

Draft Reserve Bank of India (Non-Banking Financial Companies - Branch Authorisation) Directions, 2025

DRAFT FOR COMMENTS

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Reserve Bank of India (Non-Banking Financial Companies - Branch Authorisation) Directions, 2025

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In exercise of the powers conferred by Chapter IIIB of the Reserve Bank of India Act, 1934, and Sections 30A, 32 and 33 of the National Housing Bank Act, 1987 the Reserve Bank of India ('RBI') being satisfied that it is necessary and expedient in the public interest to do so, hereby issues the Directions 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 - Branch Authorisation) Directions, 2025.
2. These directions shall come into force with immediate effect.

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).

C. Definitions

4. All expressions, unless defined herein, shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto, or [Glossary](#) of Terms published by RBI or as used in commercial parlance, as the case may be.

Chapter II – Branch Authorisation

A. Core Investment Companies (CIC)

5. As a Core Investment Company (CIC) is a non-operating entity, it shall not, in the normal course, be allowed to open branches overseas.
6. A CIC shall need prior approval from the Department of Regulation, RBI for opening representative offices abroad. Such applications shall be made using the Pravaah portal (<https://pravaah.rbi.org.in>). The representative offices can be set up abroad for the purpose of liaison work, undertaking market study and research but not for undertaking any activity which involves outlay of funds. The representative offices shall also comply with regulations, if any, in this regard stipulated by a regulator in the host country. As it is not envisaged that such offices would be carrying on any activity other than liaison work, no line of credit shall be extended.
7. The parent CIC shall obtain periodical reports about the business undertaken by the representative offices abroad. If the representative offices have not undertaken any activity or such reports are not forthcoming, RBI may advise the CIC to wind up the establishment.

B. Housing Finance Companies (HFC)

8. A Housing Finance Company (HFC) shall, before opening a branch or an office in India, inform the National Housing Bank (NHB) in writing, of its intention to open a branch or an office.
9. An HFC shall not open a branch outside India.
10. An HFC shall require prior approval from the NHB to open a representative office outside India.
11. The application from an HFC seeking approval shall be considered keeping in view the following:
 - (i) The representative office can be set up outside India for the purpose of liaison work, undertaking market study and research but not undertaking any activity which involves outlay of funds, provided it is subject to regulation by a regulator in the host country. As it is not envisaged that such office would be

carrying on any activity other than liaison work, no line of credit should be extended.

- (ii) An HFC shall obtain periodical reports about the business undertaken by the representative office outside India. If the representative office has not undertaken any activity or such reports are not forthcoming, the approvals given for the purpose shall be reviewed / recalled.

C. Non-Banking Financial Company - Investment and Credit Company (NBFC-ICC)

C.1 Opening of branches exceeding one thousand in number

- 12. A Non-Banking Financial Company - Investment and Credit Company (NBFC-ICC) which is in the business of lending against collateral of gold jewellery, shall obtain prior approval of RBI to open branches exceeding 1,000. Further, an NBFC-ICC which already has more than 1000 branches shall approach RBI for prior approval for any further branch expansion. Besides, no new branches shall be allowed to be opened without the facilities for storage of gold jewellery and minimum security facilities for the pledged gold jewellery. Such applications shall be made using the *Pravaah* portal (<https://pravaah.rbi.org.in>).
- 13. Prior approval of RBI shall be obtained in cases of opening of branch / representative office or undertaking investment abroad by an NBFC-ICC. Such applications shall be made using the *Pravaah* portal (<https://pravaah.rbi.org.in>).

C.2 Opening of Branch abroad

- 14. As a general policy, an NBFC-ICC shall not be allowed to open a branch abroad. However, the NBFC which has already set up branch(es) abroad for undertaking financial business shall be allowed to continue to operate them subject to complying with these directions, as applicable.

C.3 Opening of representative offices abroad

- 15. An NBFC-ICC can set up a representative office can be set up abroad for the purpose of liaison work, undertaking market study and research but not undertaking any activity which involves outlay of funds, provided it is subject to regulation by a regulator in the host country. As it is not envisaged that such office

would be carrying on any activity other than liaison work, no line of credit shall be extended.

16. The parent NBFC-ICC shall obtain periodical reports about the business undertaken by the representative office abroad. If the representative office has not undertaken any activity or such reports are not forthcoming, the approvals given for the purpose shall be reviewed / recalled.

D. Deposit taking NBFCs

D.1 Opening of branches and appointment of agents to collect deposits

17. A deposit-taking NBFC having the certificate of registration issued under section 45-IA of the RBI Act and otherwise entitled to accept public deposits as per the Reserve Bank of India (Non-Banking Financial Companies – Acceptance of Public Deposits) Directions, 2025, shall be permitted as under:
 - (i) If its NOF is up to Rs. 50 crore, then it may open a branch or appoint agents within the State where its registered office is situated; and
 - (ii) If its NOF is more than Rs. 50 crore and its credit rating is AA or above, then it may open a branch or appoint agents anywhere in India.

Explanation: An NBFC with asset size greater than ₹50 crore and credit rating below AA, shall not be eligible to open branches anywhere in the country and can open branches only within the state where its registered office is situated.

18. For the purpose of opening a branch, a deposit-taking NBFC shall notify to RBI of its intention to open the proposed branch. On receipt of such advice, RBI may, on being satisfied that in the public interest or in the interest of the concerned NBFC or for any other relevant reasons to be recorded, reject the proposal and communicate the same to NBFC. If no advice of rejection of the proposal is communicated by RBI within 30 days from the receipt of such advice, the NBFC may proceed with its proposal.

D.2 Closure of Branches

19. A deposit-taking NBFC shall not close its branch / office without publishing such intention in any one national level newspaper and in one vernacular newspaper in circulation in the relevant place indicating therein the purpose and

arrangements being made to service depositors etc. and without advising RBI, before 90 days of the proposed closure.

20. An intimation along with a copy of the notice in respect of above shall be sent within seven days of its publication in the newspapers to the Regional Office of RBI under whose jurisdiction the registered office of the company is located.

Chapter III – Repeal and other Provisions

A. Repeal and saving

21. With the issue of these Directions, the existing Directions, instructions, and guidelines relating to branch authorisation 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.
22. 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

23. 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

24. 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.