

**Date : 31 May 2005**

**Annexure I : List of additional purposes for which funds in EEFC accounts are permitted to be utilised**

**Annexure I**

**List of additional purposes for which funds held in**

**EEFC accounts may be permitted to be utilised**

**[Paragraph 14D.4 (ii)]**

- 1) Advance payments to overseas suppliers under the merchanting trade transactions subject to compliance with the requirements of paragraph 7C.2 of the Manual.
- 2) Payment of freight on imports into India/exports from India by the account holder to shipping/airline companies or their agents operating in India vide paragraph 8C.4 of the Manual.
- 3) Cost of goods purchased by 100 percent Export Oriented Units (EOUs)/Units in Export Processing Zones (EPZs)/Software Technology Parks(STPs)/Electronic Hardware Technology Parks (EHTPs) from other similar units for export production subject to conditions stipulated in paragraph 8C.6 of the Manual.
- 4) (a) Payment of Customs duty in respect of import of gold and silver, by the EEFC account holder against special import licences held/transferred in his name.  
  
(b) Payment of Customs duty on cars imported by Export/Trading/Star Trading/Super Star Trading House against special import licence held in its name, in accordance with the provisions contained in the Export Import Policy in this regard.

**NOTE:** *For the purpose of payment of duty in such cases, authorised dealers may, on application from EEFC account holder supported by suitable documentary evidence, convert the required foreign currency out of*

*funds held in the EEFC account equivalent to the Customs duty payable by the EEFC account holder and issue a pay order/draft/banker's cheque in rupees drawn in favour of Customs authorities duly supported by their certificate to the effect that the accompanying payment is being made by conversion of foreign currency from the funds in EEFC account held in the name of the importer.*

- 5) Expenses for setting up Offices abroad for promotion of sale of their goods/services. [see paragraph 9B.1(i) of Manual].
- 6) All bona fide expenses of the account holders towards travel/medical treatment abroad for self and family members and educational expenses of their children studying abroad.
- 7) Payment towards consultancy fees (technical/non-technical) to foreign consultancy firms/companies for services provided to Indian entities subject to submission of documentary evidence in support of payment viz. invoice/bill, stating the nature of consultancy services provided, amount of consultancy fee/charge and an undertaking/certificate regarding payment of income-tax.(cf.paragraph 3B.10). The applicant should also give an undertaking that he will comply with the provisions of Research and Development Cess Act,1987 and of the Companies Act, 1956, wherever applicable.
- (8) Trade-related advances by exporters to their importer-clients abroad not exceeding U.S.\$ 3 million per EEFC account subject to the following conditions:
  - (i) The amount of advance is remitted out of the funds in EEFC account to the importer-clients.
  - (ii) In case the amount of advance exceeds U.S.\$ 15,000, a guarantee from an international bank of repute situated outside India or a Standby Letter of Credit (irrevocable and non-transferable) shall be obtained/opened in favour of the EEFC account holder.

- (iii) Authorised dealers should ensure that the amount of advance granted from out of funds in EEFC account **does not exceed U.S.\$ 3 million per EEFC account at any point of time.**
  
- (iv) A half-yearly statement as at the end of 30th September/31st March in form EXL showing the particulars of advances granted/outstanding etc. should be submitted by the authorised dealer to Reserve Bank within one month from the close of the half year to which it relates.
  
- (9) Payments by units in Domestic Tariff Area (DTA) to EOUs, units in EPZs, EHTPs and STPs towards cost of goods purchased from them in terms of paragraph 8C.9 of ECM.
  
- (10) Repayment of foreign currency loans availed of under FCNR(B) Scheme [cf. paragraph 5B.9(i)].
  
- (11) Investments by Indian companies in JV/WOS abroad under the EEFC Fast Track Window (cf. paragraph 9A.5)
  
- (12) Payments to residents in India in consideration of supply of goods/services including payments for air fare and hotel expenditure.