



KAMARAJ IAS ACADEMY
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India Post & NSE Sign MoU to Enable Mutual Fund Distribution

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The **Department of Posts (DoP)**, under the Ministry of Communications, signed a Memorandum of Understanding (MoU) with the National Stock Exchange of India (NSE) to enable distribution of mutual fund products through India Post's vast postal network. The agreement was signed in New Delhi with the aim of expanding access to investment products across India.

Key Features of the MoU

India Post will use its extensive network of 1.64 lakh post offices to distribute mutual funds to citizens, including in rural and small-town areas.

Selected Department of Posts employees will be trained and certified as mutual fund distributors.

Distribution will be done through NSE's digital mutual fund platform (NSE MF Invest), subject to regulatory compliance including NISM certification and EUIN registration.

The initiative aligns with the government's financial inclusion objectives by combining India Post's reach with NSE's technological capability.

About Mutual Funds:

Mutual funds are investment vehicles that pool money from many investors and invest it in a diversified portfolio of stocks, bonds, and other securities managed by Asset Management Companies (AMCs). They are regulated by the Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds) Regulations, 1996.

Financial Inclusion Context:

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040
Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

India Post's network is one of the largest physical networks in the world, making it a strategic partner to enhance access to financial products beyond urban centres. By offering mutual funds at post offices, the initiative is expected to increase financial literacy and savings participation among underserved populations.

Investor Protection Norms:

Employees must obtain National Institute of Securities Markets (NISM) certification and Employee Unique Identification Number (EUIN) before distributing mutual funds to ensure regulatory compliance and investor protection.

Phased Implementation:

The rollout is expected to happen in phases — starting with basic, easy-to-use investment options and later expanding to include the full mutual fund ecosystem such as all open-ended schemes, goal-based investing, portfolio analytics, and vernacular language support.

Need for the Initiative:

Despite mutual funds being a key investment option, penetration remains relatively low in rural and small-town India compared to urban areas. This collaboration aims to bridge the urban-rural gap in access to market-linked investment products

Capital Markets & Wealth Creation:

By facilitating mutual fund investments through a trusted and familiar channel such as post offices, the MoU supports the government's vision of wealth creation, financial awareness, and long-term savings habits among citizens.