

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
**RAJYA SABHA**  
**STARRED QUESTION NO-168**  
ANSWERED ON 02-08-2022

**Notice served by DRI to different Mobile companies for alleged duty evasion**

**168. Shri Sushil Kumar Modi:**

Will the Minister of FINANCE be pleased to state:

- a) the amount of demand notice served by Directorate of Revenue Intelligence (DRI) on 'Oppo Mobiles' for alleged Customs duty evasion;
- b) whether there is alleged Customs duty evasion by Xiaomi Technology India, if so, the details thereof;
- c) whether it is a fact that Vivo is illegally transferring 50 per cent of its turnover to its parent companies outside India; and
- d) whether there are charges of evasion of taxes on any other mobile or equipment manufacturing companies in the country, the details thereof?

**ANSWER**

MINISTER OF FINANCE  
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the table of the House.

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**Statement referred to in reply to Rajya Sabha Starred Question No. 168 for answer on August 02, 2022 raised by Sh. Sushil Kumar Modi, Member of Parliament regarding ‘Notice served by DRI to different Mobile companies for alleged duty evasion’**

**(a)** A Show Cause Notice, inter-alia, demanding Rs. 4403.88 crore has been served on Oppo Mobiles India Ltd. based on the investigation conducted by the Directorate of Revenue Intelligence (DRI).

**(b)** 5 cases of Customs duty evasion have been booked against Xiaomi Technology India.

**(c)** Investigation by the Enforcement Directorate revealed that Vivo Mobiles India Pvt Ltd has remitted an amount of Rs. 0.62 lakh crore mainly to China and its controlled territories, out of their total sales of Rs. 1.25 lakh crore during the period July 2017 to March 2021 which works out to 49.91%.

**(d)** During the period 2019 to 2022, in respect of Central Board of Indirect Taxes & Customs (CBIC), cases against 43 other such companies have been booked. As regards to Central Board of Direct Taxes (CBDT), Investigation Directorates have undertaken search & seizure actions in cases of 5 groups pertaining to the telecom sector, in which tax evasion has been detected.

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भारत सरकार  
वित्त मंत्रालय  
राजस्व विभाग  
राज्य सभा

**तारांकित प्रश्न संख्या 168**

जिसका उत्तर मंगलवार, 2 अगस्त 2022/ श्रावण 11, 1944 (शक) को दिया गया

**विभिन्न मोबाइल कंपनियों को कथित शुल्क अपवंचन हेतु राजस्व आसूचना निदेशालय द्वारा दिए गए नोटिस**

**168. श्री सुशील कुमार मोदी**

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

- (क) राजस्व आसूचना निदेशालय (डीआरआई) द्वारा 'ओप्पो मोबाइल्स' को कथित सीमा शुल्क अपवंचन हेतु कितनी राशि के माँग नोटिस भेजे गए हैं;
- (ख) क्या शाओमी टेक्नोलॉजी इंडिया द्वारा कथित रूप से सीमा शुल्क अपवंचन किया गया है, यदि हाँ, तो तत्संबंधी ब्यौरा क्या है;
- (ग) क्या यह सच है कि 'वीवो' अपने टर्नओवर का 50 प्रतिशत भागभारत से बाहर अपनी मूल कंपनियों को गैर कानूनी रूप से अंतरित कर रहा है; और
- (घ) क्या देश में किसी अन्य मोबाइल या उपकरण विनिर्माण कम्पनी पर कर अपवंचन का आरोप है, तत्संबंधी ब्यौरा क्या है?

**उत्तर  
वित्त मंत्री  
(श्रीमती निर्मला सीतारमण)**

(क) से (घ): एक विवरण सदन के पटल पर रख दिया गया है।

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**श्री सुशील कुमार मोदी, सांसद द्वारा 2 अगस्त, 2022 को उत्तर के लिए उठाए गए राज्य सभा तारांकित प्रश्न संख्या 168 'विभिन्न मोबाइल कंपनियों को कथित शुल्क अपवंचन हेतु राजस्व आसूचना निदेशालय द्वारा दिए गए नोटिस' के उत्तर में संदर्भित वक्तव्य**

**(क)** राजस्व आसूचना निदेशालय (डीआरआई) द्वारा की गई जांच के आधार पर ओप्पो मोबाइल्स इंडिया लिमिटेड को, अन्य बातों के साथ, 4403.88 करोड़ रुपये की मांग का कारण बताओ नोटिस, जारी किया गया है।

**(ख)** शाओमी टेक्नोलॉजी इंडिया के विरुद्ध सीमा शुल्क अपवंचन के 5 मामले दर्ज किए गए हैं।

**(ग)** प्रवर्तन निदेशालय की जांच से पता चला है कि वीवो मोबाइल्स इंडिया प्राइवेट लिमिटेड ने जुलाई 2017 से मार्च 2021 के दौरान 1.25 लाख करोड़ की अपनी कुल बिक्री में से 0.62 लाख करोड़ रुपये, जो 49.91% है, चीन तथा उसके नियंत्रित क्षेत्रों में भेजा है।

**(घ)** 2019 से 2022 की अवधि के दौरान, केंद्रीय अप्रत्यक्ष कर और सीमा शुल्क बोर्ड (सीबीआईसी) के संबंध में, ऐसी 43 अन्य कंपनियों के खिलाफ मामले दर्ज किए गए हैं। केंद्रीय प्रत्यक्ष कर बोर्ड (सीबीडीटी) के संबंध में, जांच निदेशालयों ने दूरसंचार क्षेत्र से संबंधित 5 समूहों के मामलों में खोज और जब्ती कार्रवाई की है, जिसमें कर अपवंचन का पता चला है।

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SHRI SUSHIL KUMAR MODI: Sir, the Department has answered that about Rs.62,000 crore of Vivo mobile India has been remitted to China and their controlled territories. I want to know from the Government, apart from Vivo mobiles, which are the other Chinese companies who have remitted money to China and its controlled territories and how much is the amount involved. This is number one. Which are the other mobile companies, apart from Vivo, who have transferred their money to China and what is the amount which has been transferred?

THE MINISTER OF FINANCE; AND THE MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): Sir, I think the statement has some details which is already laid. But I just want to add some details. The DRI has issued notice to Oppo, the mobile company, for a total customs duty of Rs. 4,389 crores, and these are on the grounds of misdeclaration of certain goods, leading to a short payment in customs duty. That duty evasion, we think, is about Rs. 2,981 crores. As regards the under-valuation of imported goods for the purpose of payments of customs duty, that we think is an evasion of Rs. 1,408 crores. So, that is for Oppo. I may add here that, voluntarily, they have come about to deposit Rs.450 crores, much against the total that is running in Rs. 4,389 crores. That is the demand. They have given only Rs.450 crores. The other two companies, whose attention I would like to draw in the context of the question that Shri Modi has asked is Xiaomi, which is the other technology company, mobile phone company, which I think deals with assembled Mi brand mobile phones. Three show-cause notices have been issued to them, and the approximate duty liability of theirs is about Rs.653 crores. For the three show-cause notices which have been issued, they have deposited only Rs.46 lakhs. And, the third company is Vivo India, for whom also there is a demand notice given for Rs.2,217 crores, against which they have deposited Rs.60 crores as voluntary deposit. Besides this, the ED is looking at 18 companies that were established by the same group, Vivo, and, there, they have voluntarily remitted Rs.62,000 crores as deposit. Of Rs.1.25 lakh crores, which is the total sale, Vivo has transferred through these 18 companies a huge amount of funds and it is believed that Vivo India has in turn remitted Rs.0.62 lakh crores to its parent company, which is outside India.

SHRI SUSHIL KUMAR MODI : Madam has answered that CBIC has booked 43 companies and CBDT has booked five groups of telecom sector companies. I would like to know out of these 43 companies booked by CBIC and five group companies booked by CBDT, how many Chinese companies are there and what is the amount involved in that tax evasion.

SHRIMATI NIRMALA SITHARAMAN: Sir, actually speaking, there are DRI investigations on very many telecom companies. In the 43 companies, there are mixed quite a lot of companies of different shareholding, different country of origin and so on, but I would just want to draw, at this stage, the attention of the hon. Member to the duties that we are levying on them. In 'customs duty-related evasion', there are about 68 cases totaling to Rs. 1,342 crores; 'GST-related evasion' matters, Rs. 591 crores; and 'service-tax related evasion', Rs. 5.58 crores. The CBDT, and also the CBIC, are all acting on that.

SHRI SUJEET KUMAR: Sir, the hon. Member, Sushil Modi's question highlights a very important concern, and my question is not strictly connected to that but it has a wider connection to that question. So, I seek your indulgence.

Sir, in recent months, we have had many newspaper reports of many dubious digital loan Apps and, as per these reports, most of them have links with China and these are backed by Chinese entities. They do not follow the RBI guidelines while lending these unscrupulous loans. I will give an example. In recent months, there was a request from the Government of Odisha, Economic Offences Wing, and, based on that, there was a look-out notice for a Chinese national, called Ms. Liu Yi, who ran a chain of loan Apps, digital loan Apps, having funny names -- JOJO App, YoYo App, Golden Lightning App -- and there were 1.5 lakh downloads in the State of Odisha alone. This is not Odisha-specific challenge and concern, Sir; it has concerns across the country. Given the state of financial literacy in our country, I think this is a very significant concern.

So, my question to the hon. Minister is: Is our regulatory framework not adequate enough to tackle these loan-fraud Apps, loan-fraud cases and particularly when these have Chinese origins and Chinese connections?

SHRIMATI NIRMALA SITHARAMAN: Sir, I know this does not pertain to the core question but it is a genuine concern that the hon. Member of Parliament has raised. I can only say that from the point of view of loan, loan-related issues, Apps are being misused, particularly, originating from one particular country and, as a result, a lot of our citizens are being harassed, monies being extorted from them. These Apps, rightly being pointed out, being downloaded in, say, one Odisha, that is the number, there are other States in which reports are coming in. The Ministry of Finance, Corporate Affairs, MeitY, and a few other Departments, inclusive of whom, are all constantly discussing and working to ensure that action is taken. I would only broadly

indicate, not get into some specifics here, that in the recent past, only a couple of months ago, particularly, in the State of Telangana, a lot of people have been put to harassment, and, in those, actions have been initiated. That is not to say, 'we are not taking action elsewhere.' We are consciously taking actions against Indian citizens who have also helped in having these companies established and what may be broadly defined as 'shell companies' through which they are operating. So, actions from all these angles are being taken. But that is how far I can answer it at this stage.

SHRI V. VIJAYASAI REDDY: Sir, in the light of the fact that all these Government investigating agencies like DRI, Income Tax Department and GST have issued notices to different mobile companies, I would like to know from the hon. Finance Minister what steps the Government is taking to make the corporate governance framework accountable and transparent to prevent the corporates from evading the Customs Duties and tax evasion at the inception itself because it has been unearthed after considerable lapse of time. Therefore, the notices have been issued now. This could have been avoided if, at all, it has been unearthed at the inception itself. Has there been any assessment as to how much money India has lost due to tax evasion by these corporates? If so, please provide the details of the same. If not, what are the reasons for it?

SHRIMATI NIRMALA SITHARAMAN: Sir, I am not running away from answering, but this is not really core to the question that has been asked. However, I can only say that there has not been any assessment done about the total evasion because of these kinds of things. I take the hon. Member's point about 'Couldn't you prevent it by detecting it earlier?' Yes, the systems probably will have to be improved to be able to detect it earlier.

DR. FAUZIA KHAN: Sir, I would like to say to the hon. Minister that the investigation in the case of Oppo Mobile Telecommunications Corporations Ltd., is said to have further revealed that Oppo India had remitted or made provisions for the payment of royalty and licence fee to various multinational companies including those based in China instead of using propriety technology. The said royalty and licence fees paid by Oppo India were not being added in the transaction value of goods imported by them in violation of Section 14 of the Customs Act, 1962 and the duty evasion by the mobile makers on this account came up to be Rs.1408 crore. What measures has the Government taken or proposes to take on account of this?

SHRIMATI NIRMALA SITHARAMAN: Sir, various angularities through which evasion is detected and also recognised are part of what the Ministry is looking at to see how best the loopholes can be plugged so that evasion is contained. So, there is a larger exercise, in general, which is going on in the Ministry about understanding, not just in this case but also in many such companies which are the group companies elsewhere, how are these kinds of payments being avoided and so on. So, larger aspects are being looked into. But I do not want to get into details at this stage.

THE VICE-CHAIRMAN (SHRI BHUBANESWAR KALITA): Question No.169; Shri Anil Desai; not present. Any supplementary?

SHRI SUSHIL KUMAR MODI: Sir, the Department has answered that about Rs. 62,000 crore of Vivo mobile India has been remitted to China and their controlled territories. I want to know from the Government, apart from Vivo mobiles, which are the other Chinese companies who have remitted money to China and its controlled territories and how much is the amount involved. This is number one. Which are the other mobile companies, apart from Vivo, who have transferred their money to China and what is the amount which has been transferred?

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THE VICE-CHAIRMAN (SHRI BHUBANESWAR KALITA): Question No.169; Shri Anil Desai; not present. Any supplementary?

\*169. [*The questioner was absent.*]