



RBI introduces structured reporting framework for guarantees under FEMA through new GRN forms

The Reserve Bank of India, vide A.P. (DIR Series) Circular No. 01 dated April 01, 2026 (RBI/2026-27/02), has prescribed a revised reporting mechanism for guarantees under the Foreign Exchange Management (Guarantees) Regulations, 2026 [FEMA 8(R)], read with the Master Direction on Reporting under FEMA, 1999. The circular mandates standardized reporting formats and timelines for submission of guarantee-related transactions through Authorised Dealer (AD) Banks.

Analysis

- The circular operationalizes Regulation 7 of FEMA 8(R), which imposes a reporting obligation on persons issuing or dealing with guarantees involving foreign exchange.
- RBI has introduced three standardized reporting forms:
 - Form GRN Issue – for reporting issuance of guarantees
 - Form GRN Modification – for any subsequent changes (amount, tenure extension, pre-closure)
 - Form GRN Invocation – for reporting invocation events
- Reporting is to be routed through Authorised Dealer (AD) Banks, which are required to submit returns to RBI via the Centralised Information Management System (CIMS).
- A strict timeline of 30 calendar days from the end of the relevant quarter has been prescribed for submission of returns.
- AD Banks must assign a Unique Guarantee Transaction Number (GTN) for each guarantee reported through *Form GRN Issue*, ensuring traceability and system-level tracking.
- The circular also clarifies computation of Late Submission Fees (LSF):
 - For GRN Invocation → based on the liability amount arising on invocation
 - For GRN Issue & Modification → amount considered as 'Nil' since no fund flow is captured



- Issued under Sections 10(4), 11(1) and 11(2) of FEMA, 1999, the directions have immediate effect and are binding on Authorised Persons.
- The circular significantly enhances compliance structuring for cross-border guarantee transactions by introducing digitised, form-based reporting with strict timelines and system validation through GTN allocation. Entities dealing with foreign guarantees must now align their internal processes to ensure timely data capture, accurate classification (issue/modification/invocation), and coordination with AD Banks.
- The quarterly reporting window reduces real-time compliance burden but increases the risk of bulk reporting delays, making internal tracking mechanisms critical. Additionally, clarity on LSF computation removes ambiguity, but also places responsibility on entities to avoid invocation-related reporting delays, where financial exposure is directly linked to penalties.
- Key Takeaways
 - Standardized reporting introduced via GRN forms for guarantee transactions
 - 30-day quarterly timeline for submission through AD Banks
 - Mandatory Unique Guarantee Transaction Number (GTN) for tracking
 - Clear distinction between flow vs non-flow reporting for LSF purposes
 - Immediate applicability under FEMA 8(R) and FEMA, 1999 framework
- The notification is attached herein.

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