



RBI/2021-22/185

DOR.MRG.REC.96/21.04.141/2021-22

March 23, 2022

Dear Sir / Madam,

Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021 - Amendment

Please refer to the [Master Direction DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021](#) – ‘Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2021’ (hereinafter referred as ‘Master Direction’).

2. The Master Direction outlines the prudential treatment for investment in Venture Capital Funds (VCFs). We have received queries from banks regarding the applicability of these instructions for investment in Alternative Investment Funds (AIFs).

3. Accordingly, on a review, it has been decided that the investment in Category I and Category II AIFs, which includes VCFs, shall receive the same prudential treatment as applicable for investment in VCFs.

4. In addition, based on feedback from banks, clarifications / updates have been provided regarding section 4(a)(vii), 10(c)(ix), 12(ii)(b), 12(ii)(d)(ix), 13(iv)(b), 16(i), 16(ii), 18(ii)(e)(ii) and Annex II of the Master Direction.

5. The relevant sections of the Master Direction have been amended to reflect the aforementioned changes.

Applicability

6. This circular is applicable to all Commercial Banks (excluding Regional Rural Banks).



7. These instructions shall come into force with immediate effect.

Yours faithfully,

(Usha Janakiraman)
Chief General Manager