

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO. †146

ANSWERED ON MONDAY, NOVEMBER 25, 2024/ AGRAHAYANA 4, 1946 (SAKA)

AMENDMENT IN FEMA REGULATIONS

†146. SHRI KAUSHALENDRA KUMAR:

SHRI DINESH CHANDRA YADAV:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has amended the FEMA regulations to allow the closure of cases of foreign exchange violations of upto Rs. 5 crore by paying a fine;
- (b) the number of people likely to be benefitted from the said amendment; and
- (c) whether the said amendment is likely to be applicable to the ongoing cases as well and the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) and (b): Section 15 (1) of the Foreign Exchange Management Act, 1999 (FEMA) provides that any contravention of the said Act may, on application made by the person committing such contravention, be compounded by officers of Reserve Bank of India (RBI) and Directorate of Enforcement (DoE) who are authorised in this behalf by the Central Government. The Central Government, in exercise of these powers conferred, had issued Foreign Exchange (Compounding Proceedings) Rules, 2000 which were superseded by Foreign Exchange (Compounding Proceedings) Rules, 2024 notified on September 12, 2024. These Rules provide the procedure of such compounding and authorises officers at various levels in RBI and DoE to compound contraventions as per the sums involved in the said contravention.

(c): Any compounding application pending before the compounding authority, on the date of commencement of Foreign Exchange (Compounding Proceedings) Rules, 2024 shall be governed by the provisions of the Foreign Exchange (Compounding Proceedings) Rules, 2000.
