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RBI/2024-25/79
A.P. (DIR Series) Circular No. 18

October 04, 2024

To
All Category - I Authorised Dealer Banks
Madam / Sir,

Due diligence in relation to non-resident guarantees availed by persons resident in India

The Reserve Bank of India (RBI) has come across instances of guarantees (including Standby Letters of Credit [SBLCs] and / or performance guarantees) issued by persons resident outside India, favouring persons resident in India, which are not permitted under the extant FEMA regulations.

- 2. AD Category-I banks may ensure that guarantee contracts advised by them to, or on behalf of, their resident constituents are in accordance with the FEMA regulations. The contents of this circular may be brought to the notice of your constituents.
- 3. This direction is issued under Section 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

(Dr Aditya Gaiha) Chief General Manager-in-Charge

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