

RBI/2004-05/364

RPCD.CO.NB. BC.No. 78 /03.03.116/2004-05

February 17, 2005

Chairmen of all State Cooperative Banks / District Central Cooperative Banks

Dear Sir,

Entry of State Cooperative Banks (SCBs) / District Central Cooperative Banks into insurance business

A reference is invited to our circular RPCD.CO.NB.BC.No.59/03.03.116/ 2004-05 dated November 18, 2004 allowing **scheduled or licensed SCBs and licensed DCCBs** subject to their having a minimum net worth of Rs.100 crore as per the latest NABARD Inspection Report and complying with certain other norms to undertake insurance business as corporate agent without risk participation.

2. On a review it has been decided to allow scheduled or licensed SCBs and licensed DCCBs having a minimum net worth [real or exchangeable value of paid up capital and reserves as defined under Section 11 of the Banking Regulation Act, 1949 (AACS)] of Rs.50 crore instead of Rs.100 crore as at present, to undertake insurance business as corporate agent without risk participation. Other terms and conditions stated in our circular dated November 18, 2004 referred to above would remain unchanged. **We reiterate that no SCB/DCCB should undertake insurance business without obtaining prior permission of the Reserve Bank of India.**

3. Please acknowledge receipt of the circular to our Regional Offices.

Yours faithfully

(C.S.Murthy)
Chief General Manger-in-Charge