

# The Evolution of NBFCs in India: A Historical Perspective

Non-Banking Financial Companies (NBFCs) have played a big role in shaping India's financial landscape. While traditional banks have always been at the center of finance, NBFCs have filled many important gaps, especially in reaching people and businesses that banks often miss.

This blog looks at the journey of NBFCs in India — from how they started, how they changed over time, and the different licenses and opportunities available today like NBFC Registration in India, NBFC Account Aggregator License, NBFC Takeover, PPI License, and P2P License.



## The Beginning of NBFCs in India

NBFCs in India began their journey in the 1960s. At that time, banks alone could not meet the credit needs of a fast-growing economy. NBFCs entered the market by offering loans, hire purchase, leasing, and investment services.

They mainly served small businesses and individuals who had difficulty accessing loans from traditional banks. This included traders, shopkeepers, small manufacturers, and others who were often overlooked by banks due to lack of proper documents or collateral.

## Growth in the 1980s and 1990s

In the 1980s and 90s, NBFCs grew rapidly. Many of them began offering services like:

Vehicle and equipment financing

Housing finance

Consumer loans

## Asset management

However, this growth also came with problems. Some NBFCs were unregulated and misused public money. This caused a lack of trust in the sector.

To protect investors and bring order, the Reserve Bank of India (RBI) stepped in. In 1997, RBI made it mandatory for NBFCs to register under the RBI Act. This was the birth of formal [NBFC Registration in India](#).

## NBFC Registration in India: A Turning Point

After 1997, RBI brought many regulations to improve transparency and protect the interest of depositors. Now, to start an NBFC, companies must:

Register under the Companies Act

Apply for NBFC Registration with RBI

Meet capital requirements (currently ₹2 crore for most NBFCs)

Follow RBI's rules on lending, reporting, and governance

This formal process brought more trust and helped NBFCs grow responsibly.

## Technological Advancements and New Licenses

With the rise of digital banking and fintech, NBFCs started adopting new technologies. The RBI also introduced new types of NBFC models and licenses to encourage innovation and financial inclusion.

Let's look at a few important types:

### 1. NBFC Account Aggregator License in India

The NBFC Account Aggregator (AA) model is a new system introduced by RBI. It allows individuals to control and share their financial data with lenders, advisors, and others in a secure way.

This helps in:

Better loan approvals

Personalized financial services

Data privacy and transparency

For companies that want to become AAs, they must apply for an [NBFC Account Aggregator License in India](#) and follow strict rules on data protection.

### 2. NBFC Takeover in India

With more regulations and opportunities, many businesses are now looking to expand by taking over existing NBFCs. An [NBFC Takeover in India](#) happens when one company acquires another NBFC to enter the finance market quickly.

A takeover allows the buyer to:

Save time on new registration

Use the existing NBFC's license

Get access to an existing customer base

However, this process needs RBI approval and due diligence to ensure compliance.

### 3. PPI License in India

**Prepaid Payment Instruments (PPI)** are tools like wallets, prepaid cards, or vouchers used to pay for goods and services.

NBFCs offering digital wallets or prepaid cards need to get a [PPI License in India](#) from the RBI. This license is very important for fintech NBFCs that want to provide cashless payment solutions to customers, especially in rural areas.

### 4. P2P License in India

**Peer-to-Peer (P2P) Lending Platforms** allow people to lend and borrow money directly through online platforms.

To operate a P2P platform, companies must register as an NBFC-P2P and get a [P2P License in India](#). These platforms help:

Lenders earn interest

Borrowers get quick loans

Promote credit access without banks

P2P NBFCs are growing rapidly, especially among young entrepreneurs and small businesses.

## NBFCs Today: A Key Player in India's Economy

Today, NBFCs are a key part of India's financial system. They serve a wide range of customers including:

Farmers

Micro, small and medium enterprises (MSMEs)

Startups

Individuals with limited credit history

NBFCs are more flexible than banks and often offer faster services with simpler documentation. With digital tools and data-driven systems, they are also helping people build their credit profiles and gain financial independence.

## Challenges and the Road Ahead

Despite their growth, NBFCs also face challenges such as:

Liquidity issues

Regulatory pressure

Competition from fintech startups

However, with better governance, stronger technology, and clear rules from RBI, NBFCs are expected to grow even more in the coming years.

## Conclusion

The evolution of NBFCs in India shows how important they have become in supporting India's economic development. From their humble beginnings to becoming tech-driven financial players, NBFCs have come a long way.

Whether it is getting an NBFC Registration in India, acquiring a company through an NBFC Takeover, or applying for innovative licenses like PPI License, P2P License, or the NBFC Account Aggregator License, the future looks promising for NBFCs.

As more people and businesses depend on non-bank lenders, NBFCs will continue to play a big role in making finance more inclusive and accessible for all.

**Corpbiz** offers end-to-end support to make it smooth and compliant.

Partner with Corpbiz for complete NBFC support – from registration to acquisition!

Visit: <https://corpbiz.io>

**#NBFCIndia #CorpbizSupport #FinancialServices #NBFCSetup #DigitalFinance**