MINISTÈRE DE L'ÉCONOMIE, DES FINANCES ET DE LA RELANCE
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REVUE DE PRESSE SECTORIELLE NUMERIQUE

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En bref

NUMÉRIQUE :

- Le *Directorate of Revenue Intelligence* lance une enquête contre Xiaomi India concernant ~90 M USD de droits de douanes non payés au titre de versements de royalties et de frais de licences.
- Après ses homologues français et australiens, l'Autorité de la concurrence indienne initie une enquête sur les pratiques de Google en matière de droits voisins.
- L'Inde est le troisième pays le plus touché au monde par des coupures d'internet après la Birmanie et le Nigeria, pour un coût de 580 MUSD à l'économie en 2021.
- L'Inde est le deuxième pays avec le plus d'applications mobiles téléchargées en 2021, mais ne figure pas dans le top 20 en termes de dépenses.

TÉLÉCOMMUNICATIONS:

- Le programme d'incitations liées à la production du gouvernement indien a permis de produire près de 900 M USD d'équipements de télécommunications pour un investissement des entreprises d'environ 30 M USD.
- Suite à un rappel à l'ordre du gouvernement, Starlink va procéder au remboursement des précommandes indiennes pour son service d'internet satellitaire.
- Malgré son entrée au capital de Vi suite à la conversion d'une partie de la dette fiscale de l'entreprise en actions, l'Inde ne souhaite pas interférer dans la direction de l'opérateur téléphonique.

Revue de presse

1. NUMÉRIQUE

DRI Launches Probe Against Xiaomi India Over Unpaid Customs Duty Worth Crores

Medianama, 06/01/2022

The Directorate of Revenue Intelligence (DRI) has initiated an investigation into Xiaomi Technology India Private Limited (Xiaomi India), alleging that the smartphone-manufacturing company has evaded customs duty of Rs 653 crores, according to a press release.

The 'royalty and licence fee' that Xiaomi India had paid to Qualcomm USA and to Beijing Xiaomi Mobile Software was not added to the transaction value of goods imported by Xiaomi India and its contract manufacturers, the release stated.

Chinese smartphone makers and apps have been under the scanner of the Indian government ever since reports alleged that Xiaomi smartphones send data to Chinese service providers and have a built-in capability to censor certain phrases.

Violation of Section 14 of the Customs Act: DRI

Since neither Xiaomi India nor its contract manufacturers included the royalty amount Xiaomi had paid to the two companies, the DRI said that it was a violation of Section 14 of the Customs Act, 1962 and Customs Valuation (determination of value of imported goods) Rules, 2007.

After completion of the investigation by the DRI, three show cause notices have been issued to M/s Xiaomi Technology India Private Limited for demand and recovery of duty amounting to Rs. 653 crore for the period 01.04.2017 to 30.06.2020, under the provisions of the Customs Act, 1962 — press release

DRI claimed that it had recorded statements of key persons of Xiaomi India and its contract manufacturers. One of the directors allegedly confirmed these royalty payments.

MeitY sends notice to Xiaomi India, seeking details of phones and components

Recently, it was reported that the Ministry of Electronics and Information Technology (MeitY) sent notices to OnePlus, Xiaomi, Vivo, and Oppo last week seeking details about their phones and components.

The notices came after Economic Times reported that the government is considering mandating a teardown or in-depth testing of smartphones and installed apps to check for potential snooping of citizens. Such rules could mirror the government's requirements for telecom equipment, the ET report said.

India hits Google with antitrust investigation over alleged abuse in news aggregation

TechCrunch, 08/01/2022

India's antitrust watchdog has ordered an investigation into Google following complaints from news publishers who allege that the search giant is "abusing" its dominance in news aggregation to impose unfair conditions on the outlets.

The Competition Commission of India said Friday that Google dominates certain online services and its initial view is that Google has broken the local antitrust laws and pointed to new rules in France and Australia, where the firm has been asked to enter into "fair/good faith negotiation" with news publishers for paid licensing of content to address the "bargaining power imbalance between the two and the resultant imposition of unfair conditions by Google."

"The allegations of the informant, when seen in this vertically integrated ecosystem operated by Google, makes it prima facie appear that news publishers have no choice but to accept the terms and conditions imposed by Google. Google appears to operate as a gateway between various news publishers on the one hand and news readers on the other. Another alternative for the news publisher is to forgo the traffic generated by Google for them, which would be unfavourable to their revenue generation," the CCI said in its 21-page order.

The probe follows a complaint from Digital News Publishers Association, which consists of the digital arms of some of India's biggest media firms. The association said their members get more than half of their traffic from online search engines, a category Google clearly commands, and the market-leading position has allowed Google to force the publishers into several unfavorable terms.

In a wide-ranging complaint, the association said Google displaying snippets of news items limits the number of visitors to news outlets and impacts the ad revenue "while Google continue[s] to earn ad revenue on its result page" as well as enriches "its search algorithm resulting from the volume of search queries."

"It has also been averred that the terms of the agreements entered between the members of the Informant [news publishers] and the OPs [Google and its subsidiaries] for sharing the advertisement revenues are unilaterally and arbitrarily dictated by the OPs, and the members of the Informant have no other option but to accept the terms, as they are, with no bargaining power whatsoever," the watchdog said.

"The only alternate to the AMP system is for publishers to subscribe with Google, which benefits Google, to the detriment of the publishers," the watchdog said. The association accused that Google is forcing them to use its AMP format, which has implications on their revenue.

A Google spokesperson did not respond to a request for comment.

"In a well-functioning democracy, the critical role played by news media cannot be undermined, and it needs to be ensured that digital gatekeeper firms do not abuse their dominant position to harm the competitive process of determining a fair distribution of revenue amongst all stakeholders," the watchdog added.

Friday's investigation is the latest of a series of probes the Indian competition watchdog has ordered in recent weeks. Late last year, the CCI ordered an investigation into how Apple runs its App Store, becoming the most recent country to take aim at the American technology giant.

Internet Shutdowns Cost India $582.8 Million In 2021: Report

Medianama, 11/01/2022

There has been a total of 317.5 hours of internet shutdowns in India in 2021 which cost the country a total of $582.8 million (or 58.28 crores), according to research by Top10VPN.com.

Overall, India is among the top three countries where the cost of internet shutdowns is the highest. This research sourced incidences of internet outages from Netblocks' real-time graphic data and SFLC.in's Internet Shutdown Tracker. Top10VPN said that the economic cost of internet shutdown is calculated using the Netblocks and the Internet Society's Cost of Shutdown Tool, which is based on the Brookings Institution method.

Internet suspension has unofficially become standard operating procedure during public unrest or violence in India. Increasingly, state and central government bodies are relying on internet suspensions, creating communication blackouts in conflict-ridden areas.

Biggest economic hit from outages in Kashmir

The Indian government again imposed more costly internet outages than almost any other nation. The biggest economic hit came from throttling internet speeds in Kashmir, where authorities finally restored normal internet access in February after 18 months — Top10VPN

The website said that the internet was intentionally slowed down to 2G speeds which rendered the internet 'functionally near-useless'. This caused "education and business to suffer during a pandemic that made everyone more dependent on reliable internet access".

Rank	Country	Total Cost	Duration (Hrs)	Internet Users Affected	Peaceful Protest	Free & Fair Elections	Press Freedom
1	Myanmar	$2.8BN	12,238	22M	X	X	X
2	Nigeria	$1.5BN	5,040	104.4M	-	-	-
3	India	$582.8M	1,157	59M	X	X	X
4	Ethiopia	$164.3M	8,014	21.3M	X	-	X
5	Sudan	$157.4M	777	13.2M	X	-	X
6	Uganda	$106.7M	692	10.6M	X	X	-
7	Bangladesh	$49.7M	61	112.7M	X	-	-
8	Burkina Faso	$25.8M	192	10.3M	X	-	-
9	Cuba	$20.1M	176	7M	X	-	X
10	Syria	$20.7M	104	5.3M	-	-	-
11	Iran	$17.5M	408	4.7M	X	-	-
12	Armenia	$5.3M	42	1.9M	-	-	-
13	Colombia	$5.0M	34	1.9M	X	-	-
14	eSwatini	$3.3M	28	0.5M	X	-	-
15	Pakistan	$3.8M	3	83.9M	X	-	-

Source: Top10VPN

Some recent internet shutdowns in India

- In December, mobile internet and bulk SMS services were restored in the Mon district of Nagaland after over 12 hours of shutdown, amidst violence in the area
- Maharashtra government imposed restrictions on mobile internet and SMS services in the Amravati district, after unrest in the area.
- Rajasthan government shut down the internet in various districts to curb cheating during the administrative services examination being held in the state in October.
- Kashmir saw restrictions on mobile internet services amidst civilian killings in October.
- Haryana government restricted mobile internet services in at least three districts of Haryana in view of the Kisan Mahapanchayat in Karnal in September.

Indians second-highest downloaders of apps in 2021 but spend less: AppAnnie

LiveMint, 12/01/2022

NEW DELHI: Indians were the second-highest downloaders of mobile games and applications through 2021, accounting for 11.6% of all app downloads around the world.

However, they do not spend much on mobile apps and games. The result: India does not even rank in the world's top 20 nations, despite shelling out an estimated $170 million on mobile games. The findings were reported by market research firm App Annie in its State of Mobile 2022 report, released on Wednesday.

The report also reveals that Indians were the fifth-highest smartphone users in the world in terms of the number of hours spent on their phones per day. With an average of four hours and 42 minutes spent on their phones by each person every day, India ranks behind the likes of Brazil and South Korea, but ahead of nations such as Singapore, the US, and China in mobile phone usage.

In terms of collective hours spent by the country on mobile apps and games on Android devices, Indians increased their usage by 6.% year-on-year to spend 699.9 billion hours through 2021. The country's usage is behind only China, whose collective figure incidentally fell 3.4% on year to stand at 1.12 trillion hours of mobile apps and games usage.

Interestingly, 2021 was the second year where India did not see a quarter-on-quarter growth in the number of hours spent using mobile apps and games. The report claims that on Android devices, Indians spent significantly lesser time gaming than before. While Q2 2020 witnessed 347.6 million hours of gaming, Q4 2021 saw gaming reduced to 186.7 million hours. This is down by 46.2% from the peak, which was witnessed during the months of the first lockdown enforced due to the covid-19 pandemic.

The numbers somewhat contradict the global smartphone market, which saw a decline of 6.5% in Q4 2021 in the number of hours spent by users on mobile gaming, since its peak in Q2 2020.

To be sure, despite accounting for significantly lesser usage time in comparison to social media and photography apps in India and around the world, mobile games continue to take the majority share of smartphone apps that generated over $100 million from users through 2021. Three of every four apps that crossed this figure were games, according to App Annie.

In India, cryptocurrency trading platforms also saw a clear rise in demand. Among finance apps, four of the top 10 apps downloaded in India through 2021 are cryptocurrency trading platforms--CoinSwitch, CoinDCX, WazirX and Binomo--taking the 3rd, 5th, 6th and 7th spots.

In the social media space, India is the only nation where TikTok does not feature in the list of the top three most downloaded apps through 2021. The Bytedance-owned short video social platform continues to remain banned in India, after the Indian government's crackdown on apps with links to Chinese servers banned TikTok as part of over 250 such mobile applications. The latter is the highest downloaded app of 2021, and also the one with the highest amount of consumer spends.

Indians, however, chose to divert most of their spends on mobile apps to Hotstar, followed by dating app Tinder and professional social media, Linkedin.

2. Télécommunications

PLI Boost: Telecom gear makers log Rs 6,200 crore production

ET Bureau, 03/01/2022

Telecom equipment makers have produced more than Rs 6,200 crore worth of products with an investment of close to Rs 247 crore since the launch of the production-linked incentive (PLI) scheme for the segment, a senior government official said.

"We will soon announce the progress on the equipment production; things are good," the official told ET.

The production and investment have so far been driven by large multinational players such as Ericsson and Nokia, with Indian companies having sought an extension to meet their targets, saying they have received just four months to meet the first-year milestones.

MNCs have invested Rs 151 crore, the officer told ET. Large Indian manufacturers have invested Rs 86 crore, while the remaining Rs 9.7 crore of investment was from MSMEs.

On the production side, the official said, the global players accounted for Rs 5,471 crore of production so far, while the large Indian companies contributed Rs 641 crore to the total. MSMEs accounted for the balance Rs 122 crore.

As reported by ET last month, multinational vendors Nokia and Ericsson were on track to meet targets of the first year of the PLI scheme for telecom and network equipment manufacturing and had not sought any extension of the timelines.

But a number of domestic and multinational contract manufacturers had written to the telecom department, both directly and through the industry body the Cellular Operators Association of India, seeking a year's extension to meet targets under the scheme.

The PLI scheme, which aims to make India a telecom equipment manufacturing hub by attracting global investments as well as nurture homegrown companies, kickstarted on April 1, 2021, and will be in effect till 2025-26.

The telecom department had approved 31 proposals under the scheme, entailing investments of Rs 3,345 crore over four-and-a-half years. The companies selected for the PLI scheme included Nokia India, Ericsson's Jabil unit, HFCL, Dixon Technologies, Flextronics, Foxconn, Coral Telecom, VVDN Technologies, Tejas Networks Akashastha Technologies and GS India.

The department notified the PLI scheme on February 24 2021, with a financial outlay of Rs 12,195 crore over the five years.

The scheme offers incentives in the range between 4% and 7% for different categories and tenures. For MSMEs, a 1% higher incentive is proposed in year one, year two and year three.

Financial year 2019- 20 will be treated as the base year for computation of cumulative incremental sales of manufactured goods net of taxes.

SpaceX's Starlink to refund preorders in India following government order

TechCrunch, 04/01/2022

Starlink, part of Elon Musk's SpaceX, informed a number of individuals in India on Tuesday that it will be refunding their preorders, more than a month after New Delhi told the firm to stop "booking/rendering the satellite internet service" in the South Asian market without obtaining a license.

In an email to those who had preordered Starlink in India, the company said it was "looking forward to making Starlink available in India as soon as possible," but it currently doesn't have clarity on the "timeline for receiving licenses to operate."

"As has always been the case, you can receive a refund at any time," the company wrote, outlining the steps to avail the refund.

Starlink had received over 5,000 preorders for its devices in India and was looking to conduct pilots in the country. Last year, the company appointed an India head, who reached out to several stakeholders in the country to explore ways to collaborate.

In late November, the Indian government told the company, which competes with Bharti Group-backed OneWeb and Amazon's Kuiper, in a public statement that it needs to comply with the regulations and refrain from taking preorders "with immediate effect."

Starlink, which had shipped over 100,000 terminals to customers, sees India as a big potential market. Sanjay Bhargava, the India head of Starlink, said last year the company had plans to deploy over 200,000 active terminals in over 160,000 districts in India by the end of December 2022.

"At Starlink, we want to serve the underserved. We hope to work with fellow broadband providers, solution providers in the aspirational districts to improve and save lives," he wrote.

Even as more than half a billion people are online in India, just as many are still offline. According to industry estimates, hundreds of millions of Indians living in rural areas don't have access to any broadband network.

"The government approval process is complex. So far there is no application pending with the government, so the ball is in our court to apply for consideration, which we are working on," Bhargava said at the time.

"Our approach will be to get pilot approval quickly if Pan India approval will take long. We are optimistic that we will get approval for a pilot program or Pan India approval in the next few months," said Bhargava in October, cautioning that if it fails to get the government approval, the actual number of terminals it may end up deploying by the end of next year will be "much lower than that or even zero.

'Government won't interfere in running of Vodafone Idea'

LiveMint, 13/01/2022

Vodafone Idea Ltd's chief executive Ravinder Takkar clarified on Wednesday that the government has no intention of running the business or taking a board seat despite being the company's largest shareholder.

The debt-laden telco, Takkar said, decided to convert interest on dues into equity upfront to reduce interest outgo and is on track to raise funds to strengthen its balance sheet. On Tuesday, the company opted to convert interest on deferment of adjusted gross revenue (AGR) and spectrum instalments dues of about ₹16,000 crore into equity.

Investors waded back into the beaten-up stock after the clarification on Wednesday. The shares surged as much as 12.7% before ending trading at ₹12.80 on BSE, an increase of 8.47%. The stock plunged 20.5% on Tuesday.

"The government is very clear, they want us to run the company, and that is what we intend to do as well," Takkar told reporters. "They want three private players in the market. They certainly do not want a duopoly or a monopoly."

After the conversion, the government will own 35.8% of Vodafone Idea, while Vodafone Group's stake will drop to 28.5% from 44.39%, and Aditya Birla Group's ownership will be diluted to 17.8% from 27.66%.

Takkar said the company is in discussions with several investors for raising funds. "I can confirm again, very strongly, that there is a huge interest, especially from international investors, in investing in India. They're interested not only in India, but they also are interested in the telecom sector, and we've had interactions with several of them," he said, adding that the company may soon announce its fundraising plans.

The key concerns of investors on whether India will remain a three-player telecom market, whether the government will come out with reforms in the sector and whether it will provide financial aid have been addressed by the structural reform package announced by the government in September, he said.

He added that the conversion process would take a few months. Post the approval, shares will be issued to the government and will have to be approved by shareholders.

The company will issue shares to the government at ₹10 as the average price of the shares on 14 August, the record date decided by the telecom department to calculate the value of the company, was below its par value, Vodafone Idea said on Tuesday.

Since 14 August was a Saturday, assuming the share price of Friday, 13 August is taken—which was ₹6.32—analysts said the government could well demand a higher stake after final consultations. Takkar said the net present value of ₹16,000 crore of dues could also change based on the discussions with DoT since the company had given its calculations to the department and a final amount will be confirmed post the discussions.

"In our view, the government may end up increasing its stake in Vodafone Idea further, as and when the cumulative deferred amount of ₹92,000 crore pertaining to AGR dues and spectrum liabilities becomes payable post the end of the moratorium period," said analysts at Kotak Institutional Equities.

Analysts at Kotak said it was unlikely Vodafone Idea would be able to service deferred liabilities in about four years as it continues to lose subscribers and falls short on investments needed to upgrade the network to keep up with the competition.

"Until there is further clarity on the final stake of the government in the company, Vodafone Idea could find it difficult to raise external capital given such shareholders may face the risk of additional dilution," said analysts at Goldman Sachs in a note dated 12 January.

They cautioned that the erosion in market share in such a scenario, with capex lagging peers, can further accelerate if the company fails to increase free-cash-flow meaningfully in the near term to make investments in buying 5G spectrum and capital expenditure.

Goldman estimates Vodafone Idea's free cash flow to have an annual shortfall of more than $3 billion, starting FY27, when spectrum payments resume. This could result in further equity dilution as the government can convert AGR and spectrum principal amount into equity at that point.

Takkar said the company had chosen the on-time option to convert the interest on dues into equity upfront as it was the best option to reduce the debt burden and de-leverage more since most of the debt is owed to the government.

"The company has a significant amount of debt, we have a stretched balance sheet, and anytime there's an option to convert that debt to equity is considered positive for the company, especially considering that most of the debt is to the government of India," he said, backing the decision.

Meanwhile, on Wednesday, the last date to opt for interest conversion, Tata Teleservices Ltd wrote to the telecom department for converting interest on AGR dues of about ₹4,139 crore to equity, people aware of the development said. The equity holding in the unlisted entity will be based on the net present value, which will be decided based on mutual agreement, the company told the telecom department, the people said.

The NPV formula adopted by DoT for listed firms won't apply to TTSL.

TTSL did not respond to email queries till the time of going to press.

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