

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

Notification No.FEMA.29/RB-2000

dated September 26, 2000

**Payment to a person resident outside India
on invocation of guarantee**

In pursuance of the provisions of Section 3 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in partial modification of its [Notification No.FEMA/16/RB-2000 dated 3rd May, 2000](#), (hereinafter referred to as 'the said Notification'), the Reserve Bank hereby directs that the said Notification shall with immediate effect be amended as under, namely :-

After paragraph (2) of the said Notification, the following paragraph shall be added, namely :-

"(2A) a person resident in India being the principal debtor, to make payment to a person resident outside India being a guarantor, such payment being by way of reimbursement of the payment made to the resident creditor by the non-resident guarantor under the guarantee furnished by him on behalf of the principal debtor;

Provided that the amount payable by way of reimbursement by the resident principal debtor shall not exceed the rupee equivalent of the amount paid by the non-resident guarantor under the guarantee;

Provided further that where the payment of the amount is made by the guarantor out of funds held in NRNR / NRO / NRSR account /s maintained with an authorised dealer in India, the amount paid by way of reimbursement shall not be remitted outside India or credited to NRE / FCNR account of the non-resident."

Sd/-
D.P. SARDA
Executive Director

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