

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2636
ANSWERED ON:07.03.2003
SALE OF MOBILE HAND SETS IN GREY MARKET
VILAS BABURAO MUTTEMWAR

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether 70 per cent of the mobile hand sets are being sold through the grey market;
- (b) if so, whether these sets are being smuggled in large quantity and sold in the local market at rates much lower than the domestic market rates;
- (c) whether the Indian Cellular Association (ICA) have urge upon the Government to take appropriate measure to curb the grey market by rationalising the duty on import of mobile hand sets and to check the loss in revenue to the Government which is expected to be Rs. 5390 crore by the year 2006; and
- (d) if so, the concrete steps taken by the Government in this regard?

Answer

MINISTER OF STATE (REVENUE) IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN)

(a) & (b): Smuggling being a clandestine activity, it cannot be said with certainty that large quantity of mobile hand sets is being smuggled into the country. Since the duty liability on mobile hand sets that are smuggled into the country is not discharged, their prices may be lower than mobile hand sets sold legally, wherein all taxes are paid. However, details of seizures of mobile hand sets made during last 2 years & current year (upto January, 2003) is as under.

Year No. of cases booked Value of seizure (Rs. in Crores)

| | | |
|-----------|------|---------|
| 2000-2001 | 2946 | 13.3052 |
| 2001-2002 | 2457 | 15.7496 |
| 2002-2003 | 946 | 13.8430 |

(Upto January,
2003)

(c) & (d): Representation has been received from Indian Cellular Association regarding duty rate reduction and taking enforcement measure to curb grey market. As regards customs duty on mobile hand sets, in the 2000 budget, basic Customs duty was reduced from 25 % to 5 %. In the 2002 budget, basic Customs duty was raised to 10 % but countervailing duty on mobile hand sets was exempted. In this year's budget excise duty has been exempted on these mobile hand sets but customs duty remains the same.