

# FIDC

## Finance Industry Development Council

*(A Representative Body of NBFCs in India)*

101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077

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[www.fidcindia.org.in](http://www.fidcindia.org.in)

December 26, 2023

The Chief General Manager,  
Department of Regulation,  
Central Office,  
Reserve Bank of India,  
12<sup>th</sup> Floor, Central Office Building,  
Shahid Bhagat Singh Marg, Fort,  
Mumbai – 400 001

Dear Sir,

**Sub: Investments in Alternative Investment Funds [AIFs]**

**Ref: RBI/2023-24/90 DOR.STR.REC.58/21.04.048/2023-24**

At the outset, we recognize the Bank's concerns relating to investments in AIFs.

However, the requirement to either unwind within 30 days or provide 100% for the existing AIF exposures where downstream investments are in debtor companies will be onerous. While from our standing, it appears that companies are confident of unwinding such investments, but 30 days is too short a window, and viable investments may have to be liquidated in a fire-sale with significant haircuts. Especially since many of the counter parties will be on Christmas and New Year holidays – effectively shortening the window to just about 10 working days.

You will kindly appreciate that NBFCs have just navigated a 5-year elongated period of liquidity squeeze following the default by IL&FS in 2018. Reporting a loss on account of the requirement to either liquidate or provide for AIF exposures will be a shock to the sector with many non-banks possibly having to report a loss.



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**We thus request the Bank to provide time till at least March 31, 2024 to implement the circular. This will be minimum reasonable time to comply with the provisions of the circular in as non-disruptive a manner as possible.**

We would be grateful if you could give us an opportunity to discuss with you the aforesaid matter.

Thanking you,

Yours sincerely,

**For FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR  
DIRECTOR GENERAL  
9820035553**



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