



February 2026

Export and import of goods and services: Reserve Bank of India simplifies the regulatory framework

The Reserve Bank of India ("RBI") has notified the [Foreign Exchange Management \(Export and Import of Goods and Services\) Regulations, 2026](#) ("2026 Regulations"), which will come into force on 1 October 2026. Upon its implementation, the erstwhile [Foreign Exchange Management \(Export of Goods & Services\) Regulations, 2015](#) and circulars and directions issued by RBI from time to time on export and import of goods and services.

The 2026 Regulations establish a single, consolidated statutory framework governing foreign exchange aspects of exports and imports of goods and services thereby replacing the earlier fragmented and distinct regimes for exports and imports.

While the regulatory framework is now integrated, its on-ground implementation will depend materially on the internal policies and standard operating procedures of individual authorised dealer banks ("AD Banks"), which are awaited.

Impact of the 2026 Regulations

1. The 2026 Regulations have introduced a common form to report both the export of goods and services (including software).
2. Reduced RBI involvement with a shift towards decentralised, transaction-level decision-making by AD Banks.
3. Improved ease of doing business, particularly for service exporters and smaller entities, through rationalised timelines and simplified reporting and closures.
4. Enhanced commercial flexibility in reduction and non-realisation of export proceeds, set-off of receivables and payables, and third-party payment arrangements.

Common reporting for export of goods and services

1. **How to report:** By submitting Export Declaration Form ("EDF") annexed to the 2026 Regulations.
2. **Whom to report to:**
 - a) Submit to the specified authority i.e., (i) commissioner of customs in Domestic Tariff Area ("DTA") and development commissioner of Special Economic Zone ("SEZ") in SEZ, for goods; (ii) an AD Bank in DTA and development commissioner of SEZ in SEZ, for services other than software; and (iii) an AD Bank or software technology parks of India in DTA, and development commissioner of SEZ in SEZ, for software.

b) Forwarding from the specified authority to the AD Bank in case of a non-EDI port for export of goods or where the specified authority for export of services is not an AD Bank.

3. When to report/submit EDF:

a) Goods:

- i) Electronic Data Interchange ("EDI") port: Deemed to be submitted as part of the shipping bill.
- ii) Non-EDI port: At the time of export.

b) Services:

- i) Services and software: Within 30 (thirty) days from the end of month in which invoice for services has been raised.
- ii) Services (other than software): Flexibility to submit on or before the date of receipt of payment.
- iii) Flexibility to file a single EDF in a month for various recipients.

4. Value to report (providing flexibility):

- a) For exports without consideration, 'nil' value can be reported.
- b) In case full export value is not ascertainable, the expected value based on market conditions has to be reported.

5. Delay in reporting: Exporter to make request to the AD Bank citing reasons for delay. Extension of timeline will be provided subject to AD Bank's satisfaction.

Key changes:

These updates represent a major departure from the previous regime. Earlier, EDF was strictly for goods, while export of software was required to be reported in SOFTEX form, and other services were not subject to a formal declaration process. With the changes introduced through the 2026 Regulations, all declarations, whether goods or services, will have to be reported to the specified authority.

No stipulation for reporting in case of import of goods and services

The 2026 Regulations do not prescribe a separate reporting or declaration mechanism for importing goods or services. Instead, compliance is monitored through contractual payment timelines, oversight by AD Banks, and recording and closure of transactions in the Import Data Processing and Monitoring System ("IDPMS").

Realisation of export and import proceeds

1. Timeline for realisation:

X		Before		Current Regime	
X	X	Type	Foreign Currency	Indian Rupees	
Export	15 months from date of shipment	Goods (other than exported to warehouse outside India)	15 months from date of shipment	18 months from date of shipment	
	15 months from date of export or shipment	Goods (exported to warehouse outside India)	15 months from date of sale of goods from the warehouse	18 months from date of sale of goods from the warehouse	

	15 months from date of invoice	Services	15 months from date of invoice	18 months from date of invoice
	as per the payment terms of the contract, subject to AD Bank being satisfied with genuineness of project	Project exports	as per payment terms of the contract, subject to AD Bank being satisfied with genuineness of project	as per payment terms of the contract, subject to AD Bank being satisfied with genuineness of project
	X	X		AD Banks have the discretion to grant extensions
Import	Within 6 months from the date of shipment. AD Banks could provide an extension of 6 months, with an overall cap of 3 years	Goods and services		As per contractual agreement of the parties. AD Banks may provide an extension

2. Reduced value (i.e., under-realisation or non-realisation) of exports:

- a) INR 10,00,000 (Indian Rupees ten lakh) and above: Request to be made to the AD Bank citing reasons for delay. Permission will be provided subject to AD Banks' satisfaction.
- b) Below INR 10,00,000 (Indian Rupees ten lakh): AD Banks to permit realisation based on exporter's declaration.

3. Set-off: AD Banks may permit set-off of export receivables against import payables from/to the same overseas buyer or supplier or with their overseas group or associate companies. Unless the AD Banks permit an extended time period for set-off, it has to be made within the stipulated period for realisation of export proceeds.

4. Manner of realisation/payment:

- a) Continuation of existing framework: Receipts and payments for export and import of goods and services will be in the manner specified in the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023, as amended from time to time.
- b) Closure of entry in EDPMS/IDPMS:
 - i) above INR 10,00,000 (Indian Rupees ten lakh): AD Banks are empowered to mark-off/close entry on Export Data Processing and Monitoring System ("EDPMS") or IDPMS after ensuring the export value has been realised or import payment has been made, respectively. In other cases (including where import has been settled at reduced value or impossibility of refund of export advance/repatriation of import advance), AD Bank has to be satisfied with the genuineness of the transaction.
 - ii) INR 10,00,000 (Indian Rupees ten lakh) or below: Where the shipping bill for export of goods, bill of entry for import of goods and, or invoice for export/import of services is upto INR 10,00,000 (Indian Rupees ten lakh), AD Banks are empowered to close EDPMS or IDPMS entries on the basis of a simple declaration from the exporter confirming realisation of export proceeds in full or otherwise/from the importer confirming payment for import has been made either in full or otherwise, as applicable. Such closures may be undertaken on a quarterly bulk basis.

- iii) Cash surplus from project exports: Subject to monitoring by AD Bank, a project exporter is permitted to deploy temporary cash surplus generated outside India in investments in short-term instruments (with original or residual maturity of 1 (one) year or less) including in treasury bills and in deposits with banks, outside India.

5. Delay in realisation/payment:

- a) Exports: Exporter to make request to the AD Bank citing reasons for delay in realisation of proceeds. Thereafter, extension of timeline will be provided subject to AD Bank's satisfaction. If the export proceeds remain unrealised beyond 1 (one) year from the due date of realisation, or any extended period granted by AD Bank/RBI, future exports can be undertaken only against full advance payment or an irrevocable letter of credit. The provisions pertaining to caution listing have been omitted.
- b) Imports: Importer to make request to the AD Bank citing reasons for delay in making import payments. Thereafter, extension of timeline will be provided subject to AD Bank's satisfaction. Interest, if any, payable on delayed payment for imports, cannot exceed the all-in-cost ceiling of trade credit prescribed under Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 ("All-in-Cost Ceiling").

6. Realisation/payment through a third-party:

AD Bank may permit payment and receipt from a third party (i.e., other than the exporter and importer) if it is satisfied with the bonafides of the transaction. In case of exports, the exporter is required to declare the name, address, and relationship of the third party in Form EDF.

Key changes:

Under the earlier framework, reduction or write-off of export value was permitted only for specified reasons and within prescribed monetary limits, and such write-offs were subject to detailed scrutiny by AD Banks. Set-off of export receivables against import payables was generally allowed only where the same counterparties were involved, and both the export and import transactions were required to be completed within the same calendar year. Such set-off arrangements also had to be supported by a specific agreement or written consent, with only limited relaxation available for transactions involving overseas group or associate companies under centralised settlement arrangements. It is yet to be seen if AD Bank will continue to insist on execution of irrevocable tripartite agreements in case of third-party payments. Further clarity may be required on when the requirement for an irrevocable letter of credit or full advance payment is triggered, specifically, whether it applies where export proceeds from a particular customer remain unrealised or only where proceeds from all customers remain unrealised.

Advance transactions

1. **Permissibility of advance payment for imports and receipt of export proceeds:** The advance amount and subsequent realisation of export proceeds/subsequent payments are required to be realised through the same AD Bank. A change in the AD Bank is permitted, provided the exporter informs both the existing and the new AD Bank. AD Banks can permit advance remittances only after satisfying themselves of the genuineness of the requirement. That said, AD Banks are not entitled to permit advance payment for import of gold and silver. The earlier framework required an exporter to ship goods within 3 (three) years from the date of receipt of the advance amount. The text of the 2026 Regulations appears to omit this requirement. However, it remains to be seen whether the AD Banks will re-introduce the same in their standard operating procedures, when released.
2. **Cap on interest payable for export proceeds received in advance:** Cannot exceed the All-in-Cost Ceiling.
3. **Delay/failure to import within the contract period:** Advance payment made must be repatriated. If advance payment is not repatriated or the IDPMS entry is not closed, future advance payments will be permitted only against an unconditional, irrevocable standby letter of credit or an appropriate bank guarantee.

Key changes:

The 2026 Regulations simplify the regime for advance payments by moving away from threshold-based restrictions towards a genuineness-based assessment by AD Banks. Advance payments, now, must be repatriated where the import is not completed within the contractual period, replacing the earlier requirement to receive shipments within 6 (six) months of advance payment and return unutilised foreign exchange in cases of non-receipt. Further, the earlier mandatory requirement of furnishing a letter of credit or bank guarantee upon crossing prescribed limits has been relaxed, with such safeguards now triggered only where advance payments remain unrepatriated or IDPMS entries are not closed, subject to the AD Banks' satisfaction.

Merchanting trade transactions

Under the 2026 Regulations, merchanting trade transactions are defined as offshore buy-sell transactions undertaken by an Indian resident, with the goods not entering India. The time gap between the inward and outward remittances must not exceed 6 (six) months, subject to extension by the AD Bank in genuine cases. Payments and receipts are ordinarily required to be made to and from the respective overseas seller and buyer; however, third-party payments and receipts are now permitted, subject to conditions. Such transactions must be supported by back-to-back contracts and shipping documents, and AD Banks are responsible for monitoring completion and closure of both legs.

Key changes:

Under the earlier regime, merchanting trade transactions were subject to additional restrictions, including a requirement that the transaction be profitable and an outer time limit of 9 (nine) months, both of which have now been removed. While the 6 (six) month limit between outward and inward remittances was retained, third-party payments were not permitted under the earlier framework.

Conclusion

The 2026 Regulations is a welcome step towards facilitation and ease of cross-border trade with increased emphasis on simplification and unification of the regime for exports and imports as well as commercial flexibility, particularly in relation to realisation timelines, value reduction, set-off and advance payments.

At the same time, the framework reflects a conscious policy move towards decentralised, transaction-level decision-making by AD Banks, with concepts such as 'genuineness' and 'satisfactory reasons' becoming central to regulatory compliance. One can expect the AD Banks to formulate a consistent policy and approach towards dealing with various questions that are likely to arise during the implementation policy, thereby reducing and/or eliminating the arbitrage between various AD Banks.

Corporate Practice

JSA's corporate practice is centered around transactional and legal advisory services including day-to-day business, regulatory issues, corporate and governance affairs. We have an expert team of attorneys who advise on legal issues concerning inbound and outbound investments, strategic alliances, collaborations and corporate restructurings. We advise clients through all stages of complex and marquee assignments including restructuring, mergers and acquisitions (including those in the public space), private equity and joint ventures. Our vast clientele includes multinational corporations and large Indian businesses in the private, public and joint sectors. We work closely with in-house counsel teams, investment banks, consulting and accounting firms, along with multilateral agencies and policy-making institutions on the development of policy and legal frameworks. We provide assistance and counsel to start-ups and venture-backed companies by drawing upon our in-depth understanding of how companies are incorporated, financed and grown. With an in-depth understanding of the industry combined with years of expertise, our attorneys provide innovative and constructive solutions to clients in complex transactional engagements. We emphasise teamwork across our wide network of offices across India. This allows us to benefit from the various specialisations available for the ultimate benefit of our clients. We also provide assistance in dealing with diverse corporate governance and compliance issues including FCPA/Anti-Bribery/Anti-Corruption matters and investigations.

This Prism has been prepared by:



Ajay G Prasad

Partner



Shivani Jain

Senior Associate



Sapna Kataria

Associate

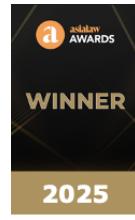


19 Practices and
40 Ranked Lawyers

7 Ranked Practices,
21 Ranked Lawyers

15 Practices and
20 Ranked Lawyers

13 Practices and
49 Ranked Lawyers



20 Practices and
24 Ranked Lawyers

8 Practices and
10 Ranked Lawyers
Highly Recommended in 5 Cities

**Regional Legal Expertise Awards
(APAC) of the Year**
Energy Firm Competition/
Antitrust Firm



Among Best Overall
Law Firms in India and
14 Ranked Practices

9 winning Deals in
IBLJ Deals of the Year

15 A List Lawyers in
IBLJ A-List – 2026



Recognised in World's 100 best
competition practices of 2026

Ranked Among Top 5 Law Firms in
India for ESG Practice



Asia M&A Ranking
2025 – Tier 1

For more details, please contact km@jsalaw.com

www.jsalaw.com



Ahmedabad | Bengaluru | Chennai | Gurugram | Hyderabad | Mumbai | New Delhi



This Prism is not an advertisement or any form of solicitation and should not be construed as such. This Prism has been prepared for general information purposes only. Nothing in this Prism constitutes professional advice or a legal opinion.

You should obtain appropriate professional advice before making any business, legal or other decisions. JSA and the authors of this Prism disclaim all and any liability to any person who takes any decision based on this publication.

Copyright © 2026 JSA | all rights reserved