

Powers of RBI Officers enhanced for compounding FEMA offences

Rules, 2024 aim at EoDB, streamlining and rationalizing Rules, 2000

FEM (Compounding of Proceedings) Rules, 2024 (Rules, 2024) effective from September 12, 2024
Repeals FEMA (Compounding of Proceedings) Rules, 2000 (Rules, 2000)

Contraventions that cannot be compounded

- Order u/s 13 imposing penalty passed [addition] (Section 13 deals with penalties for contravention)
- Section 37A applicable [addition] (Section 37A deals with assets held out of India in contravention of the Act)
- Amount not quantifiable
- ED is of the view that it involves money-laundering, terror financing or affecting the sovereignty and integrity of the nation. ED to remit such cases to the appropriate Adjudicating Authority for adjudicating contravention u/s 13;
- Requires further investigation to ascertain the amount u/s 13.
- Appeal filed u/s 17 (Appeal to Special Director (Appeals) & 19 (Appeal to Appellate Tribunal) [deleted]

Application Fee

Application Fee for compounding increased from Rs. 5000 to Rs. 10,000

Monetary limit based on sum involved in contravention increased

Rank of RBI Officer	Sum involved in contravention [in Rs.]	
	[as Rules, 2000]	[as Rules, 2024]
AGM	<= 10 L	<= 60L
DGM	>10 L and <40L	<= 2.5 Cr
GM	>= 40L and 1 Cr	<= 5 Cr
CGM	> 1 Cr	> 5 Cr

Mode of payment for (a) application fee & (b) Compounding amount

- Rules, 2024: Payments can be made through DD, RTGS, NEFT, or other electronic modes
- Rules, 2000: Payments only through DD

Procedure for Compounding

Compounding refers to the process of voluntarily admitting the contravention, pleading guilty and seeking redressal

