In exercise of the powers conferred by clause (b) of Section 9 and clause (e) of subsection (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following regulations for opening, holding and maintaining of Foreign Currency Accounts and the limits upto which amounts can be held in such accounts by a person resident in India, 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) Regulations, 2000.

   ii) They shall come into force on 1st day of June 2000.

2. **Definitions :-**

   In these Regulations, unless the context otherwise requires, -

   i) 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999);

   ii) 'Authorised dealer' means a person authorised as an authorised dealer under subsection (1) of section 10 of the Act;

   iii) 'Foreign Currency Account' means an account held or maintained in currency other than the currency of India or Nepal or Bhutan;

   iv) 'Schedule' means a schedule to these Regulations;

   v) the words and expressions used but not defined in these Regulations shall have the same meanings respectively assigned to them in the Act.

3. **Restriction on holding foreign currency account by a person resident in India :-**

   Save as otherwise provided in the Act or rules or regulations made thereunder, no person resident in India shall open or hold or maintain a Foreign Currency Account:

   Provided that a Foreign Currency Account held or maintained before the commencement of these Regulations by a person resident in India with special or general permission of the Reserve Bank, shall be deemed to be held or maintained under these Regulations :

   Provided further that the Reserve Bank, may on an application made to it, permit a person resident in India to open or hold or maintain a Foreign Currency Account, subject to such terms and conditions as may be considered necessary.
4. **Opening, holding and maintaining an Exchange Earner's Foreign Currency Account** :-

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 Earner's Foreign Currency (EEFC) Account, subject to the terms and conditions of the Exchange Earners' Foreign Currency Account Scheme specified in the Schedule.

5. **Opening, holding and maintaining a Resident Foreign Currency Account** :-

(1) A person resident in India may open, hold and maintain with an authorised dealer in India a Foreign Currency Account, to be known as a Resident Foreign Currency (RFC) Account, out of foreign exchange -

(a) received as pension or any other superannuation or other monetary benefits from his employer outside India; or

(b) realised on conversion of the assets referred to in sub-section (4) of section 6 of the Act, and repatriated to India; or

(c) received or acquired as gift or inheritance from a person referred to in sub-section (4) of section 6 of the Act; or

(d) referred to in clause (c) of section 9 of the Act, or acquired as gift or inheritance therefrom.

(2) The funds in a Resident Foreign Currency Account opened or held or maintained in terms of sub-regulation (1) shall be free from all restrictions regarding utilisation of foreign currency balances including any restriction on investment in any form, by whatever name called, outside India.

6. **Opening, holding and maintaining a Foreign Currency Account in India in certain other cases** :-

A shipping or airline company incorporated outside India or its agent in India may open, hold and maintain a Foreign Currency Account with an authorised dealer in India for meeting the local expenses in India of such airline or shipping company:

Provided that the credits to such accounts are only by way of freight or passage fare collections in India or by inward remittances through normal banking channels from its office outside India and, in the case of agent, from his principal outside India.
7. Opening, holding and maintaining a Foreign Currency Account outside India :-

(1) An authorised dealer in India may open, hold and maintain with his branch or head office or correspondent outside India, a Foreign Currency Account for the purpose of transacting foreign exchange business and other matters incidental thereto, in accordance with the provisions of the Act or the rules or regulations made or the directions issued thereunder.

(2) A branch outside India of a bank incorporated or constituted in India may open, hold and maintain with a bank outside India, a Foreign Currency Account for the purpose of carrying on normal banking business outside India, subject to compliance with the directions or guidelines issued from time to time by the Reserve Bank, and the regulatory authority in the country where the branch is located.

(3) A shipping or airline company incorporated in India may open, hold and maintain with a bank outside India, a Foreign Currency Account for the purpose of undertaking transactions in the ordinary course of its business.

(4) Life Insurance Corporation of India or General Insurance Corporation of India and its subsidiaries may open, hold and maintain with a bank outside India, a Foreign Currency Account for the purpose of meeting the expenditure incidental to the insurance business carried on by them and for that purpose, credit to such account the insurance premia received by them outside India.

(5) A person resident in India, being an exporter who has undertaken a construction contract or a turnkey project outside India or who is exporting services or engineering goods from India on deferred payment terms may open, hold and maintain a Foreign Currency Account with a bank outside India, provided that -

   a) approval as required under the Foreign Exchange Management (Export of goods and services) Regulations, 2000 has been obtained for undertaking the contract/project/export of goods or services, and

   b) the terms and conditions stipulated in the letter of approval have been duly complied with.

(6) A person resident in India who has gone abroad for studies or who is on a visit to a foreign country may open, hold and maintain a Foreign Currency Account with a bank outside India during his stay outside India, provided that on his return to India, the balance in the account is repatriated to India :

Provided that short visits to India by a person who has gone abroad for studies, before completion of his studies, shall not be treated as his return to India.
(7) A person resident in India who has gone out of India to participate in an exhibition/trade fair outside India may open, hold and maintain a Foreign Currency Account with a bank outside India for crediting the sale proceeds of goods on display in the exhibition/trade fair:

Provided that the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibition/trade fair.

8. Limit on holding in a Foreign Currency Account :-

Unless otherwise stipulated by the Reserve Bank, a person resident in India who has opened and is maintaining a Foreign Currency Account in accordance with the provisions of Regulations 6 and 7, may hold therein foreign exchange without any limit.

9. Types of accounts :-

A Foreign Currency Account with an authorised dealer in India under these Regulations may be opened, held and maintained -

1) in the form of current or savings or term deposit account in cases where the account holder is an individual, and in the form of current account or term deposit account in all other cases;

2) singly or jointly in the name of person eligible to open, hold and maintain such account.

10. Remittances out of the accounts after the account holder's death :-

On the death of a foreign currency account holder, -

1) the authorised dealer with whom the account is held or maintained may remit to a nominee being a person resident outside India, funds to the extent of his share or entitlement from the account of the deceased account holder;

2) a nominee being a person resident in India, who is desirous of remitting funds outside India out of his share for meeting the liabilities abroad of the deceased, may apply to the Reserve Bank for such remittance.

11. Responsibility of authorised dealers maintaining foreign currency accounts :-

An authorised dealer maintaining foreign currency accounts shall -

1) comply with the directions issued by the Reserve Bank from time to time; and

2) submit periodic return or statement, if any, as may be stipulated by the Reserve Bank.

( P.R. GOPALA RAO )
Executive Director

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Exchange Earner’s Foreign Currency (EEFC) Account Scheme

1. Limit up to which foreign currency may be credited to EEFC account

(1) A 100 per cent Export Oriented Unit or a Unit in (a) Export processing zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park may credit up to 70 per cent, and any other person resident in India may credit up to 50 per cent of the following, to the EEFC Account, namely-

i) inward remittance through normal banking channel, other than the remittance received pursuant to any undertaking given to the Reserve Bank or which represents foreign currency loan raised or investment received from outside India by the account holder;

ii) payments received in foreign exchange by a 100 per cent Export Oriented Unit or a unit in (a) Export Processing Zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park for supply of goods to similar such unit or to a unit in Domestic Tariff Area;

iii) payment received by an exporter from an account maintained with an authorised dealer for the purpose of counter trade, in accordance with the approval granted in terms of Regulation 14 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000;

iv) advance remittance received by an exporter towards export of goods or services;

v) payment received for export of goods and services from India, out of funds representing repayment of State Credit in U.S. dollar held in the account of Bank for Foreign Economic Affairs, Moscow, with an authorised dealer in India;

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.

(2) Except to the extent provided in sub-paragraph (1), no payment received in foreign exchange by the account holder from any other person resident in India, shall be credited to an EEFC account.

Explanation:

For the purpose of the sub-paragraph (1), payment received through an international credit card for which reimbursement will be provided in foreign exchange may be regarded as a remittance through normal banking channels.

2. Permissible credits to EEFC account

Following credits may be made to an EEFC Account, namely –

i) A portion of inward remittance/payment received by the recipient in foreign exchange subject to the provisions of paragraph (1);

ii) Interest earned on the funds held in the account;

iii) Recredit of unutilised foreign currency earlier withdrawn from the account;
iv) Amount representing repayment by the account holder’s importer customer, of loan/advances granted in terms of clause (iv) of Paragraph 3.

3. **Permissible debits to the EEFC account**

Following debits may be made to an EEFC Account, namely -

i) Payment outside India towards a current account transaction in accordance with the provisions of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 and towards a capital account transaction permissible under the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000.

ii) Payment in foreign exchange towards cost of goods purchased from a 100 percent Export Oriented Unit or a Unit in (a) Export Processing Zone or (b) Software Technology Park or (c) Electronic Hardware Technology Park

iii) Payment of customs duty in accordance with the provisions of Export Import Policy of Central Government for the time being in force.

iv) Trade related loans/advances, not exceeding US $ 3 million, by an exporter holding such account to his importer customer outside India, subject to compliance with the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000.

v) Payment in foreign exchange to a person resident in India for supply of goods/services including payments for air fare and hotel expenditure.

4. **Miscellaneous :-**

i) There is no restriction on withdrawal in rupees of funds held in an EEFC account. However, the amount withdrawn in rupees shall not be eligible for conversion into foreign currency and for recredit to the account.

ii) Authorised dealer may issue cheque books of separate series with the superscription "EEFC Account" to the account holders maintaining such accounts, and also satisfy himself while honouring the cheques that the payment made by the account holder by issue of a cheque is permissible under these Regulations.