

# Rajiv Gandhi Equity Savings Scheme

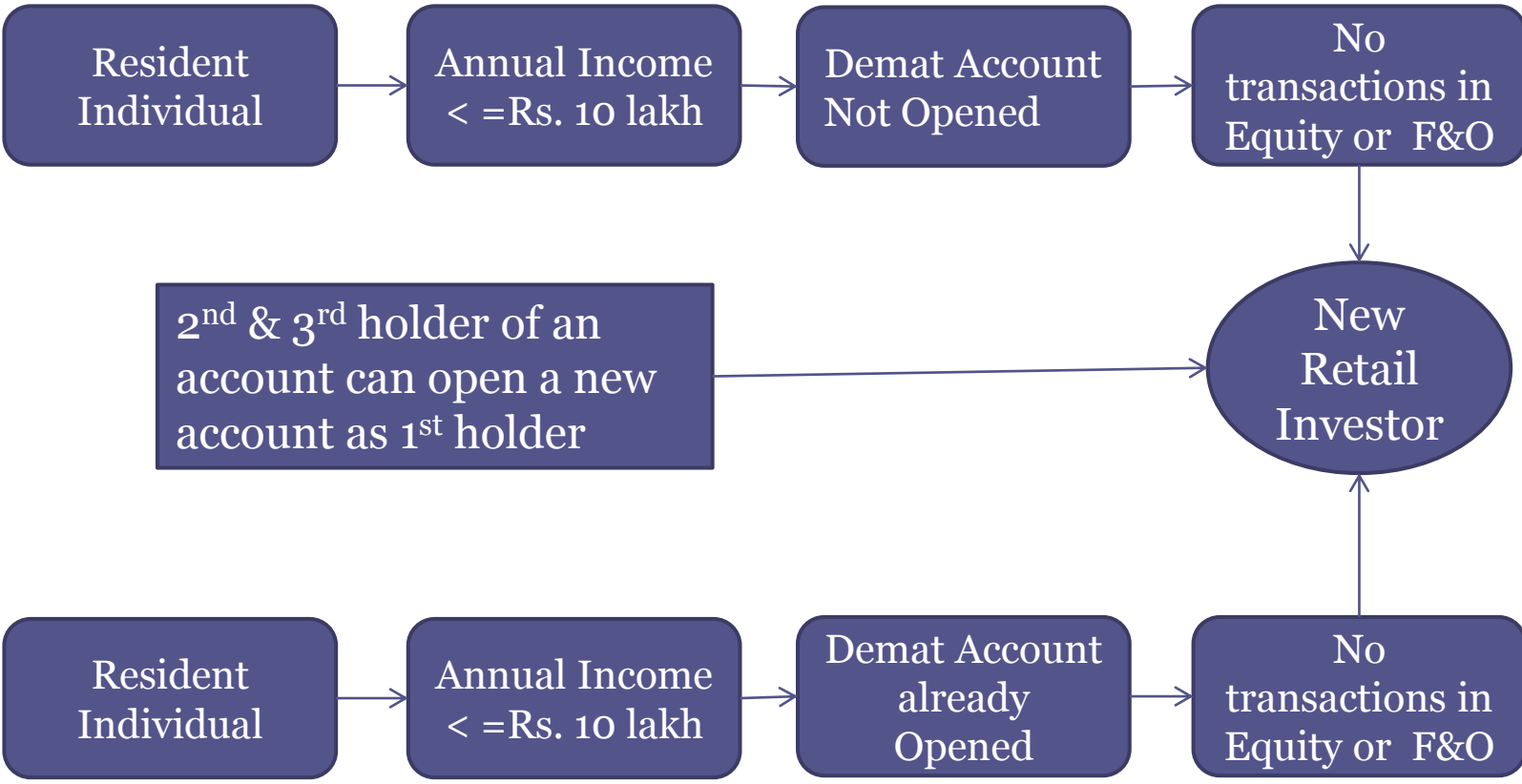
# Rajiv Gandhi Equity Savings Scheme

## Objective



# Rajiv Gandhi Equity Savings Scheme

## Eligibility



# Rajiv Gandhi Equity Savings Scheme

## Eligible Securities

Equity Shares in BSE-100 or CNX 100

Equity Shares of Maharatna, Navratna, Miniratna

Units of eligible ETFs or MFs

Eligible FPOs & NFOs

IPOs of eligible PSUs

\*List of eligible securities will be made available on the website of the stock exchanges.

# Rajiv Gandhi Equity Savings Scheme

## Tax Benefits

Tax Benefit u/s  
80CCG –  
deduction from  
total income

Deduction of 50%  
of amount  
invested.  
Deduction not to  
exceed Rs. 25,000

Deduction  
permitted only in  
one AY

# Rajiv Gandhi Equity Savings Scheme

## Tax Benefits : Illustration for FY 2012-13 (Amount in Rs.)

Particulars	A's taxable income (invested in RGESS)	B's taxable income (No RGESS investment )
Salary Income	850,000	850,000
<u>Less</u> : Deductions U/S 80C(LIC etc)	100,000	100,000
80D (Mediclaim)	15,000	15,000
<b>Total Taxable Income</b>	<b>735,000</b>	<b>735,000</b>
<u>Less</u> : Deductions <b>RGESS U/S 80CCG</b>	25,000	0
<b>Total Taxable Income</b>	<b>710,000</b>	<b>735,000</b>
Tax Payable	74,160	79,310
<b>Net tax Saved</b>	<b>5,150</b>	

# Rajiv Gandhi Equity Savings Scheme

## Procedure

New  
Investor

- Open a demat account with RGESS flag 'Y'
- Open a broking account
- Provide PAN while opening account
- Submit declaration in Form A to DP

# Rajiv Gandhi Equity Savings Scheme

## Procedure

Existing  
Investor

- Designate existing demat account for RGESS
- Open a broking account, if not opened
- PAN compliant account
- Submit declaration in Form A to DP



**Form A**  
**[See paragraph 5(b)]**

**Declaration to be submitted by the investors to the depository participants for availing the benefits under the Rajiv Gandhi Equity Savings Scheme.**

Name of the Investor:

(first holder)

Address of the investor:

Permanent Account Number (PAN):

1. It is hereby certified that\* ---

(a) I do not have a demat account and I have not traded in any derivatives.

(b) I have demat account no \_\_\_\_\_ in \_\_\_\_\_ depository participant but I have not traded in any equity shares or derivatives in this account.

(c) I have a joint demat account no \_\_\_\_\_ in \_\_\_\_\_ depository participant but I am not the first account holder.

2. I hereby declare that I have read and understood all the terms and conditions of the Rajiv Gandhi Equity Savings Scheme.

3. It is hereby verified that I am an eligible new retail investor for availing the benefits under the Rajiv Gandhi Equity Savings Scheme.

4. I undertake to abide by all the requirements and fulfill all obligations under the Scheme, and will comply with all the terms and conditions of the Scheme.

5. I understand that, in case I fail to comply with any condition specified in the Scheme, the benefits availed there under will be withdrawn and the tax shall be payable by me accordingly.

Signature of the Investor

Place:

Date:

\* Tick which ever is appropriate.



# Rajiv Gandhi Equity Savings Scheme

## Procedure for RGESS investment

Investment through Exchanges

More than one transaction permitted in a financial year

Valuation provided by Exchanges

Eligible Securities upto Rs. 50,000 kept under lock-in by CDSL

Declaration in Form B by investor –

- Exclude credit of RGESS securities from RGESS portfolio
- Date of trading and Security name mentioned
- All credits received for settlements on date of trading excluded from RGESS portfolio

Investment in other securities / in excess of Rs.50000 can be held in RGESS account - but not eligible for tax benefit

# Rajiv Gandhi Equity Savings Scheme

## Procedure for RGESS investment

### Declaration in Form B by investor –

- Exclude credit of RGESS securities from RGESS portfolio
- Date of trading and Security name mentioned
- All credits received for settlements on date of trading excluded from RGESS portfolio
- To be submitted within one month of date of transaction

Investment in other securities / in excess of Rs.50000 can be held in RGESS account - but not eligible for tax benefit

# Rajiv Gandhi Equity Savings Scheme

**Form B**  
**[See paragraph 6(c) and (d)]**

**Declaration to be submitted by the new retail investor to the depository participant on purchase of eligible securities.**

**To**  
**Depository participant**  
**Address**

It is hereby informed that I have demat account no \_\_\_\_\_ in \_\_\_\_\_ depository participant and the following securities

- (a)
- (b)
- (c)
- (d)

purchased in the aforesaid demat account on \_\_\_\_\_ are not to be included as investment for the purpose of the Rajiv Gandhi Equity Savings Scheme.

Signature

Name of the Investor:

(first holder)

Address of the investor:

Permanent Account Number (PAN):



# Lock-in period

Fixed lock-in of one year

- from the date of credit

Flexible Lock-in of two years :

- 2 years from the end of Fixed lock in period

# Rajiv Gandhi Equity Savings Scheme

## Lock-in period

Date of credit	Value of investment in Rs.	Fixed Lock in period	Flexible lock in period
4 <sup>th</sup> Jan 2013	10,000	4 <sup>th</sup> Jan 2013 – 14 <sup>th</sup> Feb 2014	15 <sup>th</sup> Feb 2014- 14 <sup>th</sup> Feb 2016
15 <sup>th</sup> Feb 2013	40,000	15 <sup>th</sup> Feb 2013- 14 <sup>th</sup> Feb 2014	15 <sup>th</sup> Feb 2014- 14 <sup>th</sup> Feb 2016
15 <sup>th</sup> Mar 2013	10,000	Not eligible for RGESS	Not eligible for RGESS

# Rajiv Gandhi Equity Savings Scheme

## Fixed Lock-in

Valuation provided by exchange on the basis of contract price

Securities under lock-in after receipt of valuation from Exchange

Investor cannot sell / pledge

Information to investor through CDSL web based facility

- Valuation of RGESS portfolio
- Annual statement of RGESS portfolio

Credit received through Corporate Action

- Considered for RGESS portfolio

# Rajiv Gandhi Equity Savings Scheme

## Flexible Lock-in

Permitted to trade subject to being compliant for minimum 270 days in **each** flexible lock in year

### Compliance conditions

- Maintenance of value of RGESS portfolio = > Amount claimed as RGESS investment
- Fall in value of RGESS portfolio
  - Due to market fluctuations without any sale-Compliant

### Fall in value of RGESS portfolio Due to sale –

- Compliant till date of sale
- After date of sale –
  - RGESS portfolio value = Amt claimed as RGESS investment
- OR
  - RGESS portfolio value = Value of RGESS portfolio before sale
- WHICHEVER IS LESS



# Rajiv Gandhi Equity Savings Scheme

## Flexible Lock-in : Compliance conditions

- Amount claimed as RGESS investment – Rs. 40,000

Date of transaction	Value of RGESS portfolio	Compliance status
1 <sup>st</sup> May 2014- debit	Before sale - Rs. 50,000 After sale – Rs. 42,000	Compliant
10 <sup>th</sup> May 2014 – debit	Before sale – Rs. 35,000 After sale – Rs. 30,000	Non compliant
14 <sup>th</sup> May 2014 – higher market rate	Rs. 40,000	compliant
20 <sup>th</sup> May 2014 – debit	Before sale – Rs. 42,000 After sale – Rs. 39,000	Non compliant
21 <sup>st</sup> May 2014- credit	Rs. 40,000	Compliant

# Rajiv Gandhi Equity Savings Scheme

## Flexible Lock-in - Compliance conditions

RGESS portfolio valued at closing price on previous date of debit

- Portfolio
  - Securities which were under fixed lock-in
  - Securities which are RGESS eligible on the valuation date ( even though not under fixed lock-in)

Sale of RGESS securities

- Securities which were under fixed lock-in
- Securities which were considered for valuation of portfolio in flexible lock –in period

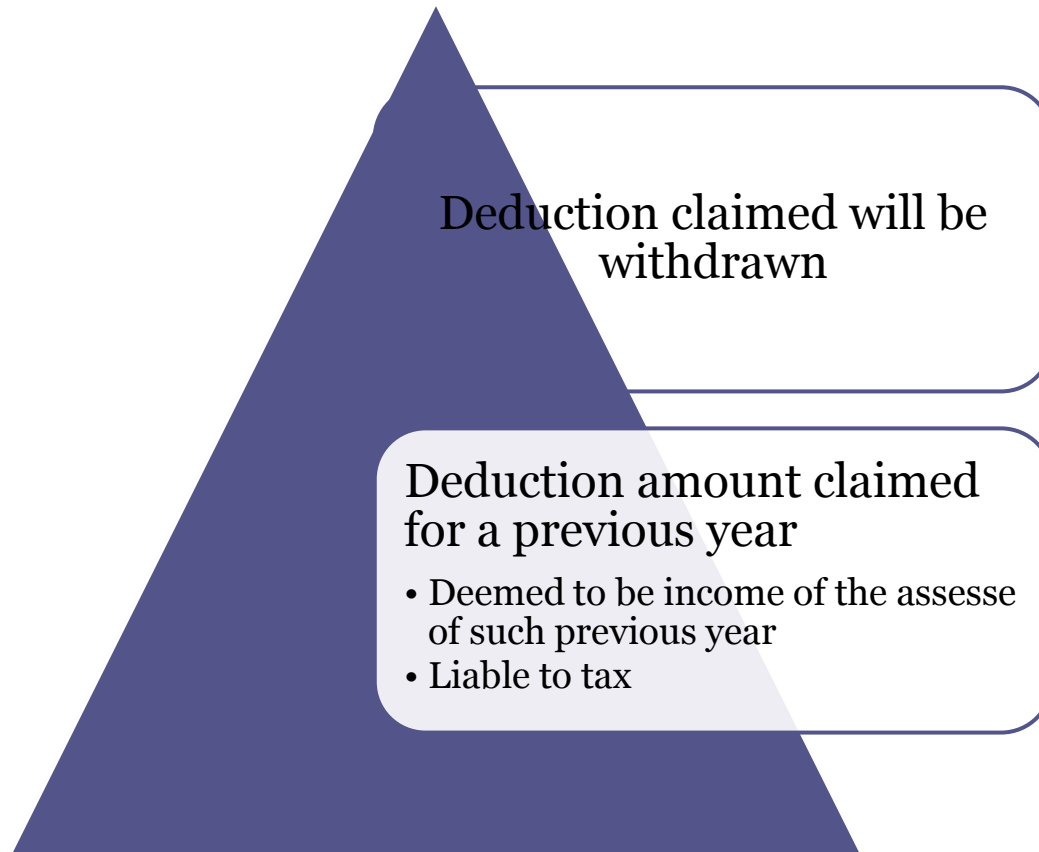
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## Flexible Lock-in: Compliance conditions

<b>RGESS PORTFOLIO SCRIPS</b>		<b>RGESS portfolio value</b>
ACC – 500 shares	Fixed Lock-in	Rs. 50,000
ACC – 200 shares	-	Rs. 20,000
Sold – ACC 100 shares	Flexible lock-in	
ACC- 400 + 200 shares		Rs. 60,000 (compliant)

# Rajiv Gandhi Equity Savings Scheme

## Effect of non-compliance



# Rajiv Gandhi Equity Savings Scheme

## Expectation from DPs

Maintenance of Form A and Form B

- Verification by IT Dept / SEBI / CDSL inspection

Information to BO about RGESS ineligibility

- DP to inform BOs if found ineligible

Annual statement of investment and trade to RGESS investor

- CDSL will provide report to DPs

# Rajiv Gandhi Equity Savings Scheme

## Expectations from Clearing Members

Off market credits  
not considered for  
RGESS investment

Opt for client level  
payout / transfer  
from Clearing  
Member (CM)  
account

If credit given to  
RGESS BO from a  
CM Ben a/c or CM  
Margin a/c

- Link CM ID to such CM Ben a/c or CM Margin a/c
- Enter settlement number while executing such transaction

# Rajiv Gandhi Equity Savings Scheme

## CDSL's proposed web based facility

### Information to investor

Valuation of RGESS portfolio

Annual statement of RGESS portfolio

Annual statement of trade and compliance status during flexible lock-in

Above information available to DPs for all its RGESS BOs

# Thank You