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ED charges 4 telcos with Fema violations of Rs 4,300 cr

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NEW DELHI: The Enforcement Directorate has filed charges against four mobile phone companies for Fema violations totalling nearly Rs 4,300 crore in the 2G spectrum case, the investigating agency said on Saturday.

The agency that probes violations of forex rules named Swan Telecom, Loop Mobile, Loop Telecom and S-Tel in a charge sheet filed before its special director. "Investigation under Fema has revealed large-scale contraventions by telecom companies and their associates in the 2G spectrum allocation case," the ED said.

The ED move comes within a week of the CBI filing its first charge sheet in the 2G spectrum allocation scam. The ED said Swan issued shares to a foreign investor-Etisalat-and an Indian investor-Genex Exim-for an 'abnormal value'. It also said equity issued to Genex Exim was an indirect foreign investment as funds were brought in from Dubai through an intermediary. The agency said the Fema violations by the company amounted to Rs 3,608 crore.

The ED charged Loop Mobile for Fema violations of Rs 431 crore.

In S-Tel's case, the ED said the company did not refund the balance of the FDI to the foreign investor, Bahrain Telecom, within the stipulated period of time resulting in Fema violations of Rs 96.6 lakh. Swan, now known as Etisalat DB, is co-promoted Balwa and Goenka, both of whom are in judicial custody.

Etisalat owns licences to operate in 15 circles. Loop Mobile, a subsidiary of Loop Telecom, offers services in Mumbai while S Tel operates in six circles. Representatives of these telecom companies will have to appear before ED officials. If the charges against them stand, they could be slapped with a fine amounting to three times the sum involved in such violations or up to Rs 2 lakh where the amount of contravention is not quantifiable. ED said it suspects Fema violations by Virgin Mobile and it was also checking the pricing issue of shares between Unitech and Telenor.

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