

Buying an NBFC: Benefits, Challenges, and RBI Rules

The financial sector in India is growing rapidly, and Non-Banking Financial Companies (NBFCs) have become a vital part of this expansion. Whether you're an entrepreneur looking to [register an NBFC in India](#) or an investor planning to buy an NBFC in India, understanding the regulatory landscape is crucial.



Buying an existing NBFC instead of starting from scratch has its advantages, but it also comes with challenges. This blog will cover:

- ✓ The benefits of buying an NBFC
- ✓ The key challenges involved
- ✓ RBI rules you must follow

Let's dive in!

Why Buy an NBFC Instead of Registering a New One?

Many investors and businesses prefer to [buy an NBFC in India](#) rather than go through the entire registration process. Here's why:

✓ Faster Market Entry

Setting up a new NBFC from scratch requires RBI approval, which can take 6 to 12 months. Buying an existing NBFC allows you to skip the lengthy approval process and start operations immediately.

✓ Pre-Approved License

When you purchase an NBFC, you get access to all its approvals, including its RBI registration. This is particularly beneficial if you're looking for specialized NBFC licenses such as:

[NBFC P2P License Online](#) – If you want to start a Peer-to-Peer lending platform.

[PPI License RBI](#) – Required for issuing Prepaid Payment Instruments like wallets or prepaid cards.

[Apply for NBFC Account Aggregator License](#) – If you want to provide financial data aggregation services.

✔ Existing Business Network

An established NBFC often comes with a **customer base, operational team, and lender relationships**, reducing the effort needed to start from zero.

Challenges of Buying an NBFC

While buying an NBFC has benefits, it also comes with risks. Here are some challenges to watch out for:

⚠ Due Diligence is a Must

Before buying an NBFC, conduct a thorough financial and legal check. Ensure that:

- The company has no hidden debts or legal disputes.
- There are no pending RBI compliance issues.
- The company's books are clean and financials are transparent.

⚠ RBI Approval for NBFC Takeover

Even though you are buying an existing NBFC, RBI approval is still required for a change in ownership. The process involves:

1. Submitting a detailed takeover proposal to RBI.
2. Ensuring the new directors meet RBI's fit and proper criteria.
3. Obtaining RBI's final approval before completing the acquisition.

⚠ Operational Restructuring

After acquisition, you may need to revamp internal processes, improve governance, or upgrade technology, depending on the NBFC's condition.

RBI Rules & Regulations for Buying an NBFC

The Reserve Bank of India (RBI) regulates all NBFC takeovers. Here are the key rules you must follow:

✦ Prior Approval from RBI

Any change in NBFC ownership requires RBI's prior approval if:

- A new investor acquires more than 26% of the company.
- There is a change in directors or management.

✦ Minimum Net Owned Funds (NOF) Requirement

To operate an NBFC, RBI mandates a minimum capital requirement:

- ₹2 crore for most NBFCs
- ₹5 crore for NBFC P2P license online applicants
- ₹15 crore for Apply for NBFC Account Aggregator License applicants

✦ **KYC & Compliance Checks**

NBFCs must follow strict KYC norms and anti-money laundering regulations. Failure to comply can lead to penalties or RBI action.

✦ **Business Plan Submission**

RBI requires a detailed business plan for approval, ensuring the new owner has a clear vision for the NBFC's operations.

Final Thoughts

Buying an NBFC in India can be a smart move if you want to enter the financial sector quickly. However, the process involves RBI approvals, due diligence, and compliance checks.

If you're planning to register an NBFC in India, apply for an NBFC account aggregator **license**, or acquire an NBFC, it's best to consult experts who can guide you through the legalities.

👉 **Need help with NBFC registration or acquisition?** Contact us for professional assistance!