

# PANORAMIC **SANCTIONS**

India



LEXOLOGY

# Sanctions

Contributing Editors

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## GENERAL FRAMEWORK

**Legislation****What domestic legislation enables economic, financial and trade sanctions to be implemented in your jurisdiction?**

The Indian sanctions framework (Sanction Laws) comprises of the following federal pieces of legislation promulgated to abide by the international obligations and protect sovereign and economic interests:

- [The United Nations \(Security Council\) Act 1947](#) (UNSC Act): The UNSC Act is the principal legislation for implementing economic, financial and trade sanctions adopted by the United Nations (UN) through UN Security Council (UNSC) resolutions under article 41 of Chapter VII of the [United Nations Charter 1945](#) (UN Charter). In terms of section 2 of the UNSC Act, the federal government issues orders (UNSCA Orders) to give effect to UNSC resolutions, imposing non-military measures, including economic sanctions and embargoes on individuals, organisations or nations, or any combination thereof. For example, the Implementation of the United Nations Security Council Resolutions on Iraq Order, 2016, dated 30 June 2016, notified under the UNSC Act, imposes arms embargoes and asset freeze measures on specific state-owned enterprises and government bodies of Iraq, in accordance with [UNSC Resolution 1483 \(2003\)](#).
- [Unlawful Activities \(Prevention\) Act 1967](#) (UAPA) read with the [Prevention of Money Laundering Act 2002](#) (PMLA): The UAPA and PMLA provide the enforcement mechanism and penalties for violating the sanctions measures notified against the unlawful associations and terrorist organisations notified under the UNSC resolutions and corresponding UNSCA Orders.
- [The Foreign Trade \(Development and Regulation\) Act 1992](#) (FTDR Act): The FTDR Act is the principal legislation governing international trade in India, including the trade-related embargoes imposed under UNSC resolutions. Under the FTDR Act, the federal government periodically issues the Foreign Trade Policy (FTP), prescribing the policy conditions (ie, permitted, restricted, prohibited or imported by state trade enterprise only) for import and export of various types of goods and services into and from India.
- [Weapons of Mass Destruction and their Delivery Systems \(Prohibition of Unlawful Activities\) Act 2005](#) (WMD Act): The WMD Act implements the non-proliferation obligations, including the UNSC mandates targeting weapons of mass destruction-related activities.
- [The Customs Act 1962](#) (Customs Act): The Customs Act, in addition to the imposition and collection of various duties and taxes on the import or export of goods, provides the machinery for the implementation of any trade restrictions or prohibitions, or both.

Law stated - 18 February 2026

**Autonomous versus international regimes**

## Does the domestic legislation empower your government to implement an autonomous sanctions regime or are only those sanctions adopted by international institutions and organisations imposed?

The Sanction Laws empower the federal government to implement both autonomous sanctions and those adopted by international institutions such as the UN. The UNSC Act, UAPA, PMLA and the FTDR Act govern the administration, implementation and enforcement of sanctions notified by way of UNSC resolutions. Furthermore, UAPA, the FTDR Act, the WMD Act and the Customs Act prescribe the regime for autonomous sanction impositions.

**Law stated - 18 February 2026**

## Types of sanction imposed

### What types of sanction are imposed in your jurisdiction?

India implements a spectrum of sanction measures consistent with the principles of proportionality and the broader foreign policy of economic engagement. The measures prescribed under the Sanction Laws are outlined below:

- travel bans: preventing entry into or transit through India of designated individuals;
- property freeze or blocking: freezing of financial assets and economic resources owned or controlled by designated individuals or entities, or both, with specified exceptions;
- arms embargo: preventing direct or indirect supply of arms (including servicing, repairing, refurbishing and testing) to and from specific nations;
- prohibition or restriction on trade: prohibiting or restricting import and export of specified goods or subjecting imports and exports to inspection;
- suspension or cancellation of licence: suspending or cancelling the licence for import or export of goods or services; and
- blocking access to the financial system: directing financial institutions to immobilise accounts linked to sanctioned parties, restrict access to financial systems, prohibit opening accounts, processing payments, extending credit, or providing insurance and financial services to designated persons.

**Law stated - 18 February 2026**

## Countries subject to sanctions

### Which countries are currently the subject of sanctions or embargoes in your jurisdiction?

India's country-specific sanctions reflect the adoption and implementation of UNSC resolutions. Presently, the Sanction Laws implement the UN sanctions through UNSCA Orders against Haiti, Mali, Democratic People's Republic of Korea, Sudan, Guinea-Bissau, Somalia, Lebanon, Yemen, Democratic Republic of Congo, Libya and Iraq.

In May 2025, India also imposed an autonomous embargo prohibiting direct or indirect imports and transit of all goods, whether or not originating from Pakistan.

**Law stated - 18 February 2026**

### **Non-country specific regimes**

#### **What other sanctions regimes are currently in force in your jurisdiction which are not country specific?**

The Sanction Laws target individuals and organisations that are determined to be engaged in terrorist activities, their proliferation and associated financial crimes. Non-country specific sanctions can be broadly classified under the following categories:

- individuals or entities designated as unlawful associations or members of unlawful associations and terrorists or members of terrorist organisations under the UAPA; and
- prohibition of any trade or financial transaction with Islamic State in Iraq and the Levant, Al-Nusrah Front and any individuals, groups, entities or undertakings linked directly or indirectly to Al-Qaida in pursuance of UN Resolutions under the FTP.

**Law stated - 18 February 2026**

### **Counter-terrorism sanctions**

#### **What sanctions and prohibitions are imposed in your jurisdiction in relation to terrorist activities?**

The UAPA is the primary legislation prescribing counter-terrorism sanctions. Under the UAPA, individuals or entities involved in acts that are intended to threaten the unity, integrity, security or sovereignty of India, or strike or are likely to strike terror in the people (ie, terrorism) are designated. Such designated individuals or entities, or both, are subject to travel restrictions or bans, property freeze or blocking, denial of consular services, exclusion from the financial system and policing enforcement measures entailing criminal punishment.

**Law stated - 18 February 2026**

### **Anti-boycott laws**

#### **Are any blocking or anti-boycott laws in place in your jurisdiction?**

No blocking statutes or anti-boycott laws exist under the Indian Sanctions Framework.

**Law stated - 18 February 2026**

### **Scope of application**

## Who must comply with sanctions imposed in your jurisdiction? Do sanctions have extra-territorial effect?

The following persons must comply with the Indian Sanction Laws:

- Indian citizens, whether residing in or outside India;
- entities or artificial juridical persons in India;
- persons on ships and aircraft, registered in India, irrespective of their location; and
- all persons, entities within India, undertaking any transaction in India, regardless of their nationality.

From an extra-territoriality standpoint, the UAPA also empowers the Indian authorities to exercise jurisdiction over and prosecute any individual or entity, irrespective of their location, indulging in terrorism financing, facilitation, support or conspiracies with sufficient nexus to India or impact on India's security or interest, or both.

**Law stated - 18 February 2026**

## Competent sanctions authorities

### Which government authorities in your jurisdiction are responsible for implementing and administering sanctions?

The enforcement of sanctions involves multiple government agencies with overlapping but distinct mandates, reflecting the multi-dimensional nature of sanctions measures. The relevant authorities are outlined below:

- The Ministry of External Affairs (MEA) holds the primary responsibility of formulating India's sanctions policy, coordinating with the UNSC resolutions and issuing orders that implement such measures under the UNSC Act. The MEA's United Nations Political Division issues the UNSCA orders, implementing the UNSC resolutions.
- The Ministry of Home Affairs (MHA) administers the counter-terrorism sanctions under the UAPA. The Counterterrorism and Counter-Radicalisation Division at the MHA issues and maintains the consolidated list of individuals and entities designated as terrorists or terrorist organisations and unlawful association. The MHA coordinates with law enforcement agencies on asset freeze enforcement and oversees the review committee that considers de-listing applications. Additionally, the National Investigation Agency (NIA) carries out investigations and enforcement of UAPA.
- The Central Board of Indirect Taxes and Customs under the Ministry of Finance enforces trade sanctions at the border, interdicting prohibited goods, enforcing arms embargoes and implementing UN trade restrictions through seizure and confiscation powers under the Customs Act.
- The Ministry of Commerce and Industry, through the Directorate General of Foreign Trade (DGFT), administers India's export control regime and strategic trade controls. The DGFT issues the FTP, maintains the Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) lists of controlled goods and technologies, processes export licence applications and enforces trade embargoes.

- The Reserve Bank of India (RBI) serves as the principal financial regulator responsible for enforcing sanctions within India's banking and financial system. The RBI issues master directions and circulars to banks and other financial institutions mandating sanctions compliance, including screening obligations, asset freeze procedures and reporting requirements. The RBI's Financial Intelligence Unit (FIU-IND), while functionally distinct, coordinates with the RBI on suspicious transaction reporting related to terrorism financing and sanctions evasion. Financial institutions report frozen assets and suspicious activity to the FIU-IND and the RBI.

Law stated - 18 February 2026

## Business compliance

### Are businesses in your jurisdiction required to put in place any systems or controls in order to ensure compliance with sanctions?

There is no single, codified instrument prescribing compliance with sanctions for businesses. India adopts a principle-based approach to sanctions compliance, placing responsibility on entities to establish systems appropriate to their risk profile rather than mandating uniform, prescriptive programmes across all sectors.

Businesses are required to adhere to the applicable legal frameworks governing sanctions, including the UNSC Act, UAPA and export control regulations under the FTDR Act. This entails conducting adequate due diligence to verify that commercial relationships, transactions and activities do not involve designated persons, prohibited destinations or sanctioned conduct.

The RBI imposes detailed compliance and reporting requirements on banks and financial institutions through [Master Directions on Know Your Customer](#) and financial surveillance. These include customer screening, transaction monitoring, suspicious activity reporting and record retention. The RBI exercises close oversight of foreign exchange flows, requiring reporting of cross-border remittances and capital movements under [the Foreign Exchange Management Act 1999](#) (FEMA). Financial institutions are mandated to implement risk-based controls to detect and prevent violations, with regulatory supervision reinforcing compliance standards.

Entities engaged in exporting dual-use goods, which are covered under the SCOMET, provided under the FTP, are mandated to establish and maintain an [Internal Compliance Programme \(ICP\)](#). The DGFT has published a [Handbook on India's Strategic Trade Control System](#), which sets out the government's expectations for effective ICPs, drawing on international best practices reflected in guidelines issued by multilateral export control regimes, including the Wassenaar Arrangement. The Handbook identifies eight foundational components that ICPs should incorporate:

- Senior management commitment: clear policy statements and resource allocation demonstrating leadership accountability for compliance.
- Organisational structure: designation of compliance officers, definition of roles and responsibilities, and allocation of adequate staffing and budgets.
- Training and awareness: regular education programmes ensuring employees understand export control obligations, red flags and internal procedures.

- Classification and screening: processes to correctly classify goods against control lists and screen transactions against denied parties, restricted destinations and prohibited end-uses.
- Record-keeping: maintenance of comprehensive documentation, including export authorisations, due diligence records and audit trails, for prescribed retention periods.
- Physical and information security: safeguards to protect controlled items, technical data and sensitive compliance information from unauthorised access or diversion.
- Reporting and corrective action: mechanisms to identify compliance breaches, report to authorities where required and implement remedial measures.
- Performance review and audit: periodic assessments of ICP effectiveness, internal or external audits, and continuous improvement processes.

The Handbook includes an illustrative but detailed checklist that exporters may use as a reference when designing or evaluating their ICPs.

**Law stated - 18 February 2026**

### **Guidance**

#### **Has your government issued any guidance on compliance with the sanctions framework in your jurisdiction?**

There is no single codified law mandating sanctions compliance. Relevant regulators tasked with the administration, implementation and enforcement of the Sanction Laws provide targeted directives rather than broad guidance. For example, the RBI mandates financial institutions to screen against sanction lists and report matches immediately. The DGFT has prescribed best practices in a Handbook on India's Strategic Trade Control System, for export compliance programmes, aligned with multilateral standards, including core elements like classification procedures and performance audits.

**Law stated - 18 February 2026**

## **ECONOMIC AND FINANCIAL SANCTIONS**

### **Asset freezes**

#### **In what circumstances may a person become subject to asset freeze provisions in your jurisdiction? What dealings do asset freeze provisions generally restrict in your jurisdiction?**

Asset freezes in India are triggered by designation under the United Nations (Security Council) Act 1947 (UNSC Act) or the Unlawful Activities (Prevention) Act 1967 (UAPA), or both.

Circumstances triggering asset freezes

An individual or entity becomes subject to asset freeze provisions when they are:

- listed in the UNSC resolutions, particularly the Islamic State in Iraq and the Levant (ISIL) (Da'esh) and Al-Qaida sanctions list or country-specific sanctions regimes, and such resolutions are implemented in India, through a federal government issues order (UNSCA Order);
- designated under the UAPA by the Ministry of Home Affairs (MHA) as a terrorist or terrorist organisation; and
- identified in connection with proliferation activities where enforcement authorities determine involvement in weapons of mass destruction (WMD)-related financing or facilitation.

Restrictions on dealings

Once a person or entity is designated, comprehensive prohibitions take effect immediately:

- No person may knowingly hold, possess, use or deal with any funds, financial assets, economic resources or property owned, controlled or held on behalf of the designated person. This includes assets held directly or beneficially and extends to assets in which the designated person has an interest.
- Financial institutions must freeze accounts and assets without delay upon identifying a customer or account holder as designated, or upon being notified by authorities. Freezing occurs before any judicial process and without prior notice to the affected party.

**Law stated - 18 February 2026**

### **General carve-outs and exemptions**

**Are there any general carve-outs or exemptions to the asset freeze provisions in your jurisdiction?**

The Sanction Laws provide for limited exemptions or carve-outs to asset freeze measures. Primarily, the UAPA and the UNSC Act impose comprehensive freezing obligations on an individual or entity, with minimal statutory carve-outs.

Asset freeze under the UNSC Act

The federal government implements asset freezing measures as prescribed in the UNSC resolutions through UNSCA Orders. The UNSCA Order provides for carve-outs, including:

- general expenses, including for foodstuffs, rent/mortgage, medicines and medical treatment, taxes, insurance premiums, utilities, and reasonable professional fees/legal services and routine account maintenance fees;
- extraordinary or non-routine exceptional expenses;
- permission to add interest or earnings and certain pre-existing contractual payments to frozen accounts;
-

funds or resources necessary for urgent humanitarian assistance or basic human needs delivery by specified humanitarian actors; or

- reasonable professional fees and reimbursement of expenses for legal services.

UNSCA Orders' case-by-case exemptions

Some of the UNSCA Orders additionally provide case-by-case exemptions tied to humanitarian objectives or peace and stability considerations, including asset freeze under the UAPA. The MHA maintains a list of designated terrorists and unlawful organisations in the First and Fourth Schedule to the UAPA, subject to asset freeze measures. The UAPA provides for the following limited carve-outs:

- **Unlawful association:** section 7 of the UAPA empowers the central government to prohibit a person from paying, delivering, transferring or otherwise dealing with money, securities or credits used or intended to be used for an unlawful association, 'save in accordance with the written orders of the Central Government'. This is effectively an in-built exception or relaxation mechanism allowing the central government to carve out exceptions in the orders prohibiting the use of funds of an unlawful association.
- **Terrorist activities:** the UAPA does not explicitly prescribe any carve-outs in relation to the prohibition on use of proceeds for terrorism. However, in [Order dated 2 February 2021](#) (UAPA Order), the MHA has allowed exemption on the following activities in relation to terrorists and terrorist organisations listed in the Schedule to the UN Prevention and Suppression of Terrorism (Implementation of Security Council Resolutions) Order, 2007 (UNSCA 2007 Order) made under section 2 of the UNSC Act as well as any other person engaged in or suspected to be engaged in terrorism, in accordance with [UNSC Resolution 1452](#).
- **Basic expenses:** limited access may be authorised for essential day-to-day costs such as food, rent or mortgage, medicines and medical treatment, taxes, insurance and utilities, and for specified professional or administrative costs (reasonable legal fees, reimbursement of legal expenses, and routine account holding or maintenance charges). However, such an exemption is allowed on notification by the Ministry of External Affairs (MEA) authorising such access and in the absence of a negative decision within 48 hours of such notification.
- **Extraordinary expenses:** access may also be permitted for non-routine, exceptional expenses, provided the MEA has notified the relevant authority or committee as required.
- **Frozen accounts:** these may continue to receive interest or other earnings accruing on the account, and payments due under contracts, agreements or obligations that pre-date the account becoming subject to the relevant UNSC sanctions regime (resolutions 1267 (1999), 1333 (2000) or 1390 (2002)).

**Law stated - 18 February 2026**

## | List of targeted individuals and entities

## Do the competent sanctions authorities in your jurisdiction maintain a list of individuals and entities blocked under asset freeze restrictions?

Yes, the federal government notifies designated individuals and entities subject to asset freeze through official gazettes and government portals. The MEA updates UNSC-derived lists through dedicated orders under the UNSC Act. The Directorate General of Foreign Trade provides the trade embargoes on countries, organisations and individuals in the Foreign Trade Policy. The MHA maintains schedules of terrorists and unlawful organisations under the UAPA (first and fourth schedule to the UAPA) and through notifications thereunder.

**Law stated - 18 February 2026**

## Other restrictions

### What other restrictions apply under the economic and financial sanctions regime in your jurisdiction?

Beyond asset freezes, the Indian sanctions regime imposes travel bans barring entry or transit through India, arms and trade embargoes on target dual-use items and military-end-use goods requiring pre-authorisation, and trade prohibitions with designated parties.

**Law stated - 18 February 2026**

## Licensing – scope

### Are the competent sanctions authorities in your jurisdiction empowered to issue a licence to permit activities which would otherwise violate economic and financial sanctions? If so, what is the extent of their licensing powers and in what circumstances will they issue a licence?

The Sanction Laws do not provide for authorisations or licences overriding targeted economic or financial sanctions prohibitions, such as asset dealings with designated terrorists.

**Law stated - 18 February 2026**

## Licensing – application process

### What is the application process for an exemption licence? What is the typical timeline for a licence to be granted?

The Sanction Laws do not provide for authorisations or licences overriding targeted economic or financial sanctions prohibitions.

**Law stated - 18 February 2026**

## Approaching the authorities

## To what extent is it possible to engage with the competent sanctions authorities to discuss licence applications or queries on economic and financial sanctions compliance?

While there are no licensing procedures or regimes concerning economic and financial sanctions, the individuals or organisations can request delisting from the relevant list as follows:

- Delisting under the UNSC Act: Although the UNSC Act does not prescribe any mechanism for an individual or entity to challenge the addition to the sanctions list thereunder, delisting, if any, can be requested to UNSC either through the [focal point process](#) prescribed under the UNSC Resolution 1730 (2006): Annex to the resolution and relevant guidelines issued by the UNSC, or through the country of citizenship. Furthermore, an individual, group, undertaking or entity inscribed on the list related to ISIL (Da'esh) and Al-Qaida can apply for delisting before the [UN Office of the Ombudsperson established by the UNSC](#). The UNSCA Orders are updated based on changes in UNSC resolutions and ensuing lists.
- Delisting under UAPA: An individual or organisation notified as unlawful, terrorist or terrorist organisation may apply to the MHA to seek cancellation of the relevant notification. Such an application, if rejected, can be requested to be reviewed by applying to the review committee constituted under the UAPA under the chairmanship of a judicial officer, seeking re-examination of its listing as a terrorist or terrorist organisation.

Law stated - 18 February 2026

## Reporting requirements

### What reporting requirements apply to businesses who hold assets frozen under sanctions?

In terms of the UAPA Order, regulated entities, including banks, stock exchanges, depositories, intermediaries, insurance companies and other financial institutions, are required to:

- maintain an updated list of designated terrorists and organisations; and
- verify whether such individuals or entities are holding any funds, financial assets or economic resources or related services in the form of, inter alia, bank accounts, stocks and insurance policies.

Where the particulars of any customer match with any designated individual or entity, complete details of funds, financial assets or economic resources, or related services in the form of, inter alia, a bank account, stocks and insurance policies available on records or books must be reported to the Central Nodal Officer for the UAPA, the Financial Intelligence Unit, regulators like the Reserve Bank of India (RBI), Securities and Exchange Board of India, and Insurance Regulatory and Development Authority. If the match is indisputable, then these institutions shall prevent the individual or entity from conducting financial transactions, under intimation to the Central Nodal Officer appointed under the UAPA.

Additionally, where financial assets or economic resources of immovable properties are found to be held by designated individuals or entities, the registrar of immovable property in such jurisdiction is required to inform the Nodal Officer for the UAPA in the relevant state or union territory (UT), along with the complete details of the individual or entity.

Similarly, the designated non-financial businesses and professions, including casinos, real estate agents, dealers in precious metals or stones, lawyers or notaries, accountants, company service providers, societies or firms and non-profit organisations shall inform the Nodal Officer for the UAPA in the relevant state or UT along with the complete details of these individuals or entities.

Lastly, the RBI mandates comprehensive compliance and monitoring obligations for banking and financial sector entities through its Master Directions on Know Your Customer. These require institutions to conduct counterparty verification, monitor transactional activity, report on unusual patterns and maintain records.

**Law stated - 18 February 2026**

## TRADE SANCTIONS

### General restrictions

#### What restrictions apply in relation to the trade of goods, technology and services?

The Foreign Trade (Development and Regulation) Act 1992 (FTDR Act), read with the Foreign Trade Policy (FTP), prescribes the prohibitions (complete ban) and restrictions (subject to authorisations) on import, export or transit of certain goods, technologies and services with specified countries, entities or individuals. The Directorate General of Foreign Trade (DGFT) also prescribes a specific authorisation or licensing regime for export of dual-use goods, arms, munitions, special chemicals, organisms, materials, equipment and technologies specified under the Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) lists.

**Law stated - 18 February 2026**

### General exemptions

#### Do any exemptions apply to the general trade restrictions?

No broad exemptions authorise prohibited trade. However, DGFT allows trade of restricted items under the FTP on compliance with the prescribed conditions under the [import and export policies](#) set out under the FTP. Furthermore, export authorisations for SCOMET items are issued upon verified compliance, end-user assurances and risk assessments.

**Law stated - 18 February 2026**

### Targeted restrictions

## Have the authorities in your jurisdiction imposed any trade sanctions against dealing with any particular individuals or entities?

Yes, the government bars trade dealings with UN-designated individuals, terrorist organisations, unlawful associations and proliferation actors via entity-specific blacklists prescribed under the the federal government issues orders, FTP and the Unlawful Activities (Prevention) Act 1967.

Law stated - 18 February 2026

### Licensing – scope

## In what circumstances may the competent sanctions authorities in your jurisdiction issue a licence to trade in goods, technology and products that are subject to restrictions?

The FTDR Act, read with FTP and import and export policies issued thereunder, prescribes the licensing regime for import and export of goods, technology or products.

Licensing requirements for the import of restricted goods

The import policy broadly categorises the goods as prohibited, restricted, permitted to be imported exclusively by state trading enterprises or freely importable. The import of goods requires authorisation from the DGFT or the relevant sectoral regulator, as per the conditions prescribed for each category of goods under the Import Policy. Additionally, goods when imported into India are subject to domestic laws, regulations and standards applicable to domestically produced goods, unless specifically exempted. Accordingly, conditions or licensing requirements mandated under domestic law apply equally to the imported goods upon entry into the Indian territory. From an enforcement standpoint, customs authorities at the ports enforce such restrictions by undertaking examination of goods and verifying conformity with relevant compliance requirements at import clearance.

The export authorisations are issued for SCOMET items for controlled end-uses, granted where the applicants demonstrate legitimate civil applications, robust compliance programmes and clear end-user credentials.

Law stated - 18 February 2026

### Licensing – application process

## What is the application process for a licence? What is the typical timeline for a licence to be granted?

Licensing for the import of goods under restricted categories

An import licence or authorisation is required where the goods that are classified as restricted under the Import Policy and can therefore be imported only against an authorisation issued by the DGFT. The import licensing regime is based on self-assessment

of goods under the restricted category, subject to verification by the customs authorities at the time of clearance thereof.

Typically, such an application is filed online on the Import Management System available on the DGFT's portal (<https://www.dgft.gov.in/CP/?opt=import-management-system>). As a preliminary requirement, the applicant shall have a user profile linked with an importer–exporter code on the DGFT portal and a valid digital signature registered on the system. A registration fee of 1 Indian rupee per thousand, subject to a minimum of 500 Indian rupees and a maximum of 100,000 Indian rupees on CIF (cost, insurance, freight) amount of the authorisation, is to be paid through electronic mode for each application. Upon scrutinising the application, the DGFT issues import authorisation for restricted items, which are generally valid for a period of 18 months. DGFT may revalidate this authorisation for a period of six months from the date of expiry. However, no fixed timelines are prescribed for the processing of the application.

Licensing application for export of SCOMET items

The FTDR Act, read with the FTP, provides for a specific licensing or authorisation regime for export of SCOMET items. Exporters must independently classify their goods against the SCOMET schedule and route applications to the correct agency:

- nuclear items (category 0) to the Department of Atomic Energy (DAE);
- mainstream dual-use goods (categories 1–5 and 8) to the DGFT; and
- defence articles (category 6) to the Department of Defence Production (DDP).

Procedure of applications through designated electronic systems

DGFT-administered categories via <https://www.dgft.gov.in/CP/>, and munitions-related requests via the DDP's platform at <https://defenceexim.gov.in>. Submissions must be accompanied by verified end-user documentation and assurances regarding compliance safeguards; authorities then conduct risk assessments before rendering licensing decisions. The statutory framework, however, does not impose fixed processing deadlines.

**Law stated - 18 February 2026**

### **Approaching the authorities**

**To what extent is it possible to engage with the competent sanctions authorities to discuss licence applications or queries on trade sanctions compliance?**

The exporters requiring guidance on SCOMET authorisations may contact the appropriate licensing body (DGFT, DDP or DAE) via official communication pathways, including direct correspondence via the DGFT portal, engagement through recognised trade organisations or consultation with DGFT's designated support facilities.

**Law stated - 18 February 2026**

## ENFORCEMENT AND PENALTIES

### Reporting violations

**Is there a requirement to report violations to the authorities? If reporting is not obligatory, is it encouraged in any event?**

Broadly, the Indian laws prescribe specific reporting requirements for any sanctions violations for specific entities/institutions, such as financial institutions and for others, voluntary disclosure is encouraged. Financial and trade entities must report suspected sanctions breaches, such as frozen asset discoveries or list matches, immediately to regulators like the Reserve Bank of India (RBI) and Financial Intelligence Unit (FIU-IND) as prescribed under the federal government issues order (UAPA Order). The Director of FIU-IND is authorised to impose a monetary penalty ranging from 10,000 Indian rupees to 100,000 Indian rupees on reporting entities (banking company, financial institution, intermediary or a person carrying on a designated business or profession) for each failure, under the Prevention of Money Laundering Act 2002 (PMLA).

The customs and export violations prompt mandatory disclosures during investigations; voluntary reporting, though not universally compelled, mitigates liability risks. The Customs Act, under section 28(2), allows importers and exporters to proactively pay short-paid duties or excess refunds with full interest before detection by authorities, mitigating penalties, provided the disclosure is voluntary, complete and before any inquiry or show cause notice, promoting ethical compliance without admission of wilful misstatement.

Furthermore, under the Foreign Trade (Development and Regulation) Act 1992 (FTDR Act) read with the Foreign Trade Policy (FTP), voluntary disclosure serves as a compliance mechanism for exporters to proactively report irregularities or violations, particularly concerning special chemicals, organisms, materials, equipment and technologies (SCOMET) items, without immediate fear of stringent penalties if disclosed before detection. The exporters must submit disclosures, furnishing full details of non-compliance like unauthorised exports, technical data sharing or end-use violations, along with supporting documents for review by the Inter-Ministerial Working Group. The exporters are subject to penalties under the FTDR Act for any violation of SCOMET policy except in cases of voluntary disclosure.

**Law stated - 18 February 2026**

### Investigations

**Which authorities are responsible for investigating sanctions violations? What is the extent of their investigatory powers?**

Sanction violations in India are investigated by different agencies, depending on the nature of the offence. Broadly, the following authorities lead investigations, with robust investigative powers, including the power to summon witnesses or documents, seize documents, search or inspect premises, attach assets, and coordinate with local law enforcement agencies (ie, police, who are subject to the state jurisdiction):

- National Investigation Agency (NIA), which investigates offences under the Unlawful Activities (Prevention) Act 1967 (UAPA), including violations of asset freeze, terror

financing or support to designated terrorists or terrorist organisations. The NIA has jurisdiction over offences affecting India's sovereignty, security and public order, and may investigate across state boundaries.

- Enforcement Directorate (ED), which investigates economic offences, including violations of the Foreign Exchange Management Act 1999 (FEMA) (relating to unauthorised foreign exchange transactions, capital flight and sanctions evasion involving cross-border payments) and the PMLA (money laundering linked to sanctions violations).
- Customs and other special agencies under the supervision of the Central Board of Indirect Taxes and Customs, such as the Directorate of Revenue Intelligence, investigate both import and export control violations, trade embargo breaches and smuggling under the Customs Act.
- DGFT, which investigates cases involving breach of import or export control licences and violations under the FTDR Act. Although the DGFT's enforcement powers are primarily administrative (suspension or revocation of licences, imposition of fines), it also coordinates with relevant authorities, including customs, for the enforcement of provisions within their jurisdiction.

The above agencies can also initiate prosecution proceedings in respect of the violations that entail criminal penalties. The accused would then be subjected to criminal trials by the public prosecutors in accordance with the criminal procedure code prescribed for such cases.

**Law stated - 18 February 2026**

## Penalties

### What are the potential penalties for violation of sanctions?

Sanctions violations in India attract severe criminal and civil penalties, as shown below:

S. No.	Statute	Contravention	Penalty
1.	UNSC Act	Indulging in any activity or transaction violating the UNSCA Order	Ban on travel/entry into or transit through Indian territory  Freezing of funds, financial assets and other economic resources  Embargo on business transactions with the offender
1.	UAPA		

		Being a member of an unlawful association	Death or imprisonment for life, along with a fine (section 10)
Dealing with the funds of an unlawful association	Imprisonment for up to three years, fine or both (section 11)		
Contravention of an order made in respect of a place notified as an unlawful place	Imprisonment for up to one year and a fine (section 12)		
Indulging in unlawful activities	Imprisonment for up to five years, fine or both (section 13)		
Terrorist acts (including raising funds for terrorist acts, conspiracy, organising terrorist camps, recruiting persons for terrorist acts, harbouring, holding proceeds of terrorism and threatening witnesses)	Death sentence or imprisonment for life along with a fine (maximum penalty) (sections 16–18, 18 - A, 18 - B, 19–22)		
Support given to or transacting with a terrorist organisation (including organisations notified under UNSCA 2007 Order).	Imprisonment for up to 10 years, a fine or both (section 39)		
Raising funds for a terrorist organisation (including	Imprisonment for up to 14 years, fine or both (section 40)		

organisations notified under UNSCA 2007 Order)			
1.	PMLA	Concealment, possession, acquisition, use of any proceeds (money or property) from any unlawful activity or terrorist act; or projecting such proceeds as untainted	Rigorous imprisonment for three years, extendable to seven years, along with a fine (section 4)  Seizure and attachment of any proceeds realised from transactions violating economic sanctions (section 5)
1.	FTDR Act	Violation of provisions of the FTDR, FTP or procedures concerning sanctions on trade in goods or services	No criminal liabilities are prescribed for violations of trade sanctions except for violations relating to the export control regime, which are prescribed under the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities Act 2005 (WMD Act) (section 14E)  Suspension or cancellation of the certificate of importer-exporter code (section 8)  Penalty of 10,000 Indian rupees, extendable up to five times the

			value of the goods, services or technology in respect of which contravention is made (section 11). Penalty prescribed under the WMD Act for violations concerning goods and technology covered under the export control regime
1.	WMD Act	Trade in prohibited goods and financing the prohibited activities (including activities prohibited under the UN Security Council resolutions enforced in the UNSCA Orders)	Imprisonment for five years, extendable to imprisonment for life, and a fine (sections 14–15, 17)  Freezing and attachment of funds, financial assets or economic resources owned or controlled by the offender (section 12A)
1.	Customs Act	Goods imported or exported in contravention of any prohibition imposed under the Customs Act or any other regulatory law	Any person who knowingly makes false declarations, statements or documents in the transaction of any business relating to the Customs Act is punishable with imprisonment up to two years, a fine or both (section 132)  Imports: Monetary penalty of 5,000 Indian rupees or equivalent to the

			<p>value of the goods, whichever is higher (section 112)</p> <p>Exports: Penalty of up to three times the value of the goods as declared by the exporter or the value determined under the Customs Act, whichever is greater (section 114)</p>
1.	FEMA	Violation of requirements prescribed by the RBI concerning the implementation of economic sanctions	<p>Penalty of up to three times the sum involved in such contravention, where the amount is quantified; or up to 200,000 Indian rupees where the amount is not quantified</p> <p>In case of continuing contravention: further penalty of up to 5,000 Indian rupees for every day after the first day during which the contravention continues (section 13)</p>

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**Recent enforcement actions**

Have there been any significant recent enforcement cases? What lessons can be learned from these cases?

India’s sanctions and national security enforcement regime have witnessed substantial activity under the PMLA, UAPA, alongside important developments under the Customs Act, the FTDR Act and interpretive rulings concerning policy implementation.

The most significant cases centre on stringent bail thresholds, attachment validity, limits on agency overreach and procedural safeguards. Below is an analysis of key enforcement cases and lessons for compliance.

- The Supreme Court, in *Gulfisha Fatima v State (Government of NCT of Delhi)*, 2026 SCC OnLine SC 10, denied bail to the accused under section 43D(5) of the UAPA, holding that at that stage, the Court only examines if the prosecution has shown a prima facie case, without evaluating the defence. This decision reinforces the stringent bail threshold for terrorism-linked offences, limiting the forum for bail applications.
- The Supreme Court, in *Arvind Dham v Enforcement Directorate*, 2026 SCC OnLine SC 30, while granting bail to the accused arrested by the ED, held that continued incarceration violated the fundamental right to speedy trial and that the seriousness of economic offences cannot justify indefinite detention where there is inexplicable delay and no likelihood of trial conclusion within a reasonable time frame.
- The Delhi High Court in *AR Sames Private Limited v Union Of India and Others*, 2024 (8) TMI 29 – Delhi High Court, quashed the DGFT’s order invoking catch-all provisions, allowed the writ petition and permitted export of the consignments, observing that the DRDO inspection confirmed civil application, type certificates existed, end-user certificates were provided and rationality must guide implementation of export controls to balance economic interests with security concerns.

India’s enforcement jurisprudence is moving towards a more nuanced review model that upholds national security imperatives while safeguarding individual rights and commercial interests. The cases examined above demonstrate that courts will not hesitate to intervene where enforcement crosses into arbitrariness, delay or constitutional transgression, but they equally affirm that where statutory conditions are met, stringent measures will be sustained.

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## UPDATE AND TRENDS

### Emerging trends and hot topics

Are there any emerging trends or hot topics in sanctions law and policy in your jurisdiction?

India’s sanctions regime is undergoing significant evolution, particularly concerning digital assets, money laundering enforcement and geopolitical relations. Key developments include:

- Mandatory registration for virtual digital asset (VDA) service providers: Since March 2023, VDA service providers operate as reporting entities under the Prevention of Money Laundering Act 2002, requiring [mandatory registration](#) with the Financial Intelligence Unit (FIU-IND).
- Enhanced Know Your Customer (KYC) standards: Updated FIU-IND guidelines impose stringent customer due diligence requirements such as biometric verification, bank account verification and periodic KYC refresh.
- Import ban on Pakistan: India has enforced a complete import ban on all goods originating from Pakistan, effective from 18 December 2024, under the Foreign Trade

Policy. This measure restricts all imports from Pakistan, irrespective of the product category, marking a significant escalation in India's use of trade restrictions as a strategic sanctions tool.

- Secondary sanctions: India is facing unprecedented pressure from US secondary sanctions targeting countries purchasing Russian oil, gas, and uranium or trading with Iranian entities.

The convergence of domestic regulatory expansion, international standard alignment and geopolitical sanctions pressure is creating a complex operating environment requiring constant vigilance. The anticipated Budget 2026, policies, evolving jurisprudence on constitutional safeguards and India's strategic response to international sanctions regimes will continue to shape this dynamic landscape.

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