

MAIN PROVISIONS OF RAJIV GANDHI EQUITY SAVINGS SCHEME

Finance Minister Mr. P Chidambaram has launched an equity scheme called Rajiv Gandhi Equity Savings Scheme, or RGESS, is an attempt to lure new investors to the stock market.

The main provisions of this scheme are as under:

- The gross total income should be less than or equal to Rs. 10 lakhs.
- Person has never invested in equities before through a Demat account or in derivatives, then only he is eligible to invest in RGESS. It means tax benefits are available to first-time investors in stock market.
- Any individual can invest up to Rs. 50000 in RGESS and can claim the Deduction U/S 80CCG of 50% of investment amount.
- There would be a lock-in period of three years, but Govt. has allowed some flexibility to exit after a year of investment.
- To be able to invest in RGESS, one need to open a Demat Account and submit Form A, which is a declaration that an individual has never invested in equities.
- Individual can either buy shares of companies that are part of the BSE 100 or National Stock Exchange (NSE) CNX 100 through a stock broker or on your own. Or you can buy RGESS MF schemes.
- Individual can buy Exchange Traded Funds or ETFs that are available on the BSE or the NSE that track either the Sensex or Nifty indices.