

FEMA- Export and Import Regulations, 2026

May 15, 2026

Regulatory Bodies

DGFT

Formulates Foreign Trade Policy

Goods can be –

- Freely Importable
- Restricted
- Prohibited

HS Code – 8 Digit

IEC Mandatory



RBI

Regulates Foreign Exchange Transactions

- FEMA 1999
- AD Banks



Customs/ STPI/AD Bank

Goods/Software

- Goods – Sea, land & air ports
- Software – STPI



International Chamber of Commerce

International Governing Body

- UCPDC – for LCs
- URC – for Bills
- URDG – for BG
- INCO Terms – Trade terms



FATF/ OFAC

FATF countries require additional due diligence (Syria, Kenya Lebanon etc)

No transactions with OFAC listed countries (Iran, North Korea, Cuba)

Russia-Ukraine Crisis (additional due diligence required)



Prerequisites for Export Import Business

1

Valid Importer Exporter Code (IEC) issued by DGFT

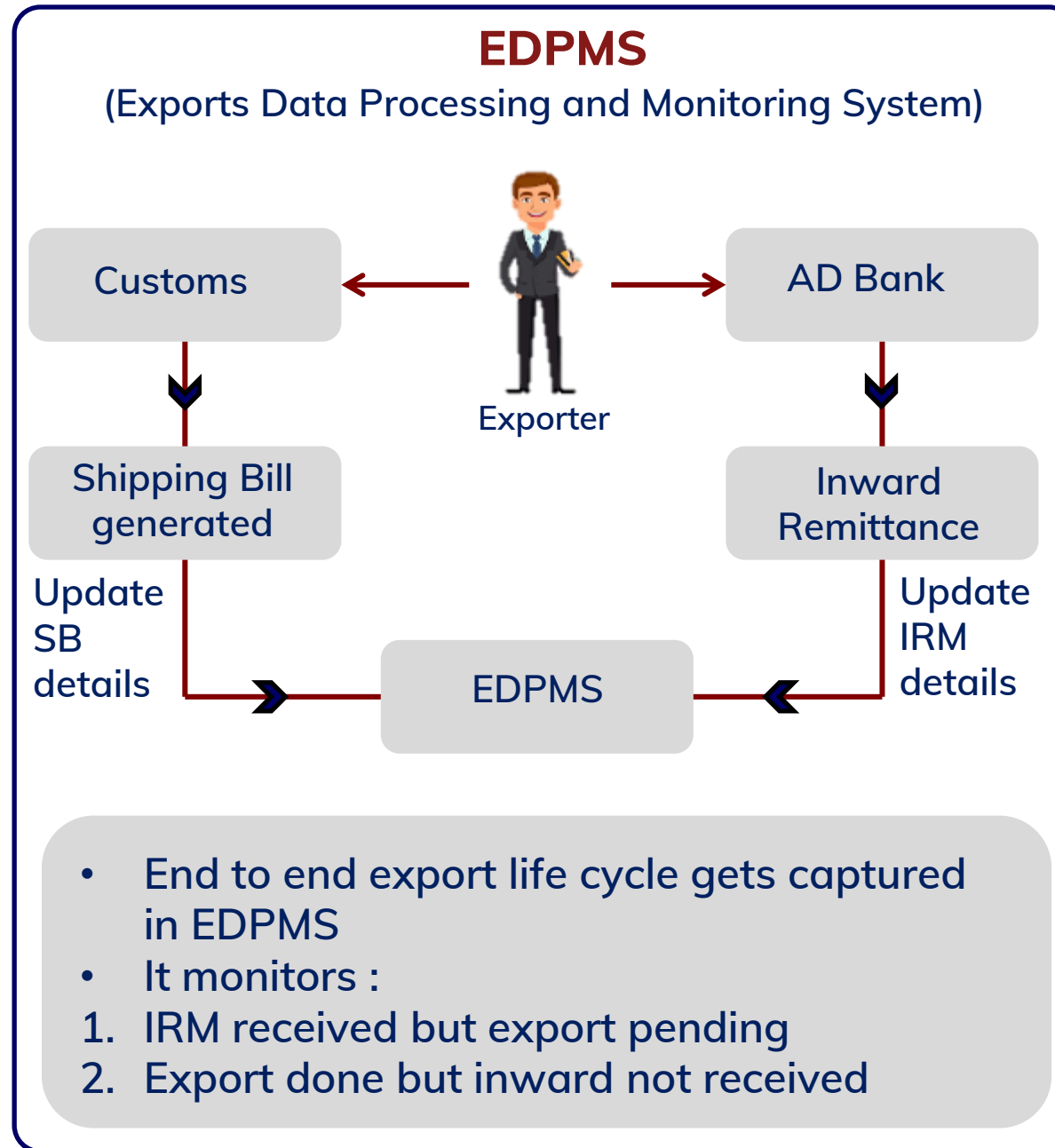


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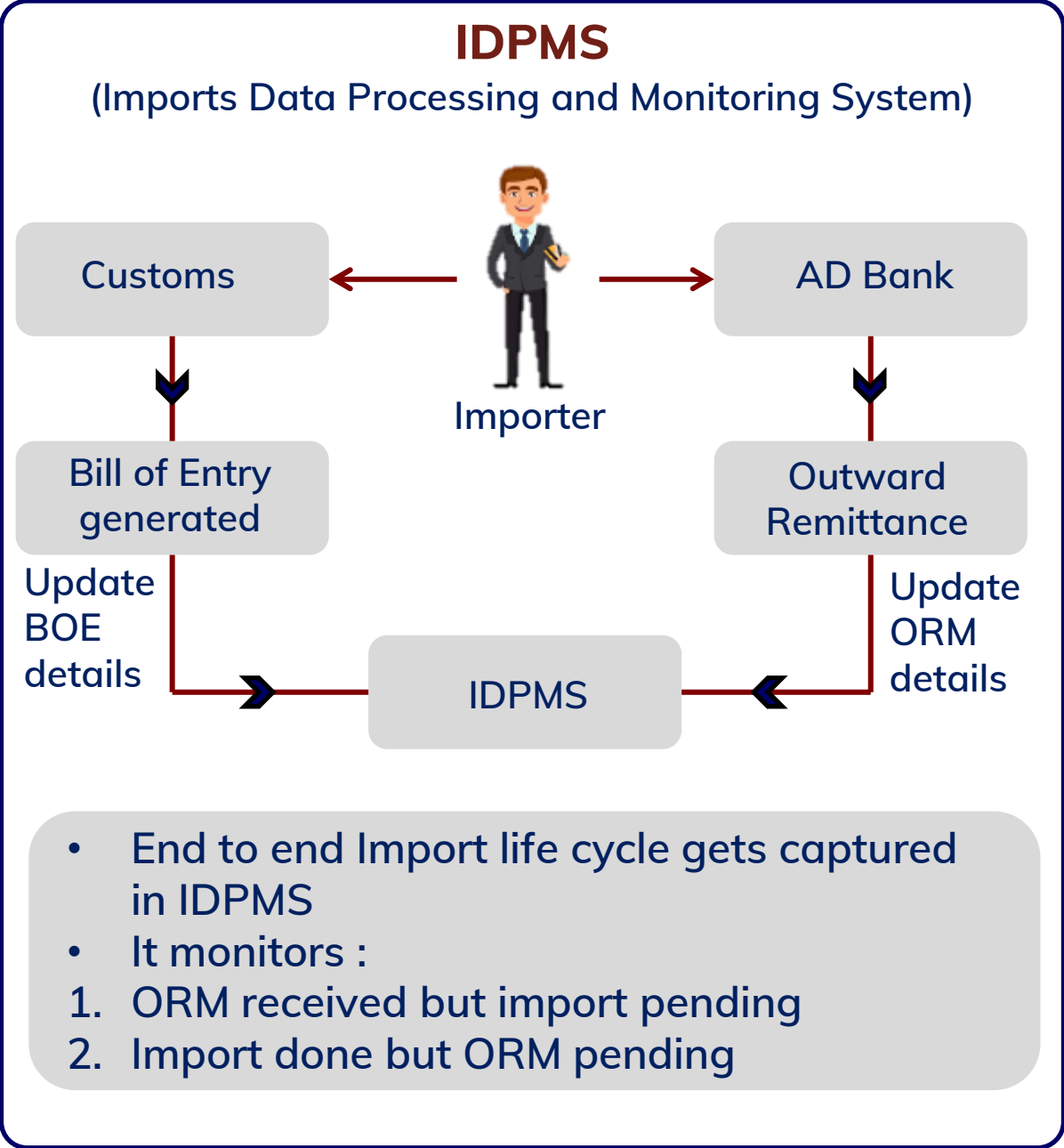
Awareness of Foreign Trade policy w.r.t concerned product

3

Requirement for export license for restricted goods & prohibited goods cannot be exported



IDPMS



Export of goods & services

Realization and Repatriation of Proceeds

Current provisions

- Within 15 months from the date of export

Proposed guidelines

- No change, however, invoices or settlement in INR permitted within 18 months
- Within 15 months from the date of sale from the warehouse in case of warehouse exports



Export bill extension

Current provisions

Extension allowed upto 6 months in one go

- Transactions not under investigation
- Bonafide reasons for delayed realization
- Realization declaration during the extended period
- The total o/s of the exporter does not exceed USD 1 million or 10% of the avg export realizations during the preceding 3 FY, whichever is higher
- If exporter filed suit abroad, no restriction on bills / amount

Proposed guidelines

- Bonafide reasons for delayed realization
- In case of overdue exports beyond one year or extended period, subsequent exports allowed only against LC or full advance



Export of goods & services

EDF / Softex Procedure

| Nature of Exports | Current Filing | Proposed Filing |
|--|--|---|
| Export of Goods through EDI Customs Ports/ SEZ | Shipping Bill with Customs/ SEZ authorities | No Change except EDF waived for personal effects of traveller |
| Export of Software from SEZ | Softex Form with SEZ authorities | No Change |
| Export of Software from DTA | Softex Form with STPI | Softex Form with STPI or AD Bank |
| Export of Goods / Services from Non-EDI Port | Specified Authorities send EDF to RBI for transmission | Specified Authority to send EDF to AD Bank |
| Export of Services other than Software | No Filing | AD Bank |



Export of goods & services

EDF Filing for Softex/ Service Exports

Timeline for filing EDF- within 30 days from the end of month in which invoice for services has been raised:

1. A Single EDF can be filed to exports in a month;
2. Service Exporter (other than software exporter) can submit an EDF before payment receipt;
3. Delay condonation within AD powers



Invoice Reduction – RBI Guidelines

1. The reduction does not exceed 25 per cent of invoice value
2. It does not relate to export of commodities subject to floor price stipulations
3. The exporter is not on the exporters' caution list of the Reserve Bank
4. Surrender of proportionate export incentives availed of, if any.
5. For reduction >25%, satisfactory track record i.e., the export overdue outstanding does not exceed 5 per cent of the average annual export realization during the preceding three financial years
6. Exports made to countries facing externalization problems may be ignored



Export key Regulatory Guidelines

Write Off

- Amount outstanding for more than 1 year
- Documentary evidence having made all efforts
- Regular/ KYC/ AML compliant, at least 6-month relationship
- Surrender of proportionate benefits along with documentary evidence
- Export bills under ED/ CBI/ Other investigation / lawsuit cannot be written off

Write Off limits

- Limits for Write Off:
 - Self Write off - 5%
 - Self Write off(Status holder) – 10%
 - AD Bank- 10%
- Limits will be related to total export proceeds realized during the previous calendar year

Acceptable reasons

- Overseas buyer insolvency
- Case settled through the intervention of the Indian Embassy
- Auction by the Port / Customs
- Overseas buyer untraceable
- Disproportionate cost of resorting to legal action
- Unrealized value does not exceed 10% of the invoice value
- Bills drawn for the difference between the LC & actual export value or between the provisional and the actual freight charges



Invoice Reduction / Write off – Proposed Guidelines

- AD Bank may allow reduction for under realization/ nonrealization provided AD Bank is satisfied of reasons cited
- Export value of Rs10 lacs per shipping bill or invoice for service, write off permitted based on customer declaration



Exports- Set Off

Current provisions

- Through/ by one AD Bank only
- Payable from/ to the same overseas buyer/ supplier/ group or associate companies
- Export and Import legs in same calendar year
- Set off of goods not allowed against services and vice versa
- Transactions under investigation not eligible for set off
- Not applicable for export import transactions with ACU countries

Proposed guidelines

- Set off allowed within export realization / extended period
- Set off of goods allowed against services and vice versa



Export of Goods and Services- Third Party

Current provisions

- A tripartite agreement / documentary evidence / invoice
- Third party name in Export Declaration Form (EDF)
- AD Bank satisfaction with bonafides of the transaction and FATF compliance

Proposed guidelines

- Third party permitted provided Authorised Dealer is satisfied with the Bonafide of the transactions



Import of Goods and Services

Settlement - Import payments

- Six months from the date of shipment
- Delayed settlement permitted due to disputes, financial difficulties etc, with interest payment, if any, upto three years from the date of shipment
- Trade Credits upto one year for non-capital goods, and upto three for capital goods is permitted
- No time for settlement of payments against import of books

Extension of Time

- Extension permitted for six months at a time for maximum period of three years
- Where sector specific guidelines are issues, same would be applicable
- For extension beyond 1 year from the date of remittance, total outstanding of the importer does not exceed \$ 1 Mn or 10 % of the average import remittances during the preceding two financial years, whichever is lower

Proposed guidelines

- Timeline for payment as per underlying contract
- Extension permitted provided AD bank is satisfied with reasons cited settlement of Import payments



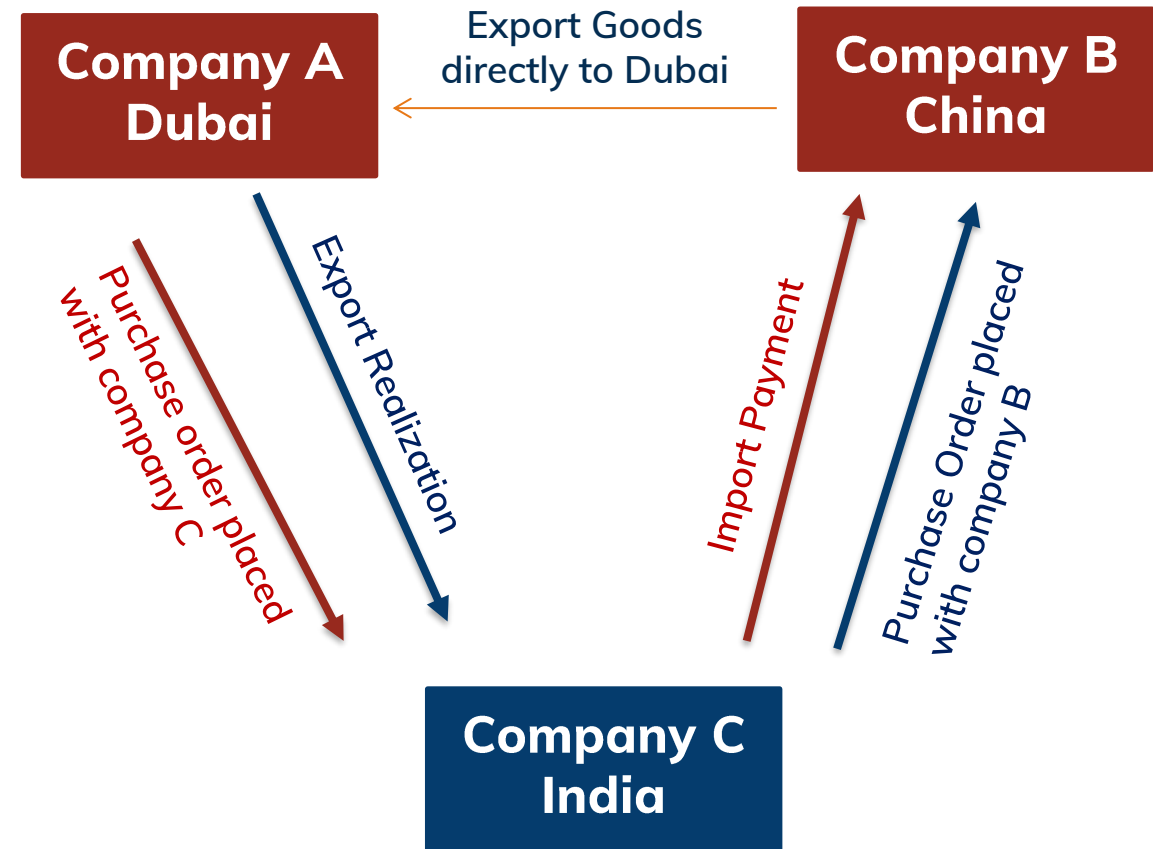
MTT - Definition

What is Merchant Trade Transaction?

Merchant Trade Transaction involves shipment of goods from one foreign country to another foreign country without entering the Domestic Tariff Area (DTA)

Eg: Goods purchased from China for sale to a buyer in Dubai. Goods will be shipped from any port /airport in China directly to buyer in Dubai.

Supplier in China will make invoice in the name of merchant trader in India and get payment from him. Merchant Trade in India, will draw invoice on buyer in Dubai and will get proceeds from him



MTT – RBI Guidelines

1. Goods acquired should not enter Domestic Tariff Area (DTA)
2. Permitted for export /import under the prevailing Foreign Trade Policy, as on the date of shipment
3. Third party payments for export and import legs of the MTT are not allowed*
4. MTT completion timeline - nine months** ; Maximum foreign exchange outlay - six months**
5. Verification from IMB / airline web check facilities (substituted with documents as per AD Bank's satisfaction)
6. Advance payment allowed upto USD 500,000 per transaction , beyond which Bank Guarantee /SBLC required (New thresholds to be decided by AD Bank)
7. AD Banks should report default in MTT transactions to the Regional office of RBI, within 15 days from the close of half year, i.e. June and December each year (Substituted with E/IDPMS reporting)
8. Merchant traders with outstanding of 5% or more of their annual export earnings shall be liable for caution listing (Substituted with E/IDPMS reporting)



* Allowed in proposed guidelines subject to AD Bank satisfaction

** Difference between outward remittance and inward remittance or vice versa cannot exceed 6 months

Trade Guidelines latest changes

Trade relief measures

- Closure of Shipping Bill - EDPMS / Bill of Entry -IDPMS entries, including any reduction, of value equivalent to ₹10 lakh per entry/bill or less based on a declaration provided by the concerned exporter / by the importer
- Provision of declaration on quarterly basis from the exporters and importers in a consolidated manner for bulk reconciliation and closure of EDPMS/IDPMS entries



Import of Goods and Services

Advance Remittance for Import of Goods, Services & Software

- Advance remittance for import of goods exceeding USD 2,00,000 or equivalent, requires Standby LC or guarantee from international bank of repute.
- If same unable to obtain, AD Banks may frame internal guidelines to allow advance remittance upto USD 50,00,000 or equivalent.
- A Public Sector Company or a Department/Undertaking of the Government of India / State Government/s to provide waiver of BG from ministry of finance for advance remittance exceeding USD 1,00,000
- Advance remittance for import of rough diamonds allowed to overseas mining company approved by GJEPC
- Advance Remittance for Import of Aircrafts/Helicopters and other Aviation Related Purchases allowed upto USD 50 million and permission by DGCA
- Advance remittance for import of services exceeding USD 5,00,000 will require guarantee from international bank

Proposed Guidelines

- An Authorised Dealer may permit advance remittance for import after satisfying itself of the genuineness of the requirement for advance remittance. The Authorised Dealer may consider specifying thresholds for advance payment, beyond which, the payment may require a standby Letter of Credit or a guarantee
- SBLC mandatory in case of overdue open ORMs wherein import advance neither repatriated nor written off



AD Bank Closure/ Marking Off

Mark off/ Closure

- SB after realization (EDPMS) & BOE after payment
- Export Advance transactions in EDPMS(IRM), in case of neither exports nor refund based on genuineness of the reasons cited
- Import advance transactions (ORM) in IDPMS, in case of neither imports nor refund of import has taken place , based on genuineness of the reasons cited (current guidelines- RBI approval)
- IDPMS closure where import transaction has been settled at reduced value, after having been satisfied of the genuineness of the reasons cited (Current Guidelines- 5% within AD powers, full powers for quality of goods)
- In case of an MTT, close or update the respective entry in EDPMS and IDPMS after making the receipt and payment for both legs of the MTT



Banks may prescribe their own Formats

October 2026 : The New Freedom-

1. Under the FEMA (Export and Import of Goods and Services) Regulations 2026, the RBI fully decentralized trade workflows.
2. Banks must now operate under their own Board approved internal Policy and Standard Operating Procedures (SOPs)
3. Export Declaration Form (EDF) will be single document for declaration of Exports, Services, and Software. To these regulations, 'services' shall also include 'software'.
4. An Authorised Dealer shall put in place a separate, comprehensive, well-documented internal policy and SOP, for handling transactions including
5. List of documents, timelines and charges for each process and approval
6. Extension of the time-period for export realization and repatriation / import payments
7. Delegation of powers for internal approvals for each process
8. An Authorised Dealer shall disclose policy and the main features of the SOP on its website



Key References

Master Direction on Export of Goods and Services

[Reserve Bank of India - Master Directions \(rbi.org.in\)](https://www.rbi.org.in)

Master Direction on Import of Goods and Services

[Reserve Bank of India - Master Directions \(rbi.org.in\)](https://www.rbi.org.in)

Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023

www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12579&Mode=0

Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026

[Notifications - Reserve Bank of India](https://www.rbi.org.in)

Foreign Exchange Management (Borrowing and Lending) Regulations, 2018

[Notifications - Reserve Bank of India](https://www.rbi.org.in)



Our innovative product offerings



Digital Solutions



Most comprehensive portal for trade transactions



One stop solution for export/ Import transactions



Turnaround Time



EEFC to INR conversion



Inward Remittance



BG Issuance



Outward Remittance



Innovative Products



Instant disbursement of EPC



Smart Bank Guarantee



Instant LC draft generation



Full value Outward remittance



Capital Account services



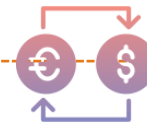
Online pre-vetting portal for seamless regulatory filings such as FCGPR



Pre & post transaction compliances - including co-ordination with regulator



Best in class custodial offerings for safety of your financial instruments



Forex solutions



Hedging solutions



Settlement in multiple currencies (Outward – 38 currencies; Inward – 25 currencies)



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Thank you