



Premature Repayment Guidelines for NBFC Depositors

Source: BL

In a significant move to assist **non-banking finance company (NBFC)** depositors facing urgent financial needs, the **Reserve Bank of India (RBI)** has introduced guidelines **allowing premature repayment of deposits under specific conditions**.

- Premature repayment of deposits **within three months is now permitted** without interest, addressing **emergencies like medical expenses or natural disasters** as **notified by the concerned government or authority**.
 - Tiny deposits (up to Rs 10,000) can be fully repaid at the depositor's request, while for other public deposits, **up to 50% or Rs 5 lakh (whichever is lower) can be withdrawn**.
 - In cases of **critical illness, 100% of the principal can be withdrawn prematurely without interest**.
- NBFCs must establish a system for acknowledging nomination requests, ensuring all customers are informed about their nomination status.
 - The notice period for deposit maturity has been reduced from two months to 14 days, enhancing communication with depositors.
- A NBFC is a company registered under the **Companies Act, 1956** engaged in the business of loans and advances, acquisition of securities, insurance business, chit business.
 - The key differences between banks and NBFCs are that **NBFCs cannot accept demand deposits**, do not form part of the payment and settlement system, and **deposit insurance facility** is not available to depositors of NBFCs.

Read more: [RBI to Review NBFCs](#)

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