

2G case: ED issues notices on FEMA violations of Rs 3,805cr

The enforcement directorate (ED) on Wednesday issued show cause notices for alleged foreign exchange violations of Rs 3,805 crore to telecom firms and other entities as part of its investigation into the 2G spectrum allocation case.

The notices by the central probe agency have been issued against Loop Telecom Limited, New Delhi for Rs 549 crore, M/s Loop Mobile (India) Limited Mumbai for Rs 26 crore, M/s DB Realty Limited Mumbai for Rs 2,831 crore and M/s ETA Star Property Developers Pvt Ltd, Chennai for Rs 399.50 crore for a variety of alleged contraventions under the Foreign Exchange Management Act (FEMA), sources said.

The ED has been investigating financial transactions and role of these firms in the 2G spectrum case for sometime and the agency issued notices after going through all the "evidence on record" and information received from these respective firms, the sources said.

The notices sent to these companies have cited various charges of violation of RBI guidelines in place for receipt of foreign direct investment (FDI) and routing of funds to and from foreign shores. Loop Telecom Ltd, Delhi and Loop Mobile (India) Limited Mumbai have been show caused for alleged violation of FEMA with regard to "failure to report to RBI the receipt of FDI and issue of shares to foreign investors."

Real estate firm DB Realty Ltd Mumbai has also been charged on the same grounds which is a violation under section 6 of the FEMA. Chennai-based construction firm ETA Star Property has been charged by the agency for "failure to issue shares against FDI within 180 days and to report to RBI the issue of shares to foreign investors".

The agency, along side CBI, has been probing money laundering and forex violation instances against the firms involved in the 2G case and has earlier issued similar notices to the tune of Rs 2,000 crore in the same case against various other firms. The showcause notices can be challenged by the firms in the appellate authority of the FEMA which acts as a quasi-judicial court.

(Moneycontrol.com)