

## **Chidambaram promises to make equity scheme RGESS attractive**

Concerned over the reluctance of savers to park surplus funds in financial instruments, Finance Minister P Chidambaram on Saturday said he would modify the Rajiv Gandhi Equity Savings Scheme (RGESS) in the forthcoming Budget to make it more attractive for first time investors.

He said the ministry will revisit the tax incentive section in the scheme to address investor concerns.

"...have assured the regulators that we will take the opportunity of the next Budget and the next Finance Bill to revisit the section and in the light of experience gained in designing the RGESS, we will make changes to that section so that the scheme become attractive to retail investors," he said after launching RGESS.

Admitting that concerns have been raised about the RGESS being too complex for a small investor to understand, he said, it would be made easy to participate in the scheme.

"It is being said that such sophisticated analysis is beyond the capacity and means of the small investors and complying with that would be difficult. Some have pointed out that the provision of 50 per cent of the contribution up to Rs 50,000 be permissible as reduction is not an adequate incentive," Chidambaram said.

Explaining the features of the scheme he said that the government has allowed even mutual funds to come to the scheme which was initially for new retail investors.

"We have expanded to include a large number of demat account holders who may not have transacted in equities through a demat account and not undertaken any derivatives trading till date...", he said.

The Finance Minister also made a case to converge KYC norms for different financial sector regulators so that retail participation becomes seamless in the financial instruments.

"I think it is very important that KYC norms for all intermediaries, market regulator should converge and become one set of KYC norms. The next step is to converge the KYC norms for different set of regulators," he said. .