# RBI Compounds FEMA Violations in Apothecon Pharmaceuticals Case

The Reserve Bank of India (RBI) issued a compounding order, closing an Enforcement Directorate investigation against Apothecon Pharmaceuticals under FEMA.

Compounding of contraventions under FEMA allows for a one-time payment to settle violations, avoiding further legal proceedings.

## KEY EXAM POINTS

- The **Reserve Bank of India** (**RBI**) issued a compounding order for **Apothecon Pharmaceuticals Private Limited**.
- This order clos**ed** the investigation against the company by the **Enforcement Directorate** (**ED**).
- The investigation was conducted under the provisions of the **Foreign Exchange Management Act** ( **FEMA**).
- A one-time payment of **¹40,52,622** was made as part of the compounding order.
- The compounding order was pass**ed** on **July 6, 2026**, after a **No Objection Certificate** (NOC) from the **ED**.
- The **Enforcement Directorate** was probing multiple **FEMA violations** by the company.

## STATICS & SYLLABUS FOCUS

The **Foreign Exchange Management Act** (**FEMA**) was enacted in **1999**.

**FEMA** replaced the **Foreign Exchange Regulation Act** (**FERA**) of **1973**.

**FEMA** aims to facilitate **external trade and payments** and promote orderly development of the **foreign exchange market**.

The **Reserve Bank of India** (**RBI**) was established on **April 1, 1935**, under the **Reserve Bank of India Act, 1934**.

The **Enforcement Directorate** (**ED**) is responsible for enforcing **FEMA** and the **Prevention of Money Laundering Act** (**PMLA**).

The **Enforcement Directorate** functions under the **Department of Revenue**, **Ministry of Finance**.

**REVISION FLASHCARD**

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Syllabus Relevance: High