

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4096
ANSWERED ON:03.12.2010
FEMA CASES
Alagiri Shri S. ;Sinh Dr. Sanjay

Will the Minister of FINANCE be pleased to state:

- (a) whether Foreign Exchange Management Act, 1999 (FEMA) does not warrant prosecution and instead only envisage imposing of monetary penalty through the process of adjudication ;
- (b) whether the above-said provision of FEMA for not taking any steps under prosecution against the guilty persons is reasonable;
- (c) if so, the reaction of the Government thereto; and
- (d) if not, the number of prosecuted persons during each of the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S.PALANIMANICKAM)

(a): Yes, Madam.

(b) & (c) : The main objective of the Foreign Exchange Management Act, 1999 (FEMA) is to facilitate external trade and payments and promotion of orderly development and maintenance of foreign exchange market in the country. Hence FEMA does not envisage prosecution,

(d) : No person has been prosecuted under FEMA because this Act does not allow prosecution of any person.