

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:153

ANSWERED ON:08.08.2012

FEMA VIOLATION

Alagiri Shri S. ;Shekhar Shri Neeraj;Singh Shri Yashvir;Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

(a) whether cases of Foreign Exchange Management Act, 1999 (FEMA) violation and money laundering have been reported/registered against private companies/MNCs during the last two years;

(b) if so, the details thereof, year-wise company-wise;

(c) whether the Government proposes to alter penal amount under the provisions of show cause notice for contraventions of FEMA; (

(d) if so, the details thereof; and

(e) if not, the reasons for continuation of present arrangements, specially in view of rise in price index?

Answer

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

(a) Yes Sir.

(b) The Directorate of Enforcement has issued Show Cause Notice for alleged contravention of Foreign Exchange Management Act, 1999 (FEMA) and the cases of, prima-facie, offence of money laundering registered under Prevention of Money Laundering Act, 2002 (PMLA) against Private Companies/MNCs in the last two years are as under :-

Years FEMA PMLA

2010-11 34 31

2011-12 37 23

Since the allegations of contraventions of FEMA/PMLA are required to be adjudged by the competent authorities under these enactments, it will not be appropriate to give the details of the companies at this stage.

In addition to action taken by Directorate of Enforcement for violations of FEMA, 1999, RBI entertains applications from person (resident & non-resident) who seeks compounding of an admitted contravention of FEMA for procedural violation except violations under Section 3(a) of the Act. Details of companies/ MNCs which have applied for compounding of contraventions under FEMA are as under:

Period No. of Applications

July 1, 2010-June 30, 2011 581

July 1, 2011-June 30, 2012 478

(c) & (d) No Sir.

(e) Penalties prescribed in Law are not indexed to price rise.