

Draft Reserve Bank of India (Regional Rural Banks – Undertaking of Financial Services) Amendment Directions, 2026

In exercise of the powers conferred by Section 35A of the Banking Regulation Act, 1949, the Reserve Bank being satisfied that it is necessary and expedient in the public interest to do so, hereby, amends the directions issued vide [Reserve Bank of India \(Regional Rural Banks – Undertaking of Financial Services\) Directions, 2025](#) (“the Master Direction”).

2. The extant regulations governing agency business and referral services have been reviewed and, accordingly, the Master Direction has been amended and the revised regulatory framework is provided below. Further, the regulatory instructions on customer service and conduct aspects shall be consolidated in the [Reserve Bank of India \(Regional Rural Banks - Responsible Business Conduct\) Directions, 2025](#).

3. Short Title and Commencement

- (1) These Directions shall be called the Reserve Bank of India (Regional Rural Banks - Undertaking of Financial Services) Amendment Directions, 2026.
- (2) These Directions shall come into effect on **April 1, 2026**.

4. These Amendment Directions shall modify the [Reserve Bank of India \(Regional Rural Banks – Undertaking of Financial Services\) Directions, 2025](#) as under:

(i) For paragraph 18 of the Master Direction, the following shall be substituted, namely:-

“18. An RRB is permitted to undertake the marketing of units of Mutual Funds as agent. RRB may, with the approval of their Board, enter into agreement with Mutual Funds for marketing their units, subject to the following terms and conditions:

- (1) An RRB shall comply with the SEBI guidelines / regulations, including its code of conduct, for distribution of mutual fund products.*
- (2) An RRB shall ensure that it is in full compliance with the instructions on [Reserve Bank of India \(Regional Rural Banks - Responsible Business Conduct\) Directions, 2025](#).*

- (3) *The business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.*
- (4) *An RRB shall confine retailing of units of Mutual Funds to branches.*
- (5) *An RRB shall put in place adequate and effective control mechanisms.*
- (6) *It shall be ensured that Mutual Funds whose products are being sold have robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.*
- (7) *Only such mutual fund products which are covered under the arrangement shall be listed or displayed on websites or any other digital banking channels offered by the RRBs.”*

(ii) For paragraph 20 of the Master Direction, the following shall be substituted, namely:-

“20. An RRB may take up corporate agency business for distribution of all types of insurance products, including health and animal insurance, subject to the following conditions:

- (1) *An RRB should comply with the Insurance Regulatory and Development Authority of India (IRDAI) regulations for acting as 'composite corporate agent'.*
- (2) *An RRB shall ensure that it is in full compliance with the instructions on Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Directions, 2025.*
- (3) *The business shall be undertaken on fee basis without any risk participation. This shall be explicitly disclosed upfront to the customers.*
- (4) *It shall be ensured that insurance companies whose products are being sold have robust customer grievance redressal arrangements in place. The bank may facilitate the redressal of grievances.*
- (5) *Only such insurance products which are covered under the arrangement shall be listed or displayed on websites or any other digital banking channels offered by the RRBs.”*

(iii) In paragraph 23 of the Master Direction, the following shall be substituted under sub-para (1), namely:-

“(1) An RRB shall comply with the instructions on Reserve Bank of India (Regional Rural Banks - Responsible Business Conduct) Directions, 2025 and relevant IRDAI regulations applicable to referral arrangements with insurance companies.”

(iv) Sub-paras (2) and (6) of paragraph 23 of the Master Direction stand deleted.

(v) Paragraph 25 of the Master Direction stands deleted.

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