



**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI-400 001**

RBI/2004/246

A.P.(DIR Series) Circular No.96

June 15, 2004

To

All Authorised Dealers in Foreign Exchange

Dear Sirs/Madam,

**Exchange Earners' Foreign Currency
(EEFC) Account Scheme - Liberalisation**

In terms of Regulation No.4, of the Notification No.FEMA 10/2000-RB dated May 3, 2000, a person resident in India may open, hold and maintain with an Authorised Dealer in India, a Foreign Currency Account to be known as Exchange Earners' Foreign Currency (EEFC) Account, subject to the terms and conditions of the Exchange Earners' Foreign Currency (EEFC) Account Scheme specified in the Schedule to the said notification.

2. Subsequently, as a part of continuous process of rationalisation and simplification of procedures and further liberalisation of the existing regulations relating to exports, the Reserve Bank of India issued two Press Releases (copies enclosed) as detailed under to announce rationalisation/liberalisation of EEFC Account Scheme.

- i) **Press Release : 2002-2003/172 dated August 15, 2002 :** The Reserve Bank has permitted individual professionals to keep up to 100 per cent of their foreign exchange earnings from consultancy and other services rendered to persons or bodies outside India, in their foreign exchange earners' foreign currency (EEFC) account. The facility has been permitted for the benefit and convenience of individual professionals, lawyers, doctors, artists, architects, engineers, consultants, cost/chartered accountants, directors on boards of overseas companies, etc.
- ii) **Press Release : 2002-2003/265 dated September 6, 2002 :** As a further measure towards giving boost to the export oriented units and rationalisation of the EEFC Account Scheme, it was decided that there would only be two categories of EEFC Account holders. One, those who can retain upto 100 per cent of their receipt in foreign exchange

and others who can retain upto 50 per cent of their receipt in foreign exchange. Accordingly, a 100 per cent Export Oriented Unit (EOU) or a unit situated in (a) Export Processing Zone (EPZ) or (b) Software Technology Park (STP) or (c) Electronic Hardware Technology Park (EFTP), are eligible to credit upto 100 per cent of their foreign exchange receipts to their EEFC Account, against the existing eligibility of credit upto 70 per cent.

3. Pending issue of the notification amending the existing Regulations framed under Foreign Exchange Management Act, 1999, Authorised Dealers were advised to forward the applications in respect of (i) and (ii) above, to the regional offices of the Foreign Exchange Department of the Reserve Bank.

4. Government of India has since notified the above liberalisations, vide Notifications No.FEMA.69/2002-RB dated August 26, 2002 [G.S.R.755(E) dated November 8, 2002] and No.FEMA.92/2002-RB dated June 7, 2003 [G.S.R.11(E) dated January 7, 2004] (copies enclosed). Accordingly, it will be in order for Authorised Dealer to extend the facility of opening, holding and maintaining EEFC Accounts as stated in the notifications, without reference to the Reserve Bank.

5. It is also brought to the notice of the Authorised Dealers that in "Amendment of the Regulations" in Notification No.FEMA.92/2003-RB dated June 7, 2003, item No. has been erroneously stated as "2" instead of "3". Authorised Dealer may, therefore, read the item No. as "3". Necessary corrigendum to effect this change is being issued separately.

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

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

Yours faithfully,

Grace Koshie

Chief General Manager



EEFC Accounts for Professionals

August 15, 2002

The Reserve Bank of India has now decided to permit individual professionals to keep up to 100 per cent of their foreign exchange earnings from consultancy and other services rendered to persons or bodies outside India, in their foreign exchange earners' foreign currency (EEFC) account. The facility is permitted for the benefit and convenience of individual professionals, such as, scientists, professors of Indian universities/institutions, economists, lawyers, doctors, artists, architects, engineers, consultants, cost/chartered accountants, directors on boards of overseas companies, etc. This would enable the professionals to use the funds from these accounts to meet their foreign exchange requirements without any prior approval of the Reserve Bank.

Currently, residents in India are permitted to maintain exchange earner' foreign currency (EEFC) accounts with banks in India, out of a portion of their earnings in foreign exchange. Exchange earners' foreign currency accounts can be opened and maintained with any branch of a bank dealing in foreign exchange. Cheque facilities are also available for operations in the EEFC accounts.

The Reserve Bank has stated that applications from professionals for availing this facility, may be forwarded by the concerned bank branches to the regional offices of its exchange control department.

Alpana Killawala
General Manager



EEFC Account Scheme for EOUs further liberalised

As a part of continuous process of rationalisation and simplification of procedures and further liberalisation of the existing regulations relating to exporters, the Reserve Bank of India has announced rationalisation of the Exchange Earners' Foreign Currency (EEFC) Account Scheme.

As a further measure towards giving boost to the export oriented units and rationalisation of the EEFC Account Scheme, there will now be only two categories of EEFC account holders. One, those who can retain upto 100% of their receipt in foreign exchange and others who can retain upto 50% of their receipt in foreign exchange.

Accordingly, a 100% Export Oriented Unit (EOU) or a unit situated in (a) Export Processing Zone (EPZ) or (b) Software Technology Park (STP) or (c) Electronic Hardware Technology Park (EHTP), will now, be eligible to credit upto 100% of their foreign exchange receipts to their EEFC Account, against the existing eligibility of credit upto 70%. So far, the facility of crediting upto 100% of receipts was available only to Status Holder Exporters and Professionals who rendered services in their individual capacity, to entities outside India . As a result of this liberalisation, the facility of crediting upto 100% of foreign exchange receipts to their EEFC account will now also be available to Status Holder Exporters, Professionals, 100% EOUs and units in EPZ/STP/EHTP.

Pending issue of the notification amending the existing Regulations framed under Foreign Exchange Management Act, 1999 (FEMA), the Regional Offices of the Reserve Bank will expeditiously deal with applications received with regard to the change.

Alpana Killawala
General Manager

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001.**

Notification No.FEMA 69/2002-RB

August 26,2002

**Foreign Exchange Management(Foreign Currency Account
by a Person Resident in India) (Amendment) 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 partial modification of its Notification No.FEMA 10/2000-RB dated May 3, 2000, Reserve Bank of India makes the following amendments to Foreign Exchange Management(Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 namely:

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Fourth Amendment) Regulations,2002.
- (ii) They shall come into force on the date of their publication in the official Gazette.

2. Amendment to the Regulations

In the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 in the Schedule.

- (i) for paragraph(1), the following paragraph shall be substituted, namely;

- (1) An entity or a person specified in column 1 of the Table below may credit to the EEFC Account an amount upto the limit specified in column 2 thereof from out of the foreign exchange earnings specified in sub-paragraph(1A) namely;

<u>Entity/person</u>	<u>Limit(per cent)</u>
1. A Status Holder Exporter (as defined in EXIM Policy in force)	100
2. A resident in India for professional Services rendered in his individual capacity	100
3. 100 per cent Export Oriented Unit/s. Unit/s in EPZs/STPs/EHTPs	70
4. Any other person resident in India	50

Provided that the Reserve Bank may, on an application made to it and on being satisfied that it is necessary to do so, grant permission to hold higher percentage of inward remittance/payments in foreign exchange in the EEFC account.

Explanation: For the purpose of category(2) in column 1, "professional" shall mean:

- (i) Director on Board of overseas company
- (ii) Scientist/Professor in Indian University/Institution
- (iii) Economist
- (iv) Lawyer
- (v) Doctor
- (vi) Architect
- (vii) Engineer
- (viii) Artist
- (ix) Cost/Chartered Accountant
- (x) Any other person rendering professional services in his individual Capacity, as may be specified by the Reserve Bank from time to time".

- (ii) In sub-paragraph (1A) after clause (v) , the following clause shall be added, namely:

“(vi) Professional earnings including director’s fees, consultancy fees, lecture fees, honorarium and similar other earnings received by a professional by rendering services in his individual capacity”

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



**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

Notification No.FEMA 92/2003-RB

dated June 7,2003

Foreign Exchange Management(Foreign Currency Account by a Person Resident in India) (Fourth Amendment)Regulations, 2003

In exercise of 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 partial modification of its Notification No.FEMA 10/2000-RB dated May 3, 2000, Reserve Bank of India makes the following amendments to Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 namely:

1. Short title and commencement :-

- i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Fourth Amendment) Regulations, 2003.
- ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment of the Regulations

In the Foreign Exchange Management(Foreign Currency Accounts by a Person Resident in India) Regulations, 2000, in the Schedule; in paragraph 1, in subparagraph (1) in the table, in item 2, for the figure "70", the figure "100" shall be substituted.

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

