भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2020-21/67
A.P. (DIR Series) Circular No. 06

November 17, 2020

To
All Category-I Authorised Dealer Banks

Madam / Sir

Foreign Exchange Management Act, 1999 (FEMA)-
Compounding of Contraventions under FEMA, 1999

The attention of Authorized Dealer Category-I (AD Category-I) banks is invited to paragraph 3 of the Master Direction on "Compounding of Contraventions under FEMA, 1999", in terms of which the powers to compound certain contraventions of Notifications FEMA 20/2000-RB dated May 3, 2000 and FEMA 20(R)/2017-RB dated November 07, 2017 have been delegated to the Regional Offices/Sub-Offices of the Reserve Bank for enhanced customer service and operational conveninece. The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 i.e. Notification No. FEMA.395/2019-RB, both notified on October 17, 2019, by Government of India and Reserve Bank of India respectively have since superseded the earlier Notification No. FEMA 20(R)/2017-RB. Accordingly, the compounding powers stand delegated to the Regional Offices/ Sub Offices of the Reserve Bank to compound the following contraventions.

FEM (Non –Debt Instruments) Rules, 2019 dated October 17, 2019
Rule 2(k) read with Rule 5
Rule 21
Paragraph 3 (b) of Schedule I (Issue of shares without approval of RBI or Government, wherever required)
Rule 4 (Receiving investment in India from non-resident or taking on record transfer of shares by Investee Company)
Rule 9(4) and Rule 13(3)

FEM (Mode of Payment and Reporting of Non-Debt Instruments) Regulations dated October 17, 2019
Regulation 3.1(I)(A)
Regulation 4(1)
Regulation 4(2)
Regulation 4(3)
Regulation 4(6)
Regulation 4(7)
Regulation 4(11)

2. Please refer to para 3.5 of A.P. (DIR Series) Circular No. 56 dated June 28, 2010 and para 2 of A.P. (DIR Series) Circular No.11 dated July 31, 2012 with respect to the classification of a contravention under FEMA by the Reserve Bank as 'technical' or 'material' or 'sensitive/serious in nature'. On a review it has been decided to discontinue the classification of a contravention as 'technical' that was dealt with by way of an administrative/ cautionary advice and regularize such contraventions by imposing minimal compounding amount as per the compounding matrix as contained in the 'Master Direction - Compounding of Contraventions under FEMA, 1999' dated January 01, 2016, as amended from time to time.

3. Please refer to para 3(I) of A.P. (DIR Series) Circular No.73 dated May 26, 2016 with respect to public disclosure of Compounding Orders. On a review and in partial modification of earlier instructions it has been decided that in respect of the Compounding Orders passed on or after March 01, 2020 a summary information, instead of the Compounding Orders, shall be published on the Bank's website in the following format:

Sr. No.	Name of the Applicant	Details of contraventions (provisions of the Act/Regulation/Rules compounded)	Date of compounding order	Amount imposed for compounding of contraventions

4. The aforesaid Master Direction No. 4 dated January 01, 2016, as amended from time to time, is being updated to reflect the changes. AD Category - I banks should bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully

Ajay Kumar Misra
Chief General Manager-in-Charge