

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

Notification No. FEMA.251/2012-RB

December 06, 2012

**Foreign Exchange Management (Guarantees)
(Third Amendment) Regulations, 2012**

In exercise of the powers conferred by clause (j) of sub-section (3) of Section 6 and sub section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Guarantees) Regulations, 2000 (Notification No.FEMA 8/2000-RB dated May 3, 2000) (hereinafter referred to as 'the Principal Regulations'), namely:-

1. Short title and commencement

(a) These Regulations may be called the Foreign Exchange Management (Guarantees) (Third Amendment) Regulations, 2012.

(b) They shall be deemed to have come into force with effect from the 26th day of September 2011.@

2. Amendment of the Regulations :

In the Principal Regulations, after Regulation 3, the following shall be inserted namely,

“3A. Restriction on obtaining overseas guarantee

No corporate registered under the Companies Act, 1956 (1 of 1956) shall avail domestic rupee denominated structured obligations by obtaining credit enhancement in the form of guarantee by international banks, international financial institutions or joint venture partners, except with the prior approval of the Reserve Bank.

Provided howsoever that, a company resident in India engaged exclusively in development of infrastructure (infrastructure defined by the Reserve Bank from time to time in this regard) and infrastructure financial companies, as categorized by Reserve Bank from time to time, may obtain, without the prior approval of the Reserve Bank, credit enhancement in the form of guarantee from a person resident outside India for the domestic debts raised by such companies through issue of capital market instrument like bonds and debentures subject to satisfying the terms

and conditions as may be stipulated by the Reserve Bank, from time to time, in this regard.”

(Rashmi Fauzdar)
Chief General Manager

Foot Note:

(i) @It is clarified that no person will be adversely affected as a result of retrospective effect being given to these regulations.

(ii) The Principal Regulations were published in the Official Gazette vide No. G.S.R. 391 (E) dated May 5, 2000 in Part II, Section 3, Sub-Section (i) and subsequently amended vide :

(i) No. G.S.R.575 (E) dated 19-8-2002

(ii) No. G.S.R.745 (E) dated 16-11-2004

(iii) No. G.S.R.61 (E) dated 9-2-2005

(iv) No. G.S.R.196 (E) dated 14-3-2007

(v) No. G.S.R.300 (E) dated 01/05/2009

(vi) No. G.S.R.298 (E) dated 01/05/2009

(vii) No. G.S.R. No. 634(E) dated 27/07/2010

(viii) No.G.S.R.No._____ dated _____

(ix) No.G.S.R.No._____ dated _____

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Sub-Section (i) dated 21.12.2012- G.S.R.No.917 (E)**