



BOMBAY  
CHARTERED  
ACCOUNTANTS'  
SOCIETY



# WHITE PAPER: Enhancing the Alternative Investment Fund (AIF) Ecosystem in India

18th January 2025 | Hotel Ginger, Mumbai



A SUMMARY OF RECOMMENDATIONS FROM THE CLOSED-DOOR ROUNDTABLE  
BOMBAY CHARTERED ACCOUNTANTS' SOCIETY  
JOINTLY WITH NATIONAL INSTITUTE OF SECURITIES MARKETS

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## INTRODUCTION & BACKGROUND

The Alternative Investment Fund (AIF) ecosystem in India is at a crucial juncture. While the sector has seen unprecedented growth, with commitments **surpassing ₹12.4 lakh crore and nearly 1,400 registered AIFs as of November 2024**, several regulatory, operational and structural challenges continue to hinder its full potential. This closed-door roundtable was conceived from a pressing need within the AIF industry—to address the regulatory bottlenecks, fund administration challenges, operational inefficiencies and barriers to attracting global capital. These challenges cannot be tackled in silos; they require collaborative, industry-wide efforts.

## WHY THIS ROUNDTABLE WAS ORGANIZED

On 18th January 2025, BCAS and NISM convened this exclusive closed-door roundtable discussion, bringing together fund managers, regulators, legal experts, and key industry stakeholders to engage in a candid, solution-driven dialogue.

The goal of this roundtable was not just to discuss these issues but to drive real, actionable solutions—solutions that will make India a seamless, transparent, and globally competitive investment hub. A special acknowledgment is extended to **Mr. Rajesh Gujjar**, *Chief General Manager, SEBI*, whose presence underscored the regulator's commitment to strengthening this ecosystem.

This white paper serves as a foundation for policy advocacy and industry transformation, capturing the key recommendations and insights from the discussions.

With that context, let's explore the core findings and recommendations that emerged from this significant industry dialogue.



## KEY RECOMMENDATIONS

### 1. GOVERNANCE AND REGULATORY REFORMS

- Enhance governance structures for the AIF industry while reducing the cost of compliance.
- Transition SEBI's role from an enforcer to a facilitator, allowing for voluntary compliance mechanisms where possible.
- Establish a tiered compliance framework, ensuring that smaller funds are not over-burdened with the same regulatory requirements as large funds.

### 2. EXPANDING INVESTOR ACCESS AND PARTICIPATION

- Broaden the investor base for AIFs by removing the 1,000-investor cap across all categories of AIFs.
- Encourage participation from accredited investors, making AIFs more inclusive and appealing to a diverse investor class.
- Economic sustainability of Angel Funds is under stress due to increasing compliance requirements — measures must be taken to ensure their viability.



### 3. STANDARDIZATION AND EFFICIENCY IN OPERATIONS

- Introduce a standard set of documents across all AIF categories to simplify regulatory approval processes.
- Implement a Fast-Track Approval mechanism for established fund managers with a proven track record.
- Establish simpler compliance oversight and ensure greater transparency through a well-defined compliance calendar.

### 4. STRENGTHENING SELF-REGULATION AND INDUSTRY REPRESENTATION

- Elevate IVCA (Indian Venture Capital Association) to the role of a Self-Regulatory Organization (SRO), providing an industry-driven compliance framework.
- Encourage self-regulation to foster accountability and reduce regulatory bottlenecks.

### 5. SPECIFIC MEASURES FOR ALTERNATIVE INVESTMENT FUNDS (AIFS)

- For Category III AIFs: Establish a distinct sub-category for long-only funds and long-short funds to differentiate investment strategies.
- Streamline AIF registration processes to significantly reduce approval time and increase efficiency.
- Introduce a Variable Capital Company (VCC) structure for funds, aligning with global best practices to offer more flexibility in fund structuring.

### 6. DIGITAL TRANSFORMATION AND ACCESSIBILITY

- Create an online aggregator for AIFs, increasing transparency and accessibility for investors.
- Explore the feasibility of an AIF distribution framework similar to the “Mutual Fund Sahi Hai” campaign to increase awareness and participation.
- Develop a more democratic approach to AIF investment, making it more accessible to a wider range of investors.

### 7. ADDRESSING COMPLIANCE CHALLENGES

- Reevaluate whether the fund itself or the fund manager should be regulated, aligning India's framework with international best practices that focus on fund manager regulation.
- Establish a separate distribution channel for AIFs, improving investor awareness and engagement.
- Address compliance burdens for Angel Funds, which currently require an increasing number of deals annually to remain viable.

### 8. COLLABORATION WITH SEBI AND STAKEHOLDERS

- SEBI should proactively inform industry stakeholders of potential regulatory changes, allowing for collaborative discussions with professional bodies and investors.
- Encourage a more cooperative regulatory environment, ensuring that compliance does not become an undue burden on funds and investors.

#### NEXT STEPS

The roundtable discussions underscored the need for a balanced approach between regulatory oversight and industry growth.

The recommendations aim to create a streamlined, efficient, and investor-friendly AIF ecosystem in India.

To implement these changes, it is essential for SEBI, industry associations, fund managers and policymakers to collaborate actively.

By incorporating these recommendations, India can position itself as a leading global hub for alternative investments.

Organized By: **BCAS AND NISM**

## CONCLUSION

The deliberations at this roundtable will play a critical role in shaping the future of AIF regulations in India. The recommendations outlined in this document serve as a strategic roadmap for improving governance, expanding investor access and streamlining compliance in the AIF sector.

### APPENDIX: LIST OF PARTICIPANTS

#### Moderator

**Adv. Siddharth Shah**  
*Partner, Khaitan & Co.*

#### Panelists & Key Representatives

##### SEBI Representatives

**Mr. Rajesh Gujjar**  
*Chief General Manager, SEBI*

##### BCAS Representatives

**CA Anand Bathiya**  
*President, BCAS*

**CA Naushad Panjwani**  
*Chairman, Finance, Corporate & Allied Laws Committee, BCAS*

**CA Kinjal Shah**  
*Jt. Secretary & Program Coordinator, BCAS*

**CA Raj Khona**  
*Convenor, FC&AL Committee & Program Coordinator BCAS*

**CA Bhavesh Gandhi**  
*Member, FC&AL Committee, BCAS*

**CA Sahil Parikh**  
*Member, FC&AL Committee, BCAS*

#### Legal Expert

**Adv. Radhika Parikh**  
*Associate, Nishith Desai and Associates*

#### NISM Representatives

**CA Deepak Trivedi**  
*Chief General Manager, Partnership & Marketing Department, NISM*

### AIF CXOS, PROMOTERS, & FUND MANAGERS

**Mr. Abhishek Prasad**  
*Managing Partner,  
Cornerstone Venture Partners*

**Mr. Vikaas Sachdeva**  
*Managing Director, Sunadaram Alternates*

**Mr. Nalin Moniz**  
*Chief Executive Officer, Ionic Alternate Asset Management*

**Ms. Shital Gcharge**  
*Senior Vice President, Kotal Alternate Asset Manager Limited*

**Mr. Shapath Parikh**  
*Partner, White Whale Partners*

**Mr. Raaj Agarwal**  
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**Mr. Ankit Gala**  
*Chief Growth Officer, Valuequest*

**Ms. Priya Shah**  
*Founder and Managing Partner, Theia Ventures*

**Mr. Darshan Khatau**  
*Head - Fundraising, IR and Compliance,  
Etonhurst Investment Advisors*

**Mr. Nishant Prasad**  
*Chief Compliance and Legal Officer, Wint Wealth*

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