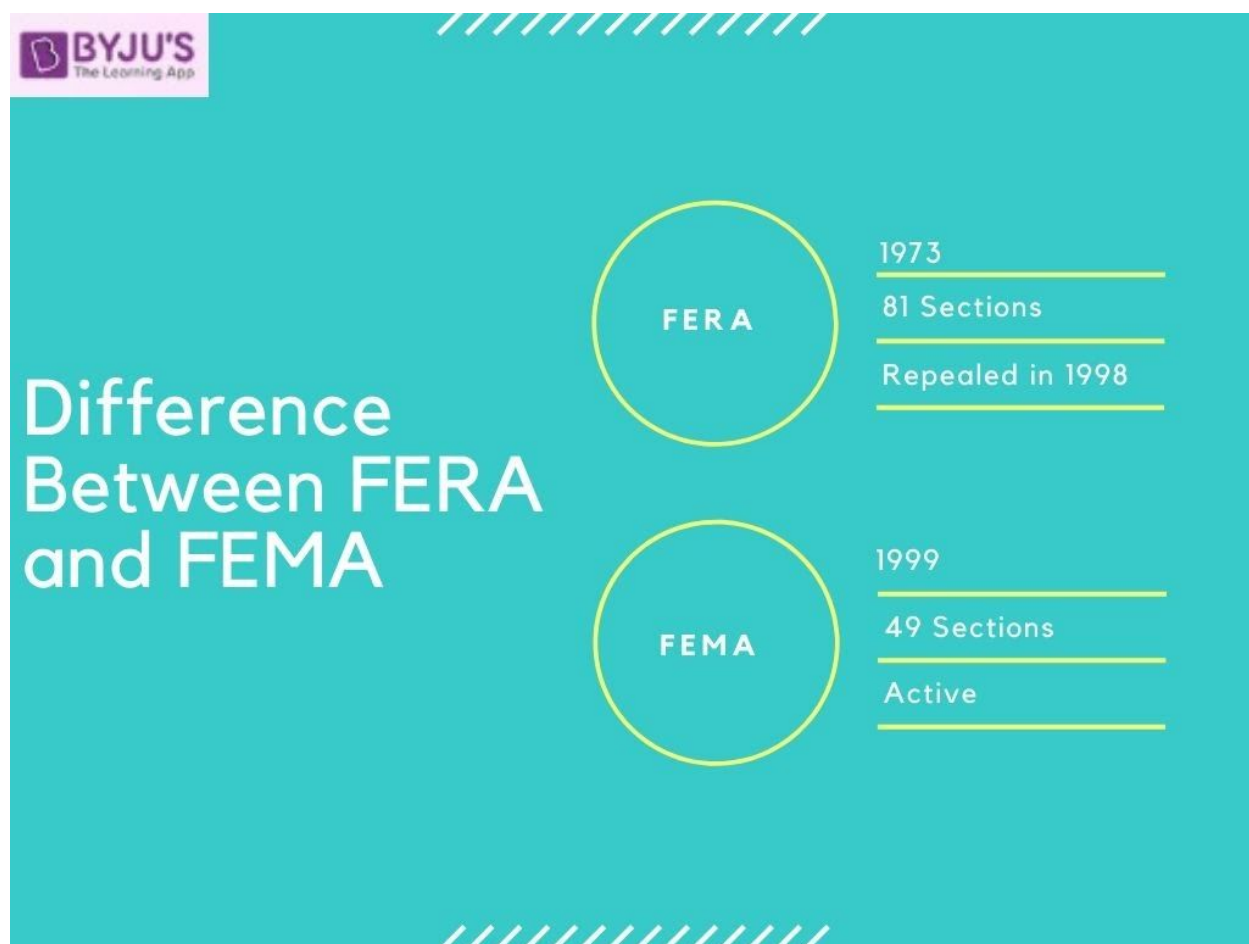


Difference between Foreign Exchange Regulation Act (FERA) and Foreign Exchange Management Act (FEMA) is explained here in detail. This topic is important from the perspective of Indian Economy Syllabus. FERA was an act promulgated, to regulate payments and foreign exchange in India, on the contrary FEMA is an act to promote orderly management of the foreign exchange in India. The differences between FERA and FEMA given here can help the UPSC Civil Service exam aspirants to understand the basics better and know their comparisons thoroughly.



Aspirants would find this article very helpful while preparing for the [IAS Exam](#).

The major differences between FERA and FEMA are:

Foreign Exchange Regulation Act (FERA)	Foreign Exchange Management Act (FEMA)
Parliament of India passed the Foreign Exchange Regulation Act in 1973	Parliament of India enacted Foreign Exchange Management Act (FEMA) on 29 December 1999 replacing FERA.

FERA came into force from January 1, 1974.	FEMA came into force from June 2000.
FERA was repealed in 1998 by Vajpayee Government	FEMA succeeded FERA
FERA has 81 sections	FEMA has 49 sections
FERA was conceived with the notion that Foreign Exchange is a scarce resource.	FEMA was conceived with the notion that Foreign Exchange is an asset.
FERA rules regulated foreign payments.	FEMA focused on increasing the foreign exchange reserves of India, focused on promoting foreign payments and foreign trade.
The objective of FERA was conservation of Foreign Exchange	The objective of FEMA is Management of Foreign Exchange
The definition of "Authorized Person" was narrow.	The definition of "Authorized Person" was widened
Banking units did not come under the definition of Authorized Person.	Banking units came under the definition of Authorized Person.
If there was a violation of FERA rules, then it was considered as Criminal offence.	If there was a violation of FEMA rules, then it is considered as civil offence
A person accused of FERA violation was not provided legal help.	A person accused of FEMA violation will be provided legal help.
There was no provision for Tribunal, the appeals were sent to High Courts	There is provision for Special Director (Appeals) and Special Tribunal
For those guilty of violating FERA rules, there was provision for direct punishment.	For those guilty of violating FEMA rules, they have to pay a fine, starting from the date of conviction, if the penalty is not paid within 90 days, then the guilty will be imprisoned.
If there was a need for transferring of funds for external operations, then prior approval of the Reserve Bank of India (RBI) is required.	For External trade and remittances, there is no need for prior approval from the Reserve Bank of India (RBI).

There was no provision for IT	There is provision for IT
-------------------------------	---------------------------

These are the main differences between FERA and FEMA. The differences given in the above table can help the UPSC Civil Service Exam aspirants to answer any related questions easily in the exams.

After learning about the FEMA and FERA difference, it is better to know the details of Foreign Exchange Management Act (FEMA), and also relevant facts on Foreign Contribution Regulation Act (FCRA), the importance and advantages of Forex Reserves, functions of Enforcement Directorate (ED) and Foreign Direct Investment thoroughly. Visit the below-given links to learn about FEMA and the facts on FCRA, FDI, Forex Reserves and Enforcement Directorate (ED), in detail along with other information.

- [Foreign Exchange Management Act \(FEMA\) - Features](#)
- [Foreign Contribution Regulation Act \(FCRA\) - Relevant Facts](#)
- [Enforcement Directorate - Functions](#)
- [Forex Reserves - Importance, Advantages](#)
- [Foreign Direct Investment \(FDI\) - An Overview](#)

UPSC Civil Service Exam aspirants should diligently study the [Indian Economy Notes](#), as it is an extremely important component of UPSC Civil Service Exam Syllabus.

The above details would help candidates prepare for [UPSC 2020](#).

Related Links

IAS Salary	Static GK
12 schedule of Indian Constitution	Deendayal Antyodaya Yojana
National Highway Authority of India	Black Soil in India
Civil Engineering Syllabus	GC Leong Geography