21.0 Introduction
The change in the economic scenario with world trade free across the globe, necessitated the need for inviting foreign exchange resources to the country. To facilitate world trade and easy and regulated inflow and outflow of foreign exchange, the Foreign Exchange Management Act, 1999 was enacted. This Act has paved way for consolidation and management of foreign exchange reserves for the country.

21.1 Broad Structure of FEMA
Now let us have a glance at the broad structure the new Act. The Act consists of 7 Chapters dealing with following areas:

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21.2 Preamble, Extent, Application And Commencement Of FEMA, 1999

(A) Preamble: This Act aims to consolidate and amend the law relating to foreign exchange with the objective of —
(i) facilitating external trade and payments and
(ii) for promoting the orderly development and maintenance of foreign exchange market in India.

(B) Extent and Application [Sections 1]: FEMA, 1999 extends to the whole of India. In addition it shall also apply to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention thereunder committed

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outside India by any person to whom this Act applies.

Accordingly, FEMA does not apply to citizens of India who are outside India unless they are resident of India. The scope of the Act has been further extended to include branches, offices and agencies outside India. The scope is thus wide enough because of the emphasis is on the words “Owned or Controlled”. Even contravention of the FEMA committed outside India by a person to whom this Act applies will also be covered by FEMA.


21.3 Definitions (Section 2)

In this Act, unless the context otherwise requires:

(a) “Adjudicating Authority” means an officer authorised under sub-section (1) of section 16;
(b) “Appellate Tribunal” means the Appellate Tribunal for Foreign Exchange established under section 18;
(c) “Authorised person” means an authorised dealer, money changer, off-shore banking unit or any other person for the time being authorised under sub-section (1) of section 10 to deal in foreign exchange or foreign securities;
(d) “Bench” means a Bench of the Appellate Tribunal;
(e) “Capital Account Transaction” means a transaction, which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liability in India of persons resident outside India, and includes transactions referred to in sub-section (3) of Section 6;
(f) “Chairperson” means the Chairperson of the Appellate Tribunal;
(g) “Chartered Accountant” shall have the meaning assigned to it in clause (b) of sub-section (1) of Section 2 of the Chartered Accountants Act, 1949;
(h) “Currency” includes all currency notes, postal notes, postal orders, money orders, cheques, drafts, travellers cheques, letters of credit, bills of exchange and promissory notes, credit cards or such other similar instruments, as may be notified by the Reserve Bank;
(i) “Currency Notes” means and includes cash in the form of coins and bank notes;
(j) “Current Account Transaction” means a transaction other than a capital account transaction and without prejudice to the generality of the foregoing such transaction includes,

(i) payments due in connection with foreign trade, other current business, services, and short-term banking and credit facilities in the ordinary course of business.
(ii) payments due as interest on loans and as net income from investments.
(iii) remittances for living expenses of parents, spouse and children residing abroad, and...
(iv) expenses in connection with foreign travel, education and medical care of parents, spouse and children;

(k) “Director of Enforcement” means the Director of Enforcement appointed under section 36(1);

(l) “Export”, with its grammatical variations and congnate expressions means;
   (i) the taking out of India to a place outside India any goods.
   (ii) provision of services from India to any person outside India;

(m) “Foreign Currency” means any currency other than Indian currency;

(n) “Foreign Exchange” means foreign currency and includes:
   (i) deposits, credits and balances payable in any foreign currency,
   (ii) drafts, travellers cheques, letters of credit or bills of exchange, expressed or drawn in Indian currency but payable in any foreign currency,
   (iii) drafts, travellers cheques, letters of credit or bills of exchange drawn by banks, institutions or persons outside India, but payable in Indian currency;

(o) “Foreign Security” means any security, in the form of shares, stocks, bonds, debentures or any other instrument denominated or expressed in foreign currency and includes securities expressed in foreign currency, but where redemption or any form of return such as interest or dividends is payable in Indian currency;

(p) “Import”, with its grammatical variations and cognate expressions, means bringing into India any goods or services;

(q) “Indian Currency” means currency which is expressed or drawn in Indian rupees but does not include special bank notes and special one rupee notes issued under section 28A of the Reserve Bank of India Act, 1934;

(r) “Legal Practitioner” shall have the meaning assigned to it in clause (i) of sub-section (1) of section 2 of the Advocates Act, 1961;

(s) “Member” means a Member of the Appellate Tribunal and includes the Chairperson thereof;

(t) “Notify” means to notify in the Official Gazette and the expression “notification” shall be construed accordingly;

(u) “Person” includes:
   (i) an individual,
   (ii) a Hindu undivided family,
   (iii) a company,
   (iv) a firm,
   (v) an association of persons or a body of individuals, whether incorporated or not,
(vi) every artificial juridical person, not falling within any of the preceding sub-clauses, and;
(vii) any agency, office or branch owned or controlled by such person;
(v) “Person resident in India” means:
   (i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include—
      (A) a person who has gone out of India or who stays outside India, in either case—
         (a) for or on taking up employment outside India, or
         (b) for carrying on outside India a business or vocation outside India, or
         (c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;
      (B) a person who has come to or stays in India, in either case, otherwise than:
         (a) for or on taking up employment in India, or
         (b) for carrying on in India a business or vocation in India, or
         (c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;
   (ii) any person or body corporate registered or incorporated in India,
   (iii) an office, branch or agency in India owned or controlled by a person resident outside India,
   (iv) an office, branch or agency outside India owned or controlled by a person resident in India;
(w) “Person Resident Outside India” means a person who is not resident in India;
(x) “Prescribed” means prescribed by rules made under this Act;
(y) “Repatriate to India” means bringing into India the realised foreign exchange and
   (i) the selling of such foreign exchange to an authorised person in India in exchange for rupees, or
   (ii) the holding of realised amount in an account with an authorised person in India to the extent notified by the Reserve Bank. It includes use of the realised amount for discharge of a debt or liability denominated in foreign exchange and the expression “repatriation” shall be construed accordingly;
(z) “Reserve Bank” means the Reserve Bank of India constituted under section 3(1) of the Reserve Bank of India Act, 1934;
(za) “Security” means shares, stocks, bonds and debentures, Government securities as defined in the Public Debt Act, 1944, savings certificates to which the Government Saving Certificates Act, 1959 applies, deposit receipts in respect of deposit of securities
21.5 Corporate and Allied Laws

and units of the Unit Trust of India established under sub-section (1) of section 3 of the Unit Trust of India Act, 1963 or of any mutual fund and includes certificates of title to securities, but does not include bills of exchange or promissory notes other than Government promissory notes or any other instruments which may be notified by the Reserve Bank as security for the purposes of this Act;

(zb) “Service” means service of any description which is made available to potential users and includes the provision of facilities in connection with banking, financing, insurance, medical assistance, legal assistance, chit fund, real estate, transport, processing, supply of electrical or other energy, boarding or lodging or both, entertainment, amusement or the purveying of news or other information, but does not include the rendering of any service free of charge or under a contract of personal service;

(zc) “Special Director (Appeals)” means an officer appointed under section 18;

(zd) “Specify” means to specify by regulations made under this Act and the expression “specified” shall be construed accordingly;

(ze) “Transfer” includes sale, purchase, exchange, mortgage, pledge, gift, loan or any other form of transfer of right, title, possession or lien.

21.4 Analysis of Important Definitions

(A) Authorised Person: Earlier there were two separate categories of persons namely authorised dealers and money changers who were licensed to deal in foreign exchange. Under FEMA, 1999 these terms have been clubbed together under the definition of the authorised person, which shall also include off-shore banking unit. The term “off shore banking unit” has not been defined in the Act.

(B) Capital and current account transactions: The definitions of “Capital Account Transactions” and its counterpart “current account transactions are contained in clauses (e) and (j) of Section 2. These transactions broadly outline the basics and whole approach of the Act. Basically these two transactions have to be understood as a concept of items relating to the profit and loss account (relating to current account transactions) and of Balance Sheet items (of those relating to capital account transactions). “A transaction which alters the assets or liabilities including contingent liabilities outside India of persons resident in India or assets or liabilities in India of persons resident outside India would be a capital account transaction.” Capital Accounts Transaction in India can be carried out only to the extent permitted because Indian Rupee is not yet full convertible. Capital and current account transactions are intended to be mutually exclusive. Also the concept of capital account transaction means differently for residents and non-residents. A transaction which alters the asset or liabilities in India of non-residents fall under the category of capital account and as far as residents are concerned transactions which alter the contingent liabilities outside India are also capital transactions. The Reserve Bank of India may by regulations place restrictions on various specified transactions for transactions deemed to be considered as capital in nature.

Current account transaction means a transaction other than a capital account transaction. In
other words the current account transactions are the counterpart of capital account transactions and those transactions that are capital account in nature are not current account transactions and vice-versa.

(C) ‘Person’ and ‘Person resident in India’: The definitions are drafted in a manner with wordings of similar definitions contained in the Income-tax Act, 1961. The term ‘person’ includes entities such as companies, firms, individuals, HUF, AOP, artificial juridical persons agencies, offices and branches. The reason for including the agencies, offices and branches is that they do not have independent status separate from its owner.

As far as the definition of the term ‘person resident in India’ is concerned, the person should have resided in India in the preceding financial year for more than 182 days. Citizenship is not the criteria for determining whether or not a person is resident in India. However, the definition raises some points:

(i) The residence of a person is calculated not with reference to his stay in India during that year but with reference to his stay in an earlier financial year. Therefore, a person may come into India in a financial year and stay for that year only but still, for that year he would not be resident in India. He would have to wait for the end of the year and on the commencement of the next year he would become resident in India.

(ii) Also, there may be situations where person may stay in India for more than 182 days, and leave India thereafter. In the next year, he may be out of India for that whole year still he would be treated as resident in India since in the preceding financial year he was in India for more than 182 days. Therefore, a person may have to wait for upto one and a half-year to become a resident.

If that person has gone out of India or who stays outside India in either case for taking up employment, or for carrying on business or vocation or for any other purpose which would indicate his intention to stay outside India for an uncertain period, he would be treated as resident outside India. From this, it is understood that this condition would apply only to individuals. It has not been specifically provided whether HUF, AOP or agencies etc., would also come within the ambit of the definition. These entities like HUF and AOP are not required to be registered or incorporated like corporate entities nor the definition can be far stretched to cover by applying the criteria of ‘owned or controlled’.

(D) ‘Service’: The term ‘service’ includes a variety of provision of facilities. However, it does not include service under contract of free charge or of personal service. The term ‘transfer’ includes transfer from the point of view of the seller and the purchaser.

Practical Problems

(1) Mr. A had resided in India during the financial year 1999-2000 for less than 183 days. He had come to India on April 1, 2000 for employment. What would be his residential status during the financial year 2000-2001?
**Answer:** Mr. A had come to India for taking up employment. However, during the financial year 1999-2000, he was in India for less than 183 days. Since he has not fulfilled the condition of staying in India for more than 182 days, he cannot be considered as person resident in India during the financial year 2000-2001 notwithstanding the purpose or duration of his stay.

(2) Mr. X had resided in India during the financial year 1999-2000 for less than 183 days. He had come to India on April 1, 2000 for business. He intends to leave the business on April 30, 2001 and leave India on June 30, 2001. What would be his residential status during the financial year 2000-2001 and during 2001-2002 up to the date of his departure?

**Answer:** Mr. X cannot be considered ‘person resident in India’ during the financial year 2000-2001 notwithstanding the purpose or duration of his stay. As regards financial year 2001-2002, Mr. X would have been in India in the proceeding financial year (2000-2001) for a period exceeding 182 days. Accordingly, he would be ‘resident’ in India during financial year 2001-2002. However, if he leaves India for the purpose of taking up employment or for business/vocation outside India, or for any other purpose as would indicate his intention to stay outside India for an uncertain period, he would cease to be person resident in India from the date of his departure. It may be noted that even if Mr. X is a foreign citizen, if he has not left India for any these purposes, he would be considered, ‘person resident in India’ during the financial year 2001-2002.

(3) Mr. Z had resided in India during the financial year 1999-2000. He left India on 1st August, 2000 for United States for pursuing higher studies for 3 years. What would be his residential status during financial year 2000-2001 and during 2001-2002?

**Answer:** Mr. Z had resided in India during financial year 1999-2000 for more than 182 days. Further, he has gone to USA for higher studies. In otherwords, he has not gone out of, or stayed outside India for or on taking up employment, or for carrying a business or any other purpose, in not circumstances as would indicate his intention to stay outside India for an uncertain period. Accordingly he would be ‘person resident in India’ during the financial year 2000-2001.

For the financial year 2001-2002, he would not have been in India in the preceding financial year (2000-2001) for period exceeding 182 days. Accordingly, he would not be ‘person resident in India’ during the financial year 2001-2002.

(4) Toy is a Japanese company having several business units all over the world. It has a robotic unit with its head quarter in Mumbai and has a branch in Singapore. Headquarter at Mumbai controls the branch of robotic unit. What would be the residential status of robotic unit in Mumbai and that of the Singapore branch?

**Answer:** Toy being a Japanese company would be a person resident outside India. [Section 2(w)]. Section 2(u) defines ‘person’. Under clause (viii) thereof person would include any agency, office or branch owned or controlled by such ‘person’. The term such ‘person’ appears to refer to a person who is included in clauses (i) to (vi). Accordingly robotic unit in Mumbai, being a branch of a company, would be a ‘person’.
Section 2(v) defines ‘person resident in India’. Under clause (iii) thereof ‘person resident in India’ would include an office, branch or agency in India owned or controlled by a person resident outside India. Robotic unit in Mumbai is owned or controlled by a person ‘resident outside India’. Hence, it would be ‘person resident in India’.

However, robotic unit in Mumbai, though not ‘owned’ controls Singapore branch, which is a person resident in India. Hence prima facie, it may be possible to hold a view that the Singapore branch is ‘person resident in India’.

(5) Miss is an airhostess with the British Airways. She flies for 12 days in a month and thereafter a break for 18 days. During the break, she is accommodated of ‘base’, which is normally the city where the airways are headquartered. However, for security considerations, she was based on Mumbai. During the financial year, she was accommodated at Mumbai for more than 182 days. What would be her residential status under FEMA?

Answer: Miss stayed in India at Mumbai ‘base’ for more than 182 days in the preceding financial year. The issue here is whether staying can be considered ‘residing’. FEMA emphasises ‘residing’. ‘Stay’ is a physical attribute, while ‘residing’ denotes permanency. Thus, while Miss may have stayed in India for more than 182 days, it is doubtful whether she can be said to have ‘resided’ in India for more than 182 days.

Further under section 2(v)(a), she would become resident only if she has come to or stayed in India for employment. It would be doubtful and debatable, whether by staying at Mumbai base during the break, Miss can be said to have come to stay in India for or on taking up employment. Hence Miss would continue to be non-resident.

21.5 Regulation and Management of Foreign Exchange

Dealing in foreign exchange, etc.
Section 3 prohibits the following transactions, namely,

- dealing in or transferring any foreign exchange or foreign securities by any person not being an authorized person.
- receiving otherwise than through an authorized person, any payment by order or on behalf of any person resident outside India in any manner.
- making any payment to or for the credit of any person resident outside India in any manner.
- entering into any financial transaction in India as consideration for or in association with acquisition or creation or transfer of a right to acquire, any asset outside India by any person.

As per explanation to this section, “Financial Transaction” means making any payment to, or for the credit of any person, or receiving any payment for, by order or on behalf of any person, or drawing, issuing or negotiating any bill of exchange or promissory note, or transferring any security or acknowledging any debt.
In pursuance of provisions of Section 3 of FEMA, the Reserve Bank has granted general permission to any person to receive any payment made in rupees by order or on behalf of a person resident outside India during his stay in India by converting the foreign exchange into rupees by sale to an authorised person,

- Made by means of a cheque drawn on a bank outside India or a bank draft or travellers cheques issued outside India or made in foreign currency notes directly, from out of India provided the cheques, drafts or foreign currency is sold to an authorised person within seven days of its receipt;
- By means of a postal order or postal money order issued by a post office outside India;

Reserve Bank has also granted general permission to a person resident in India to make payment in rupees:

- for extending hospitality to a person resident outside India who is on a visit to India;
- to a person resident outside India for purchase of gold or silver imported by such person in accordance with the provisions of any order issued by Central Government under the Foreign Trade (Development and Regulation) Act, 1992 or under any law or rules or regulations in force.

General permission has also been granted to a company in India to make payment of sitting fees or commission or remuneration or travel expenses to and from or within India to its whole time director who is on a visit to India for company’s work in accordance with the Company’s Memorandum or Articles of Association or any agreement or resolution passed by the company in general meeting or by the Board of directors provided that the legal requirements applicable for making such payments are duly complied with.

- **Holding of foreign exchange (Section 4)**

Except as provided in this Act, No person resident in India shall acquire, hold, own, possess or transfer any foreign exchange, foreign security or any immovable property situated outside India.

This section restricts a resident in India from acquiring, holding, owning, possessing or transferring in any manner foreign exchange, foreign security or any immovable property situated outside India. However the acquisition such immovable property outside India on lease for a period not exceeding five years is permissible provided such transactions are not specifically prohibited.

In terms of regulations relating to acquisition and transfer of immovable property outside India, such acquisition by a person resident in India would require prior approval of Reserve Bank except in the following cases:

- Property held outside India by a foreign citizen resident in India;
- Property acquired by a person on or before 8th July, 1947 and held with the permission of Reserve Bank;
- Property acquired by way of gift or inheritance from persons referred to in above;
Property purchased out of funds held in RFC account.

Current account transactions (Section 5)

Any person may sell or draw foreign exchange to or from an authorised person if such sale or drawal is a current account transaction. Provided that the Central Government may, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed.

From the section, the intention is to permit receipts and payments freely on current account, though the Central Government may impose reasonable restrictions. On further analysis of the (Section 5) two aspects have to be considered:

1. the section states that any person may sell or draw foreign exchange to or from an authorised person,

2. They may do so if such sale or drawal is a current account transaction. The wording implies that the section does not intend to permit a person to carry out a current account transaction freely. If a current account transaction involves dealing with foreign exchange and other provisions of the Act also get attracted, then the concerned person has to take necessary approvals under the Rules and Regulations etc.

As per rules, drawal of foreign exchange for certain current account transactions is prohibited, a few need permission of appropriate Govt. of India authority and some other transactions would require RBI permission if they exceed a certain ceiling. The three categories are:

(a) Transactions for which drawal of foreign exchange is prohibited:

(i) Remittance out of lottery winnings.

(ii) Remittance of income from racing/riding, etc., or any other hobby.

(iii) Remittance for purchase of lottery tickets, banned/prescribed magazines, football pools, sweepstakes etc.

(iv) Payment of commission on exports made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies.

(v) Remittance of dividend by any company to which the requirement of dividend balancing is applicable.

(vi) Payment of commission on exports under Rupee State Credit Route, except commission up to 10% of invoice value of exports of tea and tobacco.

(vii) Payment related to “Call Back Services” of telephones.

(viii) Remittance of interest income on funds held in Non-resident Special Rupee Scheme a/c.

(b) Transactions, which require prior approval of the Government of India for, drawal of foreign exchange:
### Purpose of Remittance

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<td>Ministry of Human Resources Development (Department of Education and Culture)</td>
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<td>Advertisement in foreign print media for the purposes other than promotion of tourism, foreign investments and international bidding (exceeding US$ 10,000) by a State Government and its Public Sector Undertakings.</td>
<td>Ministry of Finance, Department of Economic Affairs</td>
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<td>Remittance of freight of vessel charted by a PSU</td>
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<td>Ministry of Surface Transport (Chartering Wing)</td>
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<td>Multi-modal transport operators making remittance to their agents abroad</td>
<td>Registration Certificate from the Director General of Shipping</td>
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<tr>
<td>Remittance of hiring charges of transponders by (a) TV Channels (b) Internet service providers</td>
<td>Ministry of Information and Broadcasting Ministry of Communication and Information Technology.</td>
</tr>
<tr>
<td>Remittance of container detention charges exceeding the rate prescribed by Director General of Shipping</td>
<td>Ministry of Surface Transport (Director General of Shipping)</td>
</tr>
<tr>
<td>Remittance of prize money/sponsorship of sports activity abroad by a person other than International/National/State Level sports bodies, if the amount involved exceeds US $ 100,000</td>
<td>Ministry of Human Resource Development (Department of Youth Affairs and Sports)</td>
</tr>
<tr>
<td>Remittance for membership of P &amp; I Club</td>
<td>Ministry of Finance (Insurance Division)</td>
</tr>
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(c) **Transactions which require RBI’s prior approval for drawal of foreign exchange:**

As per the Notification no G.S.R. 426(E) dated 26th May 2015 in exercise of the powers conferred by section 5 and sub-section (1) and clause (a) of sub-section (2) of section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in consultation with Reserve Bank, the Central Government having considered it necessary in the public interest, makes
the following amendment to the Foreign Exchange Management (Current Account Transactions) Rules, 2000, by issuing the rules called as the Foreign Exchange Management (Current Account Transactions) Amendment Rules, 2015, with effect from the date of their publication in the Official Gazette.

As per the amendment rules, with respect to the requirement of Prior approval of Reserve Bank.—Every drawal of foreign exchange for transactions included in Schedule III shall be governed as provided therein:

Provided that this rule shall not apply where the payment is made out of funds held in Resident Foreign Currency (RFC) Account of the remitter.”;

Also Schedule III of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 have been substituted with the following:—

“SCHEDULE III (See rule 5)

1. Facilities for individuals—

Individuals can avail of foreign exchange facility for the following purposes within the limit of USD 2,50,000 only. Any additional remittance in excess of the said limit for the following purposes shall require prior approval of the Reserve Bank of India.

(i) Private visits to any country (except Nepal and Bhutan)

(ii) Gift or donation.

(iii) Going abroad for employment

(iv) Emigration

(v) Maintenance of close relatives abroad

(vi) Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment/ check-up.

(vii) Expenses in connection with medical treatment abroad

(viii) Studies abroad

(ix) Any other current account transaction

Provided that for the purposes mentioned at item numbers (iv), (vii) and (viii), the individual may avail of exchange facility for an amount in excess of the limit prescribed under the Liberalised Remittance Scheme as provided in regulation 4 to FEMA Notification 1/2000-RB, dated the 3rd May, 2000 (here in after referred to as the said Liberalised Remittance Scheme) if it is so required by a country of emigration, medical institute offering treatment or the university, respectively:

Provided further that if an individual remits any amount under the said Liberalised Remittance Scheme in a financial year, then the applicable limit for such individual
would be reduced from USD 250,000 (US Dollars Two Hundred and Fifty Thousand Only) by the amount so remitted:

provided also that for a person who is resident but not permanently resident in India and

a. is a citizen of a foreign State other than Pakistan; or

b. is a citizen of India, who is on deputation to the office or branch of a foreign company or subsidiary or joint venture in India of such foreign company,

may make remittance up to his net salary (after deduction of taxes, contribution to provident fund and other deductions).

Explanation: For the purpose of this item, a person resident in India on account of his employment or deputation of a specified duration (irrespective of length thereof) or for a specific job or assignments, the duration of which does not exceed three years, is a resident but not permanently resident:

provided also that a person other than an individual may also avail of foreign exchange facility, mutatis mutandis, within the limit prescribed under the said Liberalised Remittance Scheme for the purposes mentioned herein above.

2. Facilities for persons other than individual -

The following remittances by persons other than individuals shall require prior approval of the Reserve Bank of India.

(i) Donations exceeding one per cent. of their foreign exchange earnings during the previous three financial years or USD 5,000,000, whichever is less, for-

a. creation of Chairs in reputed educational institutes,

b. contribution to funds (not being an investment fund) promoted by educational institutes; and

c. contribution to a technical institution or body or association in the field of activity of the donor Company.

(ii) Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or five percent of the inward remittance whichever is more.

(iii) Remittances exceeding USD 10,000,000 per project for any consultancy services in respect of infrastructure projects and USD 1,000,000 per project, for other consultancy services procured from outside India.

Explanation:—For the purposes of this sub-paragraph, the expression “infrastructure” shall mean as defined in explanation to para 1(iv)(A)(a) of Schedule I of FEMA Notification 3/2000-RB, dated the May 3, 2000.
(iv) Remittances exceeding five per cent of investment brought into India or USD 100,000 whichever is higher, by an entity in India by way of reimbursement of pre-incorporation expenses.”

Procedure
The procedure for drawal or remit of any foreign exchange under this schedule shall be the same as applicable for remitting any amount under the said Liberalised Remittance Scheme.

As per the Notification no. RBI/2014-15/620 A.P. (DIR Series) Circular No. 106, dated 1st June 2015, Authorised Dealer banks may now allow remittances by a resident individual up to USD 250,000 per financial year for any permitted current or capital account transaction or a combination of both. If an individual has already remitted any amount under the Liberalised Remittance Scheme, then the applicable limit for such an individual would be reduced from the present limit of USD 250,000 for the financial year by the amount already remitted.

❖ Capital account transactions (Section 6)

(1) Subject to the provisions of sub-section (2), any person may sell or draw foreign exchange to or from an authorised person for a capital account transaction.

(2) The Reserve Bank may, in consultation with the Central Government, specify:
   (a) any class or classes of capital account transactions, which are permissible;
   (b) the limit up to which foreign exchange shall be admissible for such transactions;

Provided that the Reserve Bank shall not impose any restriction on the drawal of foreign exchange for payments due on account of amortisation of loans or for depreciation of direct investments in the ordinary course of business.

(3) Without prejudicial to the generality of the provision of sub-section (2), the Reserve Bank may, by regulations, prohibit, restrict or regulate the following:
   (a) transfer or issue of any foreign security by a person resident in India;
   (b) transfer or issue of any security by a person resident outside India;
   (c) transfer or issue of any security or foreign security by any branch, office or agency in India of a person resident outside India;
   (d) any borrowing or lending in foreign exchange in whatever form or by whatever name called;
   (e) any borrowing or lending in rupees in whatever form or by whatever name called between a person resident in India and a person resident outside India;
   (f) deposits between persons resident in India and persons resident outside India;
   (g) export, import or holding of currency or currency notes;
   (h) transfer of immovable property outside India, other than a lease not exceeding five
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years, by person a resident in India;

(i) acquisition or transfer of immovable property in India, other than a lease not exceeding five years, by a person resident outside India;

(j) giving of a guarantee or surety in respect of any debt, obligation or other liability incurred:

(i) by a person resident in India and owed to a person resident outside India; or

(ii) by a person resident outside India.

(4) A person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India or inherited from a person who was resident outside India.

The RBI vide A.P. (DIR Series) Circular No. 90 dated 9th January, 2014 has issued a clarification on section 6(4) of the Act. This circular clarifies that section 6(4) of the Act covers the following transactions:

(i) Foreign currency accounts opened and maintained by such a person when he was resident outside India;

(ii) Income earned through employment or business or vocation outside India taken up or commenced which such person was resident outside India, or from investments made while such person was resident outside India, or from gift or inheritance received while such a person was resident outside India;

(iii) Foreign exchange including any income arising therefrom, and conversion or replacement or accrua to the same, held outside India by a person resident in India acquired by way of inheritance from a person resident outside India.

(iv) A person resident in India may freely utilize all their eligible assets abroad as well as income on such assets or sale proceeds thereof received after their return to India for making any payments or to make any fresh investments abroad without approval of Reserve Bank, provided the cost of such investments and/or any subsequent payments received therefor are met exclusively out of funds forming part of eligible assets held by them and the transactions is not in contravention to extant FEMA provisions.

(5) A person resident outside India may hold, own, transfer or invest in Indian currency, security or any immovable property situated in India if such currency, security or property was acquired, held or owned by a such person when he was resident in India or inherited from a person who was resident in India.
(6) Without prejudice to the provisions of this section, the Reserve Bank may, by regulation, prohibit, restrict, or regulate establishment in India of a branch, office or other place of business by a person resident outside India, for carrying on any activity relating to such branch, office or other place of business.

A capital account transaction as said earlier is a transaction, which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or persons resident outside India, and includes transactions referred to in sub-section (3). The section gives a liberty by providing that any person may sell or draw foreign exchange to or from an authorised person for capital account transactions. However, the liberty to do so is subject to the provisions of sub-section (2), which states that the Reserve Bank may in consultation with the Central Government specify class or classes of capital account transactions, which are permissible, and the limit upto, which the foreign exchange shall be admissible for such transactions.

Capital account transaction is basically split into the following categories:

(a) transaction, which are permissible in respect of persons resident in India and outside India.
(b) transaction on which restrictions cannot be imposed; and
(c) transactions, which are prohibited.

**Permissible Transactions**

Under Sub-section (2) of Section 6, the RBI has issued the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000. The Regulations specify the list of transaction, which are permissible in respect of persons resident in India in Schedule-I and the classes of capital account transactions of persons resident outside India in Schedule-II:

The list of permissible classes of transactions made by persons resident in India is:

(a) Investment by a person resident in India in foreign securities.
(b) Foreign currency loans raised in India and abroad by a person resident in India.
(c) Transfer of immovable property outside India by a person resident in India.
(d) Guarantees issued by a person resident in India in favour of a person resident outside India.
(e) Export, import and holding of currency/currency notes.
(f) Loans and overdrafts (borrowings) by a person resident in India from a person resident outside India.
(g) Maintenance of foreign currency accounts in India and outside India by a person resident in India.
(h) Taking out of insurance policy by a person resident in India from an insurance company outside India.
(i) Loans and overdrafts by a person resident in India to a person resident outside India.
(j) Remittance outside India of capital assets of a person resident in India.
(k) Sale and purchase of foreign exchange derivatives in India and abroad and commodity derivatives abroad by a person resident in India.

The list of permissible classes of transactions made by persons resident outside India is:

(a) Investment in India by a person resident outside India, that is to say,
   (i) issue of security by a body corporate or an entity in India and investment therein by a person resident outside India; and
   (ii) investment by way of contribution by a person resident outside India to the capital of a firm or a proprietorship concern or an association of a person in India.
(b) Acquisition and transfer of immovable property in India by a person resident outside India.
(c) Guarantee by a person resident outside India in favour of, or on behalf of, a person resident in India.
(d) Import and export of currency/currency notes into/from India by a person resident outside India.
(e) Deposits between a person resident in India and a person resident outside India.
(f) Foreign currency accounts in India of a person resident outside India.
(g) Remittance outside India of capital assets in India of a person resident outside India.

Transactions with no restriction

They are:
(1) For amortisation of loan and
(2) For depreciation of direct investments in ordinary course of business.

Also, restrictions cannot be imposed when drawal is of the purpose of repayments of loan instalments.

Prohibited Transactions

On certain transactions, the Reserve Bank of India imposes prohibition.

(a) no person shall undertake or sell or draw foreign exchange to or from an authorised person for any capital account transaction, provided that-

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1 The Foreign Exchange Management (Permissible Capital Account Transactions) (Third Amendment) Regulations, 2015 vide Notification No. FEMA. 341/2015-RB dated May 26, 2015 substituted the existing
(i) subject to the provisions of the Act or the rules or regulations or directions or orders made or issued thereunder, a resident individual may, draw from an authorized person foreign exchange not exceeding USD 250,000 per financial year or such amount as decided by Reserve Bank from time to time for a capital account transaction specified in Schedule I.

Explanation: Drawal of foreign exchange as per item number 1 of Schedule III to Foreign Exchange Management (Current Account Transactions) Rules, 2000 dated 3rd May 2000 as amended from time to time, shall be subsumed within the limit under proviso (a) above.

(ii) Where the drawal of foreign exchange by a resident individual for any capital account transaction specified in Schedule I exceeds USD 250,000 per financial year, or as decided by Reserve Bank from time to time as the case may be, the limit specified in the regulations relevant to the transaction shall apply with respect to such drawal.

PROVIDED FURTHER that no part of the foreign exchange of USD 250,000, drawn under proviso (a) shall be used for remittance directly or indirectly to countries notified as non-co-operative countries and territories by Financial Action Task Force (FATF) from time to time and communicated by the Reserve Bank of India to all concerned.

(b) The person resident outside India is prohibited from making investments in India in any form, in any company, or partnership firm or proprietary concern or any entity whether incorporated or not which is engaged or proposes to engage:

(i) In the business of chit fund; [Registrar of Chits or an officer authorised by the state government in this behalf, may, in consultation with the State Government concerned, permit any chit fund to accept subscription from Non-resident Indians. Non-resident Indians shall be eligible to subscribe, through banking channel and on non-repatriation basis, to such chit funds, without limit subject to the conditions stipulated by the Reserve Bank of India from time to time]

(ii) As Nidhi company;

(iii) In agricultural or plantation activities;

(iv) In real estate business (the term shall not include developments of townships, construction of residential or commercial premises, roads or bridges) or construction

proviso contained in Regulation 4 sub-regulation (a) of the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000 with the above provisos in the principal regulations.

2 Vide Notification No. FEMA. 337/2015-RB dated 2nd March, 2015, the Reserve Bank of India, in consultation with the Central Government through the Foreign Exchange Management (Permissible Capital Account Transactions) (Second Amendment) Regulations, 2015 added a explanation with respect to the business of chit fund.
of farm houses; or

(v) In trading in Transferable Development Rights (TDRs).

ACQUISITION AND TRANSFER OF IMMOVABLE PROPERTY IN INDIA

Acquisition and Transfer of Property in India by an Indian Citizen resident outside India.

A person resident outside India who is a citizen of India may—

(a) acquire immovable property in India other than an agricultural property, plantation, or a farm house:

Provided that in case of acquisition of immovable property, payment of purchase price, if any, shall be made out of (i) funds received in India through normal banking channels by way of inward remittance from any place outside India or (ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank:

Provided further that no payment of purchase price for acquisition of immovable property shall be made either by traveller’s cheque or by foreign currency notes or by other mode other than those specifically permitted by this clause.

(b) transfer any immovable property in India to a person resident in India, and

(c) transfer any immovable property other than agricultural or plantation property or farm house to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India.

Acquisition and Transfer of Property in India by a person of Indian origin.

A person of Indian origin resident outside India may—

(a) acquire immovable property in India other than an agricultural property, plantation, or a farm house:

Provided that in case of acquisition of immovable property, payment of purchase price, if any, shall be made out of (i) funds received in India through normal banking channels by way of inward remittance from any place outside India or (ii) funds held in any non-resident account maintained in accordance with the provisions of the Act and the regulations made by the Reserve Bank:

Provided further that no payment of purchase price for acquisition of immovable property shall be made either by traveller’s cheque or by currency notes of any foreign country or any mode other than those specifically permitted by this clause.

(b) acquire any immovable property in India other than agricultural land/farm house/plantation property by way of gift from a person resident in India or from a person resident outside India who is a citizen of India or from a person of Indian origin resident outside India;
(c) acquire any immovable property in India by way of inheritance from a person resident outside India who had acquired such property in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of these Regulations or from a person resident in India;

(d) transfer any immovable property in India other than agricultural land/farm house/plantation property, by way of sale to a person resident in India;

(e) transfer agricultural land/farm house/plantation property in India, by way of gift or sale to a person resident in India who is a citizen of India;

(f) transfer residential or commercial property in India by way of gift to a person resident in India or to a person resident outside India who is a citizen of India or to a person of Indian origin resident outside India.

Repatriation of sale proceeds.

A person referred to in sub-section (5) of section 6 of the Act, or his successor shall not, except with the prior permission of the Reserve Bank, repatriate outside India the sale proceeds of any immovable property referred to in that sub-section.

In the event of sale of immovable property other than agricultural land/farm house/plantation property in India by a person resident outside India who is a citizen of India or a person of Indian origin, the authorised dealer may allow repatriation of the sale proceeds outside India, provided the following conditions are satisfied, namely:

(i) the immovable property was acquired by the seller in accordance with the provisions of the foreign exchange law in force at the time of acquisition by him or the provisions of these Regulations;

(ii) the amount to be repatriated does not exceed (a) the amount paid for acquisition of the immovable property in foreign exchange received through normal banking channels or out of funds held in Foreign Currency Non-Resident Account, or (b) the foreign currency equivalent, as on the date of payment, of the amount paid where such payment was made from the funds held is Non-Resident External account for acquisition of the property; and

(iii) in the case of residential property, the repatriation of sale proceeds is restricted to not more than two such properties.

(c) In the event of failure in repayment of external commercial borrowing availed by a person resident in India under the provisions of the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No. FEMA 3/2000-RB, dated 3-5-2000) a bank which is an authorised dealer may permit the overseas lender or the security trustee (in whose favour the charge on immovable property has been created to secure the ECB) to sell the immovable property on which the said loan has been secured only to a (by the) person resident in India and to repatriate the sale proceeds towards outstanding dues in respect of the said loan and not any other loan.
ACQUISITION AND TRANSFER OF IMMOVABLE PROPERTY OUTSIDE INDIA

Restriction on acquisition or transfer of immovable property outside India.
No person resident in India shall acquire or transfer any immovable property situated outside India without general or special permission of the Reserve Bank.

Nothing contained in the above said regulations shall apply to the property —
(a) held by a person resident in India who is a national of a foreign State;
(b) acquired by a person resident in India on or before 8th July, 1947 and continued to be held by him with the permission of the Reserve Bank.

Acquisition and Transfer of Immovable Property Outside India.
A person resident in India may acquire immovable property outside India,—
(a) by way of gift or inheritance from a person referred to in sub-section (4) of section 6 of the Act, or referred to in clause (b) of regulation 4; (b) by way of purchase out of foreign exchange held in Resident Foreign Currency (RFC) account maintained in accordance with the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000;

A person resident in India, who has acquired immovable property outside India under sub-regulation (1) of this regulation, may transfer it by way of gift to his relative who is a person resident in India.

A company incorporated in India having overseas offices, may acquire immovable property outside India for its business and for residential purposes of its staff, in accordance with the direction issued by the Reserve Bank of India from time to time.

Prohibition on acquisition or transfer of immovable property in India by citizens of certain countries.
No person being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, China, Iran, Nepal, Bhutan, Macau or Hong Kong without prior permission of the Reserve Bank shall acquire or transfer immovable property in India, other than lease, not exceeding five years.

Export of goods and services (Section 7)
(1) Every exporter of goods shall— (a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export...
value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; (b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter.

(2) The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. (3) Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

Procedure:

1. In case of exports taking place through Customs manual ports, every exporter of goods or software in physical form or through any other form, either directly or indirectly, to any place outside India, other than Nepal and Bhutan, shall furnish to the specified authority, a declaration in one of the forms set out in the Schedule and supported by such evidence as may be specified, containing true and correct material particulars including the amount representing -

   (i) the full export value of the goods or software; or
   (ii) if the full export value is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions expects to receive on the sale of the goods or the software in overseas market, and affirms in the said declaration that the full export value of goods (whether ascertainable at the time of export or not) or the software has been or will within the specified period be, paid in the specified manner.

2. Declarations shall be executed in sets of such number as specified.

3. For the removal of doubt, it is clarified that, in respect of export of services to which none of the Forms specified in these Regulations apply, the exporter may export such services without furnishing any declaration, but shall be liable to realise the amount of foreign exchange which becomes due or accrues on account of such export, and to repatriate the same to India in accordance with the provisions of the Act, and these Regulations, as also other rules and regulations made under the Act.

4  Vide Notification No. FEMA.342/RB-2014, dated 23rd April, 2015, Reserve Bank of India amended the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 Regulations by notifying the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2015. According to which Regulation 3 sub-regulation (1) is replaced with the above amendment in the principal regulations.
4. Export of goods or services may be made without furnishing the declaration in the following cases, namely:

(a) trade samples of goods and publicity material supplied free of payment;

(b) personal effects of travellers, whether accompanied or unaccompanied;

(c) ship’s stores, trans-shipment cargo and goods supplied under the orders of Central Government or of such officers as may be appointed by the Central Government in this behalf or of the military, naval or air force authorities in India for military, naval or air force requirements;

(d) goods or software accompanied by a declaration by the exporter that they are not more than twenty-five thousand USD in value;

(e) by way of gift of goods accompanied by a declaration by the exporter that they are not more than five lakh rupees in value;

(f) aircrafts or aircraft engines and spare parts for overhauling and/or repairs abroad subject to their re-import into India after overhauling/repairs, within a period of six months from the date of their export;

(g) goods imported free of cost on re-export basis;

(h) Deleted

(i) the following goods which are permitted by the Development Commissioner of the Export Processing Zones 1Electronic Hardware Technology Parks, Electronic Software Technology Parks] or Free Trade Zones to be re-exported, namely:

(1) imported goods found defective, for the purpose of their replacement by the foreign suppliers/collaborators;

(2) goods imported from foreign suppliers/collaborators on loan basis;

(3) goods imported from foreign suppliers/collaborators free of cost, found surplus after production operations;

(ia) goods listed at items (1), (2) and (3) of clause (i) to be re-exported by units in Special Economic Zones, under intimation to the Development Commissioner of Special Economic Zones/ concerned Assistant Commissioner or Deputy Commissioner of Customs;

(j) replacement goods exported free of charge in accordance with the provisions of Exim Policy in force, for the time being;

5 As per the Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2015, clause (h) of the regulation 4 of the principal regulations(Foreign Exchange Management (Export of Goods and Services) Regulations, 2000), stands deleted which dealt with the export of goods/services that may be made without furnishing the declaration to Myanmar under the Barter Trade Agreement.
(k) goods sent outside India for testing subject to re-import into India;

(l) defective goods sent outside India for repair and re-import provided the goods are accompanied by a certificate from an authorised dealer in India that the export is for repair and re-import and that the export does not involve any transaction in foreign exchange;

(m) exports permitted by the Reserve Bank, on application made to it, subject to the terms and conditions, if any, as stipulated in the permission.

5. The importer-exporter code number allotted by the Director General of Foreign Trade under section 7 of the Foreign Trade (Development & Regulation) Act, 1992 (22 of 1992) shall be indicated on all copies of the declaration forms submitted by the exporter to the specified authority and in all correspondence of the exporter with the authorised dealer or the Reserve Bank, as the case may be.

6. Authority to whom declaration is to be furnished and the manner of dealing with the declaration:

A. Declaration in Form GR

(i) The declaration in form GR shall be submitted in duplicate to the Commissioner of Customs.

(ii) After duly verifying and authenticating the declaration Form, the Commissioner of Customs shall forward the original declaration Form/data to the nearest office of the Reserve Bank and hand over the duplicate Form to the exporter for being submitted to the authorised dealer.

B. Declaration in Form PP

(ii) The authorised dealer shall, after countersigning the declaration Form, hand over the original Form to the exporter who shall submit it to the postal authorities through which the goods are being despatched. The postal authorities after despatch of the goods shall forward the declaration Form to the nearest office of the Reserve Bank.

C. Declaration in Form SOFTEX

(i) The declaration in Form SOFTEX in respect of export of computer software and audio/video/television software shall be submitted in triplicate to the designated official of Ministry of Information Technology,

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Government of India at the Software Technology Parks of India (STPIs) or at the Free Trade Zones (FTZs) or Export Processing Zones (EPZs) or Special Economic Zones (SEZs) in India.

(ii) After certifying all three copies of the SOFTEX Form, the said designated official shall forward the original directly to the nearest office of the Reserve Bank and return the duplicate to the exporter. The triplicate shall be retained by the designated official for record.

D. Duplicate Declaration Forms to be retained with Authorised Dealers

On the realisation of the export proceeds, the duplicate copies of export declaration forms viz., GR, PP and SOFTEX and Exchange Control copies of the shipping bills together with related Statutory Declaration Forms shall be retained by the Authorised Dealers.

The changes introduced in the regulations relating to export of goods and services are:

Form GR To be completed in duplicate for export otherwise than by Post including export of software in physical form i.e., magnetic tapes/discs and paper media.

Form SDF To be completed in duplicate and appended to the shipping bill, for exports declared to Customs Offices notified by the Central Government which have introduced Electronic Data Interchange (EDI) system for processing shipping bills notified by the Central Government.

Form PP To be completed in duplicate for export by Post.

Form SOFTEX To be completed in triplicate for declaration of export of software otherwise than in physical form, i.e., magnetic tapes/discs, and paper media.

7. Period within which export value of goods/software to be realised.

(1) The amount representing the full export value of goods or software exported shall be realised and repatriated to India within twelve months from the date of export. Provided that where the goods or software are exported by the units in Special Economic Zones, the stipulation of period of realisation and repatriation to India of full export value of goods or software shall not apply:

Provided that where the goods are exported to a warehouse established outside India with the permission of the Reserve Bank, the amount representing the full export value of goods exported shall be paid to the authorised dealer as soon as it is realised and in any case within fifteen months from the date of shipment of goods:

Provided further that the Reserve Bank, or subject to the directions issued by that Bank in this behalf, the authorised dealer may, for a sufficient and reasonable cause shown, extend the said period of twelve months or fifteen months, as the case may be.
Explaination - For the purpose of this regulation, the “date of export” in relation to the export of software in other than physical form, shall be deemed to be the date of invoice covering such export.

(2) (a) Where the export of goods or software has been made by a Status Holder Exporter, as defined in the EXIM Policy in force] then, notwithstanding anything contained in sub-regulation (1), the amount representing the full export value of goods or software shall be realised and repatriated to India within twelve months from the date of export: Provided that the Reserve Bank may for a sufficient and reasonable cause shown, extend the said period of twelve months.

(b) The Reserve Bank may for reasonable and sufficient cause direct that the said exporter(s) shall cease to be governed by sub-regulation (2): Provided that no such direction shall be given unless the said exporter(s) has been given a reasonable opportunity to make a representation in the matter.

(c) On such direction, the said exporter(s) shall be governed by the provisions of sub-regulation (1), until directed otherwise by the Reserve Bank.

8. Certain Exports requiring prior approval.

A. Export of goods on lease, hire, etc. - No person shall, except with the prior permission of the Reserve Bank, take or send out by land, sea or air any goods from India to any place outside India on lease or hire or under any arrangement or in any other manner other than sale or disposal of such goods.

B. Exports under trade agreement/rupee credit etc.

(i) Export of goods under special arrangement between the Central Government and Government of a foreign state, or under rupee credits extended by the Central Government to Government of a foreign state shall be governed by the terms and conditions set out in the relative public notices issued by the Trade Control Authority in India and the instructions issued from time to time by the Reserve Bank.

(ii) An export under the line of credit extended to a bank or a financial institution operating in a foreign state by the Exim Bank for financing exports from India, shall be governed by the terms and conditions advised by the Reserve Bank to the authorised dealers from time to time.

C. Counter Trade - Any arrangement involving adjustment of value of goods imported into India against value of goods exported from India, shall require prior approval of the Reserve Bank.

9. Delay in Receipt of Payment.

Where in relation to goods or software export of which is required to be declared on the specified Form, the specified period has expired and the payment therefor has not been
made as aforesaid, the Reserve Bank may give to any person who has sold the goods or software or who is entitled to sell the goods or software or procure the sale thereof, such directions as appear to it to be expedient, for the purpose of securing, (a) the payment therefor if the goods or software has been sold, and (b) the sale of goods and payment thereof, if goods or software has not been sold or re-import thereof into India as the circumstances permit, within such period as the Reserve Bank may specify in this behalf:

Provided that omission of the Reserve Bank to give directions shall not have the effect of absolving the person committing the contravention from the consequences thereof.

10. Advance payment against exports.

(1) Where an exporter receives advance payment (with or without interest), from a buyer outside India, the exporter shall be under an obligation to ensure that—

(i) the shipment of goods is made within one year from the date of receipt of advance payment;

(ii) the rate of interest, if any, payable on the advance payment does not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points; and

(iii) the documents covering the shipment are routed through the authorised dealer through whom the advance payment is received:

Provided that in the event of the exporter's inability to make the shipment, partly or fully, within one year from the date of receipt of advance payment, no remittance towards refund of unutilised portion of advance payment or towards payment of interest, shall be made after the expiry of the said period of one year, without the prior approval of the Reserve Bank.

(2) Notwithstanding anything contained in clause (i) of sub-regulation (1), where the export agreement provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment, the exporter shall require the prior approval of the Reserve Bank.

Realisation and repatriation of foreign exchange (Section 8)

Save as otherwise provided in this Act, where any amount of foreign exchange is due or has accrued to any person resident in India, such person shall take all reasonable steps to realise and repatriate to India such foreign exchange within such period and in such manner as may be specified by the Reserve Bank.

A person resident in India to whom any amount of foreign exchange is due or has accrued shall, save as otherwise provided under the provisions of the Act, or the rules and regulations made thereunder, or with the general or special permission of the Reserve Bank take all reasonable steps to realise and repatriate to India such foreign exchange, and shall in no case do or refrain from doing anything, or take or refrain taking any action, which has the effect of securing:

(a) that the receipt by him of the whole or part of that foreign exchange is delayed; or
(b) that the foreign exchange ceases in whole or in part to be receivable by him.

On realisation of foreign exchange due, a person shall repatriate the same to India, namely bring into, or receive in, India and—

(a) sell it to an authorised person in India in exchange for rupees; or

(b) retain or hold it in account with an authorised dealer in India to the extent specified by the Reserve Bank; or

(c) use it for discharge of a debt or liability denominated in foreign exchange to the extent and in the manner specified by the Reserve Bank.

A person shall be deemed to have repatriated the realised foreign exchange to India when he receives in India payment in rupees from the account of a bank or an exchange house situated in any country outside India, maintained with an authorised dealer.

A person shall sell the realised foreign exchange to an authorised person within 7 days if he has received such exchange as due or accrued remuneration for services rendered, whether in or outside India, or in settlement of any lawful obligation or an income on assets held outside India, or as inheritance, settlement or gift and in all other cases within 90 days of its receipt.

A person shall also surrender such unused portion of foreign exchange to an authorised person within 60 days from the date of its acquisition or purchase by him. Also any unspent balance on foreign exchange acquired for the purpose of foreign travel should be surrendered within 90 days from the date of return of the travel to India if the unspent amount is in the form of foreign currency notes and coins and within 180 days if it is in the form of travellers’ cheque.

Exemption from realisation and repatriation in certain cases (Section 9)

The provisions of sections 4 and 8 shall not apply to the following, namely:

(a) possession of foreign currency or foreign coins by any person up to such limit as the Reserve Bank may specify;

(b) foreign currency account held or operated by such person or class of persons and the limit up to which the Reserve Bank may specify;

(c) foreign exchange acquired or received before the 8th day of July, 1947 or any income arising or accruing there on which is held outside India by any person in pursuance of a general or special permission granted by the Reserve Bank;

(d) foreign exchange held by a person resident in India up to such limit as the Reserve Bank may specify, if such foreign exchange was acquired by way of gift or inheritance from a person referred to in clause (c), including any income arising there from;

(e) foreign exchange acquired from employment, business, trade, vocation, service, honorarium, gifts, inheritance or any other legitimate means up to such limit as the
Reserve Bank may specify; and

(f) such other receipts in foreign exchange as the Reserve Bank may specify.

For the purposes of clauses (a) and (e) of Section 9 of the Act, the Reserve Bank specified the following limits for possession or retention of foreign currency or foreign coins, namely:

(i) possession without limit of foreign currency and coins by an authorised person within the scope of his authority;

(ii) possession without limit of foreign coins by any person;

(iii) retention by a person resident in India of foreign currency notes, bank notes and foreign currency traveller’s cheques not exceeding USD 2,000 or its equivalent in aggregate, provided that such foreign exchange in the form of currency notes, bank notes and traveller’s cheques:

(a) was acquired by him while on a visit to any place outside India by way of payment for services not arising from any business in or anything done in India; or

(b) was acquired by him, from any person not resident in India and who is on a visit to India, as honorarium or gift or for services rendered or in settlement of any lawful obligation; or

(c) was acquired by him by way of honorarium or gift while on a visit to any place outside India; or

(d) represents unspent amount of foreign exchange acquired by him from an authorised person for travel abroad. However a person resident in India but not permanently resident therein may possess without limit foreign currency in the form of currency notes, bank notes and traveller’s cheques, if such foreign currency was acquired, held or owned by him when he was resident outside India and, has been brought into India in accordance with the regulations made under the Act. “Not permanently resident” means a person resident in India for employment of a specified duration (irrespective of length thereof) or for a specific job or assignment, the duration of which does not exceed three years.

Possession and Retention of Foreign Exchange

The Reserve Bank of India has specified the following persons with the limits for possession and retention of foreign currency by a person resident in India:

- Authorised Persons in accordance with the limits advised by the Reserve Bank;
- Any person may possess foreign coins without no restriction;
- Any person resident in India is permitted to retain in aggregate foreign currency not exceeding USD2,000 or its equivalent in the form of currency notes/bank notes or
travellers cheques acquired by him;

A person resident in India but not permanently resident therein is permitted without limit, if the foreign currency was acquired when he was resident outside India and was brought into India and declared to the Customs Authorities.

21.6 Authorised Person (Section 10)

(1) The Reserve Bank may, on an application made to it in this behalf, authorise any person to be known as authorised person to deal in foreign exchange or in foreign securities, as an authorised dealer, money changer or off-shore banking unit or in any other manner as it deems fit. [Sub-section (1)].

(2) An authorisation under this section shall be in writing and shall be subject to the conditions laid down therein [Sub-section (2)].

(3) An authorisation granted under sub-section (1) may be revoked by the Reserve Bank at any time if the Reserve Bank is satisfied that:

(a) it is in public interest so to do; or

(b) the authorised person has failed to comply with the condition subject to which the authorisation was granted or has contravened any of the provisions of the Act or any rule, regulation, notification, direction order made thereunder;

Provided that no such authorisation shall be revoked on any ground referred to in clause (b) unless the authorised person has been given a reasonable opportunity of making a representation in the matter.

(4) An authorised person shall, in all his dealings in foreign exchange or foreign security, comply with such general or special directions or orders as the Reserve Bank may, from time to time, think fit to give, and, except with the previous permission of the Reserve Bank, an authorised person shall not engage in any transaction involving any foreign exchange or foreign security which is not in conformity with the terms of his authorisation under this section.

(5) An authorised person shall, before undertaking any transaction in foreign exchange on behalf of any person, require that person to make such declaration and to give such information as will reasonable satisfy him that the transaction will not involve, and is not designed for the purpose of any contravention or evasion of the provisions of this Act or of any rule, regulation, notification, direction or order made thereunder, and where the said person refuses to comply with any such requirement or makes only unsatisfactory compliance therewith, the authorised person shall refuse in writing to undertake the transaction and shall, if he has reason the believe that any such contravention or evasion as aforesaid is contemplated by the person, report the matter to the Reserve Bank.

(6) Any person, other than an authorised person, who has acquired or purchased foreign exchange for any purpose mentioned in the declaration made by him to authorised person under sub-section (5) does not use it for such purpose or does not surrender it to
authorised person within the specified period or uses the foreign exchange so acquired or purchased for any other purpose for which purchase or acquisition of foreign exchange is not permissible under the provisions of the Act or the rules or regulations or direction or order made thereunder shall be deemed to have committed contravention of the provision of the Act for the purpose of this section.

**Reserve Bank’s powers to issue directions to authorised person (Section 11)**

(1) The Reserve Bank may, for the purpose of securing compliance with the provisions of this Act and of any rules, regulations, notifications or directions made thereunder, give to the authorised persons any direction in regard to making of payment or the doing or desist from doing any act relating to foreign exchange or foreign security.

(2) The Reserve Bank may, for the purpose of ensuring the compliance with the provisions of this Act or of any rule, regulation, notification direction or order made thereunder, direct any authorised person to furnish such information, in such manner, as it deems fit.

(3) Where any authorised person contravenes any direction given by the Reserve Bank under this Act or fails to file any return as directed by the Reserve Bank, the Reserve Bank may, after giving reasonable opportunity of being heard, impose on the authorised person a penalty which may extend to ten thousand rupees and in the case of continuing contravention with an additional penalty which may extend to two thousand rupees for every day during which such contravention continues.

**Power of Reserve Bank to inspect authorised person (Section 12)**

(1) The Reserve Bank may, at any time, cause an inspection to be made by any officer of the Reserve Bank specially authorised in writing by the Reserve Bank in this behalf, of the business of any authorised person as may appear to it to be necessary or expedient for the purpose of:

   (a) verifying the correctness of any statement, information or particulars furnished to the Reserve Bank;

   (b) obtaining any information or particulars which such authorised person has failed to furnish on being called upon to do so;

   (c) securing compliance with the provisions of this Act or of any rules, regulations, directions or orders made thereunder.

(2) It shall be the duty of every authorised person, and where such person is a company or a firm, every director, partner or other officer of such company or firm, as the case may be, to produce to any officer making an inspection under sub-section (1), such books, accounts and other documents in his custody or power and to furnish any statement or information relating to the affairs of such person, company or firm as the said officer may require within such time and in such manner as the said officer may direct.
21.7 Contraventions and Penalties in Brief

<table>
<thead>
<tr>
<th>Section No.</th>
<th>Contravention</th>
<th>Quantum of Penalty</th>
</tr>
</thead>
</table>
| Section 11  | Authorised person contravenes any direction by RBI or failure to file any return as directed by RBI | ➢ Upto ₹ 10,000.   
               |                                                                               | ➢ If continuing offence additional penalty upto ₹ 2,000 per day. |
| Section 13  | Of any provision of the Act, or any rule, regulation, notification, direction or order or of any condition subject to which an authorisation issued | ➢ Upto three times, the sum involved, if it is quantifiable.  
                                                                 | ➢ If not quantifiable upto ₹ 2 lacs.  
                                                                 | ➢ If continuing, further penalty upto ₹ 5,000 per day after first day. |
| Section 14  | Failure to pay penalty as above                                              | Civil imprisonment. |
               | – where demand is of an amount exceeding ₹ 1 crore.                         | ➢ Upto 3 years     
               | – in any other case                                                          | ➢ Upto 6 months.   |

**Penalties (Section 13)**

(1) If any person contravenes any provisions of this Act, or contravenes any rule, regulation, notification, direction or order issued in exercise of the powers under this Act, or contravenes any condition subject to which an authorisation is issued by the Reserve Bank, he shall, upon adjudication, be liable to a penalty up to thrice the sum involved in such contravention where such amount is quantifiable, or up to two lakh rupees where the amount is not quantifiable, and where such contravention is a continuing one, further penalty which may extend to five thousand rupees for every day after the first day which the contravention continues.

(2) Any Adjudicating Authority adjudging any contravention under sub-section (1), may, if he thinks fit in addition to any penalty which he may impose for such contravention direct that any currency, security or any other money or property in respect of which the contravention has taken place shall be confiscated to the Central Government and further direct that the foreign exchange holdings, if any of the person committing the contraventions or any part thereof, shall be brought back into India or shall be retained outside India in accordance with directions made in this behalf.

*Explanation:* For the purposes of this sub-section, “property” in respect of which contravention has taken place, shall include:

(a) deposits in a bank, where the said property is converted into such deposits;

(b) Indian currency, where the said property is converted into that currency; and

(c) any other property, which has resulted out of the conversion of that property.
21.33 Corporate and Allied Laws

Enforcement of the orders of Adjudicating Authority (Section 14)

(1) Subject to the provisions of sub-section (2) of section 19, if any person fails to make full payment of the penalty imposed on him under section 13 within a period of ninety days from the date on which the notice for payment of such penalty is served on him, he shall be liable to civil imprisonment under this section.

(2) No order for the arrest and detention in civil prison of a defaulter shall be made unless the Adjudicating Authority has issued and served a notice upon the defaulter calling upon him to appear before him on the date specified in the notice and to show cause why he should not be committed to the civil prison, and unless the Adjudicating Authority, for reasons in writing, is satisfied:

(a) that the defaulter, with the object or effect of obstructing the recovery of penalty, has after the issue of notice by the Adjudicating Authority, dishonestly transferred concealed, or removed may part of his property, or

(b) that the defaulter has, or has had since the issuing of notice by the Adjudicating Authority, the means to pay the arrears or some substantial part thereof and refuses or neglects or has refused or neglected to the same.

(3) Notwithstanding anything contained in sub-section (1), a warrant for the arrest of the defaulter may be issued by the Adjudicating Authority if the Adjudicating authority is satisfied, by affidavit or otherwise, that with the object or effect of delaying the execution of the certificate the defaulter is likely to abscond or leave the local limits of the jurisdiction of the Adjudicating Authority.

(4) Where appearance is not made pursuant to a notice issued and served under sub-section (1), the Adjudicating Authority may issue a warrant for the arrest of the defaulter.

(5) A warrant of arrest issued by the Adjudicating Authority under sub-section (3) or sub-section (4) may also be executed by any other adjudicating authority within whose jurisdiction the defaulter may for the time being be found.

(6) Every person arrested in pursuance of a warrant of arrest under this section shall be brought before the Adjudicating Authority issuing the warrant as soon as practicable and in any event within twenty-four hours of his arrest (exclusive of the time required for the journey);

Provided that, if the defaulter pays the amount entered in the warrant of arrest as due and the costs of the arrest to the officer arresting him, such officer shall at once release him.

Explanation: For the purposes of this sub-section, where the defaulter is a Hindu undivided family, the karta thereof shall be deemed to be the defaulter.

(7) When a defaulter appears before the Adjudicating Authority pursuant to a notice to show cause or is brought before the Adjudicating Authority under this Section, the Adjudicating Authority shall give the defaulter an opportunity showing cause when he should not be committed to the civil prison.
(8) Pending the conclusion of the inquiry, the adjudicating Authority may, in his discretion, order the defaulter to be detained in the custody of such officer as the Adjudicating Authority may think fit or release him on his furnishing the security to the satisfaction of the Adjudicating Authority for his appearance as and when required.

(9) Upon the conclusion of the inquiry, the Adjudicating Authority may make an order for the detention of the defaulter in the civil prison and shall in that event cause him to be arrested if he is not already under arrest:

Provided that in order to give a defaulter an opportunity of satisfying the arrears, the Adjudicating Authority may, before making the order of detention, leave the defaulter in the custody of the officer arresting him or of any other officer for a specified period not exceeding fifteen days, or lease him on his furnishing security to the satisfaction of the adjudicating authority for his appearance at the expiration of the specified period if the arrears are not satisfied.

(10) When the Adjudicating Authority does not make an order of detention under sub-section (9), he shall, if the defaulter is under arrest, direct his release.

(11) Every person detained in the civil prison in execution of the certificate may be so detained:

(a) where the certificate is for a demand of an amount exceeding rupees one crore, up to three years, and

(b) in any other case, up to six months:

Provided that he shall be released from such detention on the amount mentioned in the warrant for his detention being paid to the officer-in-charge of the civil prison.

(12) A defaulter released from detention under this section shall not, merely by reason of his release, be discharged from his liability for the arrears, but he shall not be liable to be arrested under the certificate in execution of which he was detained in the civil prison.

(13) A detention order may be executed at any place in India in the manner provided for the execution of warrant of arrest under the Code of Criminal Procedure, 1973.

**COMPOUNDING OF OFFENCES IN BRIEF**

Compounding Authority: Persons authorized by Central Government under section 15 i.e. classes of officers of the Enforcement Directorate and classes of officers of the RBI can act as Compounding Authority.

According to section 15:

(1) Any contravention under section 13 may, on an application made by the person committing such contravention, be compounded within one hundred and eighty days from the date of receipt of application by the Director of Enforcement or such other officers of the Directorate of Enforcement and Officers of the Reserve Bank as may be authorised in this behalf by the Central Government in such manner as may be prescribed.
Where a contravention has been compounded under sub-section (1), no proceeding or further proceeding, as the case may be, shall be initiated or continued, as the case may be, against the person committing such contravention under that section, in respect of the contravention so compounded.

The Reserve Bank is empowered to compound contravention of the provision as follows:

<table>
<thead>
<tr>
<th>Sum involved in contravention</th>
<th>By whom?</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 10 lakhs or below</td>
<td>AGM</td>
</tr>
<tr>
<td>More than 10 lakhs but less than 40 lakhs</td>
<td>DGM</td>
</tr>
<tr>
<td>₹ 40 lakhs or more but less than 100 lakhs</td>
<td>GM</td>
</tr>
<tr>
<td>₹ 100 lakhs or more</td>
<td>Chief GM</td>
</tr>
</tbody>
</table>

The power of Enforcement Directorate to compound contraventions is as follows:

<table>
<thead>
<tr>
<th>Sum involved in contravention</th>
<th>By whom?</th>
</tr>
</thead>
<tbody>
<tr>
<td>₹ 5 lakhs or below</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>More than 5 lakhs but less than ₹ 10 lakhs</td>
<td>Additional Director</td>
</tr>
<tr>
<td>₹ 10 lakhs or more but less than ₹ 50 lakhs</td>
<td>Special Director</td>
</tr>
<tr>
<td>₹ 50 lakhs or more but less than ₹ 1 crore</td>
<td>Special Director with Deputy Legal Advisor</td>
</tr>
<tr>
<td>₹ 1 crore or more</td>
<td>Director of Enforcement with Special Director</td>
</tr>
</tbody>
</table>

No contravention shall be compounded unless the amount involved in such contravention is quantifiable.

**Process and Procedure for Compounding**

(a) An application for compounding of a contravention under the FEMA may be submitted to the Compounding Authority (CA) either on being advised of a contravention under FEMA either through a memorandum or suo motu on being made or becoming aware of the contravention or suo motu on being made or becoming aware of the contravention. The application should be as per format given in the Foreign Exchange (Compounding Proceedings) Rules, 2000.

(b) The applicant along with the application in the prescribed format, may also furnish the details relating to Foreign Direct Investment (FDI), External Commercial Borrowings (ECB), Overseas Direct Investment and Branch Office / Liaison Office, as applicable, a copy of the Memorandum of Association and latest audited balance sheet along with an undertaking that they are not under investigation of any agency such as DOE, CBI, etc. in order to complete the compounding process within the time frame.

(c) All applications for compounding either on the advice of the Regional Office concerned or suo-moto, relating to contraventions to compound the contraventions of FEMA involving
(i) delay in reporting of inward remittance, (ii) delay in filing of form FC-GPR after allotment of shares and (iii) delay in issue of shares beyond 180 days may be submitted by the companies/individuals falling under the jurisdiction of the aforesaid different Regional Offices directly to the Regional Office concerned, together with the prescribed fee of ₹ 5000/- by way of a demand draft drawn in favour of “Reserve Bank of India” and payable at the concerned Regional Office.

Applications for compounding of all other contraventions together with the prescribed fee of ₹ 5000/- by way of a demand draft drawn in favour of “Reserve Bank of India” and payable at Mumbai may be submitted to: The Compounding Authority, [Cell for Effective implementation of FEMA (CEFA)], Foreign Exchange Department, Mumbai.

(d) On receipt of the application for compounding, the proceedings would be concluded and the CA will issue an order within 180 days from the date of the receipt of the application for compounding. The time limit for this purpose would be reckoned from the date of receipt of the completed application for compounding by the Reserve Bank.

(e) The CA may call for any additional information, record or any other document relevant to the compounding proceedings. Such additional information/documents are required to be submitted within the period as may be specified by the CA and the application may be rejected if such information/documents are not submitted within the prescribed time.

(f) The application will be examined according to the Foreign Exchange (Compounding Proceedings) Rules, 2000 to assess whether the contravention is compoundable and the amount of contravention is accordingly quantified.

(g) The nature of contravention is ascertained keeping in view, inter alia, the following indicative points:
   a. whether the contravention is technical and / or minor in nature and needs only an administrative cautionary advice;
   b. whether the contravention is serious in nature and warrants compounding of the contravention; and
   c. whether the contravention, prima facie, involves money-laundering, national and security concerns involving serious infringement of the regulatory framework.

(h) If there is sufficient cause for further investigation, the Reserve Bank may refer the matter to the Directorate of Enforcement for further investigation and necessary action under FEMA, 1999, or to the Anti- Money Laundering Authority instituted under the Prevention of Money Laundering Act (PMLA), 2002 or to any other agencies, as deemed fit.

(i) An opportunity for being heard is given to the applicant. If the contravener or its authorized representative choose not to appear or make any submissions before the CA then the CA will proceed with the processing of the compounding application on the basis of information and documents available in the application for compounding.
(j) The sum for which the contravention is compounded is payable by way of a demand draft in favour of the “Reserve Bank of India” within fifteen days from the date of the order of compounding of such contravention. The demand draft has to be deposited in the manner as directed in the compounding order.

21.8 Adjudication And Appeal

<table>
<thead>
<tr>
<th>Section No.</th>
<th>Obligation</th>
<th>Time Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 14</td>
<td>Full penalty to be paid</td>
<td>Within 90 days from the date on which notice for payment of penalty is served.</td>
</tr>
<tr>
<td>Section 15</td>
<td>Compounding of Contravention under section 13</td>
<td>Within 180 days of receipt of application by Directorate of Enforcement.</td>
</tr>
<tr>
<td>Section 16</td>
<td>Complaint under section 16(1) to be dealt by Adjudicating Authority</td>
<td>Within 1 year of receipt of complaint.</td>
</tr>
<tr>
<td>Section 17</td>
<td>Appeal to Special Director (Appeals)</td>
<td>Within 45 days from receipt of order.</td>
</tr>
<tr>
<td>Section 19</td>
<td>Appeal to Appellate Tribunal</td>
<td>Within 45 days from receipt of order.</td>
</tr>
<tr>
<td>Section 19(5)</td>
<td>Appeal to be dealt with by Appellate Tribunal</td>
<td>Will try to dispose off the appeal within 180 days from receipt of appeal.</td>
</tr>
<tr>
<td>Section 35</td>
<td>Appeal to High Court</td>
<td>Within 60 days of communication of order or decision.</td>
</tr>
</tbody>
</table>

❖ Appointment of Adjudicating Authority (Section 16)

(1) For the purpose of adjudication under section 13, the Central Government may, by an order published in the Official Gazette, appoint as many officers of the Central Government as it may think fit, as the Adjudicating Authorities for holding an inquiry in the manner prescribed after giving the person alleged to have committed contravention under section 13, against whom a complaint has been made under sub-section (3) (hereinafter in this section referred to as the said person) a reasonable opportunity of being heard for the purpose of imposing any penalty:

Provided that where the Adjudicating Authority is of opinion that the said person is likely to abscond or is likely to evade in any manner, the payment of penalty, if levied, it may direct the said person to furnish a bond or guarantee for such amount and subject to such conditions as it may deem fit.

(2) The Central Government shall, while appointing the Adjudicating Authorities under sub-section (1), also specify in the order published in the Official Gazette, their respective jurisdictions.
(3) No Adjudicating Authority shall hold an enquiry under sub-section (1) except upon a complaint in writing made by any officer authorised by a general or special order by the Central Government.

(4) The said person may appear either in person or take the assistance of a legal practitioner or a chartered accountant of his choice for presenting his case before the Adjudicating Authority.

(5) Every Adjudicating authority shall have the same powers of a civil court which are conferred on the Appellate Tribunal under sub-section (2) of section 28 and:

(a) all proceedings before it shall deemed to be judicial proceedings within the meaning of sections 193 and 228 of the Indian Penal Code;

(b) shall be deemed to be a civil court for the purposes of sections 345 and 346 of the Code of Criminal Procedure, 1973.

(6) Every Adjudicating Authority shall deal with the complaint under sub-section (2) as expeditiously as possible and endeavour shall be made to dispose of the complaint finally within one year from the date of receipt of the complaint:

Provided that where the complaint cannot be disposed off within the said period, the Adjudicating Authority shall record periodically the reason in writing or not disposing off the complaint within the said period.

Appeal to Special Director (Appeals) (Section 17)

(1) The Central Government shall, by notification, appoint one or more Special Directors (Appeals) to hear appeals against the orders of the Adjudicating Authorities under this section and shall also specify in the said notification the matter and places in relation to which the Special Director (Appeals) may exercise jurisdiction.

(2) Any person aggrieved by an order made by the Adjudicating Authority, being an Assistant Director of Enforcement or a Deputy Director of Enforcement, may prefer an appeal of the Special Director (Appeals).

(3) Every appeal under sub-section (1) shall be filed within forty-five days from the date on which the copy of the order made by the Adjudicating Authority is received by the aggrieved person and it shall be in such form, verified in such manner and be accompanied by such fee as may be prescribed:

Provided that the Special Director (Appeals) may entertain an appeal after the expiry of the said period of forty-five days, if he is satisfied that there was sufficient cause for not filing it within that period.

(4) On receipt of an appeal under sub-section (1), the Special Director (Appeals) may after giving the parties to the appeal an opportunity of being heard, pass such order thereon as he thinks fit confirming, modifying or setting aside the order appealed against.

(5) The Special Director (Appeals) shall send a copy of every order made by him to the parties to appeal and to the concerned Adjudicating Authority.
(6) The Special Director (Appeals) shall have the same powers of a civil court which are conferred on the Appellate Tribunal under sub-section (2) of section 28 and:

(a) all proceedings before him shall be deemed to be judicial proceedings within the meaning of sections 193 and 228 of the Indian Penal Code;

(b) shall be deemed to be a civil court for the purpose of sections 345 and 346 of the Code of Criminal Procedure, 1973.

Establishment of Appellate Tribunal (Section 18)

The Central Government shall, by notification, establish an Appellate Tribunal to be known as the Appellate Tribunal for Foreign Exchange to hear appeals against the orders of the Adjudicating Authorities and the Special Director (Appeals) under this Act.

Appeal to Appellate Tribunal (Section 19)

(1) Save as otherwise provided in sub-section (2), The Central Government or any person aggrieved by an order made by an Adjudicating Authority, other than those referred to sub-section (1) of section 17, or the Special Director (Appeals), may prefer an appeal to the Appellate Tribunal:

Provided that any person appealing against the order to the Adjudicating Authority or the Special Director (Appeals) levying any penalty, shall while filing the appeal, deposit the amount of such penalty with such authority as may be notified by the Central Government.

Provided further that where in any particular case, the Appellate Tribunal is of the opinion that the deposit of such penalty would cause undue hardship to such person, the Appellate Tribunal any dispense with such deposit subject to such conditions as it may deem fit to impose so as to safeguard the realisation of penalty.

(2) Every appeal under sub-section (1) shall be filed within a period of forty-five days from the date on which a copy of the order made by the Adjudicating Authority or the Special Director (Appeals) is received by the aggrieved person or by the Central Government and it shall be in such form, verified in such manner and be accompanied by such fee as may be prescribed.

Provided that the Appellate Tribunal may entertain an appeal after the expiry of the said period of forty-five days if it is satisfied that there was sufficient cause for not filing it within that period.

(3) On receipt of an appeal under sub-section (1), the Appellate Tribunal may, after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, confirming, modifying or setting aside the order appealed against.

(4) The Appellate Tribunal shall send a copy of every order made by it to the parties to the appeal and to the concerned Adjudicating Authority or the Special Director (Appeals), as the case may be.
The appeal filed before the Appellate Tribunal under sub-section (1) shall be dealt with by it as expeditiously as possible and endeavour shall be made by it to dispose of the appeal finally within one hundred and eighty days from the date of receipt of the appeal:

Provided that where any appeal could not be disposed of within the said period of one hundred and eighty days, the Appellate Tribunal shall record its reasons in writing for not disposing of the appeal within the said period.

The Appellate Tribunal may, for the purpose of examining the legality, propriety or correctness of any order made by the Adjudicating Authority under section 16 in relation to any proceedings, on its own motion or otherwise, call for the records of such proceedings and make a such order in the case as it thinks fit.

Composition of Appellate Tribunal (Section 20)

(1) The Appellate Tribunal shall consist of a Chairperson and such number of Members as the Central Government may deem fit.

(2) Subject of the provisions of this Act:
   (a) the jurisdiction of the Appellate Tribunal may be exercised by Benches thereof;
   (b) a Bench may be constituted by the Chairperson with one or more Members as the Chairperson may deem fit;
   (c) the Benches of the Appellate Tribunal shall ordinarily sit at New Delhi and at such other places as the Central Government may, in consultation with the Chairperson, notify;
   (d) the Central Government shall notify the areas in relation to which each Bench of the Appellate Tribunal may exercise jurisdiction.

(3) Notwithstanding anything contained in sub-section (2), the Chairperson may transfer a Member from one Bench to another Bench.

(4) If at any stage of the hearing of any case or matter it appears to the Chairperson or a Member that the case or matter is of such a nature that it ought to be heard by a Bench consisting of two Members, the case or matter may be transferred by the Chairperson or, as the case may be, referred to him for transfer, to such Bench as the Chairperson may deem fit.

Qualifications for appointment of Chairperson, Member and Special Director (Appeals) (Section 21)

(1) A person shall not be qualified for appointment as the Chairperson or a Member unless he:
   (a) in the case of Chairperson, is or has been, or is qualified to be, a Judge of a High Court; and
   (b) in the case of a Member, is or has been, or is qualified to be, a District Judge.
(2) A person shall not be qualified for appointment as a Special Director (Appeals) unless he:

(a) has been a member of the Indian Legal Service and has held a post in Grade I of that Service; or

(b) has been a member of the Indian Revenue Service and has held a post equivalent to a Joint Secretary to the Government of India.

Term of Office (Section 22)
The Chairperson and every other Member shall hold office as such for a term of five years from the date on which he enters upon his office:

Provided that no Chairperson or other members shall hold office as such after he has attained:

(a) in the case of the Chairperson, the age of sixty-five years;

(b) in the case of any other Member, the age of sixty-two years.

Terms and conditions of service (Section 23)
The salary and allowances payable to and the other terms and conditions of service of the Chairperson, other Member and the Special Director (Appeals) shall be such as may be prescribed.

Provided that neither the salary and allowances nor the other terms and conditions of service of the Chairperson or a Member shall be varied to his disadvantage after appointment.

Vacancies (Section 24)
If, for reason other than temporary absence, any vacancy occurs in the office of the Chairperson or a Member, the Central Government shall appoint another person in accordance with the provisions of this Act to fill the vacancy and the proceedings may be continued before the Appellate Tribunal from the stage at such at which the vacancy is filled.

Resignation and removal (Section 25)
(1) The Chairperson or a Member, may, by notice in writing under his hand addressed to the Central Government, resign his office:

Provided that the Chairperson or a Member shall, unless he is permitted by the Central Government to relinquish his office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as his successor enters upon his office or until the expiry of term of office, whichever is the earliest.

(2) The Chairperson or a Member shall not be removed from his office except by an order by the Central Government on the ground of proved misbehaviour or incapacity after an inquiry made by such person as the President may appoint for this purpose in which the Chairperson or a Member concerned has been informed of the charges against him and given a reasonable opportunity of being heard in respect of such charges.
Member to act as Chairperson in certain circumstances (Section 26)

(1) In the event of the occurrence of any vacancy in the office of the Chairperson by reason of his death, resignation or otherwise, the senior most Member shall act as the Chairperson until the date on which a new Chairperson, appointed in accordance with the provisions of this Act to fill such vacancy, enters upon his office.

(2) When the Chairperson is unable to discharge his function owing to absence, illness or any other cause, the senior most Member shall discharge the function of the Chairperson until the date on which the Chairperson resumes his duties.

Staff of Appellate Tribunal and Special Director (Appeals) (Section 27)

(1) The Central Government shall provide the Appellate Tribunal and the Special Director (Appeals) with such officers and employees as it may deem fit.

(2) The officers and employees of the Appellate Tribunal and office of the Special Director (Appeals) shall discharge their functions under the general superintendence of the Chairperson and the Special Director ( Appeals), as the case may.

(3) The salaries and allowances and other conditions of service of the officers and employees of the Appellate Tribunal and office of the Special Director (Appeals) shall be such as may be prescribed.

Procedure and powers of Appellate Tribunal and Special Director (Appeals) (Section 28)

(1) The Appellate Tribunal and the Special Director (Appeals) shall not be bound by the procedure laid down by the Code of Civil Procedure, 1908 but shall be guided by the principles of natural justice and, subject to the other provisions of this Act, the Appellate Tribunal and the Special Director (Appeals) shall have powers to regulate its own procedure.

(2) The Appellate Tribunal and the Special Director (Appeals) shall have, for the purposes of discharging its functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 ; while trying a suit, in respect of following matters, namely:

(a) summoning and enforcing the attendance of any person and examining him on oath;
(b) requiring the discovery and production of documents;
(c) receiving evidence on affidavits;
(d) subject to the provisions of sections 123 and 124 of the Indian Evidence Act, 1872; requisitioning any public record or document or copy of such record or document from any office;
(e) issuing commissions for the examination of witnesses or documents;
(f) reviewing its decisions;
(g) dismissing a representation of default or deciding it ex parte;
(h) setting aside any order of dismissal of any representation for default or any order passed by it ex parte; and

(i) any other matter which may be prescribed by the Central Government.

(3) An order made by the Appellate Tribunal or the Special Director (Appeals) under this Act shall be executable by the Appellate Tribunal or the Special Director (Appeals) as a decree of civil court and, for this purpose, the Appellate Tribunal and the Special Director (Appeals) shall have all the powers of a civil court.

(4) Notwithstanding anything contained in sub-section (3), the Appellate Tribunal or the Special Director (Appeals) may transmit any order made by it to a civil court having local jurisdiction and such civil court shall execute the order as if it were a decree made by that court.

(5) All proceedings before the Appellate Tribunal and the Special Director (Appeals) shall be deemed to be judicial proceedings within the meaning of sections 193 and 228 of the Indian Penal Code and the Appellate Tribunal shall be deemed to be a civil court for the purposes of sections 345 and 346 of the Code of Criminal Procedure, 1973.

- Distribution of business amongst Benches (Section 29)

Where Benches are constituted, the Chairperson may, from time to time, by notification, make provisions as to the distribution of the business of the Appellate Tribunal amongst the Benches and also provide for the matters, which may be dealt with by each Bench.

- Power of Chairperson to transfer cases (Section 30)

On the application of any of the parties and after notice to the parties, and after hearing such of them as he may desire to be heard, or on his own motion without such notice, the Chairperson may transfer any case pending before one Bench, for disposal, to any other Bench.

- Decision to be by majority (Section 31)

If the Members of a Bench consisting of two Members differ in opinion on any point, they shall state the point or points on which they differ, and make a reference to the Chairperson who shall either hear the point or points himself or refer the case for hearing on such point or points by one or more of the other Members of the Appellate Tribunal and such point or points shall be decided according to the opinion of the majority of the Members of the Appellate Tribunal who have heard the case, including those who first heard it.

- Right of appellant to take assistance of legal practitioner or chartered accountant and of Government, to appoint presenting officers (Section 32)

(1) A person preferring an appeal to the Appellate Tribunal or the Special Director (Appeals) under this Act may either appear in person or take the assistance of a legal practitioner or a chartered accountant of his choice to present his case before the Appellate Tribunal or the Special Director (Appeals), as the case may be.
(2) The Central Government may authorise one or more legal practitioners or chartered accountants or any of its officers to act as presenting officers and every person so authorised may present the case with respect to any appeal before the Appellate Tribunal or the Special Director (Appeals), as the case may be.

Member, etc. to be public servants (Section 33)

The Chairperson, Members and other officers and employees of the Appellate Tribunal, the Special Director (Appeals) and the Adjudicating Authority shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code.

Civil court not to have jurisdiction (Section 34)

No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which an Adjudicating Authority or the Appellate Tribunal or the Special Director (Appeals) is empowered by or under this Act to determine and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.

Appeal to High Court (Section 35)

Any person aggrieved by any decision or order of the Appellate Tribunal may file an appeal to the High Court within sixty days from the date of communication of the decision or order of the Appellate Tribunal on any question of law arising out of such order:

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

Explanation: In this section “High Court” means:

(a) the High Court within the jurisdiction of which the aggrieved party ordinarily resides or carries on business or personally works for gain; and

(b) where the Central Government is the aggrieved party, the High Court within the jurisdiction of which the respondent, or in a case where there are more than one respondent, any of the respondents, ordinarily resides or carries on business or personally works for gain.

21.9 Directorate of Enforcement

Directorate of Enforcement (Section 36)

(1) The Central Government shall establish a Directorate of Enforcement with a Director and such other officers or class of officers as it thinks fit, who shall be called officers of Enforcement, for the purposes of this Act.

(2) Without prejudice to provisions of sub-section (1), the Central Government may authorise the Director of Enforcement or an Additional Director of Enforcement or a Special
Director of Enforcement or a Deputy Director of Enforcement to appoint officers of Enforcement below the rank of an Assistant Director of Enforcement.

(3) Subject to such conditions and limitations as the Central Government may impose, an officer of Enforcement may exercise the powers and discharge the duties conferred or imposed on him under this Act.

❖ Power of search, seizure, etc. (Section 37)

(1) The Director of Enforcement and other officers of Enforcement, not below the rank of an Assistant Director, shall take up for investigation the contravention referred to in section 13.

(2) Without prejudice to the provisions of sub-section (1), the Central Government may also, by notification, authorise any officer or class of officers in the Central Government, State Government or the Reserve Bank, not below the rank of an Under Secretary to the Government of India to investigate any contravention referred to in section 13.

(3) The officers referred to in sub-section (1) shall exercise the like powers which are conferred on income-tax authorities under the Income-tax Act, 1961 (43 of 1961) and shall exercise such powers, subject to such limitations laid down under that Act.

❖ Empowering other officers (Section 38)

(1) The Central Government may, by order and subject to such conditions and limitations as it thinks fit to impose, authorise any officer of customs or any central excise officer or any police officer or any other officer of the Central Government or a State Government to exercise such of the powers and discharge such of the duties of the Director of Enforcement or any other officer of Enforcement under this Act as may be stated in the order.

(2) The officers referred to in sub-section (1) shall exercise the like powers which are conferred on the income-tax authorities under the Income-tax Act, 1961 (43 of 1961), subject to such conditions and limitations as the Central Government may impose.

21.10 Miscellaneous

❖ Presentation as to documents in certain cases (Section 39)

Where any document:

(i) is produced or furnished by any person or has been seized from the custody or control of any person, in either case, under this Act or under any other law; or

(ii) has been received from any place outside India (dually authenticated by such authority or person and in such manner as may be prescribed in the course of investigation of any contravention under this Act alleged to have been committed by any person, Such document is tendered in any proceeding under this Act in evidence against him, or
against him and any other person who is proceeded against jointly with him, the court or the Adjudicating Authority, as the case may be, shall:

(a) presume, unless the contrary is proved, that the signature and every other part of such document which purports to be in the handwriting of any particular person or which the court may reasonably assume to have been signed by, or to be in the handwriting of any particular person, is in that person’s handwriting and in the case of a document executed or attested, that it was executed or attested by the person by whom it purports to have been so executed or attested;

(b) admit the document in evidence notwithstanding that it is not duly stamped, if such document is otherwise admissible in evidence;

(c) in a case falling under clause (i), also presume, unless the contrary is proved, the truth of the contents of such document.

**Suspension of operation of this Act (Section 40)**

(1) If the Central Government is satisfied that circumstances have arisen rendering it necessary that any permission granted or restriction imposed by this Act should cease to be granted or imposed, or if it considers necessary or expedient so to do in public interest, the Central Government may, by notification, suspend or relax to such extent either indefinitely or for such period as may be notified, the operation of all or any of the provisions of this Act.

(2) Where the operation of any provision of this Act has under sub-section (1) been suspended or relaxed indefinitely, such suspension or relaxation may, at any time while this Act remains in force, be removed by the Central Government by notification.

(3) Every notification issued under this section shall be laid, as soon as may be after it issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the notification or both Houses agree that the notification should not be issued, the notification shall there after have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that notification.

**Power of Central Government to give directions (Section 41)**

For the purposes of this Act, the Central Government may, from time to time, give to the Reserve bank such general or special directions as it thinks fit, and the Reserve bank shall, in the discharge of its functions under this Act, comply with any such directions.

**Contravention by companies (Section 42)**

(1) Where a person committing a contravention of any of the provisions of this Act or of any rule, direction or order made thereunder is a company, every person who, at the time the contravention was committed, was in charge of, and was responsible to, the company for
the conduct of the business of the company as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly [Sub-section (1)].

Provided that nothing contained in this sub-section shall render any such person liable to punishment if he proves that the contravention took place without his knowledge or that he exercised due diligence to prevent such contravention.

(2) Notwithstanding anything contained in sub-section (1), where contravention of any of the provisions of this Act or of any rule, direction or order made thereunder has been committed by a company and it is proved that the contravention has taken place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer of the company shall also be deemed to be guilty of the contravention and shall be liable to be proceed against and punished accordingly.

Explanation: For the purpose of this Section—

(i) “Company” means any body corporate and includes a firm or other association of individuals; and

(ii) “Director” in relation to a firm, means a partner in the firm.

Death or insolvency in certain cases (Section 43)

Any right, obligation, liability, proceedings or appeal arising in relation to the provision of section 13 shall not abate by reason of death or insolvency of the person liable under that section and upon such death or insolvency such rights and obligations shall devolve on the legal representative of such person or the official receiver or the official assignee, as the case may be:

Provided that a legal representative of the deceased shall be liable only to the extent of the inheritance or estate of the deceased.

Bar Legal proceedings (Section 44)

No suit, prosecution or other legal proceeding shall lie against the Central Government or the Reserve Bank or any officer of that Government or of the Reserve Bank or other person exercising any power or discharging any functions or performing any duties under this Act, for anything in good faith done or intended to be done under this Act or any rule, regulation, notification, direction or order made thereunder.

Removal of difficulties (Section 45)

(1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, do anything not inconsistent with the provisions of this Act for the purpose of removing the difficulty;

Provided that no such order shall be made under this section after the expiry of two years from the commencement of this Act.
(2) Every order made under this Section shall be laid, as soon as may be after it is made, before each House of Parliament.

Power to make rules (Section 46)

(1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for:
   (a) the imposition of reasonable restrictions on current account transactions under section 5;
   (b) the manner in which the contravention may be compounded under sub-section (1) of section 15;
   (c) the manner of holding an inquiry by the Adjudicating Authority under sub-section (1) of section 16;
   (d) the form of appeal and fee for filing such appeal under Sections 17 and 19;
   (e) the salary and allowances payable to and the other terms and conditions of service of the Chairperson and other Members of the Appellate Tribunal and the Special Director (Appeals) under section 23;
   (f) the salaries and allowances and other conditions of service of the officers and employees of the Appellate Tribunal and the office of the Special Director (Appeals) under sub-section (3) of section 27;
   (g) the additional matters in respect of which the Appellate Tribunal and the Special Director (Appeals) may exercise the powers of the civil court under clause (i) of sub-section (2) of section 28;
   (h) the authority or person and the manner in which any document may be authenticated under clause (ii) of section 39; and
   (i) any other matter which is required to be, or any be, prescribed.

Power to make regulations (Section 47)

(1) The Reserve Bank may, by notification, make regulations to carry out the provisions of this Act and the rules made thereunder.

(2) Without prejudice to the generality of the foregoing power, such regulations may provide for:
   (a) the permissible classes of capital account transactions, the limits of admissibility of foreign exchange for such transactions, and the prohibition, restriction or regulation of certain capital account transactions under section 6;
   (b) the manner and the form in which the declaration is to be furnished under clause (a) of sub-section (1) of section 7;
   (c) the period within which and the manner of repatriation of foreign exchange under section 8;
(d) the limit up to which any person may possess foreign currency or foreign coins under clause (a) of section 9;
(e) the class of persons and the limit up to which foreign currency account may be held or operated under clause (b) of section 9;
(f) the limit up to which foreign exchange acquired may be exempted under clause (d) of section 9;
(g) the limit up to which foreign exchange acquired may be retained under clause (e) of section 9;
(h) any other matter which is required to be, or may be specified.

Rules and regulations to be laid before Parliament (Section 48)
Every rule and regulations made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session, or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation, or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Repeal and saving (Section 49)
(1) The Foreign Exchange Regulation Act, 1973 (46 of 1973) is hereby repealed and the Appellate Board constituted under sub-section (1) of section 52 of the said Act (hereinafter referred to as the repealed Act) shall stand dissolved.
(2) On the dissolution of the said Appellate Board, the person appointed as Chairman of the Appellate Board and every other person appointed as Member and holding office as such immediately before such date shall vacate their respective offices and no such Chairman or other person shall be entitled to claim any compensation for the premature termination of the term of his office or of any contract of service.
(3) Notwithstanding anything contained in any other law for the time being in force, no court shall take cognizance of an offence under the repealed Act and no adjudicating officer shall take notice of any contravention under section 51 of the repealed Act after the expiry of a period of two years from the date of the commencement of this Act.
(4) Subject to the provisions of sub-section (3) all offences committed under the repealed Act shall continue to be governed by the provisions of the repealed Act as if that Act had not been repealed.
(5) Notwithstanding such repeal:
(a) anything done or any action taken or purported to have been done or taken including any rule, notification, inspection, order or notice made or issued or any
appointment, confirmation or declaration made or any licence, permission, authorisation or exemption granted or any document or instrument executed or any direction given under the Act hereby repealed shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under the corresponding provisions of this Act.

(b) any appeal preferred to the Appellate Board under sub-section (2) of section 52 of the repealed Act but not disposed of before the commencement of this Act shall stand transferred to and shall be disposed of by the Appellate Tribunal constituted under this Act.

(c) every appeal from any decision or order of the Appellate Board under sub-section (3) or sub-section (4) of section 52 of the repealed Act shall, if not filed before the commencement of this Act, be filed before the High Court within a period of sixty days of such commencement:

Provided that the High Court may entertain such appeal after the expiry of the said period of sixty days if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period.

(6) Save as otherwise provided in sub-section (3), the mention of particular matters in sub-sections (2), (4) and (5) shall not be held to prejudice or affect the general applications of Section 6 of the General Clauses Act, 1897 (10 of 1897) with regard to the effect of repeal.

Students may note that though they are not expected to know the details of all the Rules/ Regulations/Clarifications/Notifications issued by various authorities from time to time. However, they should familiarise with such Notifications and other significant rules/regulations having a bearing on such provisions of the Act and which are covered as part of the Study Material and Revisionary Test Papers published from time to time.