

SES'S L.S.RAHEJA COLLEGE OF ARTS AND COMMERCE

Course: International Finance

Unit: III chp 10

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Differences between FERA and FEMA

Differences	FERA	FEMA
Provisions	81	49
Features	Presumptions of Mens Rea and abatement is included	Presumptions of Mens Rea and abatement is excluded
New Terms In FEMA	Capital account transaction, person service etc were not defined	Capital account transaction, person service etc were defined
Definition of authorized person	Narrow	Widened includes OBU etc.
Resident Meaning	Different from I.T. ACT.	Same as I.T. ACT.
Punishment	Criminal Offence	Civil Offence
Quantum of penalty	5 times	3 times

Role of Forex Manager:

1. Meet corporate goals
2. Up to date
3. Monitor
4. Research
5. Review
6. Maintain the relationship (financial institutions)

Difference between FDI & FPI

Basis for Comparison	FDI	FPI
Role of investors	Active	Passive
Degree of control	High	Less
Term	Long	Short
Management of projects	More Efficient	Less Efficient
Investment In	Physical assets	Financial assets
Entry and Exit	Difficult	Relatively easy
Results in	Transfer of funds, technology and other resources.	Capital inflows

Role of FEDAI in forex market:

1. Guideline and rules for forex business.
2. Training of bank personnel
3. Accreditation of forex brokers
4. Advising member banks
5. Representing member banks
6. Announcing daily and periodical rates

