

RBI Retail Direct Scheme for Individual Investors

On 12 November 2021, the Reserve Bank of India (RBI) launched the RBI-Retail Direct Scheme to facilitate access to the primary and secondary Government Securities (G-secs) market by individual investors. Under this scheme, individual retail investors (natural persons) can open a Gilt Securities Account – “Retail Direct Gilt (RDG)” Account with the RBI.

Prerequisites

- An individual investor can open an RDG account with Income-tax PAN, Rupee Savings Account, email id and mobile number. The scheme is also available to non-resident retail investors who are eligible to invest in G-Secs under FEMA.
- The investors can make payments for transactions through the savings bank account via internet banking or UPI.

Operability

By log-in to <https://www.rbiretaildirect.org.in/>, retail investors (individuals) can:

- Open and maintain the RDG Account with RBI.
- Access the primary market – i.e., place non-competitive bids in primary issuance of all Central Government securities (including Treasury Bills and Sovereign Gold bonds) and securities issued by various State Governments.
- Access secondary market through “NDS OM” - RBI’s trading system.
- Receive any interest paid/maturity proceeds into the linked bank account on due dates.

Facilities

- Online facilities of nomination, pledge/lien, gift transactions are facilitated.
- Receipt of interest and maturity proceeds would be directly credited to the linked bank account. The RDG account holder will have access to information about the daily holding balances, and the periodic account statements will be emailed to the RDG holder.
- No fees will be charged for maintaining the account and bidding; the registered investor will bear only the payment gateway fees while entering into transactions.

Bidding and settlement process

- RBI has authorized Clearing Corporation of India (CCIL) to act as an aggregator for primary issuances and as receiving office for SGB for the RD investors. CCIL is also authorized to operate the NDS OM platform.
- Primary issuance: The RDG account holders will be allowed to place and withdraw bids during the bidding interval or subscription period. Funding of the bids can be done either at the time of bidding or at the latest before the bidding/subscription window closure. Bids that are not funded as of the submission date to RBI will be cancelled.
- Secondary markets: Each registered RD investor opting for secondary market trading on NDS OM will be provided with a CCIL ID. RDG will be permitted to access NDS-OM Order Matching Segment and Request for Quote (RFQ) Segment. T+1 will be the settlement period by CCIL for transferring funds and securities to sellers and buyers.

Weblink https://rbidocs.rbi.org.in/rdocs/content/pdfs/RBIRDS151121_AN.pdf

Therefore

The RBI-RD Scheme will be a significant milestone in bringing the G-secs within easy reach of the common man by simplifying the process of investment. Also, the Government will be able to access a wider investor base. The scheme is simple and safe, providing direct and secured platform to the investors.