



21st January 2026

RBI issues new FEMA regulations on export and import of goods and services, effective October 1, 2026

- The Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 (effective October 1, 2026) represent a significant shift in how India manages cross-border trade. Following the guidance in Circular No. 20, the Reserve Bank of India (RBI) is moving toward a “principle-based” regime, reducing red tape while increasing digital monitoring.

Analysis:

- The new regulations replace the decade-old framework with a focus on speed, decentralization, and digital reconciliation.
 - **Bank-Led Approval System:** Operational powers shift from RBI to Authorized Dealer (AD) Banks. Write-offs, extensions, and set-offs are governed by each bank’s board-approved policies.
 - **Extended Realization Timelines:**
 - ❖ **Exports:** Realization period extended from 9 months to 15 months for goods and services (up to 18 months for INR-settled trade).
 - ❖ **Imports:** Payment timelines now follow the commercial contract instead of a rigid 6-month window.
 - **Unified Export Declaration (EDF):** A single form covers goods, services, and software, streamlining the earlier SOFTEX process for software exporters.
 - **Simplified Small-Value Closures:** For transactions up to ₹10 lakh, exporters can close outstanding EDPMS entries through self-declaration.
 - **Stricter Reporting Deadlines:** Banks must upload documents into RBI systems (EDPMS/IDPMS) within 5 working days of receipt.
- The regulations affect any entity involved in the movement of value across Indian borders. Service and IT exporters benefit from the removal of the SOFTEX process but now face stricter 30-day declaration deadlines after invoicing. MSMEs and startups benefit from the self-declaration mechanism for small payments, helping them avoid caution-listing for minor delays. Manufacturing and engineering companies benefit from a 3-year window for shipping goods after receiving advance payments. Banks must satisfy themselves regarding the genuineness of transactions, effectively becoming the primary regulators for their clients. Merchant traders receive clearer and more structured reporting rules for foreign-to-foreign trade.



- The RBI has shifted from being a transaction “policeman” to a “system auditor,” giving banks the power to approve extensions instead of requiring RBI permission. Businesses now have more time to receive export payments, with the realization period extended to 15 months from 9, easing pressure in slow-paying markets. Small exporters can clear minor outstanding entries through self-declaration, reducing compliance burdens. However, because the process is fully digital, delays in reporting or realizing funds are immediately flagged, making timely compliance essential.
- **Key Takeaway:** The new rules give you more flexibility in your business contracts but demand higher honesty and speed in your digital reporting.
- The notification is attached herein.

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High Court Must Decide Applications Under Article 226(3) Within Two Weeks: Supreme Court

The Supreme Court has reiterated the mandatory constitutional requirement that applications filed under Article 226(3) of the Constitution of India, seeking vacation of ex-parte interim orders, must be decided by the High Courts within a period of two weeks.

The observation came while the Court was dealing with a Special Leave Petition challenging an interim status quo order passed by the Allahabad High Court. The petitioners contended that their application for vacating the interim order had been pending before the High Court since January 2025, contrary to the express mandate of Article 226(3).

A Bench comprising Justice Aravind Kumar and Justice Prasanna B. Varale noted that Article 226(3) casts a clear constitutional obligation on High Courts to dispose of such applications expeditiously. The Bench observed that once an application seeking vacation of an ex-parte interim order is filed, the High Court is required to decide it within two weeks, failing which the interim order stands vacated by operation of law.

Emphasising this requirement, the Court remarked that it was “apt and appropriate” to take note of Article 226(3), which specifically provides for time-bound disposal of applications seeking to vacate interim relief granted without hearing the affected party.



Taking into account the submission that the matter was already listed before the High Court on January 19, 2026, the Supreme Court requested the High Court to take up the application for vacating the interim order and decide it on its own merits, in accordance with law. The Bench clarified that it had not expressed any opinion on the merits of the rival contentions raised by the parties.

Accordingly, the Special Leave Petition was disposed of, along with all pending applications.

Cause Title: *Giriraj and Others v. Mohd. Amir and Others*
Case No.: SLP (Civil) No. 55304 of 2025

Public Auctioning Authorities Must Disclose Pending Litigation And Encumbrances: Supreme Court

The Supreme Court has reiterated that authorities conducting public auctions are under a strict legal obligation to disclose all known encumbrances and pending litigation relating to the property being auctioned. Failure to disclose such material facts, the Court held, vitiates the auction process and entitles the purchaser to restitution.

The ruling came in an appeal against a judgment of the Punjab and Haryana High Court, which had dismissed a writ petition filed by an auction purchaser seeking refund of the sale consideration. A Bench comprising Justice J.B. Pardiwala and Justice K.V. Viswanathan set aside the High Court's decision and directed the Ludhiana Improvement Trust to refund ₹1.57 crore along with interest.

The appellant had purchased a plot in Ludhiana through a public auction conducted by the Improvement Trust in May 2021 and deposited a sum of ₹1,57,04,580 towards the sale consideration. However, before the issuance of the sale certificate or execution of the conveyance deed, the Trust refused to proceed with the transfer, citing the pendency of a civil suit concerning the same property since 2020.

The Supreme Court took strong exception to the conduct of the Trust, noting that the existence of the pending litigation was not disclosed to prospective bidders at the time of the auction. The Bench held that it was the Trust's legal duty to clearly mention in the auction notice itself that the plot was already the subject matter of a civil dispute.

Emphasising the broader principle, the Court observed that authorities such as improvement trusts, banks, recovery officers, and other state bodies conducting public auctions must disclose all known encumbrances and litigation relating to the property. Suppression of such material facts, the Court held, renders the auction fraudulent or vitiated by material irregularity and undermines the transparency and fairness expected of public authorities.



The Bench further observed that public auctions are not merely mechanisms to secure the highest possible price, but are also meant to uphold transparency, legitimacy, and fairness in state action. Non-disclosure of material facts places bona fide purchasers in an unfair and precarious position and erodes confidence in public auction processes.

In support of its conclusion, the Court referred to its recent decision in *Delhi Development Authority v. Corporation Bank & Ors.* (2025 LiveLaw (SC) 953), wherein it was held that an auction purchaser is entitled to restitution if material facts are suppressed by the auctioning authority.

Finding that the appellant was an innocent purchaser who had acted in good faith, the Court held that the Improvement Trust could not be permitted to retain money obtained through a process tainted by non-disclosure. Accordingly, allowing the appeal, the Supreme Court directed the Trust to refund the entire amount of ₹1,57,04,580 along with interest at the rate of 9% per annum from July 19, 2021, the date of deposit. The refund was directed to be made within six weeks without fail.

Case: *Viney Kumar Sharma v. The Improvement Trust and Another*
Citation: 2026 LiveLaw (SC) 69

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