



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/547

A. P. (DIR Series) Circular No. 124

May 10, 2012

To

AD 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 [A.P. \(DIR Series\) Circular No.15 dated November 30, 2006](#) in terms of which all foreign exchange earners were permitted to retain 100% of their forex earnings in EEFC account with any AD in India.

2. On a review of the Scheme, it has been decided as under :-

- a) 50% of the balances in the EEFC accounts should be converted forthwith into rupee balances and credited to the rupee accounts as per the directions of the account holder. This process may be completed within a fortnight from the date of the circular and compliance reported to the Chief General Manager, Foreign Exchange Department, Central Office, Trade Division, Amar Building, Sir P.M. Road, Fort, Mumbai 400 001
- b) In respect of all future forex earnings, an exchange earner is eligible to retain 50% (as against the previous limit of 100%) in non-interest bearing EEFC accounts. The balance 50% shall be surrendered for conversion to rupee balances.
- c) The facility of EEFC scheme is intended to enable exchange earners to save on conversion/transaction costs while undertaking forex transactions in future. This facility is not intended to enable exchange earners to maintain assets in foreign currency, as India is still not fully convertible on Capital Account. Accordingly, EEFC

account holders henceforth will be permitted to access the forex market for purchasing foreign exchange only after utilising fully the available balances in the EEFC accounts. ADs may, accordingly, obtain a declaration while selling foreign exchange to their constituents.

3. It may be noted that the provisions at paragraph 2(b) and 2(c) above will apply, mutatis mutandis, also to holder of either a Resident Foreign Currency Account (RFC) or a Diamond Dollar Account (DDA).

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

5. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager