
**FOREIGN EXCHANGE MANAGEMENT (FOREIGN CURRENCY
ACCOUNTS BY A PERSON RESIDENT IN INDIA)
REGULATIONS, 2000**

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**SCHEDULE 1 :-EXCHANGEFORENERS FOREIGN CURRENCY
(EEPC) ACCOUNT SCHEME**

**FOREIGN EXCHANGE MANAGEMENT (FOREIGN CURRENCY
ACCOUNTS BY A PERSON RESIDENT IN INDIA)
REGULATIONS, 2000**

In exercise of the powers conferred by Section 9 and clause (e) of sub-section (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 up to 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 sub-section (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 Earners 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.

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(e) as gift from a close relative;

Explanation. For the purpose of this clause, "close relative" means relatives as defined in Sec. 6 of the Companies Act, 1956.

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(f) by way of earning through export of goods/services, or as royalty, honorarium or by any other lawful means;

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(g) representing the disinvestment proceeds received by the resident account holder on conversion of shares held by him to ADRs/DGRs under the Sponsored ADR/GDR Scheme approved by the Foreign Investment Promotion Board of Government of India."

(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.

1. Inserted by Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Third Amendment) Regulations, 2003

5A. Opening, holding and maintaining a Resident Foreign

Currency (Domestic) Account :-

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(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 Resident Foreign Currency (Domestic) Account, out of foreign exchange acquired in the form of currency notes, bank notes and travellers cheques: (a) while on a visit to any place outside India by way of payment for services-not arising from any business in or anything done in India; or (b) from any person not resident in India and who is on a visit to India, as honorarium or gift or for services tendered or in settlement of any lawful obligation; or (c) by way of honorarium or gift while on a visit to any place outside India; or (d) represents the unspent amount of foreign exchange acquired by him from an authorised person for travel abroad.

(2) Debits to the account shall be for payments 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.

(3) The account shall be maintained in the form of Current Account and shall not bear any interest.

(4) There shall be no ceiling on the balances in the account.

1. after Regulation 5 the following regulation shall be added from "Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Fifth Amendment) Regulations, 2002." w.e.f 8th November, 2002

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.

6A. Foreign Currency Account of a Unit in a Special

Economic Zone. :-

¹ A unit located in a Special Economic Zone may open, hold and maintain a Foreign Currency Account with an authorized dealer in India provided that,

(a) all foreign exchange funds received by the unit in the Special Economic Zone (SEZ) are credited to such account;

(b) no foreign exchange purchased in India against rupees shall be credited to the account without prior permission from the Reserve Bank;

(c) the funds held in the account shall be used for bonafide trade transactions of the unit in the SEZ with the person resident in India or otherwise;

(d) the balances in the accounts shall be exempt from the restrictions imposed under Rule 5, except item 3 and 4 of the Schedule III, of the Government of India Notification No. G.S.R. 381(E) dated May 3, 2000:

Provided further that the funds held in these accounts shall not be lent or made available in any manner to any person or entity resident in India not being a unit in Special Economic Zones."

1. Regulation 6A shall be inserted by Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India (Third Amendment) Regulations, 2002., Noti. No. F. No. 1/23/EC/2000 [No. FEMA/63/2002-RB], dt. 21/06/2002, Gaz. of India, Exty., Pt.II-Sec. 3(i). No. 298, dt. 02/07/2002, p.2.

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.

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["(8) ³[A national of a foreign State resident in India being an employee of a foreign company or a citizen of India employed by a foreign company outside India and in either case on deputation] to the office/branch/subsidiary/joint venture in India of such foreign company may open, hold and maintain a foreign currency account with a bank outside India and receive the salary payable to him for the services rendered to the office/branch/subsidiary/joint venture in India of such foreign company, by credit to such account;

Provided that,-

(i) the amount to be credited to such account shall not exceed 75 per cent of the salary accrued to or received by such person from the foreign company;

(ii) the remaining salary shall be paid in rupees in India;

(iii) Income tax chargeable under the Income Tax Act, 1961 is paid on the entire salary as accrued in India."

(8) A national of a foreign state resident in India being an employee of a foreign company on deputation to the office/branch/subsidiary/joint venture in India of such foreign company may open, hold and maintain a foreign currency account with a bank outside India and receive the salary payable to him for the services rendered to the office/branch/ subsidiary/joint venture in India of such foreign company, by credit to such account;

Provided that, **N1**

(i) the amount to be credited to such account shall not exceed 75 per cent of the salary accrued to or received by such person from the foreign company;

(ii) the remaining salary shall be paid in rupees in India;

(iii) Income tax chargeable under the Income Tax Act, 1961 is paid on the entire salary as accrued in India.

1. "Sub-regulation (8)" inserted after sub-regulation (7) of Regulation 7, by the "Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Third Amendment) Regulations, 2001".

3. Inserted by the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Third

Amendment) Regulations, 2001 Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Second Amendment) Regulations, 2003 [Noti. No. FEMA-89I2003-RB, dt. 29.4.2003 Gaz. of India, Exty., Pt. II-Sec. 3(i), No. 225, dt. 3.6.2003, p. 1.]

N1. Inserted by the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Third Amendment) Regulations, 2001

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.

¹ ["Provided that the EEFC Account referred to in Regulation 4, shall be opened, held or maintained in the form of a non-interest bearing current account only;"]

1. "Proviso" inserted in sub-regulation (2) of Regulation 9, by the "Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Second Amendment) Regulations, 2000".

10. Remittances out of the accounts after the account holders 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.

SCHEDULE 1

EXCHANGE FORENERS FOREIGN CURRENCY (EEPC) ACCOUNT SCHEME

(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, may be specified by the Reserve Bank from time to time."