Difference Between FERA and FEMA

The main difference between FERA and FEMA is that while the latter promotes the orderly management of foreign exchange and its associated dealings in India, the former is an act ushering a regulated foreign trade and associated payments in India. Apart from it, there are other differences between FEMA and FERA as well, which are tabulated below:

FERA	FEMA
The full form of FERA is Foreign Exchange Regulation Act.	The full form of FEMA is Foreign Exchange Management Act.
The Foreign Exchange Regulation Act was passed in 1973 by the Parliament of India.	The Foreign Exchange Management Act was passed on December 29, 1999, by the Parliament. It replaced FERA.
It was on January 1, 1974, that FERA came into force.	June 2000 saw FEMA replacing FERA.
The Vajpayee government of 1998 repealed FERA.	This act was enacted to replace FERA.
81 sections were included in it.	It is equipped with 49 sections.
The main idea behind the enactment of FERA was that foreign exchange was a scarce resource.	The main idea behind FEMA was the consideration of forex as an asset.

Conservation of foreign exchange was the main objective of FERA.	Management of forex is the main objective of FEMA.
It had a vague description of the concept of "Authorized person."	The idea of "Authorized Person" was more defined.
Banks were not included within the ambit of "Authorized person."	Banks were included within the definition of "Authorized person."
Violation of the rules laid down by FERA was considered a criminal offense.	Violation of rules laid down by FEMA is now considered a civil offense.
No legal help was provided to a person violating the rules.	Legal aid can be obtained by people violating the rules.
In case of a violation, there was no scope for tribunals as appeals were sent directly to the state High Courts.	Special Director (Appeals) and Special Tribunals can be provided in case of any violation of rules.
Direct punishment was often provided to individuals/companies violating the rules laid down by FERA.	An individual or a company guilty of flouting the FEMA rules are required to pay the penalty. If the same is not paid within 90 days (starting from the day of conviction), the guilty party is imprisoned.
Prior approval from the Reserve Bank of India was required to transfer funds for external operations.	No approval from the RBI is required to transfer funds for external operations.
IT was not within the ambit of FERA.	FEMA enjoys the provision of IT.

These are major differences between FERA vs FEMA. Now, let us learn about each of these acts briefly in the section below.

FERA and FEMA Meaning

The Foreign Exchange Management Act (FEMA full form) was enacted on 29 December 1999 by an act of Parliament. This act came as a replacement for FERA by following all the guidelines and frameworks of the World Trade Organisation. There were 81 sections in the FERA act, while there are only 49 sections present in the FEMA act.
FEMA provides a set of regulations to empower RBI to pass regulations and allows the Indian Government to implement rules relating to foreign exchange with respect to the country's foreign trade policy. On the other hand, Foreign Exchange Regulation Act (FERA full form) was passed in 1973 and came into effect on 01 January 1974. This act was passed to regulate and monitor the transactions concerning foreign securities and exchange. FERA was introduced when the Forex reserves of the country were very low to regulate foreign payments.