

All about FEMA 1999 and goldmine opportunities for CAs to become Global Professional

By - CA. (Dr.) Rajkumar Adukia

Mobile No.: 9820061049/9820061039

Email rajkumar@cadrrajkumaradukia.com

In this article, we'll dive into the intriguing world of foreign exchange in India—exploring the relevant legislation and uncovering the myriad opportunities available for professionals in this dynamic field.

Unlocking Foreign Exchange Opportunities in India

The landmark liberalization of 1991 transformed India's economic landscape, tearing down barriers and opening the doors to foreign markets. This shift allowed businesses and individuals to operate more freely and frequently on a global scale. However, with this newfound freedom came the need for a robust framework to manage foreign exchange as a valuable asset rather than merely controlling it.

Enter the Foreign Exchange Management Act (FEMA) of 1999—a pivotal legislation designed to facilitate and regulate foreign exchange transactions while promoting orderly development and maintenance of the foreign exchange market in India.

As businesses expand their horizons internationally, they encounter a wealth of opportunities, but also a complex web of compliance requirements dictated by various countries. This complexity creates a goldmine for professionals engaged in finance, foreign transactions, and overseas business ventures. The demand for skilled expertise in navigating these regulations is greater than ever, offering exciting prospects for those ready to seize them.

Join us as we unravel the details of foreign exchange in India, the legislative framework that governs it, and the abundant opportunities that await savvy professionals in this evolving landscape!

Beyond Borders: The Exciting World of Foreign Exchange Opportunities

The additional requirement of compliance especially in light of multi rules and regulation concerning different countries creates goldmine for the professional involves in finance, foreign transactions, overseas business etc.

The foreign exchange in India is mainly regulated under the Foreign Exchange Management Act, 1999 consequently bring such goldmine for professional who can servetheir expertise in different roles being as

1. Consultant
2. Collaboration facilitator

3. Statutory compliance, reporting
4. Taxation
5. Assistance in compounding and regularising of offences and advisory
6. Regulatory approval in commercial borrowing
7. Legal advise
8. Drafting of agreement related to foreign transaction
9. Compliance of NBFC under FEMA
10. FDI Compliance
11. FDI for start-ups
12. Advisory on requirement by Indian companies in terms of overseas investment in light with FEMA, Foreign Collaborations, Joint Ventures and Acquisitions.
13. FEMA compliance
14. Concurrent audit of foreign exchange dept of bank
15. Assisting overseas citizen and citizen of India in FEMA law compliance
16. Assisting overseas corporation
17. Virtual FEMA compliance assistance
18. Vetting / Drafting of FDI agreements and field study works.
19. Vetting of Counter Guarantee Agreements signed by National & State Governments.
20. Analysis of political and other factors affecting investment decisions of foreign parties.
21. Representation before statutory authorities on behalf of either the domestic or foreign parties wherever permissible.
22. Acting as Arbitrators when dispute arises.
23. Valuation of Tangible and Intangible assets for settlement of trade disputes or initial

/ Subsequent investments

24. Representation before WTO Dispute Settlement Forum when disputes goes to their Jurisdictions

25. Investigation Services when foreign parties require background verification of the Domestic parties and vice versa when joint ventures occurred.
26. Advising Corporate about Global FDI policies adopted in different countries and Selection of suitable partners for joint ventures
27. Financial Evaluation of FDI proposals on behalf of industries and Government.

Why foreign exchange matters?

If only everyone in the world could use Indian currency there would be no need for foreign exchange.

Foreign exchange is typically an international marketing term that is used for buying and selling of products and services between countries using different currency. In the language of laymen it refers to foreign currency & is also one of the parameters to see how richer a particular country is.

What is a currency?

In statutory term the currency will include all currency notes, postal notes, postal orders, money orders, cheques, drafts, traveller cheques, letters of credit, bills of exchange and promissory notes, credit cards or such other similar instruments, as may be notified by the Reserve Bank.

With respect to Indian currency it means currency which is expressed or drawn in Indian rupees but does not include special bank notes and special one rupee notes issued under Section 28-A of the Reserve Bank of India Act, 1934.

The definition of Indian currency helps us to understand as to what will constitute as foreign currency. That means any currency which is not an Indian currency.

Hence If an Indian goes to foreign country e.g. Australia and offered Indian rupee in exchange of service provided in that country will they accept it?

Likewise a foreigner comes to India starts marketing on Indian street and paid dollars in exchange of Indian good will it valid?

The answer is no.

This leads to the concept of inflow and outflow of foreign exchange. Whenever a person from India goes outside he will need a foreign exchange to spent that means there is an outflow of foreign exchange likewise whenever a person outside India comes in India bring foreign exchange which will be consider as an inflow, which takes us to the concept of a **Foreign Direct Investment**

The foreign direct investment shortly referred to as FDI is a long term investment in foreign country. For instance, a firm named “A” based in Europe and the government of India detected that “A” has technologies that would help the development of the Indian productive chain in the particular industry the company “A” is engaged. Now the government contacted that company to present investment opportunities in India and to facilitate the company’s production in the country.

Like this several other companies across the globe have an investment in sectors such as energy, infrastructure, automotive, medical equipment, semiconductors and biotechnology among others.

In the better interest of economy the importance of foreign direct investment cannot be undermined.

This applies to all levels of economies such as the developed economies for instance Norway, Switzerland, Ireland; the emerging one for instance India, Mexico, Russia etc. It has always been beneficial in the sense of creating job opportunities thereby increasing employment rate which further contributes to the overall growth of GDP of respective country.

Background of FEMA

The Foreign Exchange Regulation Act, 1947:

The Foreign Exchange Regulation Act, 1947 (hereinafter referred by FERA 1947) was the outcome of India's fulfilling the obligation as a member of the International Monetary Fund. The act was spread over to about twenty seven sections. The FERA 1947 was enacted thereby restricting the dealing in foreign exchange by person other than authorized dealers except with the previous general/special permission of the Reserve Bank of India.

The Foreign Exchange Regulation Act, 1973:

The enactment of foreign exchange regulation act, 1973 (hereinafter referred to as FERA 1973) leads to the supersession of the foreign exchange regulation act, 1947. The enactment of FERA 1973 became evident in the sense that sufficient experience has been gained till then, in light of that the directorate of enforcement and reserve bank of India were of the view that there is emergent need of regulations among other matters, the entry of foreign capital in the form of branches and concerns with substantial non-resident interest in them, the employment of foreigners in India etc. The central government with intention to act upon such suggestion enacted the FERA 1973. The object was to introduce the changes felt necessary for the effective implementation of Governments policy and removing the difficulties which have been experienced in the working of the Act.

The Foreign Exchange Management Act, 1999:

The prior legislation before the enactment of the foreign exchange management act, 1999 (hereinafter referred to as FEMA 1999) that is the Foreign Exchange Regulation Act, 1973 were more in a position of controlling the foreign exchange transaction whereas the FEMA 1999 seek to manage the foreign exchange. The Act has been explained later in great detail.

The Foreign Exchange Management Act, 1999

With the change in time, it became necessary in the economic as well as financial interest of India to have specific regulation so as to encourage and the same time to have control over it and managing risks thereby.

Keeping the same interest in mind the Government lead for the enactment of the Foreign Exchange Management Act, 1999 (herein after FEMA) replacing its predecessor the Foreign Exchange Regulation Act, 1974, the latter used to treat the violation of law relating to dealing in foreign exchange as the criminal offence whereas the FEMA made with the broader vision of managing the foreign exchange and made the offence as compoundable.

The FEMA 1999 has considerably liberalised provisions in respect of management of foreign exchange.

It provides

1. Free Transactions on Current Account subject to reasonable restrictions that may be imposed
2. Capital Account Transactions. Realization of Export Proceeds

3. Dealings in Foreign Exchange through Authorized Person (e.g. Authorized Dealer/Money Changer/Off-shore banking unit)
4. Adjudication of Offences – Appeal Provisions including Special Director (Appeals) and Appellate Tribunal for Forfeited Property & High Court

The parliament enacted Foreign Exchange Management Act, 1999 on 27th December 1999 which official came into force on 1st day of June 2000. The legislations, rules and regulations, governing Foreign Exchange Management are as under:

Composition of the act as under:

- 7 Chapters divided into 49 sections of which 12 sections cover operational part and the rest deals with contravention, penalties, adjudication, appeals, enforcement directorate, etc.
- CHAPTER I – Preliminary (Section 1&2)
- CHAPTER II- Regulation and Management of Foreign Exchange (Section 3 –9)
- CHAPTER III – Authorised Person (Section 10 –12)
- CHAPTER IV – Contravention and Penalties (Section 13-15)
- CHAPTER V – Adjudication and Appeal (Section 16- 35)
- CHAPTER VI – Directorate of Enforcement (Section 36-38)
- CHAPTER VII- Miscellaneous (Section 39 – 49)
- Rules made by Ministry of Finance under Section 46 of FEMA (Subordinate or delegated Legislations)
- Regulations made by RBI under Section 47 of FEMA (Subordinate or delegated Legislations)
- Master Direction issued by RBI on every year Foreign Direct Investment policy issued by Department for Promotion of Industry and Internal Trade (DPIIT).
- Notifications and Circulars issued by Reserve Bank of India.

Rules made under FEMA 1999:

1. The Foreign Exchange (Authentication of Documents) Rules, 2000
2. The Foreign Exchange Management (Adjudication and Proceedings appeals) Rules, 2000
3. The Foreign Exchange Management (Encashment of Draft, Cheque, Instrument and Payment of Interest) Rules, 2000
4. The Foreign Exchange Management (Current Account Transactions) Rules 2000
5. The Foreign Exchange Management (Non-debts Instruments) Rules 2019
6. The Foreign Exchange (Compounding Proceedings) Rules 2024

The Regulations made under FEMA 1999:

1. The Foreign Exchange Management (Permissible capital account transactions) regulations, 2000
2. The Foreign Exchange Management (Foreign exchange derivative contracts) regulations, 2000
3. The Foreign Exchange Management (Investment in firm, proprietary concerns in India) regulations, 2000
4. The Foreign Exchange Management (Issue of security in India by a branch, agency, office of Person Resident Outside India) Regulations, 2000
5. The Foreign Exchange Management (Transfer or issue of foreign security) Regulations, 2000
6. The Foreign Exchange Management (Crystallization of inoperative foreign currency deposits) Regulations, 2014
7. The Foreign Exchange Management (Export and import currency) regulations, 2015
8. The Foreign Exchange Management (Export of goods and services) Regulations, 2015

9. The Foreign Exchange Management (Insurance) Regulations, 2015
10. The Foreign Exchange Management (Foreign currency account by a Person Resident In India) Regulations, 2015
11. The Foreign Exchange Management (International financial services centres) Regulations, 2015
12. The Foreign Exchange Management (Acquisition and transfer of immovable property outside India) Regulations, 2015
13. The Foreign Exchange Management (Possession and retention of foreign currency) Regulations, 2015
14. The Foreign Exchange Management (Realisation, repatriation and surrender of foreign exchange) Regulations, 2015
15. The Foreign Exchange Management (Regularisation of assets held abroad by the Person Resident Inside India) Regulations, 2015
16. The Foreign Exchange Management (Remittance of assets) Regulations, 2016
17. The Foreign Exchange Management (Deposit) Regulations, 2016
18. The Foreign Exchange Management (Manner of receipt and payment) Regulations, 2016
19. The Foreign Exchange Management (Establishment in India of a branch office or a liaison office or a project office or any other place of business) Regulations, 2016
20. The Foreign Exchange Management (Borrowing and lending) Regulations, 2018
21. The Foreign Exchange Management (Cross border merger) Regulations, 2018
22. The Foreign Exchange Management (Mode of Payment and Reporting of Non Debt Instruments) Regulations, 2019
23. The Foreign Exchange Management (Debt Instruments) Regulations, 2019

Significant provision under FEMA 1999:

Authorised person / Dealer: The act under “Section 2 (c) defines “Authorised person” as an authorised dealer, money changer, off-shore banking unit or any other person for the time being authorised under sub-section (1) of Section 10 to deal in foreign exchange or foreign securities”

It should be noted that the reserve bank has been conferred with the power to revoke such authorisation so granted under subsection (1) of section (10) on the where circumstances where it became just in the public interest or the authorised person failed to act in conformity with conditions on the basis of which authorisation has granted in first place.

The Foreign Exchange Dealers’ Association of India (FEDAI) <https://www.fedai.org.in/>

Set up in 1958 FEDAI, is an Association of banks dealing in foreign exchanges in India (typically called Authorised Dealers - ADs) as a self regulatory body and is incorporated under Section 25 of The Companies Act, 1956.

Functions of the same are as follows:

- Guidelines and Rules for Forex Business.
- Training of Bank Personnel in the areas of Foreign Exchange Business.
- Accreditation of Forex Brokers
- Advising/Assisting member banks in settling issues/matters in their dealings.
- Represent member banks on Government/Reserve Bank of India/Other Bodies.
- Announcement of daily and periodical rates to member banks.

FEDAI plays a catalytic role for smooth functioning of the markets through closer co- ordination with the RBI, other organizations like FIMMDA, the Forex Association of India and various market participants.

Transaction under FEMA 1999

The FEMA 1999 contains two categories of transaction that is capital account transaction or a current account transaction for applicability of relevant regulation thereon.

The **golden rule** is:

all current account transactions are permitted unless otherwise prohibited

all capital account transactions are prohibited unless otherwise permitted

A. CAPITAL ACCOUNT TRANSACTIONS:

Section 2 (e) defines the Capital Account Transaction as transaction altering assets and liabilities including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India, and includes transactions under subsection (3) of section 6 of the act.

- Section 6(4): All capital account transactions are prohibited unless specifically permitted.

The Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 came into existence to deal with the classes of permissible capital account transactions and limit of permissible transactions.

Permissible capital account transactions

1. For persons resident in India
2. For person resident outside India

Category I - Permissible capital account transactions for persons resident in India

Presented below is the list of capital account transactions which are specifically permitted for the person's resident inside India:

- (a) Investment by a person resident in India in foreign securities
- (b) Foreign currency loans raised in India and abroad by a person resident in India
- (c) Transfer of immovable property outside India by a person resident in India
- (d) Guarantees issued by a person resident in India in favour of a person resident outside India
- (e) Export, import and holding of currency/currency notes
- (f) Loans and overdrafts (borrowings) by a person resident in India from a person resident outside India
- (g) Maintenance of foreign currency accounts in India and outside India by a person resident in India
- (h) Taking out of insurance policy by a person resident in India from an insurance company outside India
- (i) Loans and overdrafts by a person resident in India to a person resident outside India
- (j) Remittance outside India of capital assets of a person resident in India
- (k) Sale and purchase of foreign exchange derivatives in India and abroad and commodity derivatives abroad by a person resident in India

Category 2: Permissible capital account transactions for persons resident outside India

- (a) Investment in India by a person resident outside India,
- (b) Acquisition and transfer of immovable property in India by a person resident outside India

(c) Guarantee by a person resident outside India in favour of, or on behalf of, a person resident in India

(d) Import and export of currency/currency notes into/from India by a person resident outside India

(e) Deposits between a person resident in India and a person resident outside India

(f) Foreign currency accounts in India of a person resident outside India

(g) Remittance outside India of capital assets in India of a person resident outside India.

Current Account Transaction

Section 2(j) refers to transaction other than capital account transaction that will include payment due with respect to foreign trade, ongoing business, services, short-term banking and credit facilities in the business, payments due as interest on loans and as net income from investments, remittances for living expenses of parents, spouse and children residing abroad, and expenses of foreign travel, education and medical care of parents, spouse and children etc.

The definition of current account transaction is inclusive and any expenditure which is not covered under capital account transaction will be current account transaction even if the transaction is not specified above.

All the current account transactions are free from restrictions, unless specifically restricted by Central Government as per section 6(4) of the FEMA 1999 and Foreign Exchange Management (Current Account Transactions) Rules, 2000.

There are certain transactions that are

- Totally prohibited Schedule I of the Foreign Exchange Management (Current Account Transactions) Rules, 2000

- Permitted subject to the prior approval of concerned Ministry Permitted, subject to the prior approval of concerned Ministry, Central Government Schedule II of the Foreign Exchange Management (Current Account Transactions) Rules, 2000
- Permitted subject to prior approval of the RBI Schedule III of the Foreign Exchange Management (Current Account Transactions) Rules, 2000

Compliance under FEMA:

1. Annual Return on Foreign Liabilities and Assets:

An Indian company which has received FDI or an LLP which has received investment by way of capital contribution in the previous year(s) including the current year shall submit form FLA to the Reserve Bank on or before the 15th day of July of each year.

Explanation: Year for this purpose shall be reckoned as April to March.

The FLA return can be filed through a web-portal interface <https://flair.rbi.org.in> provided by RBI to the reporting entities for submitting “User Registration Form”. The successful registration on web-portal will enable users to generate RBI-provided login-name and password for using FLA submission gateway and would include system-driven validation checks on submitted data. The User Manual and FAQs present on the web-portal can be used for further guidance to file the FLA return.

2. Annual Performance Report

This report is to be submitted by a Resident individual who has made an Overseas Direct Investment (ODI). It is to be provided in Form ODI Part II to the AD (Authorised Dealer) bank regarding Joint Venture or Wholly Owned Subsidiaries outside India on or before 31st December every year.

3. Single Master Form: All the reporting except specifically provided has to be made through the Single Master Form (SMF) available on the FIRMS platform at <https://firms.rbi.org.in>.

a. Reporting of conversion of ECB into equity

Details of issue of shares against conversion of ECB have to be reported to the Regional Office concerned of the Reserve Bank, as indicated below:

(i) In case of full conversion of ECB into equity, the company shall report the conversion in Form FC-GPR as well as in Form ECB-2 (Part V: Annex III) to the Department of Statistics and Information Management (DSIM), within seven working days from the close of month to which it relates. The words "ECB wholly converted to equity" shall be clearly indicated on top of the Form ECB-2.

Once reported, filing of Form ECB-2 in the subsequent months is not necessary.

(ii) In case of partial conversion of ECB, the company is required to report the converted portion in Form FC-GPR as well as in Form ECB-2 clearly differentiating the converted portion from the non-converted portion. The words "ECB partially converted to equity"

shall be indicated on top of the Form ECB-2. In the subsequent months, the outstanding balance of ECB shall be reported in Form ECB-2 to DSIM.

b. Downstream Investment:

Form DI: An Indian entity or an investment vehicle making downstream investment in another Indian entity which is considered as indirect foreign investment shall file Form DI with the Reserve Bank within 30 days from the date of allotment of equity instruments

c. Investment by persons resident outside India in units of an Investment Vehicle

An Investment vehicle which has issued its units to a person resident outside India in terms of Schedule VIII of NDI Rules, 2019 shall file Form InVI within 30 days from the date of issue of units.

d. Reporting of ADR/GDR Issues – Form DRR

The domestic custodian shall report the issue/ transfer of sponsored/ unsponsored depository receipts as per DR Scheme 2014 in Form DRR within 30 days of close of the issue/ program.

e. Reporting of ESOPs and sweat equity shares

An Indian company issuing 50employees' stock option (ESOP) to persons resident outside India who are its employees/ directors or employees/ directors of its holding company/ joint venture/ wholly owned overseas subsidiary/ subsidiaries shall file Form ESOP within 30 days from the date of issue of ESOPs.

f. Reporting requirements of Limited Liability Partnerships

i. Form FDI- LLP (I): A Limited Liability Partnerships (LLPs) receiving amount of consideration for capital contribution and acquisition of profit shares is required to submit a report in Form Foreign Direct Investment-LLP (I) within 30 days from the date of receipt of the amount of consideration. The form shall be accompanied by:

(i) copy/ies of the FIRC/s evidencing the receipt of the remittance

(ii) A KYC report in respect of the foreign investor in the format specified in.

ii. Form FDI- LLP (II): The LLPs shall report disinvestment/ transfer of capital contribution or profit share between a resident and a non-resident (or vice versa) within 60 days from the date of receipt of funds in Form Foreign Direct Investment-LLP (II). The onus of reporting shall be on the resident transferor / transferee.

g. Reporting of issue or transfer of Convertible Notes – Form CN

a) A start-up company issuing Convertible Notes (CNs) to a person resident outside India shall file Form CN within 30 days of issue.

- b) Transfer of Convertible Notes of a start-up company by way of sale between a person resident in India and a person resident outside India shall be reported by the transferor/transferee, resident in India, in Form CN within 30 days of such transfer.
- c) The AD bank shall ensure due diligence with regards to KYC of the foreign investor/ buyer.

h. Foreign Currency-Transfer of Shares (FC-TRS)

- 1) Form FCTRS is required to be filed for transfer of equity instruments in accordance with NDI Rules, 2019, between:
 - (i) a person resident outside India holding equity instruments in an Indian company on a repatriable basis and person resident outside India holding equity instruments on a non-repatriable basis; and
 - (ii) A person resident outside India holding equity instruments in an Indian company on a repatriable basis and a person resident in India, The onus of reporting is on the resident transferor/ transferee or the person resident outside India holding equity instruments on a non- repatriable basis, as the case may be.
- 2) Transfer of equity instruments in accordance with NDI Rules, 2019 between a person resident outside India holding equity instruments on a non repatriable basis and person resident in India is not required to be reported in Form FC-TRS.
- 3) Transfer of equity instruments on a recognized stock exchange by a person resident outside India as prescribed under NDI Rules, 2019 has to be reported by such person in Form FC-TRS.
- 4) Transfer of equity instruments prescribed in Rule 9(6) of NDI Rules, 2019 viz., payment on deferred basis, shall be reported in Form FC-TRS to the AD bank on receipt of every tranche of payment. The onus of reporting shall be on the resident transferor/ transferee.

5) Transfer of ‘participating interest/ rights’ in oil fields shall be reported in Form FC-TRS.

6) Form FCTRS is required to be filed by the Indian company buying back shares in a scheme of merger/ de-merger/ amalgamation of Indian companies approved by NCLT/ competent authority.

7) The form FCTRS has to be filed with the AD bank within sixty days of transfer of equity instruments or receipt/ remittance of funds whichever is earlier.

i. Reporting of ESOPs and sweat equity shares

An Indian company issuing 50employees’ stock option (ESOP) to persons resident outside India who are its employees/ directors or employees/ directors of its holding company/ joint venture/ wholly owned overseas subsidiary/ subsidiaries shall file Form ESOP within 30 days from the date of issue of ESOPs.

The FEMA 1999 made all the criminal offences as civil offences. The chapter IV of the act provides for the provision for penalty with respect to contravention whereby section 13 provides for the imposition of penalty of three times of the sum involved in the contravention. With reference to the enforcement of order by adjudicating authority, the concerned person has to make deposit the penalty amount within ninety days of passing of the order; failure to this he shall be liable for civil imprisonment.

The Director of enforcement or such other officers of directorate of enforcement or officers of the reserve bank of India so authorised have to compound the contravention within one eighty days on an application by the concerned person. Further no proceeding can be initiated or continued with respect to that particular contravention. With respect to compounding provision there is separate rule governing all the provisions related to compounding proceedings, namely **the Foreign Exchange (compounding proceedings) Rules, 2024**

In pursuance of the Union Budget 2024-25 announcement by Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman to simplify rules and regulations for Foreign

Investments, the Department of Economic Affairs (DEA), Ministry of Finance, has on 12th September 2024 notified the Foreign Exchange (Compounding Proceedings) Rules, 2024 under powers given under section 46 read with section 15 of the Foreign Exchange Management Act (FEMA), 1999. The amended Rules will supersede the existing Foreign Exchange (Compounding Proceedings) Rules, which were issued in 2000.

As part of a broader initiative to streamline and rationalize existing rules and regulations to further facilitate ease of doing business, the compounding proceeding rules were comprehensively reviewed in consultation with the Reserve Bank of India.

The emphasis has been on enabling provisions to expedite and streamline the processing of compounding applications, introduction of digital payment options for application fees and compounding amounts, and a focus on simplification and rationalization of the provisions to eliminate ambiguity and clarify the process.

These amendments indicate commitment of the Government towards promoting ‘ease of investment’ for investors and ‘ease of doing business’ for businesses.

Compounding application and requirement

The Forms prescribed are given below [See rules 4(4), 5(4) and 8]:

1) The format of the application.

Format of Application Form

(To be filled in duplicate and shall be accompanied by certified copy of the Memorandum issued)

1. Name of the applicant (in block letters)

2. Details of the applicant

(a) Full address:

(b) Phone No:

(c) E-mail ID: (if the applicant is a person other than an individual, also provide name, address, phone no., email ID and designation of the authorised representative of the applicant)

(d) Income Tax PAN:

(e) ECS mandate:

i. Name of the party (beneficiary) -
ii. PAN -
iii. Particulars of the bank account

A. Name of the bank
B. Name of the branch

Address
Telephone No. -

C. Type of the account
D. Account No.
E. The Digit 9 MICR Code number
F. IFSC Code

Iv. Checklist for attachments (kindly tick) –

Photocopy of PAN Card

Photocopy of cancelled bank cheque

V. I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information , I/We would not hold the user institution applicable.

Date: signature of the Authorised signatory

Place: (Name of the Authorised Signatory)

Official stamp

(f) Goods and Services Tax Identification Number:

3. Whether the applicant is resident in India or resident outside India (please refer to section 2(v) of the Act):

4. Whether any notice has been issued under rule 4 of the Foreign Exchange Management (Adjudication Proceedings and Appeal) Rules, 2000: Yes/No If yes, then furnish the following details:

(a) Name of the adjudicating authority, if any:

(b) Date of issue of notice (attach a copy of the notice):

(c) Whether the notice mentions that the contravention attracts the provisions contained in section 37A, or clause (a) of section 3 of the Act? Yes/No

(d) Whether an adjudication order has already been passed by the adjudicating authority? Yes/No

5. Specific details of the contravention (according to sub-section (1) of section 13 of the Act):

(a) Act:

- (b) Rules:
- (c) Regulations:
- (d) Notifications:
- (e) Order issued in exercise of the powers under the Act:
- (f) Condition subject to which an authorisation was issued by the Reserve Bank:

6. Whether a compounding order had been passed against an application submitted previously by the applicant for compounding under these rules? Yes/ No If yes, kindly furnish the following details about the previous compounding order:

- (a) Date of application for compounding:
- (b) Contravention(s) sought to be compounded:
- (c) Date of compounding order:
- (d) Date of certificate issued by Reserve Bank on payment of amount imposed:

7. Brief facts of the case:

8. Details of fee for application of compounding:

9. Undertaking on Directorate of Enforcement investigation: I/We further undertake to immediately inform in writing, the compounding authority prescribed in rule 4, if any investigation proceedings are initiated by the Directorate of Enforcement against me/us or the adjudication order is passed by the adjudicating authority at any time hereafter, but on or before the date of issuance of the compounding order in respect of the compounding application filed by me/us.

10. Any other information relevant to the case: I/We declare that the particulars given above are true and correct to the best of my/our knowledge and belief and that I/we am/are willing to accept any direction/order of the compounding authority in connection with compounding of my/our case.

Date:

(Signature of applicant)

Authorities governing the enforcement of FEMA:

- Foreign Exchange Department of Reserve Bank of India (RBI) –
www.fema.rbi.org.in
- Directorate of Enforcement, Department of Revenue, Ministry of Finance-
<http://directoratofenforcement.gov.in>
- Capital Markets Division, Department of Economic Affairs, Ministry of Finance –
<http://finmin.nic.in/theministry/deptecoaffairs/>
- Foreign Trade Division, Department of Economic Affairs, Ministry of Finance –
<http://finmin.nic.in/theministry/deptecoaffairs/>

The Foreign Exchange Management Act of 1999, alongside its various rules and regulations, provides a robust framework for managing foreign exchange activities in India. The liberalization of the Indian economy has opened up a world of opportunities for professionals who are willing to navigate this complex landscape.

By leveraging their skills in consulting, training, legal expertise, financial advisory, and technology, professionals can play a pivotal role in helping businesses succeed in the global marketplace. As the demand for knowledgeable experts in foreign exchange continues to grow, those equipped with the right insights and skills will be well-positioned to capitalize on the rich opportunities this field has to offer.

Embracing the world of foreign exchange is not just about managing currency—it's about unlocking potential, fostering growth, and navigating a vibrant international economy. So, are you ready to explore this exciting frontier?