भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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DOR.STR.REC.43/21.04.048/2025-26

July 29, 2025
(Updated as on October 24, 2025)

Reserve Bank of India (Investment in AIF) Directions, 2025

The Reserve Bank had issued the circulars DOR.STR.REC.58/21.04.048/2023-24 dated December 19, 2023 and DOR.STR.REC.85/21.04.048/2023-24 dated March 27, 2024 ("**existing circulars**"), prescribing the regulatory guidelines in respect of investment by the regulated entities of the Reserve Bank (REs) in Alternative Investment Funds (AIFs). The above guidelines have been reviewed, *inter alia,* taking into account industry feedback as well as the regulations issued by the Securities and Exchange Board of India (SEBI) relating to specific due diligence of investors and investments of AIFs.

Accordingly, in exercise of powers conferred under Sections 21 and 35A of the Banking Regulation Act, 1949 read with Section 56 of the Banking Regulation Act, 1949; Chapter IIIB of the Reserve Bank of India Act, 1934 and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest to do so, hereby issues these Directions hereinafter specified.

2. Short title and commencement

a) These Directions shall be called the Reserve Bank of India (Investment in AIF) Directions, 2025.
b) These Directions shall come into force from January 1, 2026, or from any earlier date as decided by a RE as per its internal policy ("**effective date**").

3. Applicability

These Directions shall be applicable to investments by the following REs in units of AIF Schemes:

a) Commercial Banks (including Small Finance Banks, Local Area Banks and Regional Rural Banks)
b) Primary (Urban) Co-operative Banks/ State Co-operative Banks/ Central Co-operative Banks
c) All-India Financial Institutions
d) Non-Banking Financial Companies (including Housing Finance Companies)

4. Definitions

For the purpose of these Directions, following definitions apply:

a) '**Debtor company'** of a RE shall imply any company to which the RE currently has or previously had a loan or investment exposure (excluding equity instruments) anytime during the preceding twelve months.
b) '**Equity instrument'** shall refer to equity shares, compulsorily convertible preference shares (CCPS) and compulsorily convertible debentures (CCD).

5. General Requirement

A RE's investment policy shall have suitable provisions governing its investments in an AIF Scheme, compliant with extant law and regulations.

6. Limits on Investments and Provisioning

a) No RE shall individually contribute more than 10 per cent of the corpus of an AIF Scheme.
b) Collective contribution by all REs in any AIF Scheme shall not be more than 20 per cent of the corpus of that scheme.
c) If a RE contributes more than five per cent of the corpus of an AIF Scheme, which also has downstream investment (excluding equity instruments) in a debtor company of the RE, then the RE shall be required to make 100 per cent provision to the extent of its proportionate investment in the debtor company through the AIF Scheme, subject to a maximum of the direct loan and/ or investment exposure of the RE to the debtor company.
d) Notwithstanding the provisions of paragraph 6(c), if a RE's contribution is in the form of subordinated units, then it shall deduct the entire investment from its capital funds – proportionately from both Tier-1 and Tier-2 capital (wherever applicable).

7. Exemptions

a) Outstanding investments or commitments of a RE, made with prior approval from the Reserve Bank under the provisions of Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, are excluded from the scope of paragraphs 6(a) and 6(b) of these Directions.

b) The Reserve Bank may, in consultation with the Government of India, by a notification, exempt certain AIFs (Annex) from the scope of the existing circulars and the revised Directions (except for paragraph 5 – "General Requirement" of these Directions).

8. Repeal Provisions

a) Following circulars shall stand repealed from the effective date of these Directions. Any new commitment by a RE for contribution to a AIF scheme, made after the effective date, shall be governed in terms of the revised Directions.

Circular No.	Date	Subject
DOR.STR.REC.58/21.04.048/ 2023-24	December 19, 2023	Investments in Alternative Investment Funds (AIFs)
DOR.STR.REC.85/21.04.048/ 2023-24	March 27, 2024	Investments in Alternative Investment Funds (AIFs)

b) Notwithstanding the above repeal provisions:

i. Outstanding investment by a RE, on the date of issuance of these Directions, in a AIF Scheme in which it has fully honoured its commitment, shall be governed by the provisions of the existing circulars.

ii. In respect of any investment made by a RE in a AIF Scheme in terms of an existing commitment as on the date of these Directions, or in terms of a new commitment entered into before the effective date, the RE shall follow, in toto, the provisions of either the existing circulars or the revised Directions.

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Annex

List of exempted AIFs under para 7(b)
(updated as on October 24, 2025)

1. SWAMIH (Special Window for Affordable and Mid-Income Housing) Investment Fund-I