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Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026

The Reserve Bank has issued the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025 dated November 28, 2025 (hereinafter referred to as 'Directions') in exercise of the powers conferred under the provisions of the Reserve Bank of India Act, 1934, the Factoring Regulation Act, 2011 and the National Housing Bank Act, 1987. There is a need to amend the Directions based on a review of instructions pertaining to regulatory framework including registration requirement for 'NBFCs not availing public funds and not having customer interface'.

2. Accordingly, in exercise of the powers conferred under sections 45JA, 45K, 45L, 45M, 45MA and 45NC of the Reserve Bank of India Act, 1934 (Act 2 of 1934), section 3 read with section 31A and section 6 of the Factoring Regulation Act, 2011 (Act 12 of 2012), and sections 30, 30A, 32 and 33 of the National Housing Bank Act, 1987 (Act 53 of 1987), and all other laws enabling the Reserve Bank in this regard, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Amendment Directions hereinafter specified.

3. These Amendment Directions shall be called the Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026.

4. These Amendment Directions shall come into force from July 01, 2026.

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5. These Amendment Directions modify the Directions as under:

(1) After paragraph 6(14), the following shall be included:

"(14A) 'NBFC not availing public funds and not having any customer interface' means an NBFC registered with the Reserve Bank as Type I NBFC or otherwise and

(i) Not accepting public funds and not intending to accept public funds in the future; and

(ii) Not having customer interface and not intending to have customer interface in the future.

Explanation: 'Public funds' and 'customer interface' shall mean 'public funds' and 'customer interface' as defined in these Directions."

(2) In paragraph 6(18), the following explanation shall be added after the definition:

"Explanation: Indirect receipt of public funds means funds received not directly but through associates and Group entities which have access to public funds."

(3) After paragraph 6(21), the following shall be included:

"(22) 'Type I NBFC' means 'NBFC not availing public funds and not having any customer interface' as defined in these Directions and holding Certificate of Registration as 'Type I NBFC' issued by the Reserve Bank.

(23) 'Type II NBFC' means an NBFC which is granted Certificate of Registration by the Reserve Bank as NBFC other than 'Type I NBFC'.

(24) 'Unregistered Type I NBFC' means 'NBFC not availing public funds and not having any customer interface' as defined in these Directions and exempted from the provisions of sections 45IA and 45IC of the RBI Act, 1934 as detailed in paragraph 65A of these Directions."

(4) The words *'NBFC not availing public funds and not having any customer interface'* in paragraphs 10(2)(iv), 15(1) and 40; and the words '*NBFC without public funds and customer interface'* in paragraphs 17 and 19, shall be replaced by the words *'NBFC holding Certificate of Registration as 'Type I NBFC''*.

(5) The explanation of paragraph 10(2)(iv) shall be deleted.

(6) After paragraph 38, new Section A.1 shall be inserted as under:

*“**A.1. ‘NBFCs not availing public funds and not having any customer interface’***

38A. The regulatory requirements for ‘NBFC not availing public funds and not having any customer interface are as under:

(1) ‘NBFCs not availing public funds and not having any customer interface’ and having asset size of less than ₹1,000 crore as per the latest audited balance sheet are exempted from the provisions of sections 45IA and 45IC of the RBI Act, 1934 in terms of paragraph 65A of these Directions with effect from July 01, 2026. Existing ‘NBFCs not availing public funds and not having any customer interface’, including those holding Certificate of Registration as ‘Type I NBFC’, and fulfilling the prescribed criteria for exemption, may apply to the Reserve Bank, for deregistration, within a period of six months i.e., by December 31, 2026.

Explanation:

I. NBFCs currently not fulfilling the prescribed criteria for exemption but fulfilling the same in future are also eligible to apply for deregistration at that point of time.

II. In case of multiple ‘Unregistered Type I NBFCs’ in the Group, the asset size of all such ‘Unregistered Type I NBFCs’ shall be aggregated. If the aggregate asset size is ₹1,000 crore or above, all ‘Unregistered Type I NBFCs’ in the Group are required to be registered as ‘Type I NBFC’ and shall be subject to applicable instructions issued by the Reserve Bank.

(2) The application for deregistration shall be made through PRAVAAH, on the company’s letter head, with the following documents:

(i) Original Certificate of Registration (to be submitted physically to the Reserve Bank).

(ii) Audited financials of the NBFC for the last three financial years.

(iii) A statement on status of public funds and also of customer interface in the last three financial years.

(iv) Statutory Auditor’s Certificate certifying that the NBFC does not have public funds and also not have customer interface as on date.

(v) Board Resolution stating –

(a) That the NBFC does not have public funds and customer interface as on date and the NBFC does not intend to access public funds and also not intend to have customer interface in the future.

(b) That the NBFC shall take registration as 'Type II NBFC', in case it intends to avail public funds and/ or have customer interface in future.

(c) That the NBFC shall obtain registration as 'Type I NBFC' in case its asset size reaches ₹1,000 crore or above.

(vi) Undertaking from the Board that the NBFC shall disclose its status of being 'Unregistered Type I NBFC' and also disclose status of public funds and customer interface as part of Notes to Accounts to the financial statements.

(3) The requests for deregistration as above would be considered subject to the satisfaction of the Reserve Bank that the NBFC is functioning with a conscious and long-term business model to operate without availing public funds and without having customer interface.

(4) The Statutory Auditors of the 'Unregistered Type I NBFC' shall submit an Exception Report to the Reserve Bank in case of violation of conditions on public funds or customer interface or any other condition for the exemption.

(5) 'NBFCs not availing public funds and not having any customer interface' and having asset size of ₹1,000 crore or more, shall apply for registration as 'Type I NBFC' through PRAVAAH, on the company's letter head, with requisite submissions and duly accompanied by documents indicated at paragraph 38A(2)(i) to (iv) and 38A(2)(v)(a) to (b) above. The Certificate of Registration as 'Type I NBFC' shall be issued by the Reserve Bank on being satisfied that the conditions for registration are fulfilled by the company.

(6) Type I NBFCs shall disclose in the Notes to Accounts to their financial statements that the company did not avail public funds and also did not have customer interface during the year. Further, the Statutory Auditors of Type I NBFCs shall submit an exception report to the Department of Supervision of the Reserve Bank in case of violation of conditions on public funds and/or customer interface.

(7) Existing 'NBFCs not availing public funds and not having any customer interface' which are not holding Certificate of Registration as 'Type I NBFC' shall be ineligible for relaxed regulatory requirements as available to NBFCs holding Certificate of Registration as 'Type I NBFC'.

(8) For abundant clarity, it is reiterated that in case any of these NBFCs intends to access public funds and/ or have customer interface, it shall invariably seek registration as 'Type II NBFC'.

(9) Notwithstanding the exemption granted at paragraph 65A of these Directions, if an 'Unregistered Type I NBFC' intends to undertake overseas investment in financial services sector, it shall be required to be registered with the Reserve Bank and be regulated like NBFC holding CoR as 'Type I NBFC' and shall also be governed as per the provisions of paragraphs 15 to 19 of the Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Directions, 2025 (as amended from time to time), including prior approval of the Reserve Bank for the purpose. Further, the 'Unregistered Type I NBFC' shall not undertake overseas investment in non-financial sector.

(10) It is clarified that exemption offered to 'Unregistered Type I NBFCs' is only from the provisions of sections 45IA and 45IC of RBI Act, 1934. Due to conduct of activities of non-banking financial institution, these NBFCs would continue to be subject to other provisions of Chapter IIIB of the RBI Act, 1934 and the Reserve Bank reserves the right to issue necessary instructions specifically to 'Unregistered Type I NBFCs' in case any concerns/ risks are observed. While Directions issued by the Reserve Bank shall be applicable to them only if specifically addressed to them, the Reserve Bank also retains the power to take action against 'Unregistered Type I NBFCs' under Chapter V of the RBI Act, 1934. Violation of any of the provisions applicable to 'Unregistered Type I NBFC' shall be viewed seriously and shall invite penal action under the provisions of the RBI Act, 1934.

Note: The Frequently Asked Questions (FAQs) on exemptions and registration requirements for 'NBFCs not availing public funds and not having any customer interface' are available under ***Section H*** *of 'All you wanted to know about NBFC'.".*

(7) After paragraph 65, new paragraph 65A shall be inserted, as under:

*"65A. An **'NBFC not availing public funds and not having any customer interface'** subject to the following conditions:*

(1) It operates without public funds and without customer interface, as their conscious and long-term business model;

(2) Its asset size is less than ₹1,000 crore as per the latest audited balance sheet;

(3) It passes an annual Board Resolution at the beginning of the financial year that the company will not avail public funds and will also not have customer interface during the year; and

(4) It discloses in its Notes to Accounts to the financial statements that it is an 'Unregistered Type I NBFC' as defined in these Directions, along with the status of public funds and customer interface."

6. Consequent to the above amendments, the corresponding changes have been carried out in other Directions applicable to NBFCs as under:

(1) The words *'NBFC not availing public funds and not having any customer interface'* used in 'Applicability Clauses' in the following Directions shall be replaced by *'NBFC holding Certificate of Registration as 'Type I NBFC':*

(i) Reserve Bank of India (Non-Banking Financial Companies – Undertaking of Financial Services) Directions, 2025, under second proviso to paragraph 3(2)(i);

(ii) Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025, under paragraph 3(6)(iv);

(iii) Reserve Bank of India (Non- Banking Financial Companies – Credit Facilities) Directions, 2025, under paragraph 3(3)(v);

(iv) Reserve Bank of India (Non-Banking Financial Companies - Credit Risk Management) Directions, 2025, under paragraph 3(3)(vii);

(v) Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Directions, 2025, under paragraph 3(4)(v);

(vi) Reserve Bank of India of India (Non-Banking Financial Companies – Transfer and Distribution of Credit Risk) Directions, 2025, under paragraph 3(vii);

(vii) Reserve Bank of India (Non-Banking Financial Companies – Securitisation Transactions) Directions, 2025, under paragraph 3(vii);

(viii) Reserve Bank of India (Non-Banking Financial Companies – Classification, Valuation, and Operation of Investment Portfolio) Directions, 2025, under paragraph 3(3)(vi) and the proviso to paragraph 3(3);

(ix) Reserve Bank of India (Non-Banking Financial Companies – Asset Liability Management) Directions, 2025, under paragraph 5(vi);

(x) Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, under paragraph 10(5);

(xi) Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Directions, 2025, under paragraph 6(6);

(xii) Reserve Bank of India (Non-Banking Financial Companies – Treatment of Wilful Defaulters and Large Defaulters) Directions, 2025, under paragraph 2(2)(vi); and

(xiii) Reserve Bank of India (Non-Banking Financial Companies – Financial Statements: Presentation and Disclosures) Directions, 2025, under paragraph 8(ii).

(2) The words *'NBFC that does not accept public funds and do not have any customer interface'* in Table 2 under paragraph 9(iii) of the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Declaration of Dividends) Directions, 2025, shall be replaced by '*NBFC holding Certificate of Registration as 'Type I NBFC'*.

(J P Sharma)
Chief General Manager-in-Charge