** or expand ECIR **proceedings** "after" the **original predicate** basis had **ceased** to survive **and** subsequently **add another FIR**.*

*(ii) The Delhi High Court **emphasizes** that there **should be**:*

- *(a) Existence of a **genuine nexus***
- *(b) Existence of Proceeds of Crime (**PoC**)*
- *(c) Legality and **timing of ED's action***
- *(d) Administrative **actions** must "not" **be arbitrary** or for purposes **outside** the **statute**.*

*(iii) The Delhi High Court **noted that** a **subsequent FIR can** "not" simply **be inserted** into an ECIR "without" **satisfying** the legal **nexus and** Proceeds of Crime (**PoC**) **requirements**.*

*(iv) The High Court **held that ED can** "not" **simply**:*

Adopt DRI allegations

↓

Register ECIR

↓

Reproduce DRI evidence

↓

Attach property

↓

"Without" independently satisfying PMLA jurisdictional requirements.

26. What is Andhra High Court judgement on Pradeep Kumar v. ED (2023)?

(i) *The High Court **held that when** there was "no" **valid** scheduled **offence**, the PMLA Adjudicating **Authority could** "not" **continue proceedings** merely **because** Customs **authorities** had **arrested** or investigated **the person**.*

(ii) ***Therefore**, the High Court **held that** the PMLA **proceedings** and the **adjudication** order were "without" **jurisdiction**.*

(iii) *The **Customs investigation** or arrest by itself does **not** "automatically" **create** a **valid** PMLA **case**.*

(iv) *The statutory **requirements of PMLA** must independently **exist**.*

27. What is Bombay High Court judgement on Ajay Kumar Baheti v. ED (2022)?

(i) *The Bombay High Court **emphasized that** the requirement of a **connection between** "criminal" **activity** relating **to** a scheduled **offence and** the **alleged** Proceeds of Crime (**Poc**) **under** the **PMLA**, 2002.*

(ii) *The Bombay High Court **held that** the **ED** is "not" permitted **to attach** the **properties** "without" adequately **tracing** them **to** the alleged predicate **offence under** the **PMLA**, 2002.*

28. What is Punjab and Haryana High Court judgement on Seema Garg v. ED (2020)?

(i) *The Punjab & Haryana High Court **held that** there **must** be **a** direct **nexus between** the **attached property and** "criminal" **activity** relating **to** a scheduled **offence under** the **PMLA**, 2002.*

(ii) *The Punjab & Haryana High Court **held that** the **ED can** "not" **attach**:*

(a) ***Unrelated** assets*

(b) ***Legally acquired** assets*

(c) ***Properties** having "no" **nexus with** Proceeds of Crime (**PoC**)*

(iii) *The Punjab & Haryana High Court **held that** "no" **blanket attachment** based **on DRI's allegations**.*

29. What is conclusion "after" the Supreme Court and High Courts' judgements?

*(i) The **ED can** "not" **become** an investigating **agency for each** the DRI/**Customs violation***

*(ii) The **ED can become** an investigation **agency when discovers** "another" possible **offence** outside its jurisdiction **and** also **informed** the **competent** investigating **agency**.*

*(iii) The **ED can** "not" itself **assume jurisdiction** "without" the statutory **requirements** of PMLA, 2002 are **satisfied**.*

*(iv) The **Allahabad** High **Court's** emphasizes **that** ED's **jurisdiction depends** up**on** the existence of a valid predicate **offence and** Proceeds of Crime (**PoC**).*

*(v) The **ED can** "not" independently **expand** its **jurisdiction when discovers** some "other" **illegality**.*

30. What are important legal arguments for DRI → ED nexus?

*(i) The "same" **evidence** does **not** "automatically" **establish** money **laundering under** the **PMLA**, 2002.*

*(ii) The **DRI and ED** are permitted **to use** the "same" **facts** like:*

(a) Statements

(b) Documents

(c) Bank records

(d) Import/export documents

(e) Invoices

(f) Emails

(g) Digital evidence

*(iii) The **DRI investigations** do **not** "automatically" **establish** an **offence under** Section **3 PMLA**, 2002.*

*(iv) The **ED** is required **to establish** the "additional" statutory **ingredient for** Proceeds of Crime (**PoC**)*

31. Whether Custom demand is "automatically" Proceed of Crime (PoC)?

No

(i) *A customs **duty demand**, differential **duty liability**, penalty, **fine** or alleged **undervaluation** does **not** "automatically" **constitute** Proceeds of Crime (**PoC**).*

(ii) ***The ED is required to identify**:*

(a) *What **property** was **obtained**?*

(b) *Who **obtained it**?*

(c) *How was it **derived from** "criminal" **activity**?*

(d) *What is the **scheduled offence**?*

(e) *What are the **quantifiable** Proceeds of Crime (**PoC**)?*

(f) *What **property** is actually **traceable to** Proceeds of Crime (**PoC**)?*

(iii) ***In absence of** above-mentioned **chain**, a PMLA **attachment can be challenged**.*

32. Whether independent application of mind is necessary?

Yes

- ***When** the ED's **ECIR**, Provisional Attachment Order (**POA**) or Prosecution **Complaint** substantially **reproduces** the **DRI investigation** "without" **independent analysis**, an **argument** can **be raised for**:*

(i) ***Mechanical** exercise of **jurisdiction***

(ii) *"Non" **application of mind***

(iii) ***Absence of** "independent" **satisfaction***

(iv) ***Absence of** Proceeds of Crime (**PoC**) **analysis***

33. What is legal framework for Challenging DRI's and ED's parallel proceedings?

S.No	***Issue***	***Legal Challenge***
(i)	*"Same" DRI **evidence used by ED***	*"Same" **evidence** alone does "not" **prove** Section **3** PMLA*
(ii)	*Customs **duty demand***	***Not** "automatically" Proceeds of Crime (**PoC**)*
(iii)	*DRI **investigation pending***	*Does **not** "automatically" **justify attachment***
(iv)	*Property **attached***	***Mandatory** have **nexus with** scheduled **offence***

S.No	Issue	Legal Challenge
(v)	*"Unrelated" **assets attached***	***Violates** Section **2(1)(u)** of **PMLA**, 2002 **requirements***
(vi)	*"No" **valid** scheduled **offence***	*PMLA **jurisdiction** may **fail***
(vii)	*ED **reproduces DRI allegations***	***Challenge for** "non" **application** of mind*
(viii)	*DRI **adjudication** "not" **concluded***	*The **ED must** independently **prove** PMLA **ingredients***
(ix)	*Customs **offence** "ultimately" **fails***	*PMLA **proceedings** concerning **linked** Proceeds of Crime (**PoC**) **may** "not" **survive***

34. What are Supreme Court and High Courts' decisions to be quoted in writ petitions?

(i) ***The Supreme Court's judgements***

(a) ***Vijay Madanlal** Choudhary v. Union of India (**2022**)*

(b) ***Pavana Dibbur** v. Directorate of Enforcement (**2023**)*

(ii) ***The High Courts's judgements***

(a) ***Kanchana Rai** v. Directorate of Enforcement (**2026**)*

(b) ***Pradeep Kumar** v. Deputy Director, ED (**2025**)*

(c) ***Ajay Kumar** Chandraprakash Baheti v. ED (**2022**)*

(d) ***Seema Garg** v. Deputy Director, Directorate of Enforcement (**2020**)*

35. What is 1-line legal proposition for DRI ➔ ED nexus?

(i) *The **initiation of** a Customs/**DRI investigation** or creation of a Customs duty liability **can** "not", by itself, **result in** "automatic" **invocation of PMLA**, 2002.*

(ii) *The **ED** is required independently **to establish** the **existence of** a scheduled **offence**, **identifiable** Proceeds of Crime (**PoC**) derived **from** "criminal" **activity**, **and** a clear **nexus between** Proceeds of Crime (**PoC**) **and** the **property** subjected **to attachment** or **prosecution**.*

(iii) *This is the **strongest** legal **foundation for challenging** an alleged DRI → ED "automatic" **nexus for investigation** and adjudication.*

Published By

CA. Satish Agarwal
B.com (Hons.) FCA
*Practicing Chartered Accountant Since **1985***
+919811081957
9/14 (First Floor) East Patel Nagar, New Delhi- 110008
Email: satishagarwal307@yahoo.com
Website: www.femainindia.com

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Sep-2026