



# Foreign Exchange Bulletin October 2024

## Amendment in the Compounding Rules

RBI has issued new rules for compounding of contraventions under Foreign Exchange Management Act. The key changes as compared with the erstwhile rules are as follows:

Particulars	Erstwhile Foreign Exchange (Compounding Proceeding) Rules, 2000	Revised Foreign Exchange (Compounding Proceeding) Rules, 2024
<b>1. Power to compound by RBI</b>		
<u>Designation</u>	<u>Monetary limit</u>	<u>Monetary limit</u>
Assistant General Manager	Up to INR 10 Lakh	Up to INR 60 Lakh
Deputy General Manager	Up to INR 40 Lakh	Up to INR 2.5 Crore
General Manager	Up to INR 1 Crore	Up to INR 5 Crore
Chief General Manager	Above INR 1 Crore	Above INR 5 Crore
<b>2. Compounding application fees and mode of payment</b>		
Application Fees	INR 5,000/- (including taxes)  On return of compounding application, the same shall be refunded	INR 10,000/- (excluding taxes)  On return of compounding application, the same shall not be refunded but shall be adjusted against resubmission
Mode of Payment	Solely by demand draft	Can be paid through demand draft, NEFT or other approved electronic / online payment methods
<b>3. Contraventions that cannot be compounded</b>		
Contraventions that cannot be compounded	If adjudication has been done by ED and an appeal has been filed under section 17 or section 19 of FEMA	If the adjudicating authority has already passed an order imposing penalty under section 13 of FEMA  If the compounding authority believes that the contravention involved requires further investigation by ED to determine the amount of contravention under Section 13 of FEMA
<b>4. Submission of compounding application</b>		
Submission of compounding application	Applications had to be submitted in physical at the relevant RBI office	Applications can be submitted in physical at the relevant RBI office or on Pravaah Portal

The compounding rules also includes the matrix for computation of the compounding fees for various contraventions.

Compounding Rules can be accessed at [Link](#).

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