Question: The central bank should remain the regulator for the government securities market. Do you agree with this view? Comment.

Recently, SEBI has raised concerned over the low bond yields and demanded transfer of control of bond market to SEBI from RBI.

While the low bond yields is a valid point of contest, a low bond yield is highly essential in the post covid period to keep the cost of government borrowing low. Thus RBI has done a good job in this regard.

Various other factors that support the bond market control by RBI are.

1. The investor population of SEBI and bond market are two different avenues. While SEBI's (stock market) investors are highly low wealth investors. The investors in bond market ~~at~~ is usually by high-wealth players.

2. RBI has extensive control of the economy of India. They can be able to fix the repo, reverse repo etc.. in order

to keep the inflation and deflation at check.

③ ~~For~~ Various activities and powers that RBI exercise to keep the economy in check, have a major co-relation with the checks that are mandatory for regulation for bond markets. If SEBI is ~~g~~ alloted ~~it~~ to control the bond markets, ~~it~~ may require additional manpower to control the bond markets

④ The damage caused by coronavirus pandemic and subsequent lockdowns has not been completely wiped out from the economy. It is, now the ~~unprecedent~~ unsuitable time to transfer ~~of~~ the control of bond markets ~~from~~ ~~ST~~ RBI to SEBI.

⑤ The RBI can one way or the around can be able to control the bond yield from falling too steep by adjusting various factors like monetary policy etc... SEBI may not be able to perform it.

Thus, the ~~market~~ bond market watchdog should be the RBI atleast ~~for~~ for now, until the economy recovers to the ~~pre~~-covid levels.