



PRESS INFORMATION BUREAU
(Research Unit)
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Retail Direct Scheme- FAQs

(Ministry of Finance)

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About the Retail Direct Scheme

The investors in [Government securities \(G-sec\)](#)¹ market in India are mostly institutions like commercial banks, co-operative banks, regional rural banks, provident funds, insurance companies, pension funds, mutual funds and non-banking finance companies. Retail participation, i.e., participation by individuals in the G-sec market has been very limited till now.

Promoting retail participation in the G-sec market is beneficial to both the issuer and the investor. From the issuer's perspective, a diversified investor base for government bonds ensures stable demand for G-sec. Further, a heterogeneous investor base with different time horizons, risk preferences, and trading motives ensures active trading, creates liquidity and allows Government to raise borrowings at a reasonable cost. On the other hand, from the investors' perspective, it provides an alternative investment option with decent returns and capital protection.

Some countries have tried to build retail demand for government securities through special non-tradable instruments, although this does not contribute to development of the Government securities market. In India, retail investors invest in small savings instruments such as National Saving Certificate, Public Provident Fund, etc., some of which entail tax benefits, enhancing their attractiveness. However, exiting these investments is not easy as these instruments do not have a secondary market, thereby limiting their liquidity and capital appreciation opportunity. In this context, the announcement by the Reserve Bank of India (RBI) to allow retail investors to participate in the G-Sec market — in both primary market and secondary market— through an online portal called 'Retail Direct', is a win-win proposition for both the retail investors as also the issuer.

Scheme related queries:

1. What is the RBI Retail Direct Scheme?

Retail Direct Scheme is a one-stop solution to facilitate investment in Government Securities by individual investors. Under this scheme individual retail investors can open a Gilt Securities Account – "[Retail Direct Gilt \(RDG\)](#)"² account with RBI. Using this account, retail investors can buy and sell government securities through the online portal – <https://rbiretaildirect.org.in>

2. Why should I open a Retail Direct Gilt (RDG) account?

Opening an RDG account will allow individuals to buy Government securities directly in the primary market (auctions) as well as buy/sell in the secondary market. For the retail investor,

¹ https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51883

² *ibid*

Government securities offer an option for long term investment. The advantages for retail investors can be listed as under:

- i. G-sec are risk free: G-sec in the domestic market context are risk free and carry no credit risk.
- ii. G-sec offer decent yields for longer duration. G-sec yield curve extends up to 40 years. With Government issuing securities at different points on the yield curve, G-sec offer an attractive option for savers who need low risk investment options for longer durations.
- iii. G-sec offer prospect of capital gains: As there is an inverse relationship between bond price and interest rate, there is a prospect of capital gains when the interest rates moderate. One, however, must be conscious of market risks that could result in losses in case the interest rate cycle reverses.
- iv. G-sec have reasonable liquidity: G-sec have reasonable liquidity and can be transacted on NDS-OM. With the introduction of Retail Direct Portal, retail investors can now participate easily in primary and secondary market.
- v. G-sec help to diversify portfolio: Investments in government securities would help in portfolio diversification and consequently reduce risk for retail investors.
- vi. Zero charges under Retail Direct Scheme: Retail Direct Account is completely free of charge and does not involve any intermediary. It would reduce overall transaction charges for individual investors in terms of the charges which they are otherwise required to pay for investing through aggregators or taking indirect exposure through mutual funds.

3. What are the kinds of Government securities that I can invest in through the Retail Direct platform?

- i. [Government of India Treasury Bills \(T-Bills\)](#)³
- ii. Government of India dated securities (dated G-Sec)
- iii. State Development Loans (SDLs)
- iv. Sovereign Gold Bonds (SGB)

4. Who can open a Retail Direct Gilt (RDG) account?

- a. Retail investors, that is, individuals (natural persons) are allowed to open an RDG account. The following are required to open an account:
 - i. Rupee savings bank account maintained in India.
 - ii. Permanent Account Number (PAN) issued by the Income Tax Department.
 - iii. Any Officially Valid Document (OVD) for Know Your Customer (KYC) purpose.
 - iv. Valid email id.
 - v. Registered mobile number.
- b. Non-Resident retail investors eligible to invest in Government Securities under Foreign Exchange Management Act, 1999.

5. How many Retail Direct Gilt (RDG) accounts can I open?

An individual can open only one RDG account. The second holder in a joint RDG account may also open an individual RDG account.

³ <https://www.rbi.org.in/Scripts/FAQView.aspx?id=145#AS14>

6. Whether Retail Direct Gilt (RDG) account can be opened in a joint name?

The RDG account can be opened singly or jointly with another retail investor who meets the eligibility criteria.

7. What are the facilities available on the RBI Retail Direct Portal?

The RBI Retail Direct Online Portal will facilitate the following:

- a. Buying Government securities through primary auctions (non-competitive segment only).
- b. Buying and selling Government securities in the secondary market.
- c. Buying and selling [Sovereign Gold Bonds \(SGBs\)](#)⁴ in the primary and secondary market.
- d. Investor services such as account statement, nomination facility, pledge/lien, gift transactions, grievance redressal, and managing profile like contact details etc.

Account opening related queries

8. What is the procedure for opening a Retail Direct Gilt (RDG) account?

- a. Eligible Investors may login to <https://rbiretaildirect.org.in> and register using the Registration link to begin the account opening process.
- b. To open an account, the investor will have to furnish details like full name, PAN, mobile number, e-mail address, residential address, savings bank account number, etc. and specify a login name. Mobile number and email address will be authenticated using OTP and all further customer requests and services will be OTP based.
- c. For joint accounts, the PAN, e-mail address and phone number of both holders will be required.
- d. Once these details have been provided, you will get a reference number to track your application.
- e. You may now initiate your Know Your Customer (KYC) verification process.
- f. In case of joint accounts, the KYC verification will be done for both the holders.
- g. It will be mandatory for the investor to fill in the nomination details at the time of opening of the account.
- h. The savings bank account of the customer will be linked to their Retail Direct account by crediting a token amount into their bank account and verifying the same.
- i. Once the KYC is successful, an RDG account will be opened in the name of the investor(s).
- j. Information related to account number, login id & password to access the Online Portal will be made available to the customer on their registered e-mail id.
- k. In case of KYC failures, the individual can make new application or resubmit application after making necessary changes.

9. What documents do I need for opening a Retail Direct Gilt (RDG) account?

The following documents are mandatory to open the RDG account

- i. PAN
- ii. Mobile number
- iii. E-mail address
- iv. Scanned copy of your signature
- v. Bank account details (by uploading a cancelled cheque or manually entering the details on the portal)

⁴ ibid

vi. Aadhaar number with mobile number linked to it

In addition, you may be required to provide an address proof to complete your Know Your Customer (KYC) process. The following documents are accepted as an address proof - Passport, Driving License, Voter ID, Aadhaar, NREGA job card duly signed by the State Government, Letter issued by the National Population Register containing your name and address.

10. Can I change the email id or phone number linked with my Retail Direct Gilt (RDG) account later?

Yes, you can change your registered mobile number and e-mail id on the Retail Direct portal.

11. Can I open a Retail Direct Gilt (RDG) account if I have already invested in Government securities through other channels?

Yes.

12. What is the cost of opening and maintaining Retail Direct Gilt (RDG) Account?

RDG Account can be opened and maintained with RBI free of cost.

Know Your Customer (KYC) related queries

13. What are the ways of doing my KYC verification for Retail Direct Gilt (RDG) account?

There are two ways of doing [KYC verification](#)⁵ – CKYC based and video KYC.

14. How does the CKYC process work?

- i. Enter your PAN card number and date of birth to retrieve details available in CKYC.
- ii. Provide address details, scanned copy of your signature, bank account details and nominee details.
- iii. Authenticate the user agreement form using Aadhaar by submitting the OTP sent on your mobile number linked to Aadhaar.

15. Who should do video KYC?

In case your data does not exist in the CKYC database, you will have to opt for the video KYC method.

16. How does the video KYC process work?

- i. Upload a scanned copy of your PAN card.
- ii. Download the XML version of your Aadhaar from the UIDAI website and upload it. Use the 4-digit pin specified while downloading XML version.
- iii. Provide address details, scanned copy of your signature, bank account details and nominee details.
- iv. Complete the video KYC by choosing a time slot for later or immediately, depending on the availability at that point of time.
- v. Authenticate the user agreement form by Aadhaar using the OTP sent on your mobile number linked to Aadhaar.

17. Do I need to upload my address proof?

Only if your address has changed from the one mentioned in CKYC. In that case, you may update your new address and upload a proof for the same.

⁵ <https://www.rbi.org.in/Scripts/FAQView.aspx?id=145#AS14>

18. Why do I need to provide my bank account details?

The funds will be settled through this rupee savings bank account in case of any purchase/sale. Periodic coupon payments and redemption amount of the invested security will also be credited to this bank account.

19. How can I link my bank account with my Retail Direct Gilt (RDG) account?

To link your bank account, you can either upload a picture of your bank account's cancelled cheque from where the system will automatically read the required details or enter the bank account details yourself. The system will then transfer a token amount to your account. Confirming this token amount on the next screen will lead to automatic verification and linking.

20. What if my KYC process does not get completed in one session?

Your progress during KYC verification process will be saved so that you do not have to re-enter the details if you start again. The saved progress can be accessed using the link in the email which you received after registration, intimating you about KYC initiation. However, when you start again, you will have to keep clicking on 'Next' to move ahead without re-entering the previously saved details.

Nomination related queries

21. Is nomination compulsory for opening Retail Direct Gilt (RDG) Account?

Yes.

22. How many nominees can be entered?

Upto two nominees.

23. Can nominees be changed later?

Yes, investors, if they so desire, can change the nominee details through the Retail Direct portal later.

24. Can a Government securities holder nominate an individual other than blood relation as a nominee?

Yes. A [Government securities holder](#)⁶ may nominate any one as a nominee provided that the nominee should be eligible to invest in the particular loan as per the specific Government Loan Notification.

25. What happens if one of the joint nominees to a Government security dies?

In such cases where a nomination in respect of a Government security has been made in favour of two and either or any of the nominees is dead, the surviving nominee will be entitled to the Government security and payment thereon.

Investment and Account holdings related queries

26. What is the periodicity of Primary market auctions?

While the primary auctions are conducted generally on specified days of the week as given in the table below, these days may differ due to holidays or other considerations. Half yearly indicative calendars are published on RBI website for Government of India's dated securities and Sovereign Gold Bonds whereas quarterly indicative calendars are published for Treasury Bills and State Development loans. For details visit <https://rbi.org.in>

⁶ <https://www.rbi.org.in/Scripts/FAQView.aspx?id=145#AS14>

S. No.	Government security	Primary auction usually held on
1	Government of India Treasury Bills (T-Bills)	Wednesdays
2	Government of India dated securities (dated G-Sec)	Fridays
3	State Development Loans (SDLs)	Tuesdays
4	Sovereign Gold Bonds (SGB)	Weekly windows announced by RBI in its press release

27. What are the risks of investing in Government Securities?

G-Secs are credit risk free instruments in domestic currency. However, there are market risks if you sell before maturity. You may refer to ‘*Government Securities Market- A primer*’, published on RBI website, to understand various risks associated with government securities.

28. What are the returns on investments in Government securities?

The returns on Government securities are dependent on various features of the securities. You may refer to ‘*Government Securities Market- A primer*’, published on RBI website, to understand the factors affecting the returns on government securities.

29. What is the minimum amount for investment through Retail Direct platform?

S. No.	Government security	Minimum investment amount/quantity (as on Nov 12, 2021)
1	Government of India Treasury Bills (T-Bills)	₹10,000
2	Government of India dated securities (dated G-Sec)	₹10,000
3	State Development Loans (SDLs)	₹10,000
4	Sovereign Gold Bonds (SGB)	One gram of gold

30. What is the maximum amount that I can invest in Government securities?

For dated [G-Sec, T-Bills and SDLs](#)⁷ – The following limits apply if you purchase these securities through the non-competitive segment of primary auctions:

S. No.	Government security	Maximum investment amount/quantity (as on Nov 12, 2021)
1	Government of India Treasury Bills (T-Bills)	The aggregate allocation of all non-competitive bids will be restricted to a maximum of 5% of the aggregate nominal amount of the issue within the notified amount as specified by the Government of India, or any other percentage determined by RBI.
2	Government of India dated securities (dated G-Sec)	₹2 crore (face value) per security per auction.
3	State Development Loans (SDLs)	1% of notified amount (face value) per auction

⁷ <https://www.rbi.org.in/Scripts/FAQView.aspx?id=145#AS14>

For Sovereign Gold Bonds (SGBs) – An individual may not subscribe to more than 4 kg of SGBs per fiscal year. The annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the Secondary Market.

31. How can I buy securities through Retail Direct platform?

There are two ways to buy Government securities through Retail Direct platform:

- i. By placing a bid in the primary auctions of dated G-Sec, T-Bills and SDLs (Non-competitive segment only, i.e., by only entering the desired amount of securities, without entering a price). For Sovereign Gold Bonds (SGBs), you may place a bid during the subscription windows announced by RBI on its website. For step-by-step details on bidding in auctions, you may refer to the User Manual on the Retail Direct Portal.
- ii. By placing a buy quote in the secondary market portal.

32. How can I sell securities through Retail Direct platform?

You can sell securities by placing an offer (sell) order in the secondary market portal. You must have the security in your account before you can sell that security.

33. What is the process for bidding in primary auctions through the Retail Direct platform?

- i. After logging into the [Primary Market Retail Direct platform](#)⁸, select the ‘Primary Market’ option beside the Dashboard, at the top of the page.
- ii. Select a security to bid from the ‘Auction Watch’ and enter the bid amount in the ‘Bid Entry’ window.
- iii. Individuals can fund their bid either at the time of bidding or at a later time, but before the closure of bidding/subscription window. Bids which are not funded as on the date of submission of bids to RBI will be cancelled.
- iv. For making payment for the bids, retail clients can use services like UPI (Transfer or Block) and Net Banking to transfer funds to a designated current account using Payment Gateways linked to the Online Portal.
- v. Based on the allotment advice received as a part of the auction result, the allotments will be made to the individual investors.
- vi. In case of full allotment, each bidder will be allocated the entire Face Value for which bids were submitted. In case of partial allotment, a pro-rata allotment will be made to the bidder based on the partial allocation percentage determined in the auction.

For further details on the bidding process, you may refer to the User Manual in the Help section of the Retail Direct Portal.

34. How many bids can I place in primary auctions?

You can submit only one final bid per security in each primary auction of dated G-Sec, T-Bills and SDLs.

35. What amount should I pay at the time of placing a bid in primary auctions?

For dated G-Sec, T-Bills and SDLs, the amount per unit will be based on the indicative price of the security, the accrued interest and a mark-up.

For SGBs, the funding will be based on the Issue Price declared by RBI for that particular issue.

⁸ <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=145#AS14>

- 36. At what price will the securities be allotted in primary auctions?**
At the weighted average price of the successful bids in the auction.
- 37. Is markup a fee charged for investing through the Retail Direct portal?**
No. Markup is not a fee charged by RBI. It is refundable depending upon the price at which the bids are allotted in the auction.
- 38. Why do I have to pay a markup during my primary auction bid?**
In the non-competitive segment of primary auctions, the price at which the securities are allotted is the weighted average price of the successful competitive bids in the auction. Since this weighted average price can be calculated only after the auction is over, the price of the security through the non-competitive segment is unknown during the time of bidding. To cover for this uncertainty, a markup is applied in case the weighted average price comes out to be higher.
- 39. When will I get the refund for the excess markup?**
The excess markup, i.e., the price charged at the time of placing the bid, minus the actual allotment price, will be refunded to your linked bank account within two business days from the date of auction.
- 40. Can I use a different bank account other than the one registered with the Retail Direct portal for funding my bids?**
No. However, if you want to use a different bank account, you can replace the linked bank account through the Retail Direct portal.
- 41. Can I place a competitive bid (i.e., a bid at my desired price) in the primary auctions of dated G-Sec, T-Bills and SDLs?**
No. The Scheme is designed to facilitate only Non-competitive participation (i.e., bids without choosing your own price) by individuals. However, if one desires to place a competitive bid, he/she may contact a Bank/Primary Dealer/any other authorized institution.
- 42. What other fees/ charges are applicable?**
No fee will be charged for opening and maintaining the [Retail Direct Gilt \(RDG\)](#)⁹ account with RBI. No fee will be charged by RBI at the time of submission of bids in primary auctions. However, applicable payment gateway charges will have to be borne by the investor while funding his/her purchases.
- 43. When will the securities be credited in my Retail Direct Gilt (RDG) account?**
Securities will be credited in your Retail Direct account on the settlement date, which is typically one working day after the trade date/auction date.
- 44. Will I get a physical certificate on the purchase of securities through the Retail Direct platform?**
No. However, the securities purchased will reflect in the holdings statement in your Retail Direct account.
- 45. Where will my securities be held and with whom?**
The securities will be held in a Gilt account with RBI.
- 46. What does one mean by the CSGL account?**
CSGL, i.e., Constituents' Subsidiary General Ledger account, means a securities account opened and maintained with RBI by an agent on behalf of the constituents of such agent, i.e.,

⁹ <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=145#AS14>

an account opened by an agent with the RBI to hold the securities on behalf of their constituents. The constituents are known as the Gilt Account Holders (GAHs).

47. Can I gift Government securities to someone?

Yes, securities can be gifted/transferred to a relative/friend/anybody who fulfills the eligibility criteria. The bonds shall be transferred in accordance with the provisions of the Government Securities Act, 2006 and Government Securities Regulations, 2007.

48. Will my existing/future Government securities held in my demat account with NSDL/CDSL reflect in my Retail Direct Gilt (RDG) account?

No. The holdings in demat account with NSDL/CDSL are separate from the holdings in RDG account. One can maintain both the accounts at the same time.

49. Can I shift my demat holdings to the CSGL holding under the RBI Retail Direct platform?

Yes, you can by raising a request on the online portal and the same would be authorized as per RBI's [Value Free Transfer \(VFT\)](#)¹⁰ guidelines.

Contact us

50. Whom can I contact for queries and complaints related to the Retail Direct Scheme?

You can reach us in three ways:

- i. Toll free phone number: [1800 267 7955](tel:18002677955)¹¹ (between 9 am to 7 pm on any working day).
- ii. E-mail id: support@rbiretaildirect.org.in
- iii. Raise a request on the Retail Direct portal.

Source: RBI FAQ section (<https://www.rbi.org.in/Scripts/FAQView.aspx?Id=145>)

¹⁰ <https://www.rbi.org.in/Scripts/FAQView.aspx?Id=145#AS14>

¹¹ ibid