



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

RBI/2012-13/151

A. P. (DIR Series) Circular No. 12

July 31, 2012

To

All Category - I Authorised Dealer Banks

Dear Madam/ Sir,

**Exchange Earner's Foreign Currency (EEFC) Account, Diamond Dollar Account (DDA)
& Resident Foreign Currency (RFC) Account - Review of Guidelines**

Attention of the Authorised Dealer (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 foreign exchange earnings in EEFC account with any AD in India. Subsequently, in terms of [A.P. \(DIR Series\) Circular No. 124 dated May 10, 2012](#), it was stipulated, inter alia, that in respect of all future foreign exchange earnings, an exchange earner will be eligible to retain only 50% of her/his export earnings in EEFC accounts and the balance 50% shall be surrendered for conversion to rupee balances. This provision was, made applicable, mutatis mutandis, to Diamond Dollar Account and Resident Foreign Currency (RFC) Account as well. Further, in terms of [A.P. \(DIR Series\) Circular No. 8 dated July 18, 2012](#), the RFC accounts were subsequently taken out of the purview of the provisions of the aforesaid Circular dated May 10, 2012.

2. For operational convenience, the regulations have been reviewed. It has now been decided to restore the erstwhile stipulation of allowing credit of 100% foreign exchange earnings to the EEFC account subject to the condition that the sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding

calendar month after adjusting for utilization of the balances for approved purposes or forward commitments. Accordingly, balances outstanding in an EEFC account as on July 31, 2012 and those balances that would accrue in the account with effect from August 1, 2012 shall get converted to Rupee balances on or before close of business on September 30, 2012. Similar procedure may be followed for accruals during the subsequent months.

3. The above stipulations would also apply to RFC (Domestic) and Diamond Dollar accounts.

4. All other terms and conditions stipulated in the Circulars referred to above remain unchanged.

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

6. 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