



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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August 14, 2025

## Guarantee regulations under Foreign Exchange Management Act (FEMA), 1999 – Draft for feedback

Reserve Bank of India has been reviewing and rationalising the regulations issued under FEMA, 1999 with an intent to promote ease of doing business. On a review, it has been decided to rationalise regulations pertaining to guarantees issued under FEMA, 1999. Salient features of proposed regulations are as under:

- The regulations are principle based and in general guarantees involving cross border transactions will be under automatic route provided that underlying transaction, and the transactions resulting from invocation of guarantee are not in contravention of FEMA, 1999;
- The universe of guarantees enabled under automatic route is being expanded, and therefore a comprehensive reporting of all guarantees, issued and invoked, is proposed to be introduced.

The [draft regulations](#) under FEMA are available for public response.

Comments/feedback on the draft regulations may be submitted through the respective link under the '[Connect 2 Regulate](#)' Section available on the RBI's website or may be forwarded via [email](#) by September 04, 2025, with the subject line "Feedback on draft guarantee regulations under FEMA, 1999".

Press Release: 2025-2026/916

(Puneet Pancholy)  
Chief General Manager

**DRAFT**

**RESERVE BANK OF INDIA  
(FOREIGN EXCHANGE DEPARTMENT)  
CENTRAL OFFICE  
MUMBAI 400 001**

**No. FEMA 8(R)/2025-RB**

**August xx, 2025**

**Foreign Exchange Management (Guarantees) Regulations, 2025**

In exercise of the powers conferred by sub-section (2) of Section 6 and sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in supersession of [Notification No. FEMA.8/2000-RB dated May 3, 2000](#), except as respects things done or omitted to be done before such supersession, the Reserve Bank of India makes the following regulations namely:

**1. Short title and Commencement.-** (1) These regulations may be called the Foreign Exchange Management (Guarantees) Regulations, 2025.

(2) They shall come into force from the date of their publication in the Official Gazette.

**2. Definitions.-** (1) In these regulations, unless the context otherwise requires,-

(a) “Act” means the Foreign Exchange Management Act, 1999 (42 of 1999);

(b) “Authorised dealer” or an “AD” means a person authorised as an authorised dealer under sub-section (1) of section 10 of the Act;

(c) “Creditor” means a person to whom the guarantee is given;

(d) “Guarantee” means a contract, by whatever name called, to perform the promise, or discharge a debt, obligation or other liability, in case of default by the principal debtor;

(e) “Principal debtor” means a person in respect of whose default the guarantee is given;

(f) “Surety” means a person who gives a guarantee.

(2) The words and expressions used but not defined in these regulations shall have the same meanings respectively assigned to them in the Act or rules or regulations made thereunder.

**3. Restriction on a person resident in India.** - Save as otherwise provided in the Act or rules or regulations or directions issued under the Act or with the general or special permission of the Reserve Bank of India, no person resident in India shall act as a surety or a principal debtor or a creditor for a guarantee where the underlying transaction between creditor and principal debtor, or the resultant transaction in case of invocation of the guarantee, is a current or capital account transaction under the Act.

**4. Exemption under these regulations.-** Nothing contained in these Regulations shall apply to the following:

- (1) a branch of an AD outside India acting in the capacity of a surety or a principal debtor or a creditor in the normal course of its banking business outside India unless any of the other parties to the guarantee is a person resident in India.
- (2) an AD in its capacity as a custodian bank issuing Irrevocable Payment Commitments (IPCs), where the principal debtor is a registered Foreign Portfolio Investor and the creditor is a Stock Exchange/ Clearing Corporation of the Stock Exchange in India, and the underlying transaction is permitted under the provisions of Foreign Exchange Management (non-debt instruments) Rules, 2019.

**5. Permission to act as a surety or a principal debtor or a creditor.-** A person resident in India may act as a surety or a principal debtor or a creditor for a guarantee subject to the following conditions:

- (a) The underlying transaction and the resultant transaction in case of invocation of the guarantee are not in contravention, directly or indirectly, of the Act or rules or regulations or directions issued under the Act.
- (b) Where the surety is a person resident in India and the principal debtor is a person resident outside India, the resultant transaction upon invocation of guarantee, that is, the lending by a person resident in India to a person resident outside India, shall be in compliance with Foreign Exchange Management (Borrowing and Lending) Regulations, 2018.
- (c) An AD shall not give a Letter of Comfort or a Letter of Undertaking.
- (d) An AD acting as surety shall also ensure compliance to regulatory guidelines issued by Department of Regulation, Reserve Bank of India.

**6. Reporting requirements under these regulations.-** (1) Reporting by a person resident in India, as specified in this regulation, shall be made through an AD to the Reserve Bank of India in the format as annexed to these regulations.

(2) A person resident in India acting as surety under these regulations shall report the guarantee given by it, including any change in the amount and validity of the guarantee, and invocation of such guarantee, if any, within seven calendar days from the date of issuance/ aforementioned change/ invocation of such guarantee, as per the format at [Annex I](#) of these regulations.

(3) A person resident in India being a principal debtor arranging on its behalf a guarantee from a surety who is a person resident outside India shall report the guarantee, including any change in the amount and validity of the guarantee, and invocation of such guarantee, if any, within seven calendar days from the date of issuance/ aforementioned change/ invocation of such guarantee as per the format at [Annex II](#) of these regulations.

(4) A person resident in India being a creditor arranging in its favour a guarantee from a person resident outside India shall report the guarantee, including any change in the amount and validity of the guarantee, and invocation of such guarantee, if any, within seven calendar days from the date of issuance/ aforementioned change/ invocation of such guarantee as per the format at [Annex III](#) of these regulations.

**7. Late Submission Fee for delayed reporting -** (1) A person resident in India who does not meet the reporting requirements, as specified under regulation 6, may do such reporting along with Late Submission Fee within such period, at the rates and in the manner as per the directions issued by the Reserve Bank of India to ADs:

Provided that facility of such delayed reporting with Late Submission Fees is available only up to a period of three years from the due date of such reporting.

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Chief General Manager-in-Charge

**Reporting by a surety under regulation 6(2)  
of Foreign Exchange Management (Guarantees) Regulations, 2025**

Sr. No.	Parameter	Details
<b>A. Details to be reported at the time of issuance of guarantee</b>		
1.	<b>Name of the surety</b>	
2.	<b>PAN of surety</b>	
3.	<b>LEI of surety</b>	
4.	<b>Category of surety</b>	a. Bank b. Other financial institution c. Parent of the principal debtor d. Group entity of the principal debtor e. Others. (please specify) _____
5.	<b>Type of guarantee</b>	a. Financial b. Performance
6.	<b>Name of principal debtor</b>	
7.	<b>Residential status of principal debtor</b>	a. R b. NR
8.	<b>Major activity of principal debtor (as per NIC 2008)</b>	NIC code:
9.	<b>Name of creditor</b>	
10.	<b>Residential status of creditor</b>	a. R b. NR
11.	<b>Category of creditor</b>	a. Bank b. Other financial institution c. Others. (please specify) _____
12.	<b>Underlying transaction between principal debtor and creditor</b>	a. Fund based facility b. Non-fund based facility c. Overseas Investment d. Export/ Import e. Others. (please specify) _____
13.	<b>Amount of guarantee</b>	In currency of issuance: In INR:
14.	<b>Issue date</b>	___/___/___ (dd/mm/yyyy)
15.	<b>Validity date</b>	___/___/___ (dd/mm/yyyy)
<b>B. Details to be reported at the time of invocation of guarantee</b>		
16.	<b>Date of invocation</b>	___/___/___ (dd/mm/yyyy)
17.	<b>Invocation amount</b>	In currency of issuance: In INR:
18.	<b>Date of remittance</b>	___/___/___ (dd/mm/yyyy)

Signature of the Authorised official of the surety				<u>Stamp/ seal</u>
Name & designation of the Authorised Official				
Place		Date		
Telephone No.		Email		

**Reporting by a principal debtor under regulation 6(3)  
of Foreign Exchange Management (Guarantees) Regulations, 2025**

Sr. No.	Parameter	Details
<b>A. Details to be reported at the time of issuance of guarantee</b>		
1.	Name of principal debtor	
2.	PAN of principal debtor	
3.	LEI of principal debtor	
4.	Major activity of principal debtor (as per NIC 2008)	NIC code:
5.	Name of the creditor	
6.	Residential status of creditor	a. R                      b. NR
7.	Category of creditor	a. Bank b. Multilateral Financial Institution c. Other financial institution d. Others. (please specify) _____
8.	Name of the surety	
9.	Category of surety	a. Bank b. Multilateral Financial Institution c. Parent of the principal debtor d. Group entity of the principal debtor e. Others. (please specify) _____
10.	Type of guarantee	a. Financial    b. Performance
11.	Underlying transaction between principal debtor and creditor	a. Fund based facility b. Non-fund based facility c. Export/ Import d. Others. (please specify) _____
12.	Amount of guarantee	In currency of issuance: In INR:
13.	Issue date	___/___/___ (dd/mm/yyyy)
14.	Validity date	___/___/___ (dd/mm/yyyy)
15.	Guarantee commission	In currency of payment: In INR:
<b>B. Details to be reported at the time of invocation of guarantee</b>		
16.	Date of invocation	___/___/___ (dd/mm/yyyy)
17.	Invocation amount	In currency of issuance: In INR:
18.	Date of remittance	___/___/___ (dd/mm/yyyy)

Signature of the Authorised official of the principal debtor				<u>Stamp/ seal</u>
Name & designation of the Authorised Official				
Place		Date		
Telephone No.		Email		
List of enclosures				

**Reporting by a creditor under regulation 6(4)  
of Foreign Exchange Management (Guarantees) Regulations, 2025**

Sr. No.	Parameter	Details
<b>A.</b>	<b>Details to be reported at the time of issuance of guarantee</b>	
1.	Name of creditor	
2.	PAN of creditor	
3.	LEI of creditor	
4.	Category of creditor (bank/ other financial institution)	a. Bank b. Multilateral Financial Institution c. Other financial institution d. Others. (please specify)_____
5.	Name of principal debtor	
6.	Residential status of principal debtor	a. R                      b. NR
7.	Major activity of principal debtor (as per NIC 2008)	NIC code:
8.	Name of surety	
9.	Category of surety	a. Bank b. Multilateral Financial Institution c. Others. (please specify)_____
10.	Underlying transaction between principal debtor and creditor	a. Fund based facility b. Non-fund based facility c. Others. (please specify)_____
11.	Amount guaranteed	In currency of issuance: In INR:
12.	Issue date	___/___/___ (dd/mm/yyyy)
13.	Validity date	___/___/___ (dd/mm/yyyy)
14.	Guarantee Commission	In currency of payment: In INR:
<b>B.</b>	<b>Details to be reported at the time of invocation of guarantee</b>	
15.	Date of invocation	___/___/___ (dd/mm/yyyy)
16.	Invocation amount	In currency of issuance: In INR:
17.	Date of remittance	___/___/___ (dd/mm/yyyy)

Signature of the Authorised official of the creditor				<u>Stamp/ seal</u>
Name & designation of the Authorised Official				
Place		Date		
Telephone No.		Email		
List of enclosures				

### **Instructions for filling up the form**

- 1) *The form is required to be submitted to the AD bank by the person resident in India with the reporting obligation under regulation 6 of these regulations.*
- 2) *Any change in guarantee conditions shall be reported in the same form.*
- 3) *In case of invocation of guarantees, only the pertinent field may be filled.*
- 4) *AD may ensure that all guarantees are duly backed by an agreement.*
- 5) *Reserve Bank of India reserves the right to put the information furnished here in the public domain.*