

RBI releases Draft FEMA Rules on Foreign Trade

The Reserve Bank of India (RBI) vide its **Press Release dated April 04, 2025**, has released **revised draft Regulations and Directions under the Foreign Exchange Management Act (FEMA), 1999**, concerning the export and import of goods and services. This follows an earlier public consultation initiated on July 2, 2024.

The updated draft consolidates existing directions issued to Authorised Dealers (ADs), aiming to simplify compliance and enhance clarity. The draft Regulations titled “Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2025”, will supersede the 2015 version and come into effect nine months post-notification.

The key provisions include mandatory submission of the Export Declaration Form (EDF), timelines for realisation of export proceeds (within nine months), and conditions for reduction in export realisation. It also outlines protocols for set-offs between export receivables and import payables, third-party payments, and advance payments for trade.

Importers must repatriate advances if imports are not materialised, especially when outstanding exceeds Rs.25 crore. Similarly, exporters with unrealised proceeds beyond two years and above the Rs.25 crore threshold can proceed only against full advance or irrevocable letters of credit.

Authorised Dealers are tasked with verifying documents, ensuring timely entries in the Export and Import Data Processing and Monitoring Systems (EDPMS and IDPMS), and monitoring the genuineness of transactions. The draft also introduces structured mechanisms for handling delayed payments, advance remittances, and reporting obligations.

Stakeholders are invited to submit feedback via email by April 30, 2025, with the subject “Feedback on draft regulations and directions on export and import under FEMA.” The initiative represents a step towards unifying trade-related foreign exchange norms and ensuring smoother compliance processes for exporters, importers, and financial institutions.

Link - https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=60156