Difference between FERA and FEMA

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| Basis  | FERA | FEMA |
| Meaning | FERA was implemented to regulate foreign payments and to ensure optimum use of foreign currency in India. | FEMA aims to promote foreign trade, foreign payments and to increase the size of foreign exchange reserve in the country. |
| Enactment  | It is an old enactment and was approved by the Parliament in the year 1973. | It is a new enactment and was approved by the Parliament in the year 1999 and is currently in force. |
| Number of Sections | It had 81 Sections. | It has 49 Sections divided into 7 chapters. |
| When this was introduced(position of foreign exchange) | When foreign exchange reserves were very low. | When foreign exchange reserves were adequate but required regulation and balance. |
| Outlook towards foreign exchange reserves. | A rigid approach was there. | A flexible approach is there. |
| Determining the residential status  | Through citizenship only it was determined. | More than 182 days/ 6 months stay in India. |
| Transfer of funds | A person has to take permission from RBI relating to the transfer of funds to external operations. | There is no requirement of the pre-approval from RBI regarding the transfer of funds relating to the external operations, funds or trade. |
| contravention/violation | If any violation of the provision or order then it will be considered as a criminal offence. | If any violation of the provision or order then it will be considered as a civil offence. |
| Punishment for the violation | The guilty person will be sentenced to imprisonment. | The guilty person will be held liable to pay a fine and if the fine is not paid within stipulated time then will be sentenced to imprisonment. |