

**External Commercial Borrowings (ECBs) -  
Prepayment out of the EEFC Accounts  
A.P.(DIR Series) Circular No.26 (March 1, 2002)**

**Reserve Bank Of India  
Exchange Control Department  
Central Office  
Mumbai-400 001**

March 1, 2002

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To  
All Authorised Dealers in Foreign Exchange

Sirs/Madam,

**External Commercial Borrowings (ECBs) -  
Prepayment out of the EEFC Accounts**

Authorised Dealers are aware that ECBs can be prepaid by corporate borrowers to the extent of the balances in their Exchange Earner's Foreign Currency (EEFC) accounts, with the approval of Reserve Bank. Authorised Dealers are also aware that in terms of Notification No.FEMA 30/2000/RB dated 17<sup>th</sup> November 2000, corporates who are export oriented units and others can credit up to 70% and 50% of their foreign exchange earnings to their EEFC accounts, respectively.

2. To enable the corporates to take advantage of lower interest rates and prepay the ECBs it has now been decided to allow them to credit higher than above percentages of export proceeds to their EEFC account on a case by case basis. Application for the purpose may be made to the Chief General Manager, Exchange Control department, Reserve Bank of India, Central Office, Central Office Building, Post Box No. 1055, Mumbai-400 001. A proforma of the application is annexed.

3. Authorised Dealers may bring the contents of this circular to the notice of their concerned constituents.

4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,  
**Grace Koshie**  
**Chief General Manager**