

**Opening, holding and maintaining Foreign Currency
Account in India by Unit in Special Economic Zones
(SEZs)**

A.P. (DIR Series) Circular No.28 (October 3, 2002)

**Reserve Bank of India
Exchange Control Department
Central Office
Mumbai 400 001**

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October 3, 2002

To,

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Opening, holding and maintaining Foreign Currency Account
in India by Unit in Special Economic Zones (SEZs)**

Attention of authorised dealers is invited to Notification No.FEMA.37/2001-RB dated February 27, 2001 relating to Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations, 2000 which has been amended by Notification No.FEMA.63/2002-RB dated June 21, 2002 (copy enclosed).

2. In terms of paragraph 6A of the aforesaid notification, a unit located in a Special Economic Zone may be allowed to open, hold and maintain a Foreign Currency Account with an authorised dealer in India subject to the conditions stipulated in the Notification.

3. Paragraph 5 in the Schedule of the aforesaid regulation relating to special provision for EEFC Account of a unit in a Special Economic Zone stands deleted.

4. Authorised Dealers may please bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager

**Reserve Bank of India
(Exchange Control Department)
Central Office
Mumbai 400 001**

Notification No.FEMA. 63 /2002-RB

dated June 21, 2002

**Foreign Exchange Management (Foreign Currency Accounts by
a person Resident in India) (Third Amendemnt) Regulations, 2002**

In exercise of the powers conferred by clause (b) of Section 9 and clause (e) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in supercession of the Notification No.FEMA.37/2001-RB dated February 27, 2001, Reserve Bank of India makes the following amendments to Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000, namely :

Short title and commencement :-

1. (i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Third Amendment) Regulations, 2002.

(ii) They shall come into force on their publication in the Official Gazette.

Amendment of the Regulations

2. In the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 (hereinafter referred to as “the said Regulations”), after paragraph 6 of the Regulation, the following paragraph shall be inserted, namely :

“6A. Foreign Currency Account of a unit in a Special Economic Zone

A unit located in a Special Economic Zone may open hold and maintain a Foreign Currency Account with an authorized dealer in India provided that,

- (a) all foreign exchange funds received by the unit in the Special Economic Zone (SEZ) are credited to such account,
- (b) no foreign exchange purchased in India against rupees shall be credited to the account without prior permission from the Reserve Bank,
- (c) the funds held in the account shall be used for bonafide trade transactions of the unit in the SEZ with the person resident in India or otherwsie,
- (d) the balances in the accounts shall be exempt from the restrictions imposed under Rule 5, except item 3 and 4 of the

Schedule III, of the Government of India Notification
No.GSR.381(E) dated May 3, 2000.

Provided further that the funds held in these accounts shall not be lent or made available in any manner to any person or entity resident in India not being a unit in Special Economic Zones.”

3. The existing paragraph 5 in the Schedule of the Regulation shall be deleted.

Sd/-
(K.J.Udeshi)
Executive Director