



ALLIED LAWS

N. A. SHAH **BULLETIN**

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Chartered Accountants



Harmonization of different categories of NBFCs

NBFCs are categorized into several classes to focus on specific sectors / asset classes and accordingly different regulatory prescriptions are put in place.

With a view to provide NBFCs with greater operational flexibility, RBI has decided to merge three categories of NBFCs viz. Asset Finance Companies (AFC), Loan Companies (LCs) and Investment Companies (ICs) into a new category called NBFC - Investment and Credit Company (NBFC-ICC).

Further, a deposit taking NBFC-ICC is permitted to invest in unquoted shares of another company which is not a subsidiary company or a company in the same group of the NBFC, for an amount not exceeding twenty per cent of its owned fund.

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