

**Draft Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous)
Directions, 2025**

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**Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous)
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**Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous)
Directions, 2025**

Introduction

In exercise of the powers conferred under section 45JA, 45K, 45L and 45M of Reserve Bank of India Act, 1934 (Act 2 of 1934, Reserve Bank of India (RBI) hereby issues the Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous) Directions, 2025 hereinafter specified.

Chapter-I - Preliminary

A. Short Title and Commencement

1. These Directions shall be called the Reserve Bank of India (Non-Banking Financial Companies – Miscellaneous) Directions, 2025.
2. These Directions shall come into effect on the day they are placed on the website of the Reserve Bank.

B. Applicability

3. These Directions shall be applicable to Non-Banking Financial Companies (hereinafter collectively referred to as 'NBFCs' and individually as an 'NBFC'), excluding Housing Finance Companies (HFCs).
4. Specific directions applicable to specific categories of NBFCs registered as NBFC-Factor and NBFC-ICC registered under Factoring Regulation Act, 2011 and IDF- NBFC are as provided under respective Chapters in these Directions. Instructions contained for specific categories of NBFCs in respective Chapters are in addition and not in substitution to the relevant instructions contained in these Directions.

C. Scope

5. These directions provide the specific instructions applicable to NBFC-Factors, NBFC-ICCs and IDFs-NBFC apart from the miscellaneous instructions applicable to NBFCs in the Base, Middle and Upper Layer.

D. Definitions

6. In this Chapter, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below –

- (1) “IDF-NBFC” means a non-deposit taking NBFC which is permitted to
 - (i) refinance post commencement operations date (COD) infrastructure projects that have completed at least one year of satisfactory commercial operations; and
 - (ii) finance toll operate transfer (TOT) projects as the direct lender;
- (2) ‘Account Aggregator’ means a non-banking financial company as notified under in sub-clause (iii) of clause (f) of section 45-I of the Act, that undertakes the business of an account aggregator, for a fee or otherwise which undertakes the ‘business of an account aggregator’ meaning the business of providing under a contract, the service of, retrieving or collecting such financial information pertaining to its customer, as may be specified by the Bank from time to time; and consolidating, organizing and presenting such information to the customer or any other financial information user as may be specified by the Bank;
 - (i) ***Provided that, the financial information pertaining to the customer shall not be the property of the Account Aggregator, and not be used in any other manner.***
- (3) “NBFC-Factor” means an NBFC as defined in clause (f) of section 45-I of the RBI Act, 1934, which has its principal business as mentioned in paragraph 16 of these Directions and has been granted a certificate of registration under section 3 of the Factoring Regulation Act, 2011;
- (4) “NBFC-ICC” means any company which is a financial institution carrying on as its principal business - asset finance, the providing of finance whether by making loans or advances or otherwise for any activity other than its own and the acquisition of securities; and is not any other category of NBFCs as defined by the Reserve Bank in any of its Directions;
- (5) “NBFC-IFC” means a non-deposit taking NBFC which has a minimum of 75 percent of its total assets deployed towards infrastructure lending;
- (6) “NBFC-MFI” means a non-deposit taking NBFC which has a minimum of 60 percent of its total assets (netted of by intangible assets) deployed towards “microfinance loans” as defined under Reserve Bank of India (Non-Banking Financial Companies – Microfinance Institution) Directions, 2025;

7. The words or expressions used in these Directions but not defined herein and defined in the Reserve Bank of India Act, 1934 (Act 2 of 1934), or the Banking Regulation Act, 1949 (Act 10 of 1949) shall have the same meaning as assigned to them under the said Acts. Any other words or expressions not defined in the said Acts shall have the same meaning as assigned to them in the Companies Act, 1956 or Companies Act, 2013.

Chapter-II – Specific directions applicable to NBFC-FACTORS and NBFC-ICCs registered under the Factor Regulation Act, 2011

8. The instructions contained in this Chapter for NBFC-Factors and NBFC-ICCs registered under the Factoring Regulation Act, 2011 are in addition and not in substitution to the other relevant instructions issued by the Reserve Bank for NBFCs.

A. Registration

9. Every company intending to undertake factoring business shall make an application to the Reserve Bank for grant of CoR as NBFC-Factor under section 3 of the Factoring Regulation Act, 2011 and shall ensure to comply with the principal business as mentioned in paragraph 16 of these Directions.

10. Any existing NBFC-ICC intending to undertake factoring business, shall make an application to the Reserve Bank for grant of CoR under the Factoring Regulation Act, 2011, if it satisfies the following eligibility criteria:

- (1) Not accepting or holding public deposits;
- (2) Total assets of ₹1,000 crore and above, as per the last audited balance sheet;
- (3) Meeting the NOF requirement as prescribed in Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Directions, 2025.
- (4) Regulatory compliance.

11. Any existing NBFC-ICC which does not satisfy the above conditions but intends to undertake factoring business, shall approach the Reserve Bank for conversion from NBFC-ICC to NBFC-Factor. Such NBFC-ICCs shall comply with the principal business as specified in paragraph 16 of these directions.

12. Application for conversion described at paragraph 12 above shall be submitted, through PRAVAAH portal, with all supporting documents meant for new registration as NBFC-Factor, together with surrender of original CoR issued by the Reserve Bank to the NBFC-ICC under section 45-IA of the RBI Act, 1934.

13. An entity not registered with the Reserve Bank under the Factoring Regulation Act, 2011 may conduct the business of factoring, if it is an entity mentioned in section 5 of the Factoring Regulation Act, 2011, i.e., a bank or a body corporate established under an Act of Parliament or State Legislature, or a Government Company;

14. NBFC-Factor or NBFC-ICC which has been granted CoR by the Reserve Bank under the Factoring Regulation Act, 2011 shall commence factoring business within six months from the date of grant of CoR.

B. Principal Business for NBFC-Factors

15. An NBFC-Factor shall ensure that its financial assets in the factoring business constitute at least 50 percent of its total assets and its income derived from factoring business is not less than 50 percent of its gross income.

C. Conduct of business and prudential regulations

16. NBFC-Factors or NBFC-ICCs which have been granted CoR under the Factoring Regulation Act, 2011 shall conduct the factoring business in accordance with the Factoring Regulation Act, 2011 and the rules and regulations framed under it or the directions and guidelines issued by the Reserve Bank from time to time.

D. Asset Classification

D.1 NBFCs-Factors with asset size of less than ₹500 crore

17. In addition to the Asset Classification norms contained in [paragraphs XX](#) of Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, for NBFC-Factors with asset size of less than ₹500 crore, a receivable acquired under factoring which has remained overdue for more than 180 days of due date as applicable, shall be treated as NPA irrespective of when the receivable was acquired by the NBFC-Factor or whether the factoring was carried out on "with recourse" basis or "without-recourse" basis.

18. Further, glide path for recognition of NPA as prescribed in Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, shall also be applicable to such NBFC-Factors.

19. The entity on which the exposure was booked shall be shown as NPA and provisioning made accordingly.

D.2 NBFC-Factors with asset size of ₹500 crore and above and NBFC-ICCs granted CoR under the Factoring Regulation Act, 2011

20. In addition to the Asset Classification norms contained in Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Directions, 2025, for NBFC-Factors with asset of size of ₹500 crore and above or an NBFC-ICC which have been granted CoR under the Factoring Regulation Act, 2011, a receivable acquired under factoring which has remained overdue for more than 90 days of due date as applicable, shall be treated as NPA irrespective of when the receivable was acquired by the NBFC-Factor/ concerned NBFC-ICC or whether the factoring was carried out on "with recourse" basis or "without-recourse" basis.

21. The entity on which the exposure was booked shall be shown as NPA and provisioning made accordingly.

E. Reckoning of Exposure

22. Exposure norms shall be reckoned as under:

(1) In case of factoring on "with-recourse" basis, the exposure shall be reckoned on the assignor.

(2) In case of factoring on "without-recourse" basis, the exposure shall be reckoned on the debtor, irrespective of credit risk cover/protection provided, except in cases of international factoring where the entire credit risk has been assumed by the import Factor.

F. Risk Management

23. Proper and adequate control and reporting mechanism shall be put in place before factoring business is undertaken by an NBFC-Factor or eligible NBFC-ICC which has been granted CoR under the Factoring Regulation Act, 2011.

24. A NBFC-Factor shall carry out a thorough credit appraisal of the debtors before entering into any factoring arrangement or prior to establishing lines of credit with the export Factor.

25. Factoring services shall be extended in respect of invoices which represent genuine trade transactions.

26. Since under “without recourse” factoring transactions, the NBFC is underwriting the credit risk on the debtor, there shall be a clearly laid down board-approved limit for all such underwriting commitments.

27. NBFC-Factors and banks shall share information about common borrowers. For the purpose of exchange of information, the assignor will be deemed to be the borrower. A NBFC-Factor shall ensure to intimate the limits sanctioned to the borrower to the concerned banks / NBFCs and details of debts factored so as to avoid double financing.

G. Export/Import Factoring

28. Foreign Exchange Department (FED) of the Reserve Bank gives authorization to Factors under FEMA, 1999.

29. A NBFC-Factor or NBFC-ICC which has been granted CoR under the Factoring Regulation Act, 2011, intending to deal in foreign exchange through export/ import factoring, shall make an application to FED for necessary authorization under FEMA, 1999 to deal in foreign exchange and adhere to the terms and conditions prescribed by FED of the Reserve Bank and all the relevant provisions of the FEMA or Rules, Regulations, Notifications, Directions or Orders made thereunder from time to time.

Chapter-III – Specific directions applicable to Infrastructure Debt Funds – Non-Banking Financial Company (IDF-NBFCs)

30. The instructions contained in this Chapter for IDF-NBFCs are in addition and not in substitution to the other relevant instructions contained in these Directions.

31. The IDF shall be set up either as a trust or as a company.

32. A trust based IDF is registered as IDF-Mutual Fund (MF) and is regulated by SEBI whereas a company based IDF is registered as an IDF-NBFC and is regulated by the Reserve Bank.

A. Raising of funds

33. A IDF-NBFC shall be permitted to raise funds through issue of either rupee or dollar denominated bonds of minimum five-year maturity.

34. With a view to facilitate better asset-liability management (ALM), an IDF-NBFC can raise funds through shorter tenor bonds and commercial papers (CPs) from the domestic market to the extent of up to 10 percent of their total outstanding borrowings.

35. In addition to the bond route, an IDF-NBFC can also raise funds through loan route under external commercial borrowings (ECBs).

Provided that such borrowings shall be subject to minimum tenor of five years and the ECB loans should not be sourced from foreign branches of Indian banks.

36. Regarding ECBs, an IDF-NBFC shall also be required to adhere to the guidelines issued by the Foreign Exchange Department of the Reserve Bank.

B. Guidelines governing sponsorship of IDF-MFs by NBFCs

37. A NBFC shall be eligible to sponsor (sponsorship as defined by SEBI Regulations for Mutual Funds) IDF-MFs with prior approval of the Reserve Bank subject to the following conditions (based on the audited financial statements), in addition to those prescribed by SEBI:

- (1) The NBFC shall have a minimum NOF of ₹300 crore and CRAR of 15 percent;
- (2) Its net NPAs shall be less than 3 percent of the net advances;
- (3) It shall have been in existence for at least 5 years;

- (4) It shall be earning profits for the last three years and its performance shall be satisfactory;
- (5) The CRAR of the NBFC post investment in the IDF-MF shall not be less than the regulatory minimum prescribed for it;
- (6) The NBFC shall continue to maintain the required level of NOF after accounting for investment in the proposed IDF-MF;
- (7) There shall be no supervisory concerns with respect to the NBFC.

38. A NBFC that fulfils the eligibility criteria as above shall approach, through PRAVAAH portal, the Department of Regulation of the Reserve Bank, for prior approval to sponsor IDF-MFs.

Chapter-IV – Miscellaneous instructions applicable to NBFCs in Base Layer

A. Appointment of Statutory Central Auditors/Statutory Auditors

39. NBFCs shall adhere to the instructions contained in circular titled [‘Guidelines for Appointment of Statutory Central Auditors \(SCAs\)/ Statutory Auditors \(SAs\) of Commercial Banks \(excluding RRBs\), UCBs and NBFCs \(including HFCs\)’ dated April 27, 2021](#), as amended from time to time. However, non-deposit taking NBFCs with asset size below ₹1,000 crore have the option to continue with their extant procedure.

B. Raising Money through Private Placement by NBFCs

40. NBFCs shall follow the guidelines on private placement of Non-Convertible Debentures (NCDs) given in paragraph below. The provisions of Companies Act, 2013 and Rules framed thereunder shall be applicable wherever not contradictory.

B.1 Guidelines on Private Placement of NCDs (maturity more than one year) by NBFCs

41. NBFCs shall put in place a Board approved policy for resource planning which, inter-alia, shall cover the planning horizon and the periodicity of private placement.

42. The issues shall be governed by the following instructions:

- (1) The minimum subscription per investor shall be ₹20,000 (Rupees Twenty thousand);
- (2) The issuance of private placement of NCDs shall be in two separate categories, those with a maximum subscription of less than ₹1 crore and those with a minimum subscription of ₹1 crore and above per investor;
- (3) There shall be a limit of 200 subscribers for every financial year, for issuance of NCDs with a maximum subscription of less than ₹1 crore, and such subscription shall be fully secured;
- (4) There shall be no limit on the number of subscribers in respect of issuances with a minimum subscription of ₹1 crore and above; the option to create security in favour of subscribers shall be with the issuers. Such unsecured debentures shall not be treated as public deposits as defined in these Directions.

(5) An NBFC shall issue debentures only for deployment of funds on its own balance sheet and not to facilitate resource requests of group entities/parent company/associates.

(6) An NBFC shall not extend loans against the security of its own debentures (issued either by way of private placement or public issue).

43. Tax exempt bonds offered by NBFCs are exempted from the applicability of the circular.

44. For NCDs of maturity upto one year, instructions contained in 'Master Direction – Reserve Bank of India (Commercial Paper and Non-Convertible Debentures of original or initial maturity upto one year) Directions, 2024' dated January 03, 2024 (as amended from time to time), issued by Financial Markets Regulation Department of the Reserve Bank, shall be applicable

C. Technical Specifications for all participants of the Account Aggregator ecosystem

45. The NBFC-Account Aggregator (NBFC-AA) consolidates financial information, as defined in Reserve Bank of India (Non-Banking Financial Companies - Account Aggregator) Directions, 2025 of a customer held with different financial entities, spread across financial sector regulators adopting different IT systems and interfaces. In order to ensure that such movement of data is secured, duly authorised, smooth and seamless, it has been decided to put in place a set of core technical specifications for the participants of the AA ecosystem. Reserve Bank Information Technology Private Limited (ReBIT), has framed these specifications and published the same on its website (www.rebit.org.in).

46. NBFCs acting either as Financial Information Providers or Financial Information Users are expected to adopt the technical specifications published by ReBIT, as updated from time to time.

D. NBFCs not to be partners in partnership firms

47. A NBFC shall not contribute to the capital of a partnership firm or become a partner of such firm.

48. Partnership firms shall also include Limited Liability Partnerships (LLPs).

49. The aforesaid prohibition shall also be applicable in respect of Association of persons, these being similar in nature to partnership firms.

50. A NBFC which had already contributed to the capital of a partnership firm /LLP / Association of persons or is a partner of a partnership firm / LLP or member of an Association of persons shall seek early retirement from the partnership firm / LLP / Association of persons.

E. Ratings of financial products of NBFCs

51. NBFCs with asset size of ₹100 crore and above shall furnish information about downgrading/upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the Regional Office of the Reserve Bank under whose jurisdiction their registered office is functioning.

F. Non-Reckoning of Fixed Deposits with banks as Financial Assets

52. Investments in fixed deposits shall not be treated as financial assets and receipt of interest income on fixed deposits with banks shall not be treated as income from financial assets as these are not covered under the activities mentioned in the definition of “financial Institution” in section 45-I(c) of the RBI Act, 1934. Besides, bank deposits constitute near money and can be used only for temporary parking of idle funds, and/or in cases where the funds are parked in fixed deposits initially to fulfil the requirement of registration as NBFC, i.e., NOF of ₹10 crore, till commencement of NBF business.

G. Use of electronic payment system

53. NBFCs shall take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day-to-day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

H. Migration of Post-Dated Cheques (PDCs)/ Equated Monthly Instalment (EMI) Cheques to National Automated Clearing House(NACH)(Debit)

54. Considering the protection available under section 25 of the Payment and Settlement Systems Act, 2007 which accords the same rights and remedies to the payee (beneficiary) against dishonour of electronic funds transfer instructions on grounds of insufficiency of funds as are available under section 138 of the Negotiable Instruments

Act, 1881, there shall be no need for NBFCs to take additional cheques, if any, from customers in addition to NACH (Debit) mandates. Accordingly, NBFCs have been advised not to accept fresh/ additional PDCs or EMI cheques from their customers. Cheques complying with CTS-2010 standard formats alone shall be obtained in locations, where the facility of NACH is not available.

I. Disbursal of loan amount in cash

55. NBFCs shall ensure compliance with the requirements under sections 269SS and 269T of the Income Tax Act, 1961, as amended from time to time.

J. Customer Due Diligence for Transactions in Virtual Currencies (VC)

56. It has come to our attention through media reports that regulated entities have cautioned their customers against dealing in virtual currencies by making a reference to the RBI circular [DBR.No.BP.BC.104/08.13.102/2017-18](#) dated April 06, 2018. Such references to the above circular by regulated entities are not in order as this circular was set aside by the Hon'ble Supreme Court on March 04, 2020 in the matter of Writ Petition (Civil) No.528 of 2018 (Internet and Mobile Association of India v. Reserve Bank of India). As such, in view of the order of the Hon'ble Supreme Court, the circular is no longer valid from the date of the Supreme Court judgement, and therefore cannot be cited or quoted from.

57. NBFCs, may, however, continue to carry out customer due diligence processes in line with regulations governing standards for Know Your Customer (KYC) prescribed in Reserve Bank of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025, Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT) and obligations of regulated entities under [Prevention of Money Laundering Act, \(PMLA\), 2002](#) in addition to ensuring compliance with relevant provisions under [Foreign Exchange Management Act \(FEMA\)](#) for overseas remittances.

Chapter-V – Miscellaneous Instructions applicable to NBFCs in Middle Layer

A. Ready Forward Contracts in Corporate Debt Securities

58. In all other matters related to such repo transactions, non-deposit taking NBFCs, shall follow the directions and accounting guidelines issued by Financial Markets Regulation Department of the Reserve Bank.

Chapter-VII – Repeal and Other Provisions

A. Repeal and saving

59. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to Miscellaneous aspects as applicable to Non-Banking Financial Companies stand repealed, as communicated vide notification dated XX, 2025. The Directions, instructions, and guidelines repealed prior to the issuance of these Directions shall continue to remain repealed.

60. Notwithstanding such repeal, any action taken or purported to have been taken, or initiated under the repealed Directions, instructions, or guidelines shall continue to be governed by the provisions thereof. All approvals or acknowledgments granted under these repealed lists shall be deemed as governed by these Directions.

B. Application of other laws not barred

61. The provisions of these Directions shall be in addition to, and not in derogation of the provisions of any other laws, rules, regulations, or directions, for the time being in force.

C. Interpretations

62. For the purpose of giving effect to the provisions of these Directions or in order to remove any difficulties in the application or interpretation of the provisions of these Directions, the RBI may, if it considers necessary, issue necessary clarifications in respect of any matter covered herein and the interpretation of any provision of these Directions given by the RBI shall be final and binding.