

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

UNSTARRED QUESTION NO. †189

ANSWERED ON MONDAY, FEBRUARY 3, 2025/MAGHA 14, 1946 (SAKA)

AMENDMENT IN FEMA REGULATIONS

†189. SHRI KAUSHALENDRA KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has amended the FEMA regulations to allow the settlement of cases of foreign exchange violations while paying a penalty of up to Rs. 5 crore;
- (b) the number of people who will be benefited from the said change in the policy;
- (c) whether the said changes will be applicable to cases which were pending before the above decision taken by the Government; and
- (d) if so, 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 Director 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in exercise of these powers conferred, had issued Foreign Exchange (Compounding Proceedings) Rules, 2000 which were superseded by Foreign Exchange (Compounding Proceedings) Rules, 2024 notified on September 12, 2024.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) and (d): 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.
