



In the

RESERVE BANK OF INDIA
Foreign Exchange Department
5th floor, Amar Building
Fort, Mumbai - 400 001

Present

J.K.Pandey
Chief General Manager

Date: May 17, 2017
C.A. 4230/2016

In the matter of

Global Collect India Private Limited
1302, Tower 3, Indiabulls Finance Centre,
Senapati Bapat Marg, Elphinstone Road (W), Mumbai 400013

(Applicant)

In exercise of the powers conferred under section 15 (1) of Foreign Exchange Management Act, 1999 and the Regulations/Rules/Notifications/Orders made there under, I pass the following

Order

The applicant has filed the application dated November 22, 2016 (received in the Reserve Bank of India on November 23, 2016) for compounding of contravention of the provisions of the Foreign Exchange Management Act, 1999 (the FEMA) and the regulations issued there under. The contravention sought to be compounded relate to collection of funds by the applicant in its bank account in India on behalf of the overseas merchants for sale of products/services to Indian customers in contravention of the provisions contained in Section 3 (c) of Foreign Exchange Management Act, 1999.

2. The relevant facts of the case are as follows: The applicant was incorporated as Global Collect India Private Limited on April 07, 2006 under the Companies Act, 1956 (CIN U65192MH2006PTC160998). The applicant is primarily engaged in the



business of collecting payments from the customers located in India on behalf of non-resident merchants & Indian merchants. Global Collect B.V., a company incorporated in The Netherlands, is the holding company of the applicant holding 99.99% stake (hereinafter referred as 'holding company'). The applicant entered into a service level agreement with its holding company, effective from May 15, 2006 (as observed from the agreement), pursuant to which it collected funds in its bank account in India on behalf of the overseas merchants for sale of products/services to Indian customers. The funds so collected by the applicant from February 2007 to November 2010 amounted to Rs 2,60,69,306/-.

3. Section 3 (c) of Foreign Exchange Management Act, 1999 clearly stipulates that 'save as otherwise provided in the Act, rules or regulations made thereunder, or with the general or special permission of the Reserve Bank no person shall receive otherwise through an authorised person, any payment by order or on behalf of any person resident outside India in any manner'. The applicant collected funds in its bank account in India on behalf of the overseas merchants for sale of products/services to Indian customers thereby contravening the said Section 3 (c) of FEMA 1999. RBI vide its letter FE.CO.Trade (IMD) No. 4140/08.01.004/2016-17 dated October 21, 2016 granted approval for remittance of Rs 2,60,69,306/- in equivalent USD to the holding company subject to the applicant applying for compounding within a period of 45 days.

4. The applicant was given an opportunity for personal hearing vide our letter No. FED.CO.CEFA No.10983/15.20.67/2016-17 dated May 04, 2017 for further submission in person and/or producing documents, if any, in support of the application. Shri A.S. Narayanan, Director, Global Collect India Private Limited along with Shri Dev Raj Singh, Executive Director and Shri Girish Swarna, Manager from Ernst & Young LLP represented the applicant during the personal hearing held on May 11, 2017. The representatives of the applicant admitted the contraventions for which compounding has been sought and submitted that the lapses were inadvertent and unintentional. They requested that in view thereof, the matter may be viewed leniently. During the course of personal hearing the representatives of the applicant were advised to eschew from any such activity in future. The applicant submitted a letter of undertaking dated May 15, 2017 categorically stating that it



would not undertake any activity of collecting funds on behalf of any non-resident in future in its own name or in any other manner. The application for compounding is, therefore, being considered on the basis of the averments made in the application as well as other documents and submissions made in this context by the applicant.

5. I have given my careful consideration to the documents on record and submissions made by the applicant during the personal hearing and thereafter. Accordingly, I hold that the applicant has contravened the provisions contained in Section 3 (c) of Foreign Exchange Management Act, 1999 by collecting funds in its bank account in India on behalf of the overseas merchants for sale of products/services to Indian customers. The amount of contravention was Rs.2,60,69,306/- and the duration of contravention was around 10 years.

6. In terms of Section 13 of the FEMA, any person contravening any provision of the Act shall be liable to a penalty up to thrice the sum involved in such contravention upon adjudication. However, taking into account the relevant facts and circumstances of the case as stated in the foregoing paragraphs, I am persuaded to take a lenient view on the amount for which the contravention is to be compounded and I consider that payment of an amount of Rs.1,80,347/- (Rupees One lac Eighty Thousand Three Hundred Forty Seven only) will meet the ends of justice.

7. Accordingly, I compound the admitted contraventions namely, the contravention of Section 3 (c) of Foreign Exchange Management Act, 1999 by the applicant on the facts discussed above in terms of the Foreign Exchange (Compounding Proceedings) Rules, 2000 on payment of an amount of Rs.1,80,347/- (Rupees One lac Eighty Thousand Three Hundred Forty Seven only) which shall be deposited by the applicant with the Reserve Bank of India, Foreign Exchange Department, 5th Floor, Amar Building, Fort, Mumbai – 400 001 by a demand draft drawn in favour of the "Reserve Bank of India" and payable at Mumbai within a period of 15 days from the date of this order. In case of failure to deposit the compounded amount within the above mentioned period, Rule 10 of the



Foreign Exchange (Compounding Proceedings) Rules, 2000 dated May 3, 2000 shall apply.

The application is disposed accordingly.

Dated this the seventeenth day of May, 2017

Sd/-

J.K. Pandey
Chief General Manager