

Investment in Government Securities – Why and How for Retail Investors



Indian Securities Market - Overview



Starting Investment in Securities Market

Accounts Required



Bank Account



Trading or Broking Account



Demat Account

Many DPs offer a 3-in-1 account opening facility which gives you the convenience of opening a trading, demat and bank account – all together. Now many DPs are offering online demat account opening. Trading or Broking account is required only if you want to buy / sell shares through stock exchange.

About NSDL



1996

First Depository
in India



One of the largest Depositories in
world

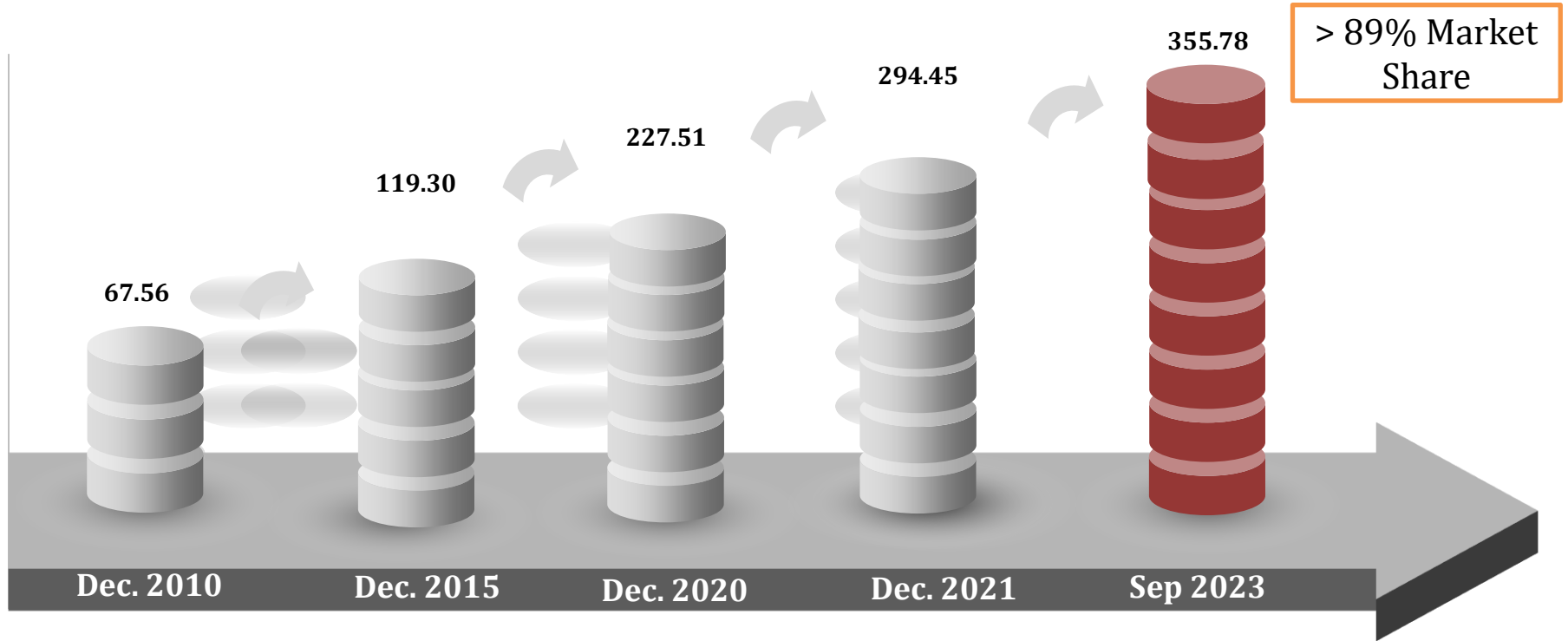


Investors present in more than
99% pin codes in India

Wide service network – all States
and UTs

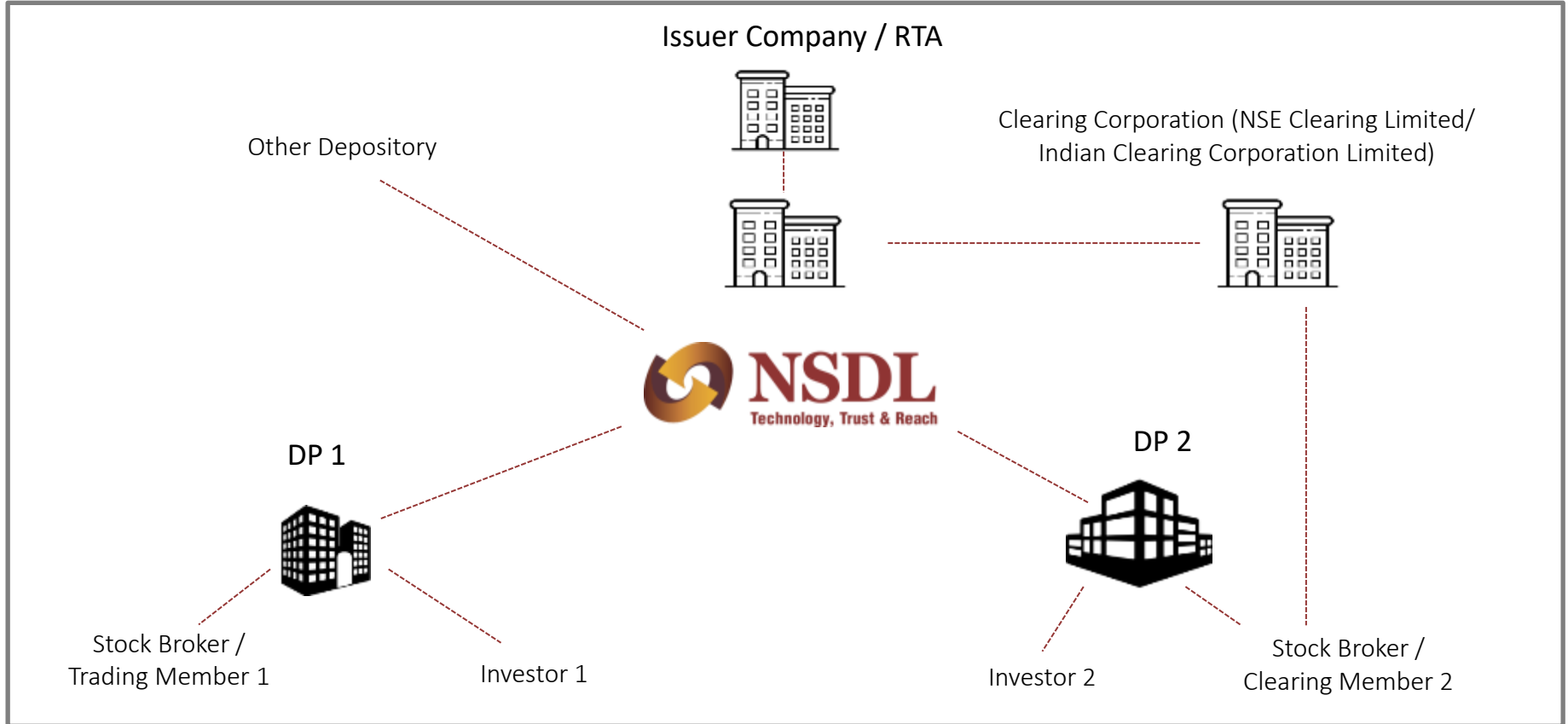
No. of Service Centres – 60,000+

Growing Custody Value



Total Value of All Assets Held In All NSDL Demat Accounts in ₹ Lakh Crore

Indian Securities Market - Depository System



Services offered by Depository Participant



*Even unlisted shares can be dematerialized. **Transfer of securities held in physical form not allowed w. e. f. April 1, 2019. Re-lodgement of transfer deeds which were submitted prior to this, but were rejected or returned, was allowed till March 31, 2021. Shares pending for transfer with listed company / its RTA shall be issued only in demat.

Key points on Anti-Money Laundering

Legislative and Regulatory References

- Prevention of Money Laundering Act, 2002
- Prevention of Money Laundering (Rules), 2005
- SEBI Master Circular – October 15, 2019

What is Money Laundering (ML)?

- Money Laundering is “the process in which the proceeds of crime are converted and disguised as legitimate assets”

What is Anti-Money Laundering (AML)?

- Anti-Money Laundering is “the initiative to effectively prevent, detect, control and report ML activities to the authorities”

What are Suspicious Transactions?

Transactions (including attempted transactions), that may involve proceeds from a predicate offence, do not have any economic rationale, made in circumstances of unusual or unjustified complexity or gives rise to a reasonable ground of suspicion that it may involve financing of activities relating to terrorism

Key Authorities – Financial Intelligence Unit (FIU-IND), Ministry of Home Affairs and the Enforcement Directorate

Key points for all Investors

Individuals:

- Provide officially valid documents for proof of identity and address
- Furnish correct information on income, occupation, business, marital status, etc.
- Provide accurate financial information – salary or business income as applicable
- Inform about any changes to the above information
- Invest only using own sources of funds, not third party funds
- Do not fall prey to any gimmicks or schemes from anyone

Non – Individuals:

- Provide officially valid documents for proof of identity and address
- Furnish information about Beneficial Owner(s), where applicable
- Furnish all other related documents (AoA, MoA, Partnership deed, ASL, etc.)
- Provide correct information about nature and type of business
- Changes to the above information may be duly informed to DPs

Cooperate with DPs who may seek any additional information for due diligence

Be diligent and aware about various money laundering schemes

Contact your DP or broker in case of any doubts

Be a Prudent Investor



Keep record of documents signed, account statements, contract notes received and payments made. Save important emails and take periodic back up of data.

Change password of your online accounts frequently.
Never share your passwords, OTP, CVV and PIN with any one.
Never click on suspicious links received via SMS, email or social media platforms.

Read SMS, emails, letters, statements, bills sent by your broker, bank, DP and NSDL. These are sent to you to keep you updated.

Accept the DIS only if serial number is pre printed and Client ID is pre stamped or pre printed. Keep DIS in safe custody.

Be a Prudent Investor




Inform your DP about any change in your Personal Information such as address, bank account immediately.

Always mention your Mobile Number and email ID in account opening form and keep them updated.

NSDL publications and presentations are available in Hindi, English and other languages at www.nsdل.co.in → Education

Schedule of Awareness Programs, Registration, Feedback and Webinar Recordings are available at www.nsdل.co.in → Education

Be a Prudent Investor – Don'ts



Never deal with any unregistered or unauthorised market intermediary. Check on the SEBI's website that your stock broker / authorised person, mutual fund distributor, investment advisor are registered with SEBI.

Never invest with borrowed money. Avoid unnecessary loans and credits.

Be a Prudent Investor

**Nominate Karo - Surakshit, Samajhdaar,
aur Atmanirbhar Niveshak Bano!**



Hurry! Last date is

December 31, 2023

NOMINATE YOUR LOVED ONES TODAY!!

**Opting-in/Opting-out of nomination is mandatory in your
Demat Account to avoid your account becoming inactive**



SCAN TO
KNOW
MORE



SCAN TO
NOMINATE
ONLINE*

*Applicable to single demat account holder (Resident Individual) who have not opted-in/opted-out for Nomination in their demat account.

Be a Prudent Investor

Do Not Fall Prey To Stock Tips, Hot Picks etc. Circulated on Twitter, Instagram, WhatsApp, Telegram, Unsolicited SMS, YouTube Channels etc.



Be a Prudent Investor – Consult a SEBI Registered Investment Advisor and Do Your Own Homework Before Investing

Be a Prudent Investor

Do Not Invest In Any Ponzi Scheme, Unregistered Collective Investment Scheme or Any Other Schemes Promising Unrealistic Returns



Be a Prudent Investor – Consult a SEBI Registered Investment Advisor and Do Your Own Homework Before Investing

The Financial Kaleidoscope – Free monthly newsletter



www.nsdل.co.in



Education



Newsletter – The
Financial Kaleidoscope

SEBI Investor Website

Learn to Manage Your Money For Financial Well-being



Money Matters : Lets Understand

This Section will provide you Understanding about Money Related Matters

More...



Investment : Avenue to grow your money

This Section will provide you Essential Guide on Investment and Investment Asset Class

More...

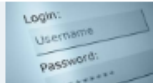


Securities Market Investment : Lets Learn

This Section helps you to know about Investment avenues available in Securities Market

More...

Topics of Interest



Secure Your Investment Account



Nomination



SMS and Email Alerts to Investors



Apply in IPO through ASBA



Awareness Messages



Video Gallery



Investor Charter



Awareness Programs



Investor Support



Investor Alert



Events **
Ongoing Event-WIW 2023



Join us

Learn to Manage Your Money for Financial Well-being such as Personal Finance and forthcoming investor awareness programs, Financial Calculators, Financial Health Check-Up, etc. on SEBI's Investor website
<https://investor.sebi.gov.in>

SEBI's Mobile App for Investor Education



SAARTHI

SEBI SCORES Education

E Everyone

 Add to wishlist



If You are holding Securities in Paper form

1. Provide PAN, KYC information and Nomination to RTA / Company for all joint holders.
2. Get PAN and Aadhaar linked for all joint holders.
3. Folio may be frozen if not complied.
4. Electronic interface provided by company / RTA for various service requests like issuance of duplicate shares, transmission, change in name etc.
5. SEBI has prescribed 'Simplified and Standard Norms' for processing of various service requests [Form ISR – 1 and other forms available on website of listed company / RTA].

Grievances Redressal

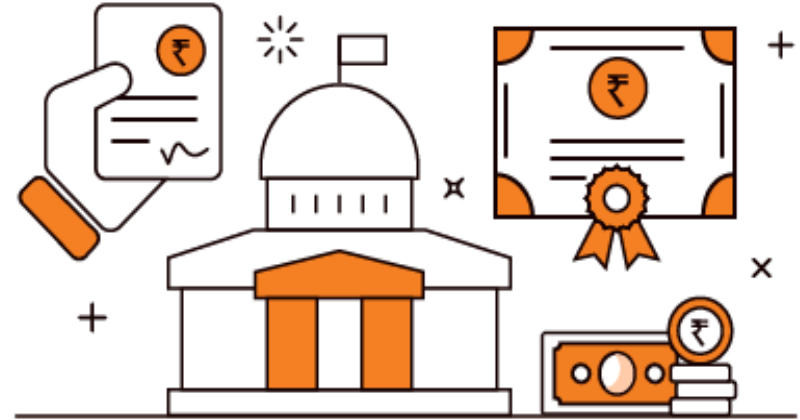
1. Read Investor Charter at www.nsdl.co.in → Education
2. Lodge your complaint with SEBI at www.scores.gov.in/ or SEBI Mobile App – SCORES
3. For filing dispute for resolution by conciliation and arbitration, visit SEBI's Securities Market Approach for Resolution Through ODR (SMART ODR) Portal <https://smartodr.in/login>
4. SEBI Toll free helpline - 18002667575 / 1800227575
5. NSDL helpline - 022-48867000/022-24997000
6. Online submission of Grievances at www.nsdl.co.in → Query related to Demat
7. NSDL email for grievance - relations@nsdl.com
8. NSDL email for other information - info@nsdl.com



Investment in Government Securities - Why and How for Retail Investors

What are Government Securities?

1. Government Securities (G-Sec) are securities issued by RBI on behalf of central or state governments to borrow from financial market.
2. Tenure –
 - i. Short term securities - maturity period less than 1 year. Generally, known as Treasury Bills (T-Bills).
 - ii. Long term securities - maturity period one year or more. These are called Government Bonds or Dated Securities.



Why to Invest in G-Sec?

Sovereign Guarantee

Unlike other fixed income products like bank FDs, debt funds etc. that carry a credit risk, G-Sec are guaranteed by Govt. of India.

No TDS

No tax deduction at source like bank FDs. Pay taxes as per your income tax slab at end of the financial year.



Better Returns

Lock in attractive interest rates with up to 40 years, unlike bank FDs that have a maximum tenure of 10 years.

Why to Invest in G-Sec?

1. These are available in a wide range of maturities from 91 days to as long as 40 years to suit the duration of varied liability structure of various institutions.
2. Ease of entry and exit - Investor can buy and sell the government bonds in the secondary market. This market is quite liquid. G-Sec can be used as collateral to borrow funds in the repo market.
3. Securities such as State Development Loans (SDLs) and Special Securities (Oil bonds, UDAY bonds etc.) provide attractive yields.
4. Efficient settlement system for trading in G-Sec mitigates the settlement risk.

How are G-Sec Issued?

1. The Public Debt Office (PDO) of RBI, acts as the registry and central depository for G-Sec.
2. G-Sec are issued in two forms – as physical stock or in electronic form.
3. Holding G-Sec in the electronic form is safer and more convenient alternative.
4. Investors can hold G-Sec in electronic form in either of the two ways: SGL Account and RDG account (Retail Direct Gilt Account).
5. An investor may dematerialise existing physical certificates and convert them into electronic form in NSDL depository system. An investor holding balances with any other entity in a book entry form can also be held in NSDL depository account. Even this process will be handled through dematerialisation facility.

How to Invest?

1. G-Sec are issued in primary market through an auction conducted by the RBI.
2. Till some years back, investment in G-Sec was restricted to banks and large financial institutions as the minimum ticket size of ₹5 crore.
3. Now RBI has opened it up to retail investors with a minimum of ₹10,000/- investment. There is also a separate quota for retail investors in every auction.
4. Retail investors can now invest directly in G-Sec by opening gilt accounts with the banks and RBI.



How to Invest?

5. There is no need for investors to open separate demat account for holding government securities and their existing demat account can be used.
6. The exchanges open a non-competitive bidding window every week for G-Sec. Bids for T-Bills are collected from Monday to Tuesday and for Bonds from Tuesday to Thursday.
7. G-Sec will be credited to your demat upon successful allotment and all interest and maturity payments will be credited to your linked bank account.



How to Invest?

8. Government bonds are now listed on the exchanges and you can buy/sell them just like stocks.
9. T-bills are not listed and premature exit is not possible through exchange.
10. Alternatively, investment in G-Sec can be achieved by investing in units of dedicated gilt funds.



Retail Direct Account

1. Retail Direct account can be opened by any retail investor at <https://www.rbiretaildirect.org.in/>.
2. Steps to open account :
 - ✓ Step 1: Go to <https://www.rbiretaildirect.org.in/>.
 - ✓ Step 2: Select option 'Open RBI Retail Direct Account'.
 - ✓ Step 3: You may choose to open Single or Joint Account.
 - ✓ Step 4: Submit all the details required. You may opt for online or offline KYC.
 - ✓ Step 5: Complete the video in-person verification and e-Sign your application.
 - ✓ Step 6: You will receive login password through email after verification.
 - ✓ Step 5: You may login to your account and transact as per needs.

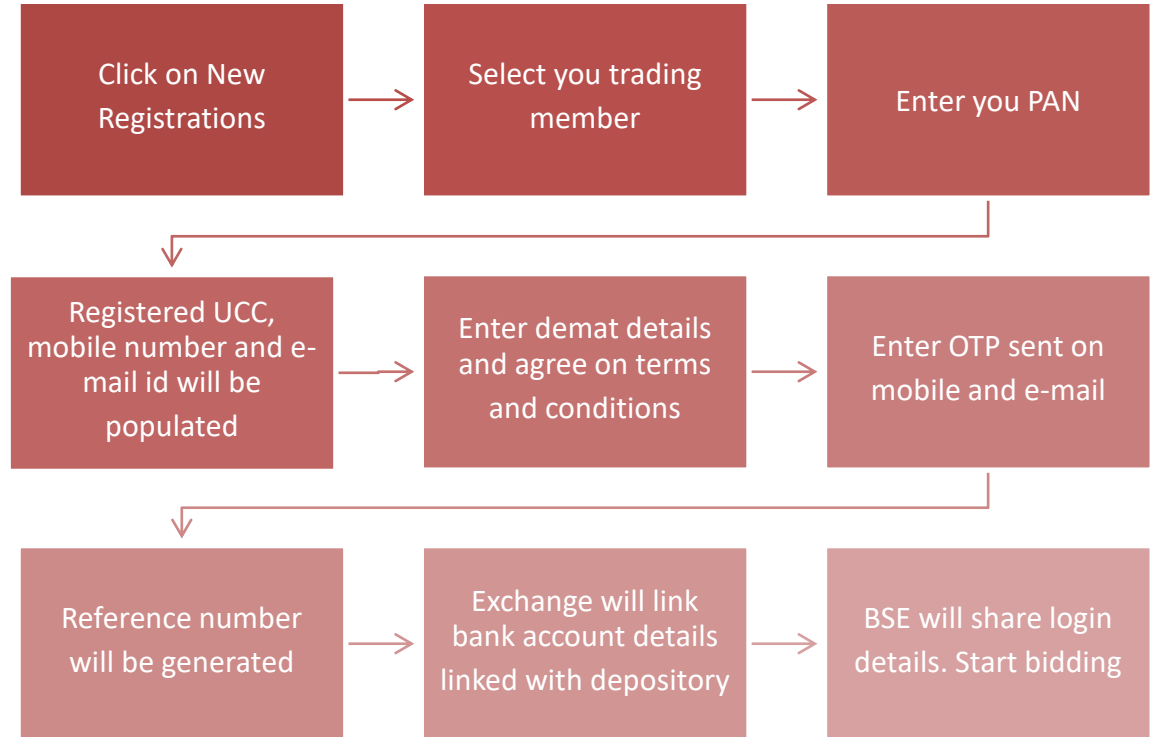
How to Invest Through NSE goBID?

1. NSE goBID (Government Bond Investment Destination) is an online platform through which retail investors can purchase G-Sec.
2. How to Invest in Government Securities?
 - ✓ Step 1: One time register at <https://www.nseindiaipo.com/eipodc/rest/login>.
 - ✓ Step 2: After successful registration, login to your account.
 - ✓ Step 3: Place Bid - Select T-Bill/Bond available for subscription.
 - ✓ Step 4: Make Online payment from bank account Linked to demat account.
 - ✓ Step 5: Receive Bonds - Directly in demat account & refund if any in bank account.

How To Invest Through BSE Direct?

BSE Direct is a web based platform for individual investors to invest in G-Sec. www.bsedirect.com

You may register without having a broker also.

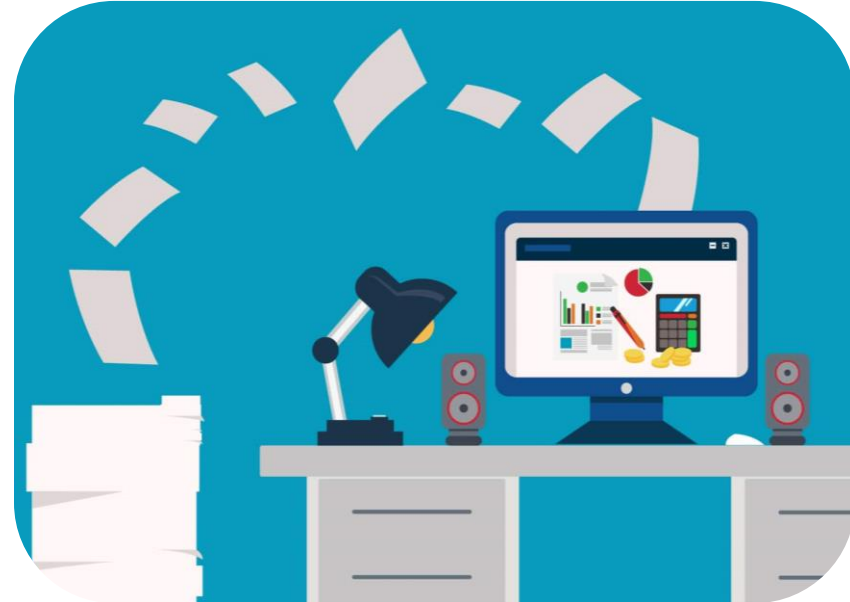


How To Demat Physical SGL holdings?

The physical certificates are registered in the name of the holder with any PDO of RBI.

The client will submit a request to the DP in 'Dematerialisation Request Form for Government Securities' along with following documents :

1. Physical certificates to be dematerialised
2. Form of Transfer
 - i. The Form of transfer is a RBI prescribed form to effect transfer of securities held in physical form. The form can be requested from NSDL by email.



How To Demat Physical SGL holdings?

- ii. Ensure to fill the following details on the form :
 - a) Enter the option exercised as 'Submitting Physical G-Sec to NSDL'
 - b) Account Number
 - c) Account Holder Name
 - d) Name of the Security
 - e) Face Value of Securities to be Dematerialised
 - f) Certificate Number

- iii. If the forms and security count is in order, the DP will issue an acknowledgement slip duly signed and stamped.

Inter-depository Transfer of G-Sec

1. Inter depository transfer of G-Sec held in demat account through IDT module is allowed only for those transferor clients who have submitted one time self-declaration (OTD) that the transactions involved in IDT are bona-fide transfer instructions and the OTD flag has been enabled in DPM by their Participant.
2. IDT for G-Sec is allowed only for market transfers in respect of Client to Clearing Member pool account and vice-versa.
3. Lot size for G-Sec other than SGB is 100 units or multiple thereof. In case of SGB, IDT is permitted for minimum one unit.
4. On execution of IDT (debit instruction) of G-Sec in the NSDL depository system, quantity will be blocked (if the sufficient quantity is available in the demat account of the Client as mentioned in Annexure DIS) in the demat account of the Client and request for the same will be sent to other depository for confirmation.

Inter-depository Transfer of G-Sec

5. On execution of IDT (debit instruction) of G-Sec in the NSDL depository system, quantity will be blocked (if the sufficient quantity is available) in the demat account of the Client and request for the same will be sent to other depository for confirmation.
6. On confirmation from other Depository, NSDL will initiate Value Free Transfer (VFT) instruction of G-Sec in e-Kuber system of RBI in respect of debit instructions from NSDL CSGL account.
7. Similarly, other depository will initiate VFT instruction of G-Sec in respect of credit instruction to other depository CSGL account.
8. Upon successful execution of VFT on e-Kuber system by both the depositories, the IDT will be executed in demat account.

Value Free Transfer of G-Sec

1. Value free transfer (VFT) of G-Sec means transfer of securities from one SGL / CSGL account to another SGL / CSGL account, without consideration.
2. RBI permits such transfers in certain specified cases. Such as transfers on account of posting of margins, transfers arising from trades in exchanges between demat account holders of different depositories, gift/inheritance and own account transfer.
3. VFT are also required in the case of distribution of securities to the beneficiary demat/gilt accounts on allotment after participation in the non-competitive segment of the primary auction.
4. VFT between SGL/CSGL accounts not covered by these guidelines require specific approval from RBI.

Be a Prudent Investor



Happy Investing

Demat Ki Paathshala - An initiative by NSDL for Investor Education

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We welcome your feedback and suggestions about
this program at www.nsdل.com.in / info@nsdl.com