

# FEMA ke FUNDAE

## #FamiliarwithFEMA

“How does one study FEMA?”

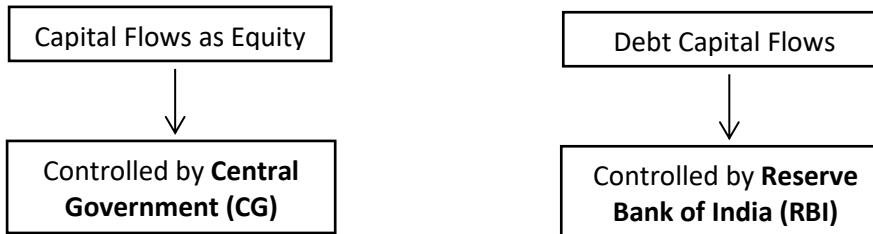


# 1

## CENTRAL ACT

The **Foreign Exchange Management Act, 1999** is a **Central Statute of the Parliament** and is the **Supreme Statute** for regulating all foreign transactions in India. It consists of **49 Sections** and it applies to **whole of India**, even to an office, branch or agency abroad which is owned or controlled by a person resident in India.

The **Finance Act, 2015** amended FEMA, 1999 as follows:



In both the cases, the **pricing, reporting and valuation regulations** are prescribed by **RBI**

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## RULES

The power to frame rules under FEMA is exercised by **Department of Economic Affairs, Ministry of Finance under Central Government**. The power to make laws regarding control of equity flows have been shifted to CG by Finance Act, 2015. The RBI continues to administer the rules.

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## REGULATIONS

The **RBI** notifies the regulations for various foreign exchange transactions. The RBI has been revising the old regulations and whenever it issues a new regulation, it denotes the same with **(R)** as a suffix along with year of publications.

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## DIRECTIONS/CIRCULARS

The RBI issues **Authorised Person Directions** also known as **A.P. (DIR Series) Circulars** to various Authorised Persons. These directions lay down how the foreign exchange business is to be conducted by authorized persons and are the operational instructions from the RBI to Banks.

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## MASTER DIRECTIONS

The RBI issues the **Master Directions** in which the underlying Rules/ Regulations/ Notifications/Instructions/ Circulars related to any particular foreign exchange transaction under FEMA are all compiled and consolidated within one Direction. These have **same force of law** as the **AP DIR Circulars**.

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## MASTER CIRCULARS

The Master Circulars were significant earlier as they consolidated all the existing AP DIR Circulars at one place. However, now they are not much relevant because of the issue of Master Directions. They can be referred if there is interpretation issue or if history of changes in provisions need to be traced.

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## FAQS

The FAQs are issued by **RBI** for the clarification of queries that users have regarding various provisions under FEMA. They do not have statutory force and cannot override the provisions of law.

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## PRESS RELEASES

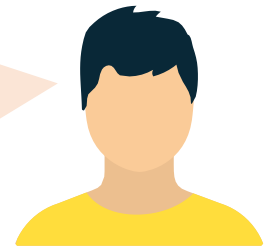
The press releases are issued by RBI for information purpose when RBI issues some Regulations and Directions. The RBI issues the press release and then annex the Notification/Circular along with it.



CA. Gaurav

Okay now I get it how to proceed to study FEMA. Also, I had one more doubt. I have heard that there is a specific policy that governs the foreign investment done in India. What is that?

Yes, it is the **Foreign Direct Investment Policy i.e., the FDI Policy**. The FDI Policy in India are framed by **The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry**. They lay down the sectors in which FDI is allowed, the Conditions, sectoral caps, sectors where FDI is under automatic or approval route etc. FDI policy is prepared in the form of the **Consolidated FDI Policy ("CFDIP")**.

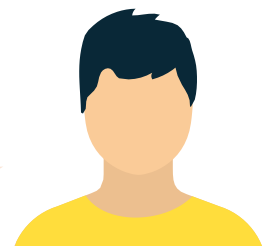


The FEMA Gyani



CA. Gaurav

Thank you so much FEMA Gyani, I am highly grateful. Now I am clear, that why it's called the Foreign Exchange Act and now I can study FEMA without any confusion between regulations, rules, directions, circulars etc.



The FEMA Gyani

You are most welcome, Gaurav. Happy learning to you!!!