

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2025  
ANSWERED ON:08.03.2013  
RGESS  
Kumar Shri Kaushalendra

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has introduced a new tax benefit scheme namely Rajiv Gandhi. Equity Savings Schemes;
- (b) if so, the aims and objectives of the scheme including its salient features; and
- (c) the benefits likely to accrue to the retail investor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) Yes Madam. Under section 80CCG of the Income-tax Act, 1961, the Rajiv Gandhi Equity Savings Scheme has been notified by the Central Government vide Gazette Notification S.O. 2777 (E) dated 23rd November, 2012.

(b) The aims and objectives of RGESS is to encourage savings of the small investors in domestic capital market. The salient features of the scheme are as under:-

# A deduction of fifty per cent, of the amount invested under the scheme, up to a maximum deduction of Rs.25000/-, is allowed to a new retail investor whose gross total income does not exceed ten lakh rupees.

# The deduction is a onetime deduction and is available only in one assessment year in respect of the amount so invested.

# The investment is locked-in for a period of 3 years from the date of acquisition in accordance with the RGESS.

# The new retail investor shall open a new demat account or designate his existing demat account for the purpose of availing benefit under the scheme.

(c) The retail investor is eligible to get a deduction of 50% of the amount invested in equity shares to the extent that the said deduction does not exceed Rs.25000/-. Vide Finance Bill, 2013, it is proposed to provide that investment in listed units of an equity oriented fund shall also be eligible for deduction and that the deduction shall be available for 3 consecutive assessment years to a new retail investor whose gross total income does not exceed 12 lakh rupees.