



Press Release
25.08.2021

Enforcement Directorate has carried out search operation at 8 premises of Human Hair merchants/exporters in Hyderabad and in West Godavari District, AP under FEMA 1999.

During the Money Laundering investigation by ED against Chinese Online Betting Applications, it was noticed that *hawala* payments to the tune of Rs. 16 Crore were paid to Human hair merchants. Consequently FEMA investigation was initiated against the hair merchants based in Telangana & AP.

During the FEMA investigation by ED, it was found that many domestic merchants were aggregating and selling the raw hair to foreign merchants based in Hyderabad, Guwahati & Kolkata. Then these hair are smuggled out of India via road via points at Moreh (Manipur), Zokhawthar (Mizoram), Aizawl (Mizoram) etc, to Mandalay (Myanmar). Ultimately, it finds its way to China, where these are labeled as domestic Chinese hair and processed. Chinese traders are thus able to avoid import duty of 28% at the time of import and also earn 8% export incentives at the time of export, by claiming smuggled Indian hair as Chinese hair. Many Indian exporters are also suspected to be under-valuing the exported human hair in terms of value/quality to evade import duties in the recipient country.

During the search operation, ED has seized 12 mobile phones, 3 laptops, one computer, hand written dairies, *kacha* account books and loose sheets containing incriminating information. Total unaccounted cash of Rs 2.90 Crore is also seized from the possession of the hair merchants. These exporters/merchants could not explain the source of above cash found at their premises. Further, it was also found that 2 Hyderabad based merchants had received Rs. 3.38 Crore for domestic sale to North-east merchants through illegal Chinese App { M/s Linkyun Technology Private Limited & M/s Dokypay Technology Private Limited } Company's Paytm Accounts.

It is also noticed that few Myanmar Citizens are permanently stationed in Hyderabad, and are purchasing human hair locally & then exporting it to Myanmar by using the IEC code of Indian persons/entities at under-valued prices. The difference amount is settled either locally or through hawala channels.

ED is analyzing the purchase & sale/export prices & quality. Prima facie it is suspected that human hair exported to Myanmar, Bangladesh, Vietnam, Austria etc are under-invoiced. Evidences have further revealed that some entities have been receiving payments against sale of human hair in the bank account of their employees and subsequently cash is withdrawn and handed over to their owners. Most of the exporters



are not maintaining proper books of accounts and are also evading Income tax liabilities.

Further investigation is going on.

