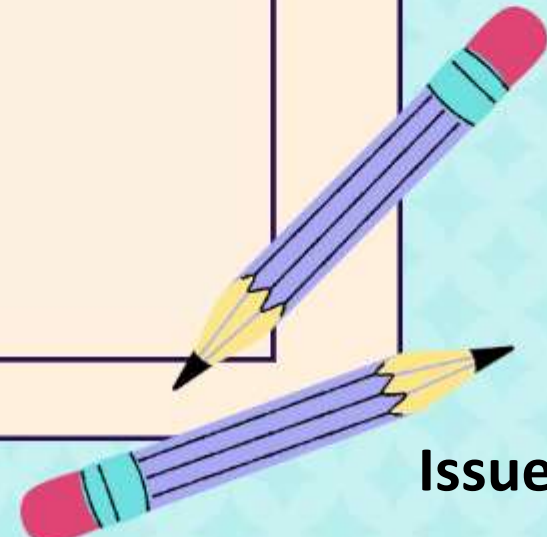




FEMA ke FUNDAE

**Compounding of
Contraventions under
FEMA
(Part 4 of 4)**

#FamiliarwithFEMA



Topics already covered in Part 3 :-

- Methods to calculate penalty amount to be imposed by the RBI along with compounding matrix.

For Part 3, refer the below link:-

<https://www.linkedin.com/feed/update/urn:li:activity:7082245558257467392>

OR

<https://jainshrimal.com/compounding-of-contraventions-under-fema-3/>



Jetha

Hello Mr. FEMA Gyani. I understood the guidance note used by RBI to calculate the penalty amount. But how will the penalty amount be communicated to us?

RBI issues a **compounding order** which states the penalty amount imposed for the contravention.



The FEMA Gyani

Oh I see. But how long does it take to receive this compounding order?

This **order is issued by RBI within 180 days from the date of receipt of compounding application**. RBI also gives an opportunity for personal hearing.



Jetha



The FEMA Gyani



Jetha

Is it mandatory to appear for personal hearing?

No Jetha, it is not mandatory to appear for personal hearing. In case a person opts not to attend the personal hearing he/she may indicate his/her preference in the compounding application itself.



The FEMA Gyani

But If I'll not appear for personal hearing does it affects the decision of RBI?


No Jetha, **appearing** for or **opting out** of personal hearing does **not** have any bearing on the decision of RBI.



Jetha




The FEMA Gyani




What is to be done after the compounding order is received?

Jetha




The next step after the compounding order is received is to **pay the amount of penalty** imposed mentioned in the order **by way of demand draft** in favour of the Reserve Bank of India in the manner indicated in the compounding order.

The FEMA Gyani



Is there a time limit within which this demand draft is to be drawn and deposited with the RBI?

Jetha



Yes Jetha, the demand draft is to be submitted **within 15 days** from the date of the compounding order.

The FEMA Gyani



Jetha

Oh I see. But Mr. FEMA Gyani what if we are not satisfied with the order and request the compounding authority to review the order passed?



Jetha

Okay. What happens if someone fails to pay the penalty amount within the specified time limit?



Jetha

Thank you Mr. FEMA Gyani. I understood everything about compounding.

That is not allowed Jetha.



The FEMA Gyani

If someone **fails to pay the penalty** amount within the specified time limit of 15 days then, that case is referred to the **Directorate of Enforcement for further investigation** and necessary action under FEMA 1999.



The FEMA Gyani

Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



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