



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2009-10/250

RPCD.CORRB.No.45/03.05.33/2009-10

December 09, 2009

**The Chairman
All Regional Rural Banks (RRBs)**

Dear Sir,

**Marketing /Distribution of Mutual Fund Units /Insurance etc., products
by RRBs**

Please refer to our circular [RPCD.No.RRB.BC.82/03.05.33/2005-06](http://www.rbi.org.in/external/RRB/RRB%20BC%2082%2F03.05.33%2F2005-06.pdf) dated May 17, 2006 allowing RRBs to undertake marketing of units of mutual funds as agents subject to certain terms and conditions.

2. Similarly, in terms of paragraph 2 of our Circular RPCD. CO. RRB. BC. No. 99 / 03.05.33(G)/2004-05 dated May 12, 2005, RRBs were allowed to undertake insurance business on a referral basis without any risk participation through their network of branches subject to certain conditions. Further, in terms of our circular [RPCD.CO.RRB.BC.No.86/03.05.33\(G\)/2006-07](http://www.rbi.org.in/external/RRB/RRB%20BC%2086%2F03.05.33%2F2006-07.pdf) dated May 03, 2007, RRBs have been permitted for taking up corporate agency business for distribution of insurance products without risk participation subject to conditions mentioned in para 2 of the said circular.

3. In all the activities referred to above, it is likely that RRBs may be marketing / referring, several competing products of various mutual fund / insurance companies to their customers. Keeping in view the need for transparency in the interest of the customers to whom the products are being marketed / referred, it has since been decided that RRBs should disclose to the customers, details of all the commissions / other fees (in any form) received, if any, from the various mutual fund / insurance companies for marketing/ referring their products.

4. The above instructions will come into force with immediate effect.

5. Please acknowledge receipt of the circular to our Regional Office concerned.

Yours faithfully

(R.C.Sarangi)
Chief General Manager