



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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Personal Hearing for Compounding under FEMA: RBI Clarification

The Reserve Bank of India today clarified that appearing for a personal hearing before the compounding authority is optional and the applicant can choose not to appear for it. The applicant may enclose full information relating to the case as prescribed in [AP \(Dir series\) Circular Nos. 56](#) and [57](#) dated June 28, 2010 and December 13, 2011, respectively, with the application or thereafter and may exercise his discretion with regard to appearing for hearing.

The Reserve Bank also clarified that if the applicant opts for appearing for the personal hearing, the Reserve Bank would encourage the applicant to appear directly for it rather than being represented / accompanied by legal experts / consultants, as compounding is only for admitted contraventions. The Reserve Bank further stated that appearing for or opting out of personal hearing does not have any bearing whatsoever on the amount of penalty involved in the compounding order.

Rule 8(2) of Foreign Exchange (Compounding Proceedings) Rules, 2000 states that the compounding authority shall pass an order of compounding after affording an opportunity of being heard to all the concerned as expeditiously as possible and not later than 180 days from the date of application. Many applicants interpret this provision / facility to mean that personal hearing is compulsory and that consultants / advocates must represent them in the personal hearing before the compounding authority.

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