

## **Rajiv Gandhi Equity scheme: Finance ministry ready with draft guidelines**

The finance ministry has finalised the draft guidelines for the Rajiv Gandhi Equity scheme that offers tax benefits to first-time retail investors.

"The draft guidelines are ready....These will now go to Sebi and the scheme would be announced by the month end," a finance ministry official told ET.

Announced in the budget, the Rajiv Gandhi Equity scheme aims at developing equity culture in the country by allowing 50% income tax deduction on investments up to 50,000 to first-time investors in equities.

The finance ministry has proposed that tax benefit be limited to investments in companies in BSE-100 and CNX 100 indices and blue-chip public sector stocks in maharatna, navratna and miniratna list.

Only investors having an annual income of less than 10 lakh will be eligible.

The ministry, however, could not include investment in mutual funds under the scheme as the budget announcement is restricted to investment in equities.

The scheme will have a lock-in of three years for claiming tax benefit but retail investors will be allowed to churn portfolio after a year.

Only 8% of India's households have invested in equities, directly or indirectly through mutual funds, as opposed to 42% in the United States and 14% in China.

*(Economic Times)*