

Another telecom license under CVC scanner

The CVC inquiry comes within days of the telecom ministry expressing concerns over the handling of disinvestment of erstwhile Videsh Sanchar Nigam Limited (VSNL), now Tata Communications, by the NDA government especially with regard to huge land bank associated with the firm

In yet another instance of a decision taken by the NDA [regime](#) coming under scrutiny, the Central Vigilance Commission (CVC) has begun an inquiry into issuance of ILD licence to Data Access in 2002 which was later cancelled after the [company](#) failed to pay dues of over Rs 219 crore to BSNL and DoT.

The CVC has decided to conduct an inquiry on allegations pertaining to issuance of International Long Distance Licence (ILD) to Data Access India by the telecom ministry and has sent 25 questions to the DoT pertaining to the company and the circumstances under which the licence was issued.

According to an internal communication, the CVC has also asked whether the networth of Data Access was assessed at the time of grant of ILD licence by DoT and whether it is a fact that company's networth had become negative in 2002 itself.

The company, promoted by Siddhartha Ray, had also planned to go for public issue and non-compliance of licence was not disclosed in draft prospectus and the [market](#) regulator SEBI had forced the company to withdraw its public issue as liabilities were understated and income overstated.

The company was granted ILD licence on March 27, 2002 for establishing, maintaining a working [telegraphs](#) within the scope of licence. The company had received the licence after paying Rs 25 crore as entry fee and furnishing a bank guarantee for another Rs 25 crore.

In 2004, the company had initiated the process to float an initial public offer in order to raise upto Rs 100 crore, which was later on called off in the absence of some regulatory clearance from market regulator SEBI.

The Telecom Ministry in 2005 had suspended the ILD licence of Data Access for non-[payment](#) of over Rs 200 crore due to the Department of Telecom (DoT) and other operators like BSNL and MTNL.

“Non-payment of more than Rs 200 crore affects the viability of other operators and is against proper conduct of Telegraph and violation of clauses of the licence. Data Access has failed to perform obligation under licence including timely payment of fee and other charges due to the licensor,” the Ministry of Communication and IT had said in the suspension order.

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