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NBFC Branch expansion just got easier

NBFC Branch Authorisation Amendment Directions, 2026 explained.

Branch Expansion

Simplified

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What are the original Directions?

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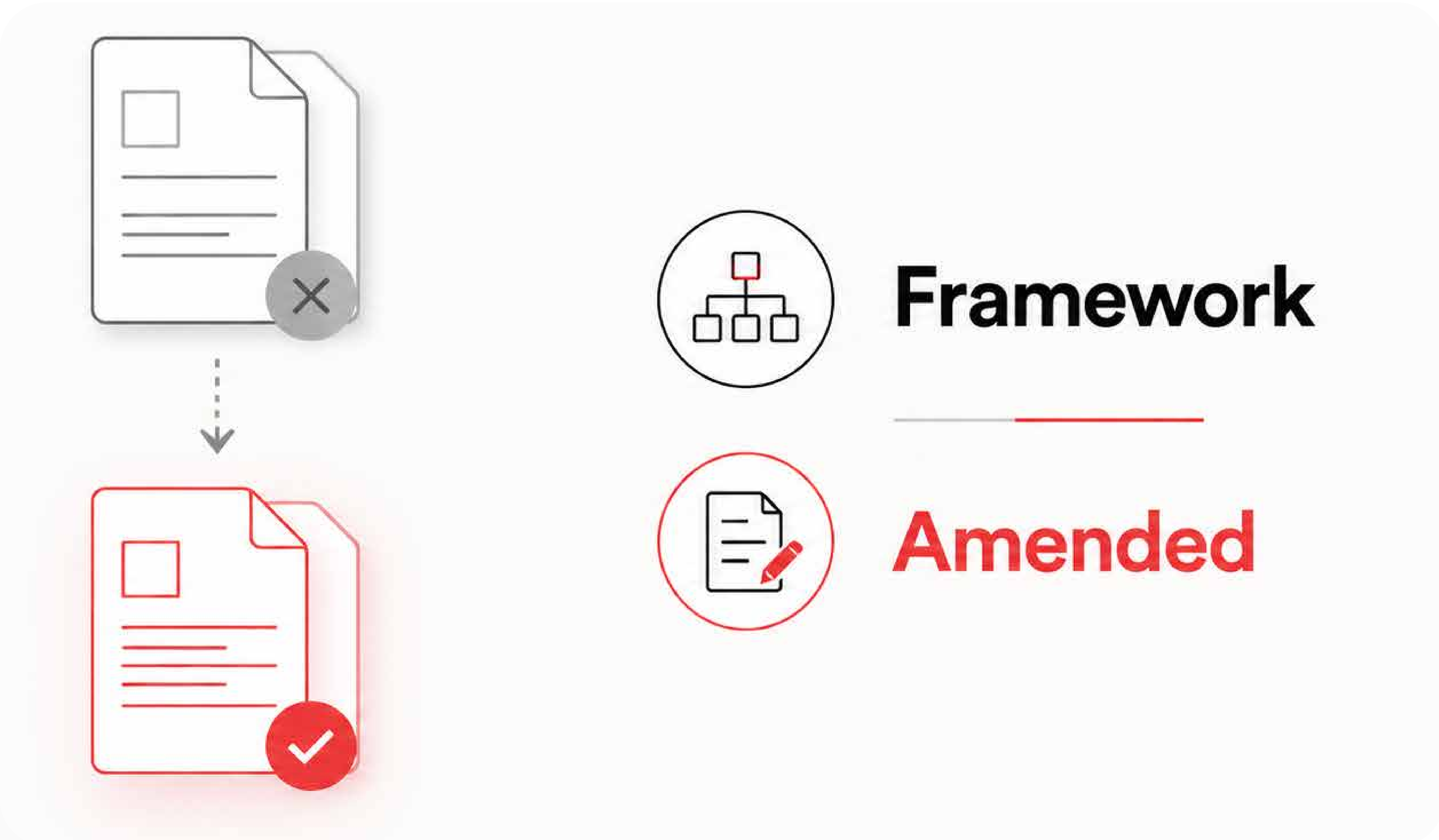

In November 2025, RBI introduced NBFC Branch Authorisation Directions, 2025, establishing a formal framework for how and where NBFCs can open branches. The 2026 amendment, issued on April 15, 2026, streamlines this to give NBFCs more operational flexibility while keeping compliance in check.

What is the Key Change?

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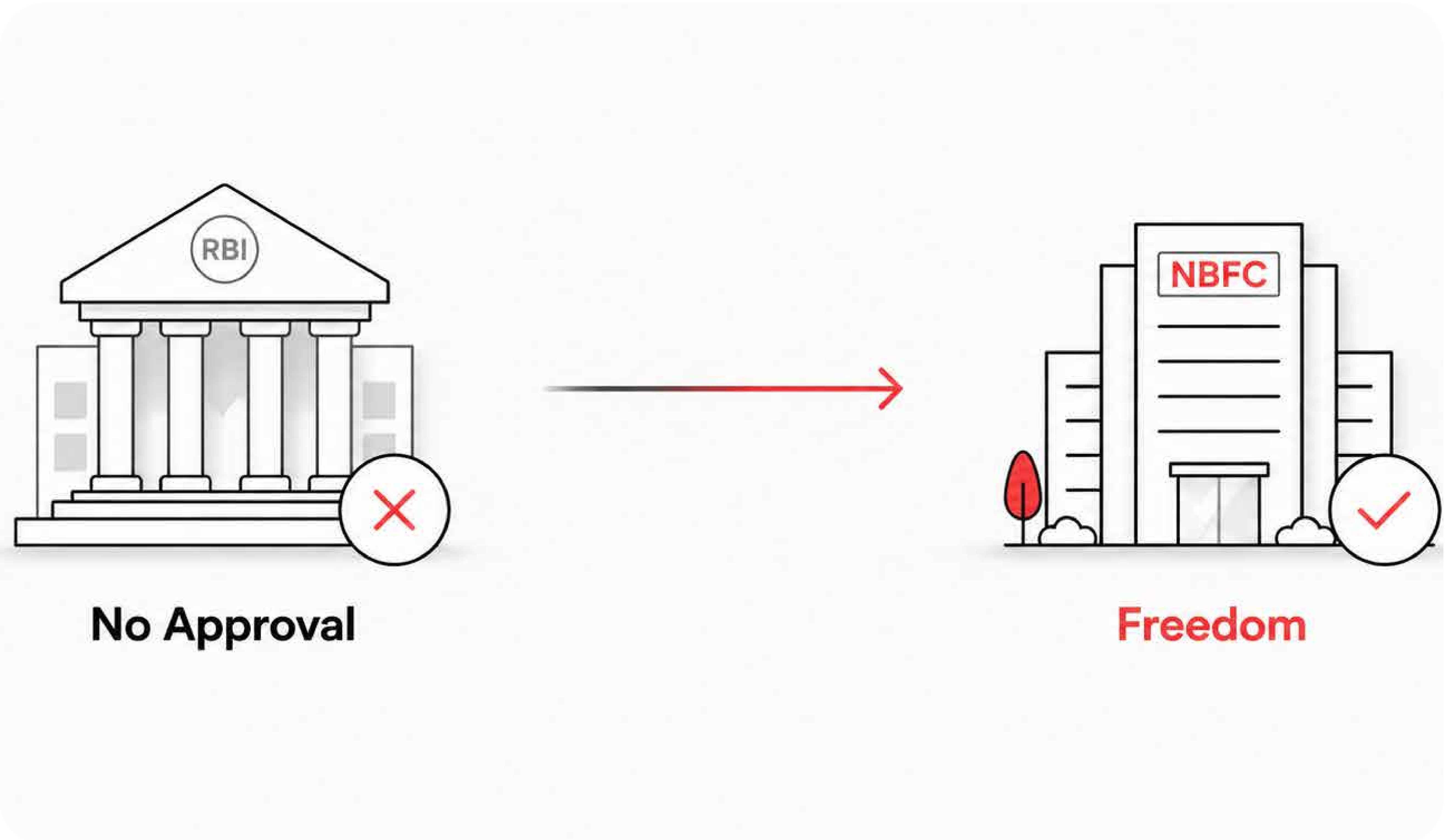

No prior RBI approval needed

New paragraph 5 states:
'An NBFC is generally permitted to open branches without having the need to obtain prior approval from RBI, unless otherwise specifically restricted.'
This is a significant step toward enhancing ease of doing business.

Who does it apply to?

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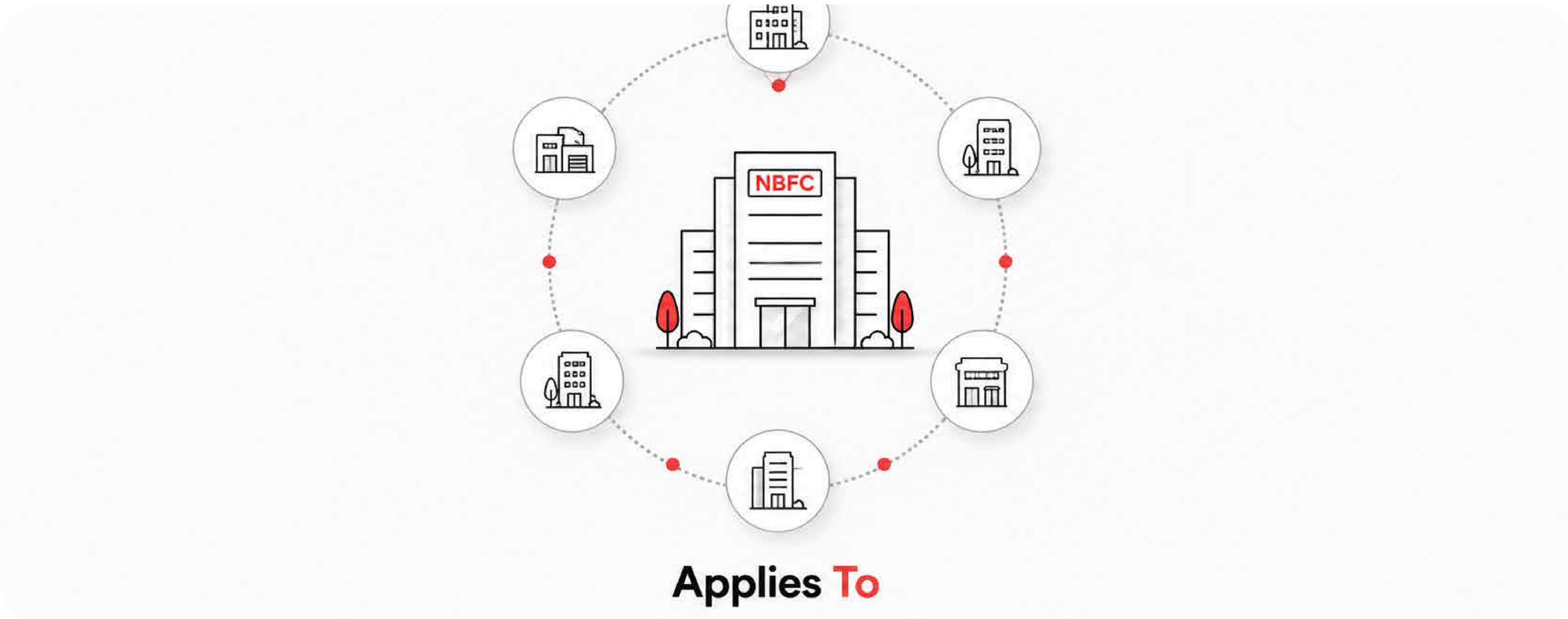

NBFC-ICC

NBFC-MFI

NBFC-IFC

NBFC-Factor

IDF-NBFC

HFCs

CICs

Special Rules for Deposit-Taking NBFCs

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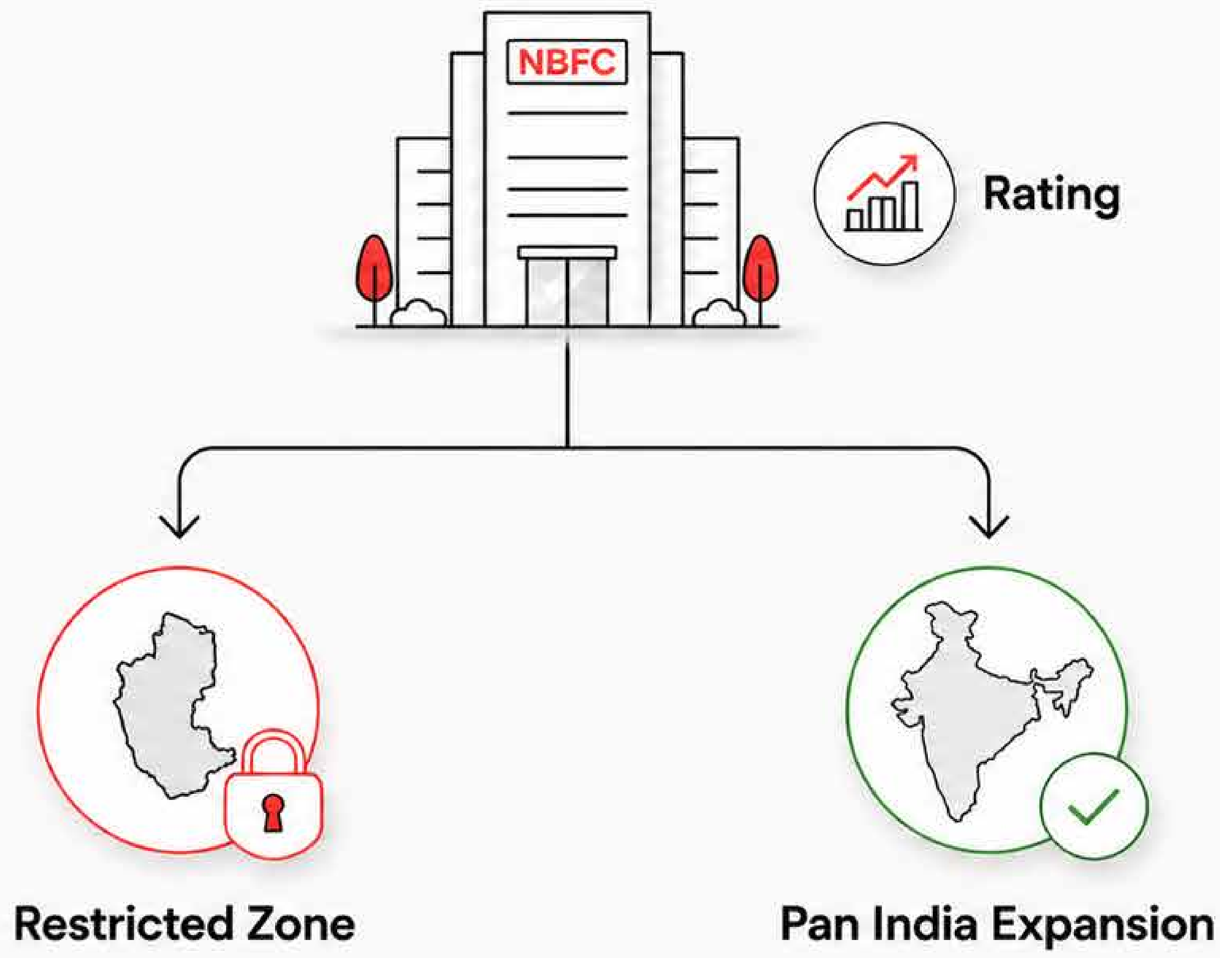

Branch expansion depends on the Net Owned Fund (NOF) and Credit Rating as follows -

- NOF ≤ ₹50 Cr **or** rating below AA - Branches only in state of registered office
- NOF > ₹50 Cr **and** AA or above - Branches anywhere in India
- NOF > ₹50 Cr **and** rating below AA - Branches only in state of registered office.

Other amendments in the fine print

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1. Heading of subsection A1 renamed to "Opening of branch in India"
2. Subsection A2 previously requiring the Housing Finance Companies (HFCs) to intimate the National Housing Board (NHB) before opening any Branch and subsection A3 requiring approval of RBI to open branches exceeding 1,000 by a Non-Banking Financial Company - Investment and Credit Company (NBFC- ICC) which is in the business of lending against gold collateral have been deleted
3. CICs and HFCs have been carved out in few paragraphs
4. For CICs - RBI's power changed from 'wind up establishment' to 'review/recall approvals'.

Takeaways

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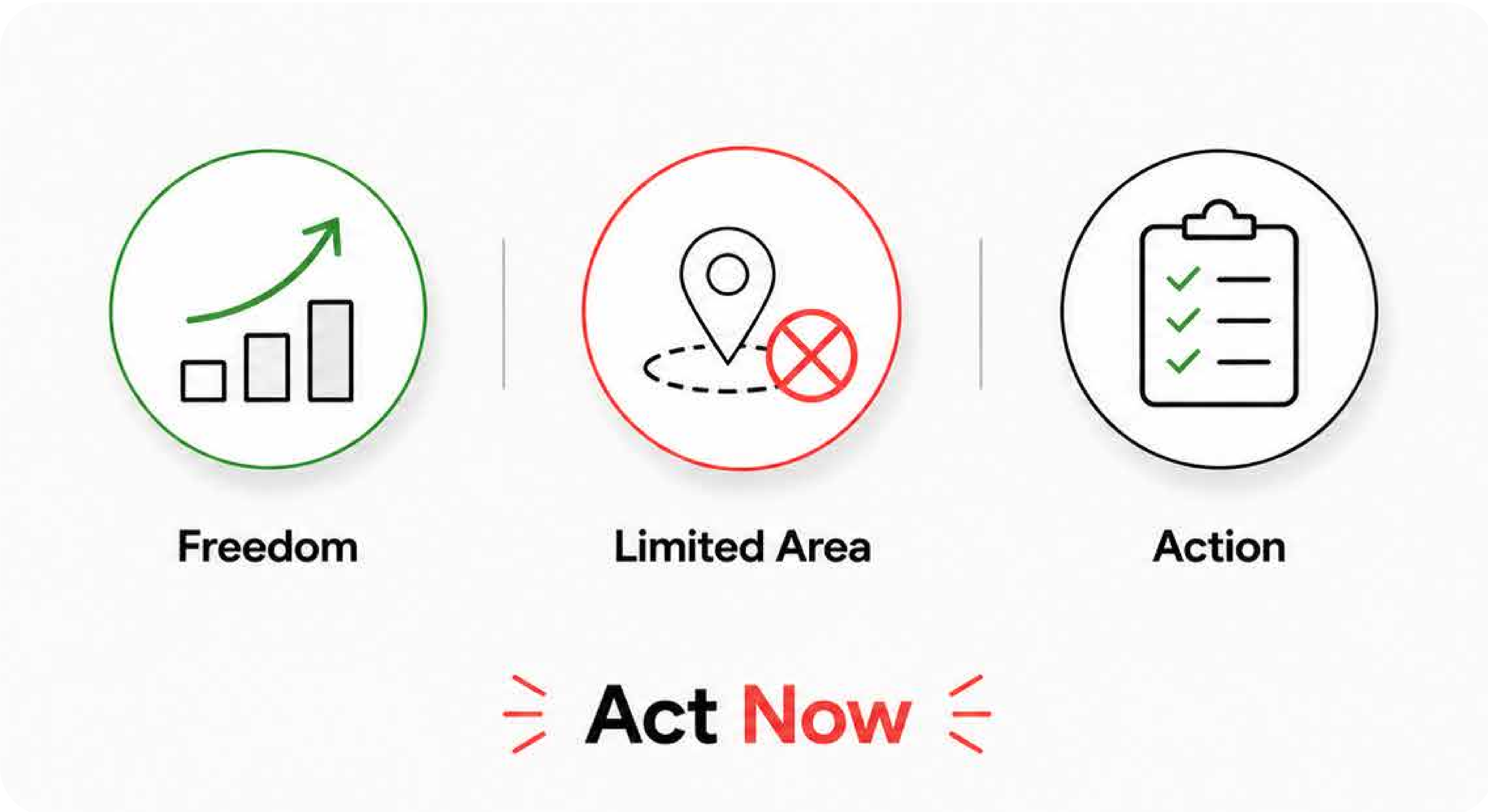

1. Larger, well-rated NBFCs get more freedom to expand pan-India
2. Smaller/lower-rated deposit-takers remain geographically restricted
3. Effective immediately — review your expansion plans now.

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The shift is from permission to prudence.

How ready are NBFCs?