

4. what is meant by T+1 Settlement? Examine the reasons behind Security Exchange Board of India's decisions to move towards it.

'T+1' settlement is a settlement process where shares will be reach buyer's account and cash to seller's account. 'T' denotes - Trading of shares and '1' denotes, the settlement of shares within 24 hours of trading, to the buyer.

SEBI's recent decision towards shorter settlement

1. The number of retail investors, have increased in recent times.

2. ^{with} Unified payment Interface, enabling real time transactions, the securities exchange board is concerned with preventing derisk the in the default of settlements

3. Demat account ~~has~~ ats of individuals are also doubled 4 crore to 10 crores in 2 yrs

Positive nature of earlier settlement

1. Earlier settlement, will enhance increased liquidity to the investor and improve the trading environment

2. Investors with enhanced cash in the account will not face any problem. They welcomed earlier settlement, since it desisted them from default.

Concerns with Intermediaries:

1. Intermediaries are not prepared for such settlement.

2. It may increase cost for change in back and front applications

3. May reduce the liquidity in the trading market

Way forward

There is also concern with impact on trading volumes. Since SEBI is involved directly, there is a hope that there will not any change in the volume of transactions.