

Reserve Bank of India's direct access to govt. securities trading platform to small investors is a major structural reform. Explain.

Govt of India issues bond or securities through Reserve Bank of India (RBI) to make money from market.

Bonds are issued by RBI and at some interest and are purchased by people through direct means or indirect means.

Govt. \implies RBI \iff Bonds are out (or) securities

Indirect Purchase $\left\{ \begin{array}{l} \text{RBI} \implies \text{Companies} \implies \text{Investment} \\ \text{(Mutual Funds etc)} \end{array} \right.$

Direct Purchase $\left\{ \begin{array}{l} \text{RBI} \implies \text{Investment or purchase} \\ \text{of bond.} \end{array} \right.$

* Small Investors :-

Are Middle People which having low tendency to invest in bond (or) markets.

* Major structural Reform :-

\rightarrow Govt allowed to direct investment in Bonds

\rightarrow The Govt guarantee Rs 5 lakh by if any wrong happens.

* Benefits:

- help Govt. to fulfill disinvest target 12 lakh (B202-)
- Make securities valuable
- Increases security of securities or bonds ~~more~~
- Will make more money from Govt.
- The Bond yield value will be increased
- Small investors can invest without any fear and risk
 - Since it is Govt backed bonds are too big to fail
- low risk to fail and stable interest rate or return.

* Demerits:

- leads to increase in Bond Yield
- effect in the rate of interest increase on loan given to people
- effect low circulation of loan and money which affect the development

Conclusion:

These reforms help the Govt to raise the money and achieve the target set during dist budget allocation