



भारतीय रिज़र्व बैंक/RESERVE BANK OF INDIA  
मुंबई/ MUMBAI - 400 001

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RBI/2021-22/38

A.P.(DIR Series) Circular No. 04

May 12, 2021

To

All Category-I Authorised Dealer Banks

Madam/ Sir

**Sponsor Contribution to an AIF set up in Overseas Jurisdiction, including IFSCs**

Attention of AD Category - I banks is invited to paragraph A.3.(e) and B.6 of [Master Direction No.15 dated January 1, 2016](#), on “Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad”, as amended from time to time and Regulation 7 of the [Notification FEMA 120/2004-RB](#), pertaining to provisions for an Indian Party (IP) making investment/ financial commitment in an entity engaged in the financial services sector.

2. It has been decided that any sponsor contribution from a sponsor IP to an Alternative Investment Fund (AIF) set up in an overseas jurisdiction, including International Financial Services Centres (IFSCs) in India, as per the laws of the host jurisdiction, will be treated as Overseas Direct Investment (ODI). Accordingly, IP, as defined in regulation 2(k) of the Notification *ibid.* can set up AIF in overseas jurisdictions, including IFSCs, under the automatic route provided it complies with Regulation 7 of the [Notification FEMA 120/2004-RB](#).

3. All the other provisions under the Notification *ibid.* shall remain unchanged. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

4. The [Master Direction No. 15 dated January 01, 2016](#), is being updated to reflect the changes.

5. The directions contained in this circular have been issued under section 10 (4) and 11(1) of the FEMA and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully

Ajay Kumar Misra  
Chief General Manager-in-Charge

Withdrawn w.e.f. August 22, 2022