

**Comparison Chart – NBFC ND-SI and ND-NSI  
August 2020**

**Comparison Chart**  
**Non-Deposit Taking – Systematically Important and Non-Systematically Important NBFC**

This chart seeks to outline the differences between a Non-Deposit Taking – Systematically Important NBFC (NBFC ND-SI) and Non-Deposit Taking – Non-Systematically Important NBFC (NBFC ND-NSI). For the said purpose, the criteria for deciding the status of systematically important NBFC is imperative and hence, the same is mentioned below:

***Criteria for deciding NBFC ND-SI status***

*Once an NBFC reaches an asset size of INR 500 crore or above, it shall be subject to the regulatory requirements as applicable to NBFC ND-SI, despite not having such assets as on the date of last balance sheet. All such non-deposit taking NBFCs shall comply with the regulations/directions issued to NBFC ND-SI from time to time, as and when they attain an asset size of INR 500 crore, irrespective of the date on which such size is attained.*

*Where the asset size of a company falls below INR 500 crore in any month, which may be due to temporary fluctuations and not due to actual downsizing. In such a case the company shall continue to meet the reporting requirements and shall comply with the extant directions as applicable to NBFC ND-SI, till the submission of its next audited balance sheet to the RBI and a specific dispensation from RBI in this regard.*

A comparative chart between both the types of NBFCs is discussed as under:

Particulars	Non-Deposit Taking – Systematically Important NBFC (NBFC ND-SI)	Non-Deposit Taking – Non-Systematically Important NBFC (NBFC ND-NSI)
<b>Definitions</b>	It means an NBFC not accepting / holding public deposits and having total assets of INR 500 crore and above as shown in the last audited balance sheet. <b>(Refer Note)</b>	It means an NBFC not accepting / holding public deposits and having total assets of less than INR 500 crore as shown in the last audited balance sheet.

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<b>Meaning of “Sub-standard Asset” under asset classification</b>	Sub-standard asset means an asset which has been classified as non-performing asset for a period not exceeding 18 months. However, the period ‘not exceeding 18 months’ stipulated shall be ‘not exceeding 16 months’ for the financial year ending March 31, 2016; ‘not exceeding 14 months’ for the financial year ending March 31, 2017; and ‘not exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter.	Sub-standard asset means an asset which has been classified as non-performing asset for a period not exceeding 18 months
<b>Meaning of “Doubtful Asset” under asset classification</b>	Doubtful Asset means a) a term loan, b) a lease asset, c) a hire purchase asset or d) any other asset, which remains a sub-standard asset for a period ‘exceeding 18 months’ for the financial year ended March 31, 2015; ‘exceeding 16 months’ for the financial year ended March 31, 2016; ‘exceeding 14 months’ for the financial year ending March 31, 2017 and ‘exceeding 12 months’ for the financial year ending March 31, 2018 and thereafter.	Doubtful Asset means a) a term loan, b) a lease asset, c) a hire purchase asset or d) any other asset, which remains a sub-standard asset for a period exceeding 18 months
<b>Classification of Non-Performing Assets (NPA) – Part A</b>	<p>Following shall be classified as an NPA (among others):</p> <ul style="list-style-type: none"> <li>a) an asset, in respect of which, interest has remained overdue for a period of 6 months or more</li> <li>b) term loan inclusive of unpaid interest, when the instalment is overdue for a period of 6 months or more</li> </ul>	The NPA’s as mentioned under the NBFC-NDSI head shall be treated as such if they remain overdue for a period of 6 months or more.

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	<p>or on which interest amount remained overdue for a period of 6 months or more</p> <p>c) demand or call loan, which remained overdue for a period of 6 months or more from the date of demand or call or on which interest amount remained overdue for a period of 6 months or more</p> <p>d) a bill which remains overdue for a period of 6 months or more</p> <p>e) the interest in respect of a debt or the income on receivables under 'other current assets' in the nature of short term loans/advances, which facility remained overdue for a period of 6 months or more</p> <p>f) Any dues on account of sale of assets or services rendered or reimbursement of expenses incurred, which remained overdue for a period of 6 months or more</p> <p>However, the period of 6 months as mentioned above shall be '5 months or more' for the financial year ending March 31, 2016; '4 months or more' for the financial year ending March 31, 2017 and '3 months or more', for the financial year ending March 31, 2018 and thereafter.</p>	
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<b>Classification of Non-Performing Assets (NPA) – Part B</b>	The lease rental and hire purchase instalment, which has become overdue for a period of 12 months or more shall be classified as NPA. However, the period of '12 months or more' shall be '9 months or more' for the financial year ending March 31, 2016; '6 months or more' for the financial year ending March 31, 2017; and '3 months or more' for the financial year ending March 31, 2018 and thereafter.	The lease rental and hire purchase instalment, which has become overdue for a period of 12 months or more shall be classified as NPA.
<b>Standard Asset Provisioning</b>	It shall make provisions for standard assets at 0.30% by the end of March 2016; 0.35% by the end of March 2017 and 0.40% by the end of March 2018 and thereafter, of the outstanding standard assets, which shall not be reckoned for arriving at net NPAs.	It shall make provision for standard assets at 0.25% of the outstanding standard assets, which shall not be reckoned for arriving at net NPAs.
<b>Maintenance of Liquidity Coverage Ratio</b>	Non-Deposit Taking – Systematically Important NBFCs with asset size of INR 5,000 crore and above are required to maintain a liquidity buffer for promotion of resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset to survive any acute liquidity stress scenario lasting for 30 days. This requirement shall be binding from December 1, 2020 (to be progressively attained by December 1, 2024)	No such mandatory guidelines by RBI
<b>Disclosure in Balance</b>	Following items to be disclosed in Balance Sheet:	Disclosure of the items (a to c under NBFC-NDSI

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<b>Sheet</b>	a) Capital to Risk Assets Ratio b) Exposure to real estate sector, both direct and indirect, and c) Maturity pattern of assets and liabilities	column) is not mandatory
<b>Constitution of committees of Board of Directors</b>	It shall have the following committees: a) Audit Committee (not less than three members of Board of Directors) b) Nomination Committee c) Risk Management Committee	No such mandate applicable to these kind of NBFCs
<b>Appointment of Chief Risk Officer</b>	NBFC-NDSI with asset size of more than Rs.50 billion in categories - Investment and Credit Companies, Infrastructure Finance Companies, Micro Finance Institutions, Factors and Infrastructure Debt Funds shall appoint a CRO with clearly specified role and responsibilities.	The appointment is not mandatory
<b>Fit and Proper Criteria</b>	It shall ensure that a policy is put in place with the approval of the Board of Directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. The guidelines for the same has been prescribed.	Not a mandatory requirement, However, RBI often insists on this criteria irrespective of the type of NBFCs
<b>Obtain Requisite</b>	It shall obtain prescribed declaration, undertakings and	RBI does not obligate these companies to obtain such

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<b>declarations and Deed of Covenants</b>	deed of covenants signed by the directors.	documents, however, NBFC in the good faith may request the directors to furnish these documents for corporate governance matters.
<b>Quarterly reporting to RBI</b>	Statement on change of directors, and a certificate from the Managing Director of the applicable NBFC that fit and proper criteria in selection of the directors has been followed within 15 days of close of respective quarter.	No such reporting requirement.
<b>Putting up the prescribed proposal at regular intervals before the Board of Directors</b>	It shall put up the following to the Board of Directors, at regular intervals: a) the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by it; b) conformity with corporate governance standards viz., in composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc.	No such requirement
<b>Disclosure in annual financial statements (wef March 31, 2015)</b>	Disclosure of the following in the Annual Financial Statements: a) registration/ licence/ authorisation, by whatever name called, obtained from othee financial sector regulators; b) ratings assigned by credit rating agencies and migration of ratings during the year;	No such disclosure is mandated

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	c) penalties, if any, levied by any regulator; d) information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries and e) Asset-Liability profile	
<b>Rotation of partners of Statutory Auditors Audit Firm</b>	It shall rotate the partner/s of the Chartered Accountant firm conducting the audit, every 3 years so that same partner shall not conduct audit of the company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit after an interval of three years.	Rotation criteria has not been prescribed by RBI
<b>Framing of internal guidelines</b>	It shall frame their internal guidelines on corporate governance with the approval of the Board of Directors and it shall be published on the company's web-site, if any.	No such requirement
<b>Issuance of perpetual debt instruments</b>	It may issue perpetual debt instruments in accordance with the guideline issued by RBI	Not applicable
<b>Participation in Currency options</b>	These are allowed to participate in the designated currency options exchanges recognized by SEBI, as clients, subject to the RBI's guidelines only for hedging their underlying forex exposures. Disclosures shall be made in the balance sheet regarding transactions undertaken	Not applicable

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<b>Participation in interest rate futures market</b>	NBFCs-NDSI with asset size of INR 1,000 crore and above may also participate in the interest rate futures market permitted on recognized stock exchanges as trading members, subject to RBI/ SEBI guidelines	Not applicable
<b>Point of presence (PoP) services</b> <b>Pension Fund Regulatory and Development Authority for National Pension System (NPS)</b>	NBFCs-NDSI are permitted to undertake PoP services for NPS after registration.	Not permitted
<b>Licensing as Authorised Dealer- Category II</b>	NBFCs-NDSI categorized as Investment and Credit Companies shall be eligible for Authorized Dealer- Category II (AD- Cat II) license, subject to meeting of prescribed conditions.	Not applicable

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