

PREFACE TO SECOND EDITION

The altering economic, business and financial dynamics in the Indian backdrop have accorded us a moment of tremendous opportunity to reflect on the remarkable evolution of the financial sector in our country. In the financial ecosystem, there has been a paradigm shift in the roles being played by each of the institutions and amongst these the Non-banking Financial Companies have acquired a place of prominence.

To quote the World Bank, *“NBFI’s supplement banks in providing financial services to individuals and firms. Having a multi-faceted financial system, which includes non-bank financial institutions, can protect economies from financial shocks and recover from those shocks. NBFIs provide multiple alternatives to transform an economy’s savings into capital investment, which act as backup facilities should the primary form of intermediation fail.”*

The said thought reverberates through all economies globally. Even further, the landscape for NBFCs has continued to transform, driven by a confluence of factors including technological advancements, changes in consumer behavior, and evolving regulatory frameworks and the ever-growing need for finance.

To dig deeper into the nuances of these financial institutions, ICSI had launched the publication titled NBFC- A Quick Referencer. The first edition, launched during a period of significant regulatory shifts and market dynamics, was aimed at providing a comprehensive overview of the role played by NBFCs in supporting economic growth and financial inclusion.

The Revised edition has encompassed all the relevant notifications, master directions, etc. issued by Reserve Bank of India for NBFCs from time to time since the publication of its first edition.

Topics such as digital transformation, integration of artificial intelligence in financial services, and the emphasis on sustainable finance are explored in greater depth. Particular attention has been laid upon the impact of recent economic policies, which are reshaping the financial ecosystem and presenting both opportunities and challenges for NBFCs. By providing

a nuanced and balanced analysis of these factors, with an idea to equip readers with the knowledge necessary to navigate the complexities of this sector, the publication has been revised.

I take this opportunity to convey my deepest gratitude towards the entire Team of ICSI Task Force on NBFC led by CS Sachin Chhadawa, who have pursued the project of rolling out the revised version of the publication titled “**NBFC - A Quick Referencer**” with unrelenting efforts right from the inception to the culmination of this publication.

I extol the dedicated efforts put in by Ms. Sarika Verma, Deputy Director under the guidance of CS Lakshmi Arun, Director, Directorate of Academics, ICSI under the overall stewardship of CS Asish Mohan, Secretary, ICSI. I congratulate the Professional Research and Publication Committee (PRPC) under the impeccable and inimitable leadership of CS Venkata Ramana Rajavolu, Council Member, The ICSI for this achievement and thank them for their support in the process.

As we look to the future, we remain optimistic about the potential of the NBFC sector to drive innovation, enhance financial accessibility, and contribute to a robust economic framework.

We invite you, the reader, to engage with this work and explore the myriad opportunities and challenges that lie ahead for NBFCs in this rapidly changing landscape.

Place: New Delhi

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(CS B Narasimhan)

President

The Institute of Company Secretaries of India