

Exchange Earners' Foreign Currency Accounts Scheme

August 14, 2000

Exchange Earners' Foreign Currency (EEFC) Accounts Scheme was introduced in 1992, which enabled exporters of goods and services to retain a portion of their receipts in foreign exchange with an authorised dealer in India. According to information available, the balances in these accounts aggregate around USD 2 billion and most of these balances are being kept idle in interest bearing accounts. With the operationalisation of the Foreign Exchange Management Act on June 1, 2000 and the Rupee becoming fully convertible on the current account, the EEFC Scheme is under review. Pending such a review, it has been decided to:

- 1) Scale down the balances in these accounts to 50 per cent of the amount held on August 11, 2000. The excess over 50 per cent should be converted into rupees latest by August 23, 2000. The authorised dealers should report compliance by the due date.
- 2) Permit future accretions only upto 50 per cent of what is currently eligible; henceforth such accretions should be maintained in liquid form as current/savings accounts.
- 3) Credit facilities presently available against such accounts will be held in abeyance until further notice.

Detailed instructions are being issued to authorised dealers.

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General Manager

Press Release No. 2000-2001/241