



*kcm*Guide

**Export & Import
Regulations, 2026**

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Background & Coverage

Redefining Cross-Border Trade Compliance: A Deep Dive into Foreign Exchange Management's Export & Import Regulations, 2026

India's trade landscape has undergone a structural transformation in response to the ever-changing global economic trends and regulatory advancements, reflecting its adaptability and resilience in an increasingly dynamic international environment. With the expansion of merchandise trade, the rapid growth in export and import of services, and the emergence of new settlement mechanisms, India's cross-border trade ecosystem has become more complex and integrated with global markets, necessitating a regulatory framework that is both facilitative and robust.

Primarily Import and Export trade is regulated by the Directorate General of Foreign Trade ("DGFT") under the Ministry of Commerce and Industry, Department of Commerce, Government of India. Authorised Dealer Category I banks are instructed by the Reserve Bank of India ("RBI") to ensure conformity with the Foreign Trade Policy ("FTP") in force, read along with the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 ("Extant Regulations"), further read along with the Foreign Exchange Management (Current Account Transactions) Rules, 2000 and the Directions issued by RBI under Foreign Exchange Management Act, 1999 ("FEMA") from time to time.

These guidelines were framed at different periods of time to address the requirements suitable when merchandise exports dominated trade flows, export and import of services were largely software-centric, and reporting systems were still transitioning to digital platforms. Keeping in mind the rapid growth and complexity, the Reserve Bank of India has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 ("Regulations"), consolidating export and import provisions into a single, unified framework.

Effective from October 01, 2026, the New Regulations seek to align the compliances with contemporary trade practices by simplifying declarations, standardising timelines, enabling risk-based oversight, as well as facilitating international trade settlement in Indian Rupees. These Regulations reflect a calibrated regulatory approach aimed at strengthening realisation and payment discipline while simultaneously supporting the ease of doing business in an increasingly integrated and complex market.

The Table below gives a comparative analysis between the extant Regulations and the New Regulations notified herewith:

Sr. No.	Particulars	Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 Dt. January 12, 2016	Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 Dt. January 13, 2026	KCM Remarks
1	Regulatory Scope	The extant Regulations covered only Export of goods / services. Import-related provisions were largely interpreted through Master Direction and AP DIR Circulars notified from time to time.	The New Regulations incorporate both Export and Import of goods / services within a single consolidated framework.	This provides a unified approach for both Import and Export of Goods and Services.
2	Definitions / Terminology Regulation 2	Definitions were small and not self-explanatory. Certain definitions such as "Form" and "Specified Authority" were not defined in the said Regulations.	Definition such as "EDF" and "Specified Authority" have been continued from the superseded Regulations but more detailed.	This provides clarity and transparency.
3	Declaration of Exports Regulation 3	Declarations were required primarily for export of goods and specified software. Non SOFTEX related service exports could take place without submission of declaration.	Export of Goods: Export Declaration Form (EDF) must be filed specifying the full exports value of goods at the time of export. EDF at EDI port is deemed to be submitted as part of shipping bill. Export of Services: EDF must be filed within 30 days from the end of month in which invoice has been raised for the services provided. Provided that: 1. Where there are more than one recipient for export of services during a month, single EDF may be filed. 2. For export of services other than software, EDF must be submitted on or before the date of payment.	A single EDF form has to be filed for both export of goods and services, thereby removing multiple forms (i.e.) EDF for export of goods and SOFTEX for export of IT related services. With this all types of exports will now be monitored and regulated at the AD Bank / RBI level. Delays in realization or non-realization of export proceeds will now be tracked for each and every export transaction for ensuring 100% compliance.

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			<p>3. The Authorised Dealer ("AD") Bank on specific request by the exporter, may permit filing EDF with a delay.</p> <p>In case of export of goods through Non-EDI Port, EDF must be forwarded by the specified authority to the respective Authorised Dealer.</p>	
4	Manner of Receipt & Payment Regulation 4	The amount representing the full value of exports should be realized or payment made in the manner specified in Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 as amended from time to time.	<p>There is no change from the extant provisions and the receipts and payments have to be realized or paid in the manner specified in Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000.</p> <p>AD Banks have been instructed that credit / debit the account of exporter / importer can only take place after being satisfied with respect to the genuineness of the transaction.</p> <p>The AD bank should also update / close the entries in EDPMS / IDPMS simultaneously.</p>	<p>Instructions have been given to AD banks for updation of entries in EDPMS / IDPMS on a real time basis. This will improve and strengthen transaction-level monitoring, clearance and reconciliation and result in timely clearance of outstanding entries in EDPMS & IDPMS where transactions completed.</p> <p>Additional layer of security check introduced for AD Banks to verify the genuineness of transactions prior to credit or debit to the account.</p>
5	Time period for realisation of exports	The time period for realization and repatriation of the full export value of	1. The time period for realization and repatriation of full export value of goods / services is fifteen (15) months from date of	This is for more operational convenience wherein the

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	Regulation 5	<p>goods / services is nine (9) months from the date of export or fifteen 15 months from the date of shipment in case of warehousing of goods.</p> <p>However, after the release of Foreign Exchange Management (Export of Goods and Services) Second Amendment Regulations, 2025 vide Notification No. FEMA 23@/(7)/2025-RB dated November 13, 2025, time period was extended to fifteen (15) months.</p>	<ol style="list-style-type: none"> 2. export, in case of goods or date of invoice, in case of services. 3. In case of warehousing of goods, realization and repatriation of full export value of goods / services should be done within fifteen (15) months from the date of sale of goods from the warehouse. 4. In case of project exports, payment should be made as per the contract terms. <p>In case the export of goods / services is invoiced or / and settled in Indian Rupees, the period for realisation and repatriation of full export value shall be eighteen (18) months, from the date of shipment in case of goods, from the date of invoice in case of services.</p>	<p>exporters have been given additional time period of 6 months for realization of export proceeds (extended from earlier nine months to fifteen months).</p> <p>Another relevant change has been to promote export trade in INR by extending the realisation period to eighteen (18) months instead of the fifteen (15) months for foreign currency denominated exports under the New Regulations.</p> <p>The ambiguity in case of the date from which the realisation of export proceeds has to be considered for Services has been clarified (i.e.) date from raising of invoice for service exports.</p>
6	<p>Reduction in export realisation</p> <p>Regulation 6</p>	<p>The exporter can write off the unrealised export dues subject to the prescribed limit and fulfilment of conditions.</p>	<p>AD Bank may allow reduction of export proceeds upon satisfaction of genuineness of reasons cited by the exporter.</p> <p>In case of export or import of Goods / Services,</p>	<p>This has streamlined export related compliances as well as reduced regulatory burden on the exporters.</p>

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		The closure of EDPMS entries were permissible but required AD Bank / RBI approval. However, no threshold was established for closure of Shipping Bills.	where invoice value is upto INR 10 Lakhs, the exporters can close the outstanding entries in EDPMS by providing declaration to the AD Bank. Alternatively, the exporter can submit declaration on a quarterly basis for bulk closure of entries in EDPMS.	RBI had already relaxed the norms for reduction of export realisation vide A.P. (DIR Series) Circular No. 20 on Jan 16, 2026, to enable small exporters to clear than small outstandings in the EDPMS.
7	Set-off of export receivables against import payables Regulation 7	Set-off arrangements were permitted through Master Direction, subject to fulfilment of prescribed conditions.	Set-off of export receivables against import payables are permitted from / to the same overseas buyer or supplier or with their overseas group or associate companies, if allowed by AD Bank and no separate set of prescribed conditions mandated.	This enhances the flexibility and ease in closure of import and export transactions with same overseas buyer / seller without any specific pre-conditions. The set-off provisions were quite complex and had multiple conditions to be fulfilled. This will result in ease of set-off and bring considerable relief and avoidance of documentation and surfeit compliances.
8	Third party receipts and payments Regulation 8	Third party payments were permitted subject to fulfilment of prescribed conditions.	Third party receipts and payments are expressly permitted, provided the AD is satisfied that such receipt / payment is a bonafide transaction.	This provides enhanced flexibility for carrying out structured trade arrangements.

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				The move brings much needed operational convenience for exporters dealing with countries with foreign exchange issues / regulatory problems.
9	<p>Time period for settlement of import payments</p> <p>Regulation 9</p>	<p>Remittances against imports should be completed within six (6) months from the date of shipment.</p> <p>AD can grant extension of time for settlement of import dues up to a period of six (6) months at a time upto a maximum period of three (3) years for delays on account of disputes about quantity or quality or non-fulfilment of terms of contract or financial difficulties and cases where importer has filed suit against the seller.</p>	<p>The new Framework requires import payments to be made in accordance with the underlying contractual terms agreed between the parties (not restricted to six months), with further extensions permitted subject to AD Banks' concurrence.</p>	<p>This is for more operational convenience wherein the importers have been given considerable leeway in drawing their payment terms.</p> <p>This could especially be very useful for cases of imports from related parties where the foreign parent may grant extended credit terms for payment against exports to Indian subsidiary.</p> <p>Another big relief comes in form of not having to approach the Reserve Bank of India for making payments against imports, if payment period extended beyond one (1) year.</p>

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10	Receipt of Advance against Exports Regulation 10	<p>Where an Exporter receives an Advance, shipment of goods to be made within one (1) year from the date of receipt of such Advance.</p> <p>However, after the release of Foreign Exchange Management (Export of Goods and Services) Second Amendment Regulations, 2025 vide Notification No. FEMA 23(R)/(7)/2025-RB dated November 13, 2025, time period was extended to three (3) years.</p> <p>Any refund of the unutilized portion of the export advance (with or without interest) beyond 3 years requires prior RBI approval.</p>	<p>Receipt of Advance against exports shall be governed by AD Banks's internal policy and Standard Operating Procedures (SOPs).</p> <p>Exporter will be required to route Advance payment and all the related subsequent payments against a said transaction through the same AD Bank unless it notifies both the existing and the new AD Bank of the change.</p>	<p>This has enhanced the operational flexibility for exporters.</p> <p>This has removed ambiguity in terms of the time period by when the export shipments have to be undertaken post receipt of export advance.</p> <p>This amendment also provides relief to exporters with long gestation export orders and the need to seek approval from AD Bank / RBI in case export orders not fulfilled within one year from receipt of such Advances.</p>
11	Advance remittance for Import Regulation 10	<p>Bank guarantee or an irrevocable letter of credit is required where advance payments exceed the following thresholds:</p> <ol style="list-style-type: none"> Goods: USD 5 million Services: USD 0.5 million Aviation sector: USD 50 million 	<p>Importer will be required to route advance payment and all the related subsequent payments against the said transaction through the same AD Bank, unless it notifies both the existing and the new AD Bank of the change.</p> <p>AD Banks may allow advance remittances towards imports after verifying that the requirement is genuine and may specify thresholds for payments beyond which a standby Letter of Credit or guarantee may be sought.</p>	<p>This has enhanced the operational flexibility for importers.</p>

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12	Import of gold and silver Regulation 11	Not Applicable	Save as otherwise provided in the Act, Rules, Regulations or Directions made there under, and notwithstanding the provisions of these Regulations, no advance remittance shall be permitted by an Authorised Dealer for the import of gold or silver.	Provisions with respect to advance payment for import of gold and silver have now been incorporated in the Regulations. However, there is no change in the provision mentioned in the Regulation and Import Master Direction.
13	Import not materialised Regulation 12	Not Applicable	Where an importer is unable to import within the contract period, or the extended period, the importer shall repatriate the advance payment made, if any. If the advance payment is not repatriated by the importer within the contract period or extended period, if any, allowed by the Authorised Dealer or where the IDPMS entry has not been marked-off in terms of Regulation 18(1)(j), any future advance payment for imports by the importer shall require an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute or a guarantee of an Authorised Dealer in India, which is issued against a counter-guarantee of an international bank of repute.	As per the Regulations, import advances can now be repatriated in case the import are not materialised within the contract period, which were not applicable as the extant regulations.

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14	Unrealised Exports Regulation 13	<p>An exporter who has not been able to realise the outstanding export dues despite best efforts, may either self-write off or approach the AD Category – I banks, who had handled the relevant shipping documents, with appropriate supporting documentary evidence. The limits prescribed for write-offs of unrealised export bills are as under:</p> <ol style="list-style-type: none"> 1. Self-write-off by an exporter (Other than the Status Holder Exporter): 5% 2. Self-write-off by Status Holder Exporter: 10% 3. Write-off by AD Category-1 Bank: 10% <p>The above limits of self-write-off and write-off by the AD Category-1 Bank shall be reckoned cumulatively and shall be available subject to the conditions prescribed by RBI.</p>	<p>If the export proceeds of an exporter remain unrealised for a period beyond one year from the due date of realisation or extended period, if any, allowed by an Authorised Dealer, the exporter shall undertake further exports only against receipt of full advance or an irrevocable Letter of Credit.</p>	<p>The New Regulations have removed the limits for write-off of unrealised exports.</p>
15	Export of goods and services against repayment of State credits Regulation 14	<p>Export of goods and services against repayment of state credits granted by erstwhile USSR will continue to be governed by the extant directions issued by the Reserve Bank.</p>	<p>For the implementation of the provisions of the Inter banking arrangement, an Authorised Dealer shall adhere to instructions and directions issued by the Reserve Bank from time to time on export of goods and services against repayment of State credits granted by the erstwhile Soviet Union.</p>	<p>Provisions with respect to Export of goods and services against repayment of State credits have now been incorporated in the Regulations.</p>

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16	Project Exports Regulation 15	<p>Where the export of goods / services is based on execution of a turnkey project or a civil construction contract, the Exporter shall submit the proposal for prior approval to EXIM Bank of India.</p> <p>In case a guarantee is required to be given prior to post award approval, the same may be issued by an authorized dealer bank/ a person resident in India being an exporting company, for performance of a project outside India, or for availing of credit facilities, whether fund-based or non-fund based, from a bank or a financial institution outside India in connection with the execution of such project, provided that the contract / Letter of Award stipulates such requirements.</p>	<p>AD Banks may allow receipts and payments related to project exports based on the terms of the project contract, after confirming the bona fide of the project.</p> <p>Project exporters are also permitted to use temporary cash surpluses earned abroad for short-term investments (maturity of one year or less), such as treasury bills or bank deposits outside India, under the monitoring of their AD Bank.</p>	<p>These Regulations have delegated the authority to AD Banks to permit such project exports, thus allowing exporters to undertake and execute projects with long gestation period smoothly.</p>
17	Merchanting Trade Transaction (MTT) Regulation 16	<p>The entire MTT was required to be completed within nine (9) months, with an additional condition that no outlay¹ of foreign exchange could remain outstanding beyond six (6) months [Note: recently</p>	<p>The nine (9) months' timeline for completion of MTT has been done away with under the New Regulations.</p> <p>The maximum time gap between the outward and inward remittance (whichever comes first) not</p>	<p>These provisions have provided simplified framework and regulatory certainty with respect to MTTs.</p>

¹ Outlay implies that export leg of the transaction had to be completed within 6 months from the completion of import leg (i.e.) export realization not beyond six months from date of import payment, within the overall framework of 9 months.

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		revised from 4 months to 6 months in October 2025]. Third-party payments and receipts were not permitted under existing guidelines on MTT.	exceeding 6 months has been continued in line with the extant Regulations. Third-party payments and receipts are subject to satisfaction of AD Banks, with the reasons cited, to permit receipt from and / or payment to a third party under MTT.	The relief in extension of time limit between the import and export legs of 6 months has been continued and will lead to operational convenience and ease to exporters. Introduction of third-party payments in MTT is a very big change in the stance of the regulator. This enables exporters to bring about more flexibility in their trading transactions and considerable convenience to such MTTs.
18	International Trade Invoicing and Settlement in Indian Rupees (INR) Regulation 17	As per the A.P. DIR RBI/2022-2023/90 dated July 11, 2022, invoicing and settlement in INR is permissible.	The Authorised Dealer may be guided by the extant guidelines on the broad framework as well as instructions issued by the Reserve Bank in this regard, from time to time.	There is no change in the provisions, however the same have now been incorporated in the Regulations.
19	Reporting Requirements Regulation 18	Guidelines with respect to EDPMS / IDPMS exists but are spread of various circulars. AD Banks uploaded documents in EDPMS / IDPMS however there was no statutory limit for closure of outstanding entries.	All the exports / imports of goods/services are required to be reported in EDPMS / IDPMS within five (5) workings days from the date of EDF from an exporter or five working days of receipt of documents, respectively.	The inclusion of reporting requirements in the Regulations have enhanced enforceability as well as timely completion of compliances.

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			AD Banks may mark off or close the outstanding entries in EDPMS / IDPMS after ensuring full export / import value has been realised.	
20	<p>Internal Policy and Standard Operating Procedure (SOP) for handling transactions</p> <p>Regulation 19</p>	No such mandate in earlier provisions, however banks could make their SOPs/policies for handling transactions.	<p>An Authorised Dealer shall put in place a separate, comprehensive, well-documented internal policy and SOP, for handling transactions (including the reporting thereof) related to export and import of goods and services as well as MTT, in accordance with the Act, and Rules, Regulations and Directions issued thereunder. The policy should at least include the following:</p> <ol style="list-style-type: none"> 1. List of documents, timelines and charges for each process and approval. 2. Extension of the time-period for export realisation and repatriation / import payments. 3. Adjustment (under, over and non-realisation) of export proceeds to be realised and repatriated. 4. Advance receipts for exports and advance payments for imports. 5. Delegation of powers for internal approvals for each process. 6. Export factoring and import factoring. <p>While laying down internal policy and SOP, an Authorised Dealer shall ensure that the responsibility for approving transactions is</p>	These Regulations grants AD Banks increased authority and responsibility, requiring them to formulate detailed internal policies and SOPs for transaction handling and reporting, and to make these publicly available on their websites. The AD Banks must clearly delegate transaction approval responsibilities, establish a structured escalation mechanism for customer grievances, and set up an appeal mechanism for review at higher levels. They are required to ensure that transaction-related charges remain reasonable and proportionate, however, they are not permitted to impose any penalties for regulatory delays or compliance breaches.

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			<p>clearly delegated across internal levels. The policy and SOP shall also have an escalation process for handling customer grievances and an appeal mechanism wherein the appeal is handled at a higher internal level. The higher internal level should take a final decision based on the genuineness of the submissions made by the customer.</p> <p>An Authorised Dealer shall ensure that the charges levied for handling transactions and associated processes are reasonable and proportional to the services rendered. An Authorised Dealer shall not levy any charges or penalty on its constituent (exporter or importer or merchant trader) for any regulatory delay/violation by the constituent.</p> <p>An Authorised Dealer shall disclose policy and the main features of the SOP on its website.</p>	

KCM Comments:

The Export and Import Regulations, 2026 mark a significant evolution in India’s FEMA framework for cross-border trade. By consolidating export and import provisions, embedding digital monitoring systems, and introducing threshold-based relaxations, the New Regulations strike a balance between regulatory oversight and at the same time bringing a considerable Ease of doing business. The changes will bring about a fundamental change in the way imports and exports are being undertaken and will give immense boost to our rapidly growing export sector. The much sought after operational flexibility and convenience of doing foreign trade transactions will give impetus to more companies seeking to undertake export transactions in a seamless manner without being bogged down by regulatory hurdles and complex documentation and bureaucratic procedures.

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