

**August 04, 2008**

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

**Exchange Earner's Foreign Currency (EEFC) Account**

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to paragraph 2 of A. P. (DIR Series) Circular No. 13 dated October 6, 2007, in terms of which all exporters, as a temporary measure, were permitted to earn interest on Exchange Earners' Foreign Currency (EEFC) accounts to the extent of outstanding balances of USD 1 million per exporter. The permission was valid up to October 31, 2008 and was subject to review.

2. The measure has since been reviewed in consultation with the Government of India and it has been decided to withdraw the facility from November 01, 2008. Accordingly, with effect from November 01, 2008, all EEFC accounts shall only be permitted to be opened and maintained in the form of non-interest bearing current accounts.

3. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. 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) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(Salim Gangadharan)**  
**Chief General Manager-in-Charge**