



FOREIGN EXCHANGE REGULATION ACT(1973)

Foreign Exchange

- Foreign exchange is the system or process of converting one national currency into another, and of transferring money from one country to another



AN INTRODUCTION TO FERA

- The **FERA (Foreign Exchange Regulation Act)** deals with laws which relate to foreign exchange in India
- The laws were made to manage foreign investments in India. The FERA has its origin at the time of Indian Independence.

- In the beginning, it was a temporary arrangement to **control the flow of foreign exchange**. In 1957 the act was made permanent. As the industrialization grew in India, there was an increase in the foreign exchange investments. As a result, there arose a need to protect it.



- . Accordingly, in 1973 the Foreign Exchange Regulation Act was amended.
- FERA consists 7 Chapter and 81 complex sections
- Under FERA, any offence was a criminal one which included imprisonment as per code of criminal procedure, 1973.

OBJECTIVE'S

- prevent the outflow of Indian currency
- To regulate dealings in foreign exchange and securities
- To regulate the transaction indirectly affecting foreign exchange
- To regulate import and export of currency and bullion



- To regulate employment of foreign nationals
- To regulate foreign companies
- To regulate acquisition, holding etc of immovable property in India by non-residents
- To regulate certain payments .
- To regulate dealings in foreign exchange and securities.
- To regulate the transactions indirectly affecting foreign exchange.

PROVISIONS

- Regulation of dealing in foreign exchange.
- Restrictions on payments.
- Restrictions regarding assets held by non residents and import & export of certain currency & bullion .
- Duty on persons entitled to receive foreign exchange and payment for exported goods.



- Restriction on appointment of certain persons and companies as agents or technical or management advisers in india
- Restriction on establishment of place of business in india
- Prior permission of Reserve Bank required for taking up employment in india by nationals of foreign state
- Restrictions on immovable property