

Funds Ready for Rajiv Gandhi Scheme

Line up an array of plans, mostly on exchange-traded fund portfolios

SHAILESH MENON
MUMBAI

Fund houses have lined up an array of equity schemes compliant with the proposed Rajiv Gandhi Equity Savings Scheme (RGESS), which aims at increasing retail participation in equity markets through mutual funds by offering them a tax sop. Most asset managers are offering the facility on their exchange-traded fund portfolios,

industry officials said.

Top fund houses like Reliance Mutual, ICICI Pru MF, Goldman Sachs Asset Management, SBI Mutual, UTI Mutual and Kotak Mutual, among others, are in the final lap of issuing addendums stating their intent to raise money in ETF schemes.

Goldman Sachs Mutual Fund has announced four schemes — Nifty Exchange Traded Scheme, Nifty Junior Exchange Traded Scheme, Banking Index Exchange Traded Scheme and S&P CNX Nifty Shariah Index Exchange Traded Scheme — compliant with RGESS. Four funds of ICICI Pru — Nifty Index Fund, Nifty Junior Index Fund, SPICE ETF and Target Return Plan — have been brought under the RGESS plan.

SBI Sensex
ETF, Kotak

Sensex ETF and Kotak Nifty are among the other funds that may make it to the list.

“RGESS will allow first-time investors to take equity exposure in a safe and secure manner. It will also broaden the market,” said Sanjiv Shah, Co-CEO, Goldman Sachs Asset Management. Rajiv Gandhi Equity Savings Scheme, announced in this year’s budget, allows retail investors to invest up to ₹50,000 directly into equity shares and avail tax benefit on 50% of investment made so.

Market regulator Sebi, in consultation with the finance ministry, has issued a list of RGESS-compliant securities, which includes constituents of the ‘BSE 100’ and ‘CNX 100’ indices, equity shares of PSU ‘ratna’ companies, ETF units and mutual funds with RGESS-eligible se-

MFs are an efficient investment avenue for retail investors. RGESS is likely to help improve penetration of mutual funds among retail investors in India

NIMESH SHAH
CEO, ICICI Pru MF

curities as underliers.

Large asset management companies are placing high hopes on RGESS as they expect to draw the attention of several first-time investors to mutual funds. Around 15 lakh youngsters are added to the ₹1-10 lakh salary bracket every year; this class could be target customers for asset management companies, industry sources said.

Mutual Fund Investments are subject to market risks, read all scheme related documents carefully