

FEMA Compounding: Where You File Has Changed

RBI Circular No. 28/2026-27 moves overseas investment, borrowing and lending, and guarantee cases to select Regional Offices

Overseas investment · ECB and loans · Guarantees · Dated 23 October 2026



What changed on 23 October 2026

Until this circular, applications to compound contraventions on Overseas Investment and on Borrowing and Lending, and Guarantees were received at RBI's Central Office. Certain foreign direct investment contraventions were already compounded by Regional Offices.

A.P. (DIR Series) Circular No. 28/2026-27 (RBI/FED/2026-27/298) delegates the power to compound these contraventions to select Regional Offices of the Reserve Bank, "as a measure for promoting customer service".

Item	Position
Issued under	Sections 10(4) and 11(1) of FEMA, 1999
What changes	The office where the application is submitted
What stays	The process and compounding amounts in the Master Direction of 22 April 2025
Master Direction	The circular says it "shall accordingly be updated"



Three filing routes in the circular

01

Part A, Overseas Investment: the Regional Office set by the prefix of the UIN of the foreign entity, overseas joint venture or wholly owned subsidiary.

02

Part B, Borrowing and Lending, and Guarantees: the Regional Office with jurisdiction over the registered office of the Indian company or entity, or the place of domicile.

03

Part C, Mixed cases: an application covering several categories handled by different offices may be submitted at CEFA, Foreign Exchange Department, Central Office, Mumbai.

04

No UIN allotted on an overseas investment case: CEFA, Central Office, Mumbai.

Part A: the UIN prefix decides the office

Covers contraventions of FEMA 19/RB-2000, FEMA 120/RB-2004, the Overseas Investment Rules, 2002, the Overseas Investment Regulations, 2002 (FEMA 400/2002-RB), and any other provision as far as it relates to an underlying overseas investment transaction.

The test is the overseas entity's UIN, not the city of the Indian investor.

Regional Office	Prefix of the UIN
Ahmedabad	AH
Bengaluru	BG
Mumbai	BL, BY or PJ
Kolkata	BN, CA, GA or GH
New Delhi	CG, JM, JR, KA, ND, PT or WR
Hyderabad	HY
Chennai	KO or MA

Part B: borrowing, lending and guarantees

Regulations covered:

- FEMA 3/2000-RB, Borrowing or Lending in Foreign Exchange
- FEMA 4/2000-RB, Borrowing and Lending in Rupees
- FEMA 3(R)/RB-2018, Borrowing and Lending Regulations, 2018
- FEMA 8/RB-2000, Guarantees Regulations, 2000
- FEMA 8(R)/RB-2026, Guarantees Regulations, 2026

Excluded from Part B: lending or guarantees by the applicant to the foreign entity in which it has made ODI. Those follow Part A, so the overseas entity's UIN decides the office.

Regional Office jurisdictions: Part C of Annexure I to the Compounding Master Direction.

Who should check this now

Founders with an overseas subsidiary or joint venture: an ODI lapse, or a lapse on a loan or guarantee to that entity, goes to the office for its UIN prefix. Keep each UIN with your compliance papers.

Companies with ECBs, rupee loans from non-residents or cross-border guarantees: file with the Regional Office for your registered office. Group entities in different states may file in different offices.

Advisers preparing applications: map the regulation contravened, the transaction and the UIN before choosing the office.



What the circular does not change

01

Administrative action first. No application is processed until corrective action, such as pending reporting or approvals, is complete (Master Direction para 4.2).

02

Repeat lapses. A similar contravention within three years of one compounded is not compounded (para 4.1).

03

Pay on time. The compounding amount is payable within 15 days of the order; otherwise the applicant is deemed never to have applied (paras 7.1 and 7.3).

04

Other offices. Liaison, branch and project office, NRFAD and immovable property cases sit with FED, Central Office Cell, New Delhi (para 2.2).

Your filing plan

01 List each regulation or rule contravened and the transaction it relates to.

02 Overseas investment case, or a loan or guarantee to your ODI entity: note the UIN prefix and pick the office from the Part A table. No UIN: CEFA, Mumbai.

03 ECB, borrowing, lending or guarantee case: find the Regional Office for your registered office in Part C of Annexure I.

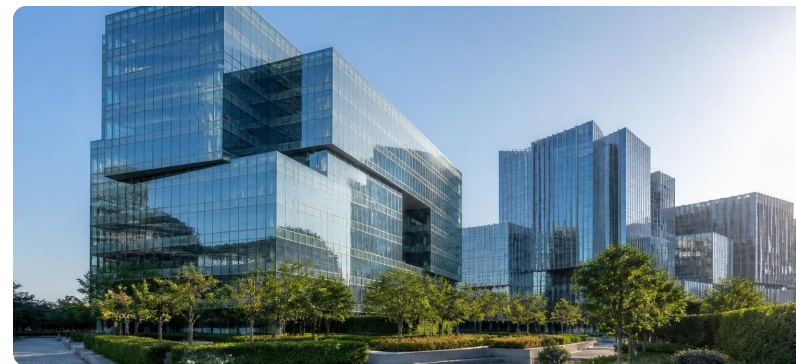
04 Categories spread across offices: consider CEFA, Mumbai under Part C.

05 Complete the administrative action, pay the Rs 10,000 plus GST application fee and email the payment details within 2 hours.

06 File physically or on RBI's PRAVAAH portal, with the Annex II details and the Annex III undertaking.

Key facts at a glance

Item	Detail
Circular date	23 October 2026
Application fee	Rs 10,000 plus applicable GST
Payment intimation	Email within 2 hours of payment
Compounding order	Within 180 days of a complete application
Payment of compounding amount	Within 15 days of the order



A lapse on an overseas subsidiary, ECB or guarantee? Talk to A S Banka Advisors Private Limited.

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Source: Reserve Bank of India, A.P. (DIR Series) Circular No. 28/2026-27, 23 October 2026.

Source: Reserve Bank of India, Master Direction on Compounding of Contraventions under FEMA, 1999, FED Master Direction No. 04/2025-26, 22 April 2025.