

Boost for small investors: PM Modi unveils scheme on government bonds

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NEW DELHI: Prime Minister Narendra Modi on Friday underlined the need for ease of investment, trust in the system and convenience for the common man along with financial inclusion and ease of access as he unveiled a scheme that allows retail investors to buy government bonds from a dedicated RBI platform.

PM Modi, who also launched an integrated ombudsman scheme, underlined the need for a strong banking system, while listing out several initiatives by the government and Reserve Bank of India, including a clean-up of the books of banks.

“With the RBI Retail Direct Scheme, small investors now have a medium through which they can safely invest in government securities. The Integrated Ombudsman Scheme has led to the ‘One Nation, One

Ombudsman’ system taking shape in the country,” he said, adding that the investment will also help the government undertake development work.

The PM complimented RBI and the finance ministry for steps taken and said reforms initiated in recent years have resulted in greater inclusion. Finance Minister Nirmala Sitharaman said a coordinated effort by the finance ministry and RBI has led to a recovery post Covid-19.

She said the Retail Direct Scheme will facilitate retail participation, deepen the bond market and allow for a fair market determined rates for all the across the yield curve.

“The retail participation has been hesitant all these years, because of the cost involved and because of the traditional intermediary system which has prevailed. Now this will probably bring in a direct cost free, convenience driven, and also build confidence in the retail participation in the government securities,” she said.

Modi said that financial services – from banking to pension and insurance -- used to be like an exclusive club in India till six-seven years ago, but are now accessible to common citizens, poor families, farmers, small traders-businessmen, women, Dalits, deprived and backward.

“Those who had the responsibility of taking these facilities to the poor never paid any attention to it. Rather, various excuses were made for not changing. It was said that there is no bank branch, no staff, no internet, no awareness, no idea what the arguments were,” he said while criticising the earlier government.

Soon after taking charge, the Modi government had launched the Jan Dhan scheme which was followed by group health and life insurance schemes. Besides, he said, last mile financial inclusion was possible due to digital empowerment. While pointing to the spread of UPI, the PM said digital transactions have shot up 19 times in seven years. “Today, 24 hours, seven days and 12 months, our banking system is operational in the country. We have seen its benefits during Covid times.”

He called upon policymakers to strengthen trust and confidence of investors in the financial market. “We have to keep the needs of the citizens of the country at the centre and keep on strengthening the trust of the investors. I am confident that RBI will continue to strengthen India's new identity as a sensitive and investor-friendly destination,” the PM said.