


**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**
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May 19, 2025

**Revised Directions on Investment by Regulated Entities in Alternate Investment Funds – Draft for Comments**

The Reserve Bank had, on [December 19, 2023](#), issued guidelines relating to investment by the regulated entities (REs) in Alternative Investment Funds (AIFs), with the objective of addressing certain concerns relating to possible evergreening through this route. Subsequently, certain clarifications were issued vide [circular dated March 27, 2024](#).

2. On a review, it is observed that the regulatory measures undertaken by the Reserve Bank have brought financial discipline among the REs regarding their investment in AIFs. Meanwhile, SEBI has also issued guidelines requiring *inter alia* specific due diligence with respect to investors and investments of the AIFs, to prevent facilitation of circumvention of regulatory frameworks. In view of these developments, the Reserve Bank of India has issued the [revised draft Directions](#) today.

3. The key proposals are as under:

- A single RE's contribution to any AIF scheme shall be capped at 10 percent of its corpus. Collectively, a ceiling of 15 per cent shall apply for investment by all REs in an AIF scheme.
- Investments by a RE upto five per cent of the corpus of a AIF scheme shall be allowed without any restriction.
- If the investment by any RE exceeds five per cent of the corpus of the scheme, and if the scheme has a downstream debt investment in a debtor company of the RE (excluding equity shares, compulsorily convertible preference shares and compulsorily convertible debentures), then the RE shall be required to make 100 per cent provisions to the extent of its proportionate exposure.
- RBI may exempt certain AIFs, in consultation with the Government, that have been set up for strategic purposes.
- The revised Directions will be applicable prospectively. Existing investments or commitments will follow the extant norms.

4. The comments on the draft Directions are invited from public/stakeholders till June 8, 2025. Comments/ feedback may be submitted through the link under the '[Connect 2 Regulate](#)' Section available on the RBI's website or may alternatively be forwarded to:

The Chief General Manager  
 Credit Risk Group  
 Department of Regulation, Central Office  
 Reserve Bank of India, 12/13th Floor,  
 Shahid Bhagat Singh Marg,  
 Fort Mumbai – 400 001  
 or  
 by [email](#)

(Puneet Pancholy)