

India police arrest cheap mobile maker on fraud charges

February 24 2017



In this July 7, 2016 file photo, Mohit Goel, Director of Indian company Ringing Bells Pvt. Ltd. shows Freedom 251 smartphones at a press conference in New Delhi, India. Police say Mohit Goel was arrested late Thursday in the northern town of Ghaziabad following a complaint that his company, Ringing Bells, had not supplied the handsets that a phone distribution company had paid for. (AP Photo/Saurabh Das, File)

The director of an Indian company that claimed it was selling the world's cheapest smartphone was arrested Thursday on fraud charges, police said

Friday.

Mohit Goel was arrested in the New Delhi suburb of Ghaziabad following a complaint that his company Ringing Bells had not supplied the handsets that a phone distribution company had paid for.

The launch of the smartphone called "Freedom251" and priced at rupees 251 (\$3.70) in February 2016 was widely covered by the Indian media. The company's website on which pre-orders were taken crashed with huge numbers of people trying to access it to book a phone. Many customers who bought the phone said at the time that they were happy with the sleek features of the handset.

Police spokesman Rahul Srivastava said Friday that the arrest was made after the distribution company, Ayam Enterprises, filed a complaint that it had paid Goel 3 million rupees, but had received handsets worth only 1.3 million rupees.

In their complaint, Ayam Enterprises said they had agreed to distribute the phones and had paid Ringing Bells the money in advance.

Ringing Bells had failed to supply handsets or return the money to the distributor despite several reminders, police said.

However, Goel's company ran into troubles when some 30,000 customers paid for the phone on Ringing Bells' online site and were promised delivery of the handset by June—a promise the company failed to meet.

Financial frauds are common in India with people falling victim to scams. Mobile phone industry analysts were skeptical about the cheap smartphone and enthusiasm for Goel's phone faded after supplies stopped.

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Citation: India police arrest cheap mobile maker on fraud charges (2017, February 24) retrieved 8 April 2024 from <https://phys.org/news/2017-02-india-police-cheap-mobile-maker.html>

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