GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA

UN-STARRED QUESTION NO. 1353

TO BE ANSWERED ON MONDAY, JULY 27, 2026/ SHRAVANA 5, 1948 (SAKA)

Compounding Offences under FEMA

1353. **Shri Azad Kirti Jha**:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has revised or streamlined the process for compounding offences under the Foreign Exchange Management Act (FEMA) in coordination with the Reserve Bank of India, if so, the details thereof;

(b) the number of FEMA cases disposed of through compounding during the last five years and the current year, year-wise, along with the total amount of penalties imposed and recovered during the said period;

(c) whether the Enforcement Directorate has issued No Objection Certificates (NOCs) in such cases, if so, the number of such cases in which NOCs have been issued, sector-wise and year-wise;

(d) the criteria and safeguards adopted by the Government to determine eligibility for compounding, including cases involving large-value violations; and

(e) whether the Government has assessed the impact of the revised compounding mechanism on reducing litigation, improving compliance and ensuring timely disposal of FEMA cases and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) Government has notified the Foreign Exchange (Compounding Procedures) Rules, 2024 on 12th September, 2024 which has replaced the Foreign Exchange (Compounding Procedures) Rules, 2000. Further, RBI has issued Master Directions - Compounding of Contraventions under FEMA, 1999, dated April 22, 2025 as updated from time to time listing out the consolidated operational instructions on filing of compounding applications with RBI.

(b) and (c) The details of year-wise data on compounding applications disposed along with the amount imposed and received is as per Annexure. Of the applications disposed, No Objection Certificates (NoCs) were obtained from the Directorate of

Enforcement in 79 cases. Sector wise data is not maintained. The year-wise breakup of cases is as follows:

Year	**No. of cases**
Apr 2021 - Mar 2022	12
Apr 2022 - Mar 2023	18
Apr 2023 - Mar 2024	16
Apr 2024 - Mar 2025	14
Apr 2025 - Mar 2026	18
Apr 2026 - Jul 20, 2026	01
Total	**79**

(d) The criteria and safeguards for compounding the application in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2024 are categorically provided in the Rules.

(e) No such information is available.

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Annexure

Year-Wise data on compounding applications disposed along with the amount imposed and received

(Amount in rupees)

Year	Applications Disposed	Amount Imposed	Amount Received
Apr 2021 - Mar 2022	599	67,84,30,214.60	67,84,30,214.60
Apr 2022 - Mar 2023	664	62,68,87,800.60	59,62,89,521.60
Apr 2023 - Mar 2024	752	53,97,77,744.30	53,97,77,744.30
Apr 2024 - Mar 2025	757	93,11,53,736.30	65,46,15,506.30
Apr 2025 - Mar 2026	858	67,56,77,913.30	34,39,03,228.60
Apr 2026 – Jul 20, 2026	40	96,80,132.50	94,36,998.00