The (1999 Foreign Exchange Law) (FEMA) is a law of the Indian Parliament "to consolidate and modify the law related to the exchange with the aim of facilitating foreign trade and payments and promoting development Ordered and the maintenance of the foreign exchange market in India. " [1] It was approved in the Parliament's winter session in 1999, which replaced the Law on change regulations (FERA). This act makes crimes related to civilian currency offenses. It extends to the entirety of India. [2] The replacement of the FERA, which had become incompatible with the pro-government liberalization policies of India. It allowed a new regime of currency management consistent with the emerging framework of the World Trade Organization (WTO). It also opened the way for the introduction of the Law of Prevention of Money Laundering in 2002, which came into force on July 1, 2005.

Unlike other laws in which everything is allowed unless specifically prohibited, in accordance with the Law on Foreign Currency Regulation (FERA) of 1973 (predecessor of FEMA), everything was prohibited, unless specifically allowed. Hence the tenor and tone of the Law was very drastic. He demanded imprisonment even for minor infractions. Under **FERA**, a person was presumed guilty unless it was proved innocent, whereas, according to other laws, it is presumed that a person is innocent, unless it proves guilty. [3]

FEMA is a regulatory mechanism that allows the Bank of the Indian Reserve to approve regulations and the central Government to approve currency-related rules in line with the foreign trade policy of India.

History

Law on currency regulation

Law on currency regulation

Status: repealed

The Law of regulation Currencies (FERA) was the legislation passed in India in 1973 [4] which imposes strict regulations on certain types of payments, currency transactions (Forex) and securities and transactions that had an impact indirect on the currency market and the import and export of foreign currency. [5] The bill was drafted with the aim of regulating payments and currencies. [5] [6]

FERA came into force with effect from January 1, 1974. [7] [best source needed]

FERA was introduced at a time when the currency reserves (Forex) in the country were low, and Forex was a small merchandise. FERA proceeded, therefore, to the presumption that all the currencies obtained by the Indian residents belonged to the Indian Government precisely and that they had to be collected and surrendered to the Reserve Bank of India (RBI). FERA mainly banned all transactions not allowed by RBI. [8] [best needed source]

Coca-Cola was the main refreshment of India until 1977 when it left India after a new government ordered the company to deliver its secret formula for Coca-Cola and to dilute its participation in Your Indian unit, as required by the Foreign Currency Regulation Law (FERA). In 1993, the company (along with PepsiCo) returned after the introduction of the liberation policy of India. [9]

Change from FERA

FERA did not manage to restrict activities such as the expansion of multinational corporations. The concessions made to FERA in 1991-1993 showed that FERA was about to be redundant. After the modification of FERA in 1993, it was decided that the act would become FEMA. This was done to relax control over currencies in India.

FERA was repealed in 1998 by the government of Section Bihari Vajpayee and replaced by the Law on currency management, which liberalizes foreign exchange controls and restrictions on foreign investment. [10] [11] [12]

The purchase and sale of foreign currency and other debt instruments by companies, individuals and governments occurs in the foreign exchange market. In addition to being very competitive, this market is also the largest and most liquid market in the world and also in India. He often experiences changes and innovations, which may be beneficial for a country or expose them to greater risks. The management of the foreign exchange market becomes necessary to mitigate and avoid the risks. The central banks would work to achieve an orderly operation of the operations that can also be developed by the foreign exchange market. Currency market Whether under the control of FERA or FEMA, the need for currency management is important. [Citation needed]

FEMA served to make transactions for foreign trade and it is easier: current account transactions for foreign trade no longer require the RBI's permission. Currency Exchange offers had to be "managed" instead of "regulated." The change to FEMA shows the change by the government in terms of capital. [13]