



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

www.rbi.org.in

RBI/2008-09/448

DBOD.No. BP. BC.127/ 21.04.009/2008-09

April 22, 2009

All Scheduled Commercial
Banks (Excluding RRBs)

Dear Sir,

Extension of Guarantee - Maturity beyond Ten years

In terms of [Paragraph 2.1.3 of our Master Circular RBI/2008-09/79 – DBOD. Dir.BC.18/13.03.00/2008-09](#) dated July 1, 2008 on 'Guarantees and Co -acceptances', no bank guarantee should normally have a maturity of more than 10 years.

2. We have been receiving requests from banks to enhance the maturity period of guarantees beyond 10 years. In view of the changed scenario of the banking industry where banks extend long term loans for periods longer than 10 years for various projects, it has been decided to allow banks to also issue guarantees for periods beyond 10 years. However, while issuing such guarantees, banks are advised to take into account the impact of very long duration guarantees on their Asset Liability Management. Further, banks may evolve a policy on issuance of guarantees beyond 10 years as considered appropriate with the approval of their Board of Directors.

Yours faithfully,

(Prashant Saran)
Chief General Manager-In-Charge.